



**FINAL EXAMINATION**  
**NOVEMBER 2023**

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<b>COURSE TITLE</b>	<b>TAXATION FOR SPECIALISED INDUSTRIES</b>
<b>COURSE CODE</b>	<b>ATAX3523</b>
<b>DATE/DAY</b>	<b>20 FEBRUARY 2024 / TUESDAY</b>
<b>TIME/DURATION</b>	<b>02:00 PM - 05:00 PM / 03 Hour(s) 00 Minute(s)</b>

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**INSTRUCTIONS TO CANDIDATES :**

1. Please read the instruction under each section carefully.
2. Candidates are reminded not to bring into examination hall/room any form of written materials or electronic gadget except for stationery that is permitted by the Invigilator.
3. Students who are caught breaching the Examination Rules and Regulation will be charged with an academic dishonesty and if found guilty of the offence, the maximum penalty is expulsion from the University.

(This Question Paper consists of **6** Printed Pages including front page)

**\*\*\*DO NOT OPEN THE QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO\*\*\***

This question paper consists of FOUR (4) questions. Answer ALL questions in the answer booklet provided. **[80 MARKS]**

**QUESTION 1**

**(20 Marks)**

Layar Lara Sdn Bhd is a company resident in Malaysia and owns two container ships, Kenaga I and Kenaga II. The ships are used in the company's business activity of transporting cargo by sea between Port Klang and China. The company also maintains a support vessel, Melor, which is used to transport goods, supplies and equipment to offshore oil platforms. All vessels are registered under the MSO 1952.

Details of the adjusted income and capital allowances of the business for the year assessment 2021 and 2022 are as follows:

YA		Kenaga I	Kenaga II	Melor
2021	Adjusted income	1,000,000	-	300,000
	Capital allowances	750,000	500,000	200,000
2022	Adjusted income	1,750,000	(400,000)	100,000
	Capital allowances	700,000	500,000	200,000

**Required:**

- Determine, with explanations, Layar Lara Sdn Bhd's vessels that qualify for the tax exemption under s 54A of the Income Tax Act. (5 marks)
- Explain **TWO (2)** of the unique treatments for unabsorbed losses for shipping operations that qualify for tax exemption under s. 54A. (4 marks)
- Compute the chargeable income for year assessment 2021 and 2022. (11 marks)

**QUESTION 2**

**(20 marks)**

Kaya Holdings Sdn Bhd ('the company') is a local investment holding company. Its income is derived mainly from fixed deposits, dividends, and rent. The company invested RM600,000 on a shopping mall lot; and another RM1.5 million and RM800,000 respectively in two listed companies that pay single tier dividends. During the year, the company sold an investment and made a gain of RM85,000.

For the year ended 30 June 2022, the company furnished the following statement of income:

	RM	RM
<b>Gross income</b>		
Fixed deposits interest		18,000
Rent – shopping mall		100,000
Dividends – single tier		
- Investment 1	140,000	
- Investment 2	50,000	190,000
Gain from realization of investment		85,000
Total gross income		<u>393,000</u>
<b>Less: expenses</b>		
Directors' remuneration	46,611	
Staff salary	27,967	
Accounting and secretarial	9,324	
Audit fees	18,644	
Interest charges (loan for investment)	37,289	
Printing and stationery	1,864	
Management expenses	26,101	
Office rent	46,532	
Quit rent and assessment (shopping mall)	1,864	
Entertainment	2,796	
Depreciation	5,158	224,150
<b>Net profit</b>		<u>168,850</u>

**Required:**

Compute the chargeable income of Kaya Holdings Sdn Bhd for the year of assessment 2022 under the Income Tax Act 1967.

**QUESTION 3**

**(20 Marks)**

AMI Investment Fund (AMIIF) is a real estate investment trust approved by the Securities Commission and invests mostly in real properties and partly in securities. The accounts are made to 31 December and the results for the year ended 31 12.2022 are as follows:

<b>Income</b>	<b>RM</b>	<b>RM</b>
Rental income (gross)	720,000	
Dividend income (single tier)	54,000	
Debenture interest (not exempt)	8,000	
Gains from sales of securities	<u>40,000</u>	<u>826,000</u>
<b>Expenses</b>		
Rates of assessment	27,000	
Repairs and maintenance on let property	49,000	
Interest expenses on loans:		
i.    Shares	12,000	
ii.   Real property	<u>65,000</u>	
Depreciation	<u>16,000</u>	
Management fees on let property	14,400	
Insurance premiums on let property	12,000	
Salaries and wages	92,000	
Entertainment of clients	12,000	
Management remuneration	96,000	
Advertising and promotion	60,000	
Secretarial fees	5,000	
Maintenance of register of shareholders	4,000	
Audit and accounting	10,000	
Tax compliance fees	2,000	
Donation to charity (approved)	10,000	
Telephone, printing, stationery, and postage	<u>11,000</u>	<u>497,400</u>
<b>Net profit</b>		<u><u>328,600</u></u>

The capital allowance of the REIT is RM38,000. The dividend distributed by the REIT amounted to RM210,000.

**Required:**

- a) Compute the chargeable income and income tax payable by AMI Investment Fund for the year of assessment 2022. (Assume corporate tax rate is 24%). (15 marks)
- b) The unit holders are resident individuals and companies, both resident and non-resident. What is the tax treatment applicable to the distributions made to the unit holders? (5 marks)

**QUESTION 4**

**(20 Marks)**

The income of a resident trust created under the will of Encik Osman (the deceased) for the year ended 31 December 2022 were as follows:

	RM
<b>Malaysian Income:</b>	
<b>Business</b>	
Gross income from business	160,000
Allowable expenses	50,000
Depreciation	14,000
Capital allowances	23,000
Balancing charges	45,000
<b>Rental</b>	
Gross rental income	90,000
Renovation expenses	18,000
Repairing roof	2,000
Dividend (single tier)	40,000
Interest from saving accounts	24,000
<b>Income from outside Malaysia</b>	
Rental (remitted RM20,000 only)	32,000
Dividend (all remitted)	20,000

Additional information:

- i. A sum of RM4,000 per month as annuity is to be paid to Zanariah, widow of the deceased.
- ii. An annuity of RM24,000 per annum is payable to Encik Osman's former's wife.
- iii. The children, Rosma, and Kesuma were to have equal share in two thirds (2/3) of the distributable income.
- iv. The third children, Jamal was entitled to such sums at the trustee discretion out of the trust's income.
- v. RM30,000 per annum is to be accumulated for the benefit of Fadhilah, the youngest child of the deceased.
- vi. All Encik Osman's children (except Jamal) are resident in Malaysia for tax purposes.

Other payments made were as follows:

- i. Trustees' fee: RM36,000 per annum
- ii. Beneficiaries:

	Rosma	Kesuma	Jamal
Amount received in Malaysia	RM40,000	RM40,000	RM30,000
Amount received outside Malaysia	RM24,000	NIL	RM16,000
	(all remitted)		(not remitted)

iii. Donations to approved institutions were RM40,000.

**Required:**

Assuming Section 61(2) is to be applied, for the year of assessment 2022, calculate:

- i. The distributable income and the total income of the trust body. (10 marks)
- ii. The income tax payable by the trust body and the beneficiaries, i.e Rosma and Jamal. (10 marks)

**\* END OF QUESTION PAPER \*\*\***

  
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