



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

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<b>COURSE TITLE</b>	<b>SALES TAX AND SERVICE TAX</b>
<b>COURSE CODE</b>	<b>ATAX4213</b>
<b>DATE/DAY</b>	<b>16 FEBRUARY 2024 / FRIDAY</b>
<b>TIME/DURATION</b>	<b>09:00 AM - 12:00 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 4 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)**

- a) What is the definition of taxable and exempted goods for the purposes of sales tax? (2 marks)
- b) When is sales tax charged or levied? (4 marks)
- c) What are the rates of sales tax? (3 marks)
- d) What is the value on which sales tax will be charged, for taxable goods that are imported? (3 marks)
- e) On 1 August 2023, Ribu Sdn Bhd imports goods worth RM100,000 from China to be sold in the Malaysian market. The goods are subject to import duties of 20%. However, Ribu Sdn Bhd obtained exemption from import duties.

**Required:**

- i. Determine the amount of sales value and sales tax due to the Royal Custom Department (assuming the sales tax is 10%). (1 mark)
- ii. Identify the taxable period and the due date of payment to the Royal Custom Department. (2 marks)
- iii. What would be the consequences if the sales tax was remitted by Ribu Sdn Bhd to Royal Customs Department on 1 December 2023. Compute the amount of penalty (if any). (5 mark)

**QUESTION 2 (20 Marks)**

- a) In respect of the Service Tax Act 2018:
  - i. State the threshold limit of taxable services before a taxable person applies for a service tax license. (1 marks)
  - ii. State any four circumstances in which a taxable person is required to surrender the service tax license to the Royal Customs Department. (4 marks)
  - iii. Briefly state the responsibility of a taxable person in relation to the collection and recovery of service tax. (5 marks)
- b) Maids For Hire Sdn Bhd engaged the services of a legal firm, LLB Sdn Bhd, on behalf of Mr Attan (a client of the agency) to assist in the preparation of certain legal documents relating to the employment of a maid. LLB Sdn Bhd issued and invoice, for its services directly to Maids For Hire Sdn Bhd as follows:

	RM
Legal fees	2,000
Out of pocket expenses	250
Service Tax (6%)	100

For the services rendered by Maids For Hire Sdn Bhd, the agency would issue an invoice to Mr Attan for:

	RM
Agency Fees	3,000
Out of Pocket expenses	350
Invoice of LLB Sdn Bhd	2,350

**Required:**

Show how the invoice from Maids For Hire Sdn Bhd should be itemised and indicate in the invoice the amount of service tax to be collected. (5 marks)

- c) On its 10<sup>th</sup> anniversary, a licensed hotel provided free foods and drinks in its coffee house to handicapped children. The cost of the foods and drinks was RM2,000 and the market value was RM2,500.

**Required:**

Determine whether service tax is payable, and if so, why, and how much. (5 marks)

**QUESTION 3**

**(20 Marks)**

- a) Discuss what is meant by "Low Value Goods"? (LVG) (5 marks)
- b) In the context of LVG, describe who is the "seller"? (5 marks)
- c) The charging and levying of sales tax on LVG will take effect on 1 January 2024. Explain the rationale for the implementation of sales tax on LVG. (5 marks)
- d) ABC is liable to register for sales tax on 25 February 2024 and apply for registration on 1 March 2024. Based on its sales record, the value of sales tax on its low value goods needs to be accounted to Royal Malaysian Custom Department (RMCD) is RM10,000. However, ABC has failed to pay the sales tax on the due date.

**Required:**

- i. Determine the first taxable period for ABC. (1 mark)
- ii. Compute the amount of penalty if the sales tax due above was settled to RMCD on 2 October 2024. (4 marks)

**QUESTION 4**

**(20 MARKS)**

- a) Describe what is the meaning of "custom valuation"? (5 marks)
- b) According to Agreement on Custom Valuation, there are **SIX (6)** methods of valuation accepted by World Custom Organisation. Explain briefly any **THREE (3)** of the methods. Give example for each method. (6 marks)

- c) Explain what is the meaning of "price actually paid or payable"? Give examples to support your answer. (4 marks)
- d) Importer A in country I purchased 10 metric tons of chemical fertilizers from Manufacturer B in country X and imported them into I. Both the commercial invoice and the contract of sale show that the price of the imported goods (10 metric tons of chemical fertilizers) is USD 3,000. The Letters of Credit (L/C) also shows that A Paid B USD 3,000 for 10 metric tons of chemical fertilizers.

A negotiated and contracted with B through an agent G. On behalf of A, G also arranged two shipping contracts of the goods; one is from B's factory to the port of country X and the other is from the port of country X to in country I. G paid a transportation company USD 110 for the former shipping contract. A paid directly another transportation company USD 500 for the latter shipping contract.

The buying agency agreement between A and G states that G acts for the account of A, G finds suppliers at the request of A, G negotiates purchase contracts for A, G arranges shipments of the goods purchased by A, and A pays G 3 % of the contract price of the goods for services performed by G. About the above importation of chemical fertilizers, A paid G USD 200 by telegraphic transfer (TT).

**Required:**

Determine the customs value of the 10-metric ton of chemical fertilizers? (5 marks)

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