

**Form 5 Chapter 4
Taxation
Fully-Worked Solutions**

UPSKILL 4.1

- 1 Taxes collected are spent by the government for the benefit of the people such as physical development and infrastructure like roads, hospitals, schools and economic and social development such as health services, education, welfare of the people and so on.
- 2 Fines of RM1000 to RM10 000 and 200% on tax reported less.
- 3 Land tax is a tax imposed on private land. It must be paid by the landlord to the State Authority through the Land Office.
- 4 The assessment tax is imposed by the State Government in accordance with the provisions of the National Land Code 1966. The tax will be used by the State Government to finance the maintenance cost of the city.
- 5 (a) 6% (b) Maximum 10%
- 6 Total tax relief = Total income – Chargeable income
Total rebate = Chargeable income – Tax payable
- 7 Yearly value: RM6 000
Rate: 12%
Assessment tax = $\frac{12}{100} \times 6\,000 = \text{RM}720$
RM360 for the first half of the year and RM360 for the second half of the year
- 8 A fine of RM1000 to RM20 000 or jailed or both and a 300% on tax less reported

Summative Practice 4

Multiple-Choice Questions

- 1 The fine for paying income tax after the dateline 10% increment from the tax payable.
Answer: B
- 2 The dateline to pay income tax is 30 April.
Answer: B
- 3 To strengthen the power of the governing party is not a purpose of taxation.
Answer: D
- 4 Income tax rebate is given to individuals who have taxable income not exceeding RM35 000.
Answer: B
- 5 The penalty for purposely avoid income tax other than RM1000 to RM20 000 fine or jailed is 300% on tax less reported.
Answer: C
- 6 The tax relief for a child studying in university is RM8 000.
Answer: A
- 7 An individual who has annual income exceeding RM RM34 000 (after EPF deduction) has to register the income tax file.
Answer: C

Structured Questions

1 (a) (i)

	(RM)	Encik Azmi (RM)
Statutory income from employment		80 000
AGGREGATE INCOME		80 000
MINUS: Approved donations		(250)
SUM OF INCOME		79 750
MINUS RELIEF		
Individual and dependant relatives	9 000	
Basic support equipment	5 000	
Purchases of newspapers and books	600	
Child 1	8 000	
Child 2	0	
Child 3	2 000	
Life insurance and EPF	6 600	
Sum of relief	31 200	(31 200)
CHARGEABLE INCOME		48 550
INCOME TAX COMPUTATION		
First 35 000		600.00
13 150 @ 0.08		1 084.00
SUM OF INCOME TAX		1 684.00
LESS: Rebate, <i>Zakat</i> and <i>Fitrah</i>		(100)
TAX PAYABLE		1 584.00

(ii)

	(RM)	Puan Rafidah (RM)
Statutory income from employment		40 000
AGGREGATE INCOME		40 000
LESS: Approved donations		(100)
SUM OF INCOME		39 900
LESS RELIEF		
Individual and dependants	9 000	
Basic support equipment	-	
Education fees (self)	6 000	
Purchase of newspapers and books	1 000	
Child 1	-	
Child 2	-	
Child 3	-	
Life insurance and EPF	5 400	
Sum of Relief	21 400	(21 400)
CHARGEABLE INCOME		18 500
CALCULATION TAX COMPUTATION		
First 5000		0.00
13 500 @ 0.01		135.00
TOTAL INCOME TAX		135.00
MINUS: Rebate, <i>Zakat</i> and <i>Fitrah</i>	135 + 400	(500.00)
TOTAL TAX CHARGED		0.00

Chargeable income less than RM35 000 will be given a rebate of RM400.

In the BE form, row B14 for Total Tax Charged, it is stated, enter '0' if the value is negative.

(b)

	(RM)	Encik Azmi (RM)	(RM)	Puan Rafidah (RM)
Statutory income from employment		80 000		40 000
AGGREGATE INCOME		80 000		40 000
MINUS: Approved donations		(250)		(100)
TOTAL INCOME		79 750		39 900
MINUS RELIEF				
Individual and dependents	9 000		4 000	
Basic support equipment	5 000			
Education fees (self)			6 000	
Purchase of newspapers and books	600		1 000	
Child 1	8 000			
Child 2	0			
Child 3	2 000			
Life insurance and EPF	7 000			
Sum of Relief	31 600		11 000	
TAXABLE INCOME		48 150 + 28 900 = 77 050		
INCOME TAX COMPUTATION				
First 70 000		4 600.00		
7 050 @ 0.21		1 480.50		
TOTAL INCOME TAX		6 080.50		
MINUS: Rebate, <i>Zakat</i> and <i>Fitrah</i>		(100 + 135 = 235)		
TAX PAYABLE		5 848.50		

Although life insurance and EPF contribution = 6 600 + 5 400 = RM12 000, the tax relief is restricted to only RM7 000.

(c) Separate assessment is better for Encik Azmi and Puan Rafidah because they can save
 RM5 848.50 – RM1 584.00 – RM0
 = RM4 261.50