**IN A GROUP 0F 4/5, ANSWER ALL QUESTION.**

**ASSIGNMENT 1**

**QUESTION 1**

1. Alfred is employed by a Malaysian company under five year contract. His duties include visits, not exceeding 30 days in any one year, to supervise the company’s operations in neigbouring countries. He receives part of his salary (RM4,000 per month) outside Malaysia. In addition, an annual bonus of RM15,000 is paid directly into his bank account in Toronto

Required:

State with reasons, whether the salary and bonus received in Malaysia is subject to Malaysian Income Tax

1. Vicky, an advocate and solicitor, exercises her profession partly at her chambers in Kuala Lumpur and partly her home in Petaling Jaya. Vicky claims income tax deduction for the travelling expenses incurred between her chambers and the courts.

Required:

Explain the deductibility of the travelling expenses incurred by Vicky

(c ) Stuart, a citizen of Australia residing in Singapore, is a director of CSB Sdn Bhd, a company resident in Malaysia. He received directors fees of RM15,000 from the company for the year ended 31 December 2020. He spends a total of 70 days in a year in Malaysia, attending meetings of the board of directors.

Reequired:-

State, with reasons, whether the directors ‘ fees are subject to Malaysian Income Tax for the year of assessment 2020.

(5 marks)

**QUESTION 2**

Chan has been recommended for promotion to the head of the marketing department of Cemerlang Sdn Bhd. The promotion will involve a salary increase of RM3,000 per month. Chan may also choose one of the following remuneration packages:-

Package A

Use of a company car costing RM150,000 together with petrol. The petrol is expected to cost the company RM6,000 per annum.

An increase in the company’s rate of contributions to the Employees Provident Fund from 12% to 19%

Package B

An entertainment allowance of RM500 per month with no stipulation that he should spend it

A gardener on the payroll of the company

A car loan of RM100,000 taken by Chan and company will subsidize him interest of 2% per annum.

An unfurnished house provided by the company. The company will pay a rental of RM6,000 per month and Chan would be required to reimburse the company RM1,500 per month.

At present, Chan is paid a monthly salary of RM10,000 with no benefits whatsoever. His contribution rate to the Employees Provident Fund is 11% of salary. He is unmarried.

Required:

1. Compute the income tax payable for YA 2020 by Chan in the case of each of the two remuneration packages (A and B) on a year full basis.
2. Identify the factors that Chan should consider when deciding between the two packages.

(10 marks)