



Deloitte Tax Challenge 2011

Individual Category – Finals

Rodger Cando

Rodger Cando is an Australian citizen who was seconded to Malaysia to work in a subsidiary company (Coy M) of the Australian parent which manufactures security equipment. Rodger came to Malaysia on 10th October 2006. His periods of stay in the country are as follows:

- 10th Oct. 2006 – 24th Dec. 2006 - In Malaysia
- 24th Dec. 2006 – 4th Jan. 2007 - In Australia for holiday & visit
- 5th Jan. 2007 – 30th Sept. 2007 - In Malaysia
- 1st Oct. 2007 – 31st Jan. 2008 - In Australia performing duties for Parent Coy
- 1st Feb. 2008 – 31st Dec. 2008 - In Malaysia
- 1st Jan. 2009 – 31st Dec. 2009 - In Malaysia
- 1st Jan. 2010 – 31st Aug. 2010 - In Australia on Parent Coy operations
- 1st Sept. 2010 – 15th Sept. 2010 - On holiday in Spain
- 16th Sept. 2010 – 31st Dec. 2010 - In Malaysia

He received the following income from his employment in Malaysia and overseas including Australia where he performed his service:

Remuneration received from 1st Jan. 2010 – 31st Dec. 2010:-

Salary from Coy M	RM 180,000
Salary from Parent Coy (AUD 30,000 banked into bank in Malaysia)	AUD 80,000
Rental paid by Coy M to house owner (including periods he was in Australia)	RM 36,000
House is used partially (1/3 of the floor area) to entertain company's customers	
Allowance for servant	RM 12,000
Petrol Allowance (including from house to office RM 1200)	RM 7,000
Hand-phone – calls, sms, etc	RM 1,000
Airfare to Australia (RM5000 for duties in Parent Coy)	RM 11,000

Rodger also received commissions of RM 10,000 in 2010 from the Parent Coy for negotiating and concluding deals with Malaysian entities worth RM1million. These deals are not at all related to products manufactured by Coy M and are also not in any way related to its business.

Rodger paid his wife who is residing in Australia with their 3 children (ages 12, 14 and 20) RM 6,000 in 2010 for helping him to do some market research. Most of the research was done in Australia. His wife and children only visit him in Malaysia occasionally for holiday (30 days). While in Malaysia his wife took the opportunity to research on the Malaysian consumer preferences. The eldest child, Diana is studying in a university in Australia and Rodger paid RM 30,000 for her education. Diana worked part-time and earned AUD 3,000 in 2010.

In Feb 2010 Rodger appointed HK Ltd, a company incorporated and carrying on business in Hong Kong to purchase on his behalf several pieces of artwork which he sold in Shanghai in July 2010 for a profit of HK\$500,000.

Rodger contributed AUD 1,000 to a Provident Fund in Australia and RM 4,500 to the KWSP (EPF).



Rodger's wife elected for aggregation of her income with that of her husband's.

You have been asked by Rodger to determine his residence status for all the years mentioned showing how it is done, his chargeable income for 2010, taking into account all reliefs and exemptions available to him giving reasons for your doing so. You are also to consider the tax implications of his other activities including the taxable effects on other parties. It would be helpful if you could quote decided cases or provisions of the Act or rulings to support your stand taken. As Rodger is a busy man he requests for a power-point presentation lasting approximately 15 minutes.

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