



## Deloitte Tax Challenge 2010

1. Company A incurred qualifying plant and machinery expenditure on 30<sup>th</sup> May, 2010. It is currently enjoying reinvestment allowance. Its paid up capital is RM 3,000,000. What rate of annual allowance is Company A entitled to claim?
  - a) 14%
  - b) 40%
  - c) 80%
  - d) None of the above
  
2. Which of the following items are not subject to interest restriction under Section 33(2) of the Income Tax Act, 1967?
  - a) Advances to subsidiaries
  - b) Payment on behalf of related companies
  - c) **Interest-free loan to staff**
  - d) None of the above
  
3. Which of the following is/are promoted area(s)?
  - a) **Sabah**
  - b) Nusajaya (Iskandar Region)
  - c) Malacca
  - d) All of the above
  
4. Company B incurred expense on a giant greeting banner (with company logo) in conjunction with our National Day celebration. How is this expense to be treated for deduction purposes?
  - a) **Non-deductible**
  - b) 50% deductible
  - c) 100% deductible
  - d) Double deduction
  
5. Mr. Manven received an ex –gratia payment of RM 5 million from his former employer in 2008. He worked with his former employer from year 2000 to 2007. When he ceased from his employment his age was 45 years old. How is the tax treatment of the aforesaid RM 5 million:
  - a) The amount of RM 5 million should be taxed at the year of receipt i.e. year 2008 without any exemption.
  - b) **The amount of RM 5 million should be taxed on spread back basis over the years of employment i.e. from year 2002 to 2007 without any exemption.**
  - c) The amount of RM 5 million should be taxed on spread back basis over the years of employment i.e. from year 2000 to 2007 without any exemption.
  - d) The amount of RM 5 million should be taxed on spread back basis over the years of employment i.e. from year 2000 to 2007 with exemption of RM 6,000 for every completed years of employment.

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