



1. Which of the following is not a tax deductible expense?
 - (a) Interest expense arising from loan taken to pay rent of the office premise
 - (b) Interest expense arising from loan taken to pay salary of employees
 - (c) Interest expense arising from loan taken to purchase machineries
 - (d) Interest expense arising from loan taken to pay dividend to shareholders**

2. Which of the following is not the 'traditional method' used in determining arm's length price?
 - (a) Comparable uncontrolled price method (CUP)
 - (b) Profit split method**
 - (c) Resale price method
 - (d) Cost plus method

3. Which of the following receipt is taxable?
 - (a) Advance tuition fee received which is subject to refunds
 - (b) Voluntary payment from a client as a token of appreciation for long term business relationship
 - (c) Compensation received from client for early termination of contract. The contract is but one of many contract of the taxpayer**
 - (d) None of the above

4. Understatement of income was discovered during a tax audit and the tax related to the incorrect return is RM50,000. What is the maximum amount of penalty under section 113(2) of the Income Tax Act 1967 if no prosecution was made?
 - (a) A fine of RM200 – RM20,000
 - (b) RM 50,000**
 - (c) RM 100,000
 - (d) A fine of RM1,000 – RM10,000 and a special penalty of RM100,000

5. A Malaysian tax resident company has the following foreign branches:
 - Singapore Branch
 - Sudan Branch
 - Yemen Branch

Net profits for year of assessment (YA) 2008 relating to the Singapore, Sudan and Yemen branches are RM1million, RM2million and RM3million respectively.

Profits relating to the foreign branches remitted into Malaysia during YA 2008 is RM4million (Sudan Branch) and RM5million (Yemen Branch).

How much is the amount to be credited to the tax exempt account for YA 2008?

- (a) RM6million
- (b) RM5million**
- (c) RM10million
- (d) RM9million



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