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Tax pressure mounts on Tenaga with new RM609 mil bill for 2023, days after getting RM840 mil bill for 2022

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KUALA LUMPUR (July 31): Tenaga Nasional Bhd (KL: TENAGA) faces another RM609 million tax bill for 2023, just days after an RM840 million bill for 2022, after the Federal Court sided with the Inland Revenue Board (IRB) and ruled Tenaga cannot claim reinvestment allowances.

The Federal Court ruled in early July that Tenaga is a utility company, not a manufacturer, and should have claimed investment tax allowances under Schedule 7B, not reinvestment allowances under Schedule 7A.

According to information in Tenaga's 2024 annual report, the dispute with the IRB dates back to 2015. Between 2013 and 2021, the IRB issued RM9.25 billion in additional tax assessments to Tenaga. After RM2.44 billion in penalties were waived through settlements, Tenaga's net potential liability was reduced to RM6.81 billion. Tenaga paid RM1.76 billion in December 2020.

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Tenaga continued to claim reinvestment allowances for 2022 and 2023, and said in its 2024 annual report that it would claim for 2024 as well.

CIMB Securities in a research note earlier this week estimated that additional tax assessments for Tenaga for 2023-2024 could be around RM2 billion, raising the total amount for 2013-2024 to near RM8 billion.

In a filing on Thursday, Tenaga said it is reviewing legal options to challenge the latest tax notice. Tenaga has already applied for investment tax allowances for 2023 and 2022 with the finance minister.

Tenaga had previously warned that the Federal Court ruling may impact its earnings and net assets for the financial year ending Dec 31, 2025.



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