

SOLUTION TEST MAY 2023
QUESTION 1 - ESTATE

a.

			Deceased (Vijayan) 7/12 (R)	Executor (Sheela) 5/12 (R)
			RM	RM
S.4(a)	Business I (Johor)			
	Adjusted Income	-		
	Less: Balancing Allowance - (c/f)	-		
	Statutory Income	-	-	-
	Business II (Terengganu)			
	Gross Income	122,000		
	Less: Revenue Exp	(36,000)		
	Adjusted Income	86,000		
	Add: Balancing Charge	1,500		
	Less: Capital Allowance	(3,000)		
	Statutory Income	84,500	49,292	35,208
	Aggregate Statutory Business Income		49,292	35,208
	Less: Unabsorbed loss b/f		(2,000)	
	Adjusted Aggregate Statutory Business Income		47,292	35,208
	Add: Other non-business income			
S.4(c)	Dividend Inc (Single Tier) – exempted		Nil	
	Dividend Inc (Taiwan) – exempted			Nil
	Interest Inc (Asajaya Bhd) – exempted		Nil	
	Interest Inc (Singapore) – received on 12/10/2022			2,000
S.4(d)	Gross Rental Inc	44,000		
	Add: Advance Rental Inc	8,000		
	: Refundable deposit	Nil		
	Less: Installation steel gate (Capital Expenditure)(NA)	Nil		
	: Legal fee & SD (Capital Expenditure)(NA)	Ni		
	Adjusted Rental Income	52,000	30,333	21,667
	Aggregate Income		77,625	58,875
	Less: CY Business Loss		(2,917)	(2,083)
	: Annuity Payable (30,000 x 5/12)		-	(12,500)
	: Executor's fee (NA)		-	Nil
	Total income		74,708	44,292
	Less: Self relief/ special relief		(9,000)	(9,000)
	Wife relief		(4,000)	
	Medical expenses for serious illness		(8,000)	
	Basic Supporting equipment (NE)			Nil
	Chargeable income		53,708	35,292

- b. Payment for executor fee is **allowed as a deduction under S.4(a)** under gross income of business operation in Terengganu because expense is incurred for the production of business income.

SOLUTION FEB 2022
QUESTION 1 - ESTATE

(a) Tax Payable computation for En Abdussalam and En Eusoff for YA 2021

		Deceased (En Abdussalam) (NR/ D) 6/12	Executor (En Eudsoff) R- 6/12
Sec 4(a)		RM	RM
Business income – Trading			
Adjusted income	250,000		
(-) capital allowances	(45,000)		
Statutory Business income	205,000	102,500	102,500
Business income – Manufacturing			
Adjusted Loss	NIL	NIL	NIL
Business income – Brunei			
Adjusted Income (donated to approved inst. In Brunei)		NIL	NIL
Add: Other source of income			
Sec 4(c)			
Dividend			
Rasidah Utama Bhd (received on 12 June 2021)– exempted		NIL	-
Interest			
Maybank – credited on 1 March 2021- exempted – final tax - WHT		NIL	-
CIMB – credited on 1 Nov 2021 - resident executor			11,500
Sec 4(d)			
Rental income – Segamat (received in advance in June 2021)		15,000	-
Rental – Surabaya – received RM8,000 on 1 Sept 2021) exempted (YA 2021 FSI is exempted for executor)		-	NIL
Other income			
S4(f)			
Honorarium (½ x 20k)		10,000	-
Aggregate income		127,500	114,000
(-) Current year business loss (25k)		(12,500)	(12,500)
(-) Annuity payable (RM5,500 x 6 months)		-	(33,000)
(-) Approved donation (restricted to 10% of AI) (RM15,000 vs RM12,750) donation was made on 15 March 2021		(12,750)	-
(-) Executor's remuneration (not deductible)		-	Nil
Total income		102,250	68,500
(-) self relief/ special relief		NA	(9,000)
Chargeable income		102,250	59,500
Tax charge (Budget 2021)		Flat (30%)	Scale rate
On the 1 st RM50,000		-	1,800
On the next RM9,500@ 13%		-	1,235
Income tax payable		30,675	3,035

- (b) If En Eusoff fails to furnish the tax return and pay income taxes of the estate, **the executor will be jointly and severally liable to pay a penalty equal to the amount of tax which the failure relates [s74(6)].**

SOLUTION FEB 2021

Computation of Total Income of the deceased (Azman) and the Executor (Johanis) for YA 2020

	Deceased (Azman) R / D (5/12) RM	Executor (Johanis) NR (7/12) RM
Sec 4 (a) Business Income		
Retailing Business (Malaysia):		
Adjusted Income 250,000		
Add: Balancing charge 3,000		
Less: Capital allowances (28,000)		
Statutory Income 225,000	93,750	131,250
Business in Textile (Jakarta):		
Statutory income (exempt) (FSI exempted from TA YA2020)	Nil	Nil
Remitted in April 2020 – exempted		
Remitted in Oct 2020 - exempted		
Aggregate Statutory Business Income	93,750	131,250
Less: Adjusted business loss b/f (15,000)		
Adjusted Aggregate Statutory Business Income	78,750	131,250
Sec 4(c) Dividend and Interest		
Dividend (Single –Tier) Petron Bhd on March 2020 (exempt)	Nil	
Interest: Interest from CIMB received in Feb 2020 (exempt)		Nil
Interest on F. deposit from HSBC Melaka on 25 Nov 2020 (final tax –WHT)		Nil
Sec 4(d) Rental income		
Received on 8 December 2020 2,000		
Jan – December 2020 24,000		
26,000		
Less :Expenses:		
Fire insurance (1,200)		
Less: Maintenance (800)		
Less: Renovation (Capital Expenditure) (NA) Nil		
Adjusted rental income 24,000	10,000	14,000
AGGREGATE INCOME	88,750	145,250
Less: Annuity to wife (21,000)		-
Payment to mother (NA) -		Nil
Donation to Rumah Anak Yatim (approved donation)(restricted to 10% of AI) (6,500)		5,000)
Donation to Rumah Orang Tua Kenangan (approved donation) (restricted to 10% of AI)		
Executor's remuneration (NA) -		Nil
TOTAL INCOME	82,250	119,550

b. S64(4) special relief will not be given to the executor (Johanis) and flat rate of 24% is applicable for YA 2020.