



CHARTERED TAX INSTITUTE OF MALAYSIA  
(Institut Percukaian Malaysia)  
Registration Number: 199101015438 (225750-T)

PROFESSIONAL EXAMINATION

CHARTERED TAX INSTITUTE OF MALAYSIA

INTERMEDIATE LEVEL

PERSONAL TAXATION

MARCH 2025

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Student  
Registration No.

Date

Desk No.

Examination Centre

Time allowed: 3 hours

#### INSTRUCTIONS TO CANDIDATES

1. This paper consists of **FOUR** questions.
2. Answer **ALL** questions.
3. The income Tax Act 1967 (as amended) is referred to as ITA.
4. Each answer should begin on a separate answer template.
5. All workings **MUST** be shown as marks will be awarded.

**DO NOT TURN OVER THIS PAGE UNTIL INSTRUCTED BY THE INVIGILATOR**

## Question 1

- (a) Andy, from London, is a professor who specialises in Civil Engineering. He accepted an employment offer from a private university in Malaysia under a two-year contract. On 16 December 2023, he came to Malaysia together with his wife Jenny, who is a fulltime housewife, their 4 children and his wife's parents. He commenced his employment on 1 January 2024. Andy's monthly salary is RM40,000 based on his employment contract.

In the year of assessment 2024, Andy received the following benefits from his employer:

- Travelling allowance of RM200 per month.
- Meal allowance of RM100 per month.
- Dental benefits of RM120 per year.
- Medical benefits under his employer's group insurance scheme. He claimed reimbursement of medical costs amounted to RM8,000 from this scheme. The details of the bill showed that the amount was related to his wife and children.
- Total annual utilities of RM5,000 was reimbursed by the employer.
- With effect from March 2024, a fully furnished double-story terrace house was provided by his employer who paid a monthly rental of RM2,500 (excluding the furniture).
- Reimbursement of RM1,500 from the employer for the annual professional subscription fee for the membership of the Institute of Civil Engineers.
- With effect from April 2024, Andy was provided with a domestic servant, whose monthly salary of RM1,700 was paid by the employer.
- In November 2024, Andy brought his family to Hong Kong for vacation and the cost of airfares amounted to RM20,000 was borne by his employer.

Additional information about Andy's spending in 2024 includes:

- i) Payment of £ 1,000 (equivalent to RM6,000) per month to his ex-wife as alimony.
- ii) Contribution of 12% of his remuneration into the Employee Provident Fund.
- iii) Since July 2024, making payments of RM250 per month for his personal accident insurance premium.
- iv) He paid RM4,800, RM6,000 and RM7,000 respectively, for life, medical and education insurance policy for himself and his family members, which he undertook in the United Kingdom since 2020.
- v) Vaccination costs for influenza of RM1,200 for his family members upon their arrival in Malaysia.
- vi) Medical expenses amounting to RM20,000 for his parents-in-law diabetes treatment in a private hospital in Malaysia.
- vii) He spent RM350 on sports equipment and RM2,300 on a smart phone.
- viii) His eldest child, Albert (aged 19), pursues a Diploma in Accounting in the same private university where he is working. Andy paid RM10,000 for Albert's tuition fees.
- ix) His second and third children: Betty (aged 17) and Cathy (aged 15), are studying in the international school under the same group of his employer. Andy spent RM40,000 on their school fees.
- x) His youngest child, Danny (aged 6), a disabled child, attended a registered kindergarten catering for special needs children. Andy spent RM20,000 on his school fees.

**Required:**

**Compute Andy's chargeable income for the year of assessment 2024**

Note: Include all items mentioned in the question in the computation. Indicate 'nil' or 'exempt' where appropriate for non-taxable or non-deductible items.

(28 marks)

- (b) Peter was an employee in the private sector for 15 years with the same employer before he resigned at the age of 49. Upon his resignation, he was awarded a gratuity amounting to RM40,000 by his employer.

**Required:**

**State, with reason(s) whether the gratuity received by Peter is chargeable to tax.**

(2 marks)

**[Total: 30 marks]**

## Question 2

Ahmad bin Ismail, a Malaysian citizen, is the sole proprietor specializing in the supply and distribution of office stationery. For the year 2024, the net profit earned from the stationery business was RM188,050.

The net profit was calculated after accounting for the following income and expenses:

1. Ahmad received an annual salary of RM60,000 from the business and annual salaries of RM110,000 were paid to workers employed in the business.
2. A travel allowance of RM1,500 per month was paid to Ahmad. He also employed a driver with a monthly salary of RM2,800 for both personal and business-related activities. The driver's salary was fully charged to the business account. It was agreed with the Inland Revenue Board (IRB) that 50% of the driver's work was business related.
3. Ahmad earned monthly rental income of RM3,500 by renting out half of the space of his shop premises to an outsider who operates a convenience store.
4. During the year, Ahmad incurred a total of RM12,000 for repairs and maintenance of the shop premises.
5. Housing loan interest of RM18,000 and household utility expenses of RM9,600 were fully charged to the business account. Both expenses were incurred entirely on Ahmad's private residence.
6. Total business operational costs incurred for stationery supplies, utilities, advertising and other allowable business expenses amounted to RM385,000.
7. Ahmad previously worked as an internal auditor for a stationery manufacturing company in Malaysia. Although he now runs his stationery business, he continues to maintain his chartered internal auditor membership with the Institute of Internal Auditors Malaysia (IIA Malaysia). The annual membership fee of RM350 was charged to the business account.
8. Depreciation and capital allowances have been computed at RM65,000 and RM58,000 respectively for the qualified business assets owned by Ahmad.

The following additional information relates to Ahmad's tax return for the year of assessment 2024:

1. Ahmad is married to Faridah, a housewife with no income subject to Malaysian income tax. They have two children: Sharifah (aged 13) and Muhammad (aged 20), who is pursuing a degree in Mechanical Engineering at the University of Malaya.
2. He paid a counselling fee of RM1,500 to a counsellor registered with the Board of Counsellors Malaysia for Sharifah, who required professional guidance to address her personal challenges.
3. He received the following investment income during the year:

- Fixed deposit interest from Public Bank Berhad	RM5,000
- Interest charged on a loan to his friend	RM1,000
- Dividend income from resident companies in Malaysia:	
(i) Malayan Cement Berhad	RM20,000
(ii) IJM Corporation Berhad	RM12,000
4. Ahmad's insurance coverage includes medical insurance premiums of RM4,000 and life insurance premiums of RM5,000 both of which were paid during the year.
5. He bought two new smartphones, one for himself and one for his son Muhammad, at a cost of RM3,000 each.
6. He also made a cash donation of RM1,000 to support a local community religious event.

**Required:**

- (a) With reference to the Income Tax Act 1967, compute the chargeable income of Ahmad for the year of assessment 2024.**

**All items mentioned in the question must be included in the computation. Where any item is not taxable or deductible, indicate 'NIL' in the computation.**

(18 marks)

- (b) Explain the term "perquisites" and how "perquisites" are treated for tax purposes with reference to the relevant sections of the Income Tax Act 1967. Give two examples of perquisites.**

(4 marks)

- (c) Explain the circumstances in which the employment income of a non-resident individual could be exempted from income tax under paragraph 21, Schedule 6 of the Income Tax Act 1967.**

(3 marks)

**[Total: 25 marks]**

### Question 3

Mr Shah is a Property Agent in Kuala Lumpur. He has a small office in Mont Kiara to run his day-to-day business activity. Meanwhile his wife, Mrs Shah also works for him, handling part of the administrative operations. His office is registered under Security Commission Malaysia with the name Shah Berhad. Mr Shah receives commission from his clients based on agreed upon percentage method which is fixed as per the method below:

$$\text{Commission} = \text{Disposal Price} * \text{Agreed Upon Percentage } \%$$

At the same time, Mr Shah also receives commission income from Star Berhad an insurance company since he personally secured policies for the company.

Mr Shah also receives single tier dividend amounting to RM30,000 in year 2024 from multiple investments under Star Berhad.

Given below are the details for Shah Berhad for the year 2024.

	<b>RM</b>
Commission from Property Disposals	220,000
Commission from Star Berhad Insurance	70,000
Rental from Investment Property	60,000
Single Tier Dividend	30,000
<b>Expenses:</b>	
Travelling expenses (travel to clients' offices and property sites)	20,000
Business entertainment expenses	12,000
Rental of office space	14,000
Miscellaneous expenses	5,000
Staff Salary (Mrs Shah)	42,000
Utilities for office	3,000
Fire Insurance for office space	10,000
Penalty on late payment of fire insurance	1,200
Repair to Investment Property	5,000
Fire Insurance for Investment Property	3,000

In August 2024 Mr Shah took a one-month property management course for the purpose of upskilling and he paid RM4,000 in total for the course.

Meanwhile, Mrs Shah, other than working with Shah Berhad, also received rental income, amounting to RM4,000 per month from her shop lot which she owns in Kedah, Malaysia. Her parents are from Kedah and Mrs Shah's father helps her to maintain the property. She pays her father RM300 monthly for helping to check on the shop lot. In June 2024, she spent RM20,000 to renovate the shop lot and another RM5,000 to repaint and repair the property.

Mr and Mrs Shah have three children, all under 18 years old, studying in an International School in Mont Kiara. In the year 2024, Mrs Shah deposited RM5,000 for each child under their Skim Simpanan Pendidikan Nasional. In the year 2024, Mrs Shah bought books for her children, which cost her RM3,000 in total. All children reliefs are claimed by Mrs Shah.

**Required:**

- (a) You are appointed as Tax Consultant for Mr and Mrs Shah, explain to the couple on the difference between Joint and Separate Assessment for their situation. (8 marks)
- (b) Compute Chargeable Income for Mr and Mrs Shah, assuming both opt for Separate Assessment. Clearly identify relevant Sections in your computation and identify all exemptions. (17 marks)

**[Total: 25 marks]**

**Question 4**

Aaro, from Finland is a primary school teacher. He came to Malaysia on 1 September 2022 to join an international school for a period of 3 years under an employment contract. He commenced his employment on 1 October 2022. On 22 December 2022, he left Malaysia for Finland for his Christmas holidays and returned to Malaysia on 5 January 2023. Again, he left Malaysia for Finland to spend his Christmas holidays with his family on 23 December 2023 and returned to Malaysia on 8 January 2024. He left Malaysia permanently on 6 April 2024 after completing his contract.

While Aaro was in Malaysia in year 2022 to 2024, he received accommodation allowance of RM2,000 per month in addition to his RM20,000 monthly salary. His income tax payable in Malaysia was borne by his Malaysian employer. Besides, he is entitled to reimbursement from his employer for his monthly broadband subscription fee of RM120.

**Required:**

- (a) Determine Aaro's tax resident status in Malaysia for the year of assessment 2022, 2023 and 2024 under the Income Tax Act 1967. (8 marks)
- (b) How would your answer in (a) change if Aaro returned to Malaysia on 7 January 2024 after spending his Christmas holidays in Finland since December 2023. (3 marks)
- (c) Briefly discuss the features of Section 7(1)(b) under the Income Tax Act 1967 to Aaro. (5 marks)
- (d) Determine the type of income tax return form and the deadline of tax return submission for Aaro. (2 marks)
- (e) Briefly discuss the consequences that Aaro would face if he fails to settle his tax liability before leaving Malaysia on 6 April 2024. (2 marks)

**[Total: 20 marks]**

**(END OF QUESTION PAPER)**