

**MALAYSIAN INSTITUTE OF ACCOUNTANTS QUALIFYING EXAMINATION  
EXAMINER'S REPORT  
(MARCH 2010)  
TAXATION**

<b>Question/Section</b>	<b>Comments</b>
<b>Q1 (25 marks)</b>	<p>Part (a): Answers to the theory question was vague, shallow or inappropriate. Only a few students make attempts to discuss the facts of the scenario given to statute and case law.</p> <p>Part (b): Many students were not clear on the law relating to deductible and non-deductible expenses. Many also failed to explain the adjustments made based on the notes to the accounts.</p>
<b>Q2 (12 marks)</b>	<p>(a) Many candidates did not know when a person is entitled to capital allowance.</p> <p>(b) Many were not familiar with the provisions of Paragraph 2, 14-16A and 77 of Schedule 3 of the Income Tax Act 1967.</p>
<b>Q3 (13 marks)</b>	<p>(a) Many students did not attempt this question. Those who attempted, only a few demonstrate any understanding of the law pertaining to taxation of shipping operations.</p> <p>(b) Almost all the students did not have a clue of when the ARCM is acceptable and the time period for the revision of the assessment made based on the 5% method.</p>
<b>Q 4 (14 marks)</b>	<p>Conceptual question testing on:</p> <p>Part a – the scope of charge i.e. Section 3 of the ITA 1967. This question was poorly attempted by most candidates. They were not able to explain the chargeability of income under the territorial basis, modified territorial basis and the world income basis.</p> <p>Part b – the principles of equity and neutrality. Most candidates did not answer this question.</p> <p>Part c - the proposed change from the Sales and Service Tax (SST) to Good and Service Tax (GST). This part was fairly answered by candidates. The answers provided indicate that candidates were aware of the transformation from SST to GST. Additionally, they were able to see the difference between the two systems.</p>

<p><b>Q 5 (15 marks)</b></p>	<p>This question consists of three parts. Part (a), tested on investment tax allowance (ITA) incentives. This computational question was not well attempted by candidates. Their answers were poorly presented and they were unable to compute the tax incentives, exempt income and the chargeable income.</p> <p>The second question i.e. part (b) examined the criteria for applying reinvestment allowance. This part was fairly attempted by candidates.</p> <p>The third part (c) examined the withholding tax with respect to rental on moveable property paid to non-resident. It was well attempted by candidates. They were able to identify the withholding tax rate as well as the penalty that can be imposed for late submission to tax authorities.</p>
<p><b>Q 6 (21 marks)</b></p>	<p>This question examined on personal taxation which also incorporated the taxation for a partnership business. Most candidates answered this question. Overall, this question was well attempted by most candidates.</p> <p>They were able to identify employment income from various sources i.e. S.13(1) (a), (b), (c) etc. The personal reliefs were correctly applied, and the computation of tax liabilities, zakat were also correctly presented.</p>
<p><b>Conclusion</b></p>	<p>There are rooms for improvements.</p>