FORM 5
CHAPTER 4

Self Test 1

1 Taxation is a process of revenue (money) collection from individuals or companies, for use in the country's development, by providing various facilities for the well-being of all citizens.
2 The purposes of taxation:
   (a) As source of government revenue
   (b) As government policy implementation tool
   (c) As a control of sales of certain goods or services such as alcohol and gambling
   (d) As a financial tool to stabilise the economy of the country
3 (a) Tax revenue is used to provide free education to the citizens.
   (b) Tax revenue is used to upgrade the infrastructure and public facilities
      (*Accept any two reasonable examples related to the use of tax revenue in various sectors such as healthcare, development, agriculture and industrial, national security and defence*)

Self Test 2

1 Income tax, sales and service tax, road tax, quit rent and property assessment tax
2 Legal act: Imprisonment
  Financial: Fine
3 Responsibility of taxpayers is honestly reporting all income, tax exemption, tax relief, tax deduction (*PCB*) and tax rebate by submitting Income Tax Return Form (ITRF) (*Borang Nyata Cukai Pendapatan*, *BNCP*) before the due date set. In addition to that, taxpayers are required to keep records (forms and original receipts) for 7 years. Finally, taxpayers need to pay tax either in a lump sum or through monthly tax deduction (*PCB*).

Self Test 3

1 (a) Chargeable income $= RM96\ 360 - RM12\ 240 - RM19\ 440$
      $= RM64\ 680$
   (b) Chargeable income $= RM48\ 960 - RM650 - RM16\ 310$
      $= RM32\ 000$
   (c) Chargeable income $= RM64\ 840 - RM(9\ 000 + 6\ 945 + 3\ 000)$
      $= RM64\ 840 - RM18\ 945$
      $= RM45\ 895$
2 (a) Chargeable income $= RM59\ 890$
      Base tax for the first RM50 000 $= RM1\ 500$
      Tax on the next balance $= 11\% \times (RM59\ 890 - RM50\ 000)$
      $= RM1\ 087.90$
      Income tax $=$ Base tax + tax on the next balance
      $= RM1\ 500 + RM1\ 087.90$
      $= RM2\ 587.90$
   (b) Chargeable income $= RM33\ 720$
      Base tax for the first RM20 000 $= RM150$
      Tax on the next balance $= 3\% \times (RM33\ 720 - RM20\ 000)$
      $= RM411.60$
      Income tax = Base tax + tax on the next balance – tax rebate
      $= RM150 + RM411.60 - RM400$
      $= RM161.60$
   (c) Chargeable income $= RM47\ 000$
      Zakat $= RM200$
      Base tax for the first RM35 000 $= RM600$
      Tax on the next balance $= 6\% \times (RM47\ 000 - RM35\ 000)$
      $= RM720$

Income tax $=$ Base tax + tax on the next balance – tax rebate
$= RM600 + RM720 - RM200$
$= RM1\ 120$
   (d) Chargeable income $= RM35\ 000$
      Zakat $= RM150$
      Base tax for the first RM20 000 $= RM150$
      Tax on the next balance $= 3\% \times (RM35\ 000 - RM20\ 000)$
      $= RM450$
      Income tax $=$ Base tax + tax on the next balance – tax rebate
      $= RM150 + RM450 - RM150 - RM400$
      $= RM50$
3 Total chargeable income $= RM79\ 250 - RM16\ 480$
      $= RM62\ 770$
   Base tax for the first RM50 000 $= RM1\ 500$
   Tax on the next balance $= 11\% \times (RM62\ 770 - RM50\ 000)$
      $= RM1\ 404.70$
   Income tax $=$ Base tax + tax on the next balance – tax rebate
      $= RM1\ 500 + RM1\ 404.70 - RM950$
      $= RM1\ 954.70$
4 Chargeable income for Hashim in 2022 $= RM52\ 930$
   Base tax for the first RM50 000 $= RM1\ 500$
   Tax on the next balance $= 11\% \times (RM52\ 930 - RM50\ 000)$
      $= RM322.30$
   Income tax = Base tax + tax on the next balance
      $= RM1\ 500 + RM322.30$
      $= RM1\ 822.30$
   Total *PCB* $= 12 \times RM180$
      $= RM2\ 160$
   Total *PCB* > income tax, thus the total *PCB* is sufficient to pay his income tax. Hashim will get the refund of RM337.70 from IRB.
5

Item	Separate Tax Assessment (RM)	
	Encik Malek	**Wife**
Total income	RM55 000	RM48 000
– Tax exemption	RM0	RM0
– Tax relief		
• Individual and dependent relatives	– RM9 000	– RM9 000
• Lifestyle (limited to RM 2500)	– RM2 100	– RM1 899
• Net deposit in SSPN (limited to RM8 000)	– RM5 000	– RM6 500
• Life insurance and EPF (limited to RM7 000)	– RM7 000	– RM3 600
• Medical insurance (limited to RM3 000)	– RM3 000	– RM1 890
Chargeable income	**RM28 900**	**RM25 111**
Base tax	RM150	RM150
Tax on the next balance	RM(28 900 – 20 000) × 3% = RM267	RM(25 111– 20 000) × 3% = RM153.33
– Tax rebate	– RM400 (Chargeable income ⩽ RM35 000)	– RM400 (Chargeable income ⩽ RM35 000)

Item	Separate Tax Assessment (RM)	
	Encik Malek	**Wife**
Income tax (= base tax + tax on the next balance – tax rebate)	RM17	RM0

Total income tax for Encik Malek and wife = RM17

6 Road tax for motorcycle = RM30
Road tax for car = RM280 + (1 998 – 1 800) × RM0.50
$$= RM280 + RM99$$
$$= RM379$$
Total road tax payable = RM30 + RM379
$$= RM409$$

7 Annual property assessment tax = property assessment tax rate × annual value
$$= 9\% \times (RM255 \times 12)$$
$$= RM275.40$$

8 Total quit rent = 210.9 × RM0.38
$$= RM80.14$$

9 Total expenditure = 2 × RM145
$$= RM290$$
Service charge = 10% × RM290
$$= RM29$$
Service tax = 6% × RM290
$$= RM17.40$$
Total amount payable by Encik Zul
$$= RM(290 + 29 + 17.40)$$
$$= RM336.40$$

Self Test 4

1 (a) Wise. Mr Chan's tax relief becomes higher and the chargeable income is lower. Thus, reduces the total income tax payable by Mr Chan.

(b)

Item	Separate tax assessment (RM)	
	Mr Chan	**Wife**
Total income	RM102 500	RM58 700
− Tax exemption	RM1 000	RM850
− Tax relief		
Individual and dependent relatives	− RM9 000	− RM9 000
Lifestyle (limited to RM2 500)	− RM2 500	− RM2 399
Net deposit in SSPN(limited to RM8 000)	− RM8 000	− RM8 000
Life insurance and EPF (limited to RM7 000)	− RM7 000	− RM7 000
Medical insurance (limited to RM3 000)	− RM3 000	− RM1 890
Dependent child under 18 years old (RM2 000 per person)	− RM8 000	
Chargeable income	**RM64 000**	**RM29 561**
Base tax	RM1 500	RM150
Tax on the next balance	RM(72 000 – 70 000) × 11% = RM1 540	RM(29 561– 20 000) × 3% = RM286.83
−Tax rebate	RM 0	− RM400 (Chargeable income ⩽ RM35 000)

Item	Separate tax assessment (RM)	
	Mr Chan	**Wife**
Income Tax (= base tax + tax on the next balance – tax rebate)	RM3 040	RM36.80

Total income tax payable = RM(3 040 + 36.80)
$$= RM3076.83$$

2 (a) Total payment that is not charged with service tax
$$= 200(RM0.218) + 100(RM0.334) + 300(RM0.516)$$
$$= RM231.80$$

(b) Service tax in the electricity bill for that month
$$= 8\% \times (750 – 600) \times RM0.546$$
$$= 8\% \times RM81.90$$
$$= RM6.55$$

(c) Total electricity bill payable
$$= RM(231.80 + 81.90 + 6.55)$$
$$= RM320.25$$

3 (a) Chargeable income of Cik Siti = RM120 400 – RM37 750
$$= RM82 650$$

(b) Income tax payable by Cik Siti
= base tax + tax on the next balance – tax rebate
$$= RM3 700 + 19\% \times (RM82 650 – RM70 000) – RM2 300$$
$$= RM3 700 + RM2 403.50 – RM2 300$$
$$= RM3 803.50$$

(c) Total PCB = 12 × RM1 000
$$= RM12 000$$
Cik Siti does not need to pay additional income tax to IRB. On the contrary, IRB needs to refund the excess PCB to Cik Siti because the total PCB exceeds the total tax payable.

SPM PRACTICE

Paper 1

1 **C** Sales and service tax is collected by Royal Malaysian Customs Department, RMCD (*Jabatan Kastam Diraja Malaysia, JKDM*).

2 **B**

3 **B**

4 **D**

5 **A**

6 **C**

7 **A** Land area = 8 × 25 m²
$$= 200 \text{ m}^2$$
200 × quit rent rate = RM56
quit rent rate = RM56 ÷ 200
$$= RM0.28 \text{ per m}^2$$

8 **B** Tax payable by Danish = (5% × RM8 160) ÷ 2
$$= RM204$$

9 **D** Road tax = Base tax + Progressive tax
$$= RM524 + (2 755 – 2 500) \times RM1$$
$$= RM779$$

10 **D** Total expenditure = RM15.90 + RM10.90 + 2(RM3.50) + RM2.50
$$= RM36.30$$
Total payable = RM36.30 + RM36.30 × 6%
$$= RM36.30 + RM2.18$$
$$= RM38.48$$
$$\approx RM38.50$$

Paper 2

Section A

1 (a) To control the sales of electronic cigarette and vape. This tax causes the increase in the selling price of the products. Thus, citizens will reduce the purchase of the electronic cigarette and vape.

(b) Total sales tax payable by company A
$= 10\% \times RM7\,400$
$= RM740$

2 (a) Education, healthcare, development, social welfare, agriculture and industrial, national security and defence infrastructure and public facilities
(*Accept any two*)

(b) Total quit rent payable by Rizal
$= (45\,m \times 90\,m) \times RM0.32/m^2$
$= RM1\,296$

3 Chargeable income of Cik Aniza
= total income − tax relief
$= RM50\,350 − RM(9\,000 + 2\,500 + 5\,000 + 2\,600 + 2\,200)$
$= RM50\,350 − RM21\,300$
$= RM29\,050$
Chargeable income $\leqslant RM35\,000$, therefore she is eligible to receive the tax rebate of RM400.

4 (a) Road Transport Department (*Jabatan Pengangkutan Jalan, JPJ*)

(b) Road tax payable
= base tax + progressive tax
$= RM280 + (1\,998 − 1\,800) \times RM0.50$
$= RM280 + RM99$
$= RM379$

5 Chargeable income of Susan $= [14 \times (RM5\,200 − 900)] −$
$(RM2\,000 + RM13\,450)$
$= RM60\,200 − RM15\,450$
$= RM44\,750$

6 (a) The total annual sales of *pisang goreng* stall are yet to achieve the threshold to be charged with service tax.

(b) Tax payable for *nasi lemak* $= \dfrac{RM15.90}{106\%} \times 6\%$
$= RM0.90$

7 Property assessment tax = tax rate × annual value
$RM9\,180 =$ property assessment tax rate $\times RM17\,000 \times 12$
Property assessment tax rate $= \dfrac{RM9\,180}{RM17\,000 \times 12} \times 100\%$
$= 4.5\%$

Section B

8 (a) Chargeable income of Mr Maniam
$= (12 \times RM3\,550) − (12 \times RM50) − RM13\,360$
$= RM(42\,600 − 600 − 13\,360)$
$= RM28\,640$

(b) Mr Maniam is eligible to receive tax rebate because his chargeable income does not exceed RM35 000.

(c) Income tax = base tax + tax on the next balance − tax rebate
$= RM150 + 3\% \times (RM28\,640 − RM20\,000) − RM400$
$= RM150 + RM259.20 − RM400$
$= RM9.20$

9 (a) Tax relief is deducted from the total income before the calculation of income tax. Tax rebate is deducted from the total obtain from the calculation of income tax.

(b) Chargeable income of Encik Eddy
$= RM87\,650 − RM2\,500 − RM(9\,000 + 2\,500 + 6\,980 + 2\,200)$
$= RM85\,150 − RM20\,680$
$= RM64\,470$

(c) Income tax payable by Encik Eddy
= base tax + tax on the next balance − tax rebate
$= RM1\,500 + 11\% \times (RM64\,470 − RM50\,000) − RM800$
$= RM1\,500 + RM1\,591.70 − RM800$
$= RM2\,291.70$

(d) Increase the amount of donation or contribution/tax relief/ *zakat*

10 Encik Johan needs to pay for 3 adults, 2 children (101 cm − 130 cm) and 1 child (85 cm − 100 cm)
$= 3(RM135) + 2(50\% \times RM135) + 1(RM20)$

$= RM405 + RM135 + RM20$
$= RM560$
Total bill payable $= RM560 + (10\% \times RM560) + (6\% \times RM560)$
$= 1.16 \times RM560$
$= RM649.60$

11 (a) Property assessment tax $= 4\% \times (12 \times RM580)$
$= 4\% \times RM6\,960$
$= RM278.40$

(b) (i) Chargeable income $= (14 \times RM3\,500) + RM6\,960 −$
$RM18\,950$
$= RM37\,010$
Income tax = base tax + tax on the next balance − tax rebate
$= RM600 + 6\% (RM37\,010 −$
$RM35\,000) − RM500$
$= RM600 + RM120.60 − RM500$
$= RM220.60$

(ii) Total monthly tax deduction (PCB) $= 12 \times RM80$
$= RM960$
$PCB >$ tax payable, therefore Encik Haris does not need to pay additional amount for his income tax. On the contrary, IRB need to refund the excess PCB of RM739.40 to Encik Haris's bank account.

Section C

12 (a)

Item	Joint tax assessment (RM)	Separate tax assessment (RM)	
		Encik Hamdan	**Wife**
Total income	110 550 + 58 700 = 169 250	110 550	58 700
− Tax exemption	− (1 200 + 1 000) = −2 200	−1 200	−1 000
− Tax relief			
• Individual and dependent relatives	−9 000	−9 000	−9 000
• Lifestyle (limited to RM2 500)	−2 500	−2 500	−2 140
• Net deposit in SSPN(limited to RM8 000)	−8 000	−8 000	−8 000
• Life insurance and EPF (limited to RM7 000)	−7 000	−7 000	−7 000
• Medical insurance (limited to RM3 000)	−3 000	−3 000	−1 890
• Dependent child under the age of 18 years old (limited to RM2 000 per pax)	−8 000	−	−8 000
Chargeable income	**129 550**	**79 850**	**21 670**
Base tax	9 400	3 700	150
Tax on the next balance	(129 550 − 100 000)×25% = 7 387.50	(79 850 − 70 000) ×19% = 1 871.50	(21 670 − 20 000) ×3% = 50.10

Item	Joint tax assessment (RM)	Separate tax assessment (RM)	
		Encik Hamdan	Wife
– Tax rebate	– 0	– 0	– 400 (Chargeable income ≤ RM35 000)
Income tax (= base tax + tax on the next balance – tax rebate)	16 787.50	5 571.50	0

(b) Separate tax assessment is more suitable. Encik Hamdan only needs to pay income tax amounting to RM5 571.50. This total is much lower than the total tax payable using the joint tax assessment amounting to RM16 787.50.

(c)

Item	Separate tax assessment (RM)	
	Encik Hamdan	Wife
Chargeable income (adjustment)	79 850 – 8 000 = 71 850	21 670 + 8 000 = 29 670
Base tax	3 700	150
Tax on the next balance	(71 850 – 70 000) × 19% = 351.50	(29 670 – 20 000) × 3% = 290.10
– Tax rebate	– 0	– 400 (Chargeable income ≤ RM35 000)
Income tax (= base tax + tax on the next balance – tax rebate)	4 051.50	40.10

Difference in total tax payable
= RM5 571.50 – (RM4 051.50 + RM40.10)
= RM5 571.50 – RM4 091.60
= RM1 479.90

13 (a) (i) Road Transport Department (*Jabatan Pengangkutan Jalan, JPJ*)
(ii) Road tax of motorcycle = RM50
Road tax of car with engine capacity 1 496 c.c. = RM90
Road tax of car with engine capacity 1 799 c.c.
= RM200 + RM0.40 × (1 799 – 1 600)
= RM200 + RM79.60
= RM279.60
Road tax of car with engine capacity 1 989 c.c.
= RM280 + RM0.50 × (1 989 – 1 800)
= RM280 + RM94.50
= RM374.50
Total road tax = RM(50 + 90 + 279.60 + 374.50)
= RM794.10

(b) (i) Property assessment tax is the tax levied on all holdings or properties (residential houses, industrials, commercial buildings and vacant lands).
Quit rent is the tax levied on the owner of agricultural land, corporate land and land with buildings.
(ii) Total property assessment tax = 5% × RM36 000
= RM1 800
(iii) Total property assessment tax
= RM0.35 per m² × (50 m × 12 m)
= RM210

14 (a) Electricity usage of Madam Susan

Electricity usage (kWh)	Tariff rate (RM)	Charges of (RM)
1 – 200	0.218	43.60
201 – 300	0.334	33.40
301 – 600	0.516	154.80
601 – 900	0.546	

(i) Total charges of electricity block 1 to block 3
= RM(43.60 + 33.40 + 154.80)
= RM231.80
Therefore, Madam Susan's electricity bill exceeds RM231.80 means the bill contains service tax.
(ii) Let the electricity usage from block 4 = x kWh
$\text{RM}0.546x + (6\% \times \text{RM}0.546x) = \text{RM}261.90 - \text{RM}231.80$
$\text{RM}(0.546x \times 1.06) = \text{RM}30.10$
$x = \dfrac{\text{RM}30.10}{\text{RM}0.546 \times 1.06}$
$= 52$
Total electricity usage in August
= 600 kWh + 52 kWh
= 652 kWh

(b) (i) Royal Malaysian Customs Department (RMCD) [*Jabatan Kastam Diraja Malaysia (JKDM)*]
(ii) Original price of the laptop = $\dfrac{\text{RM}1\,888.95}{105\%} \times 100\%$
= RM1 799

(c) Chargeable income
= RM43 550 – RM500 – RM(9 000 + 6 945 + 3 000 + 2 500 + 1 888.95)
= RM19 716.05
Income tax = base tax + tax on the next balance – tax rebate
= RM0 + 1% × (RM19 716.05 – RM5 000) – RM400
= RM147.16 – RM400
= – RM252.84 (A tax with a negative value is considered as no tax payable)
Income tax payable = RM0