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Tenaga bags High Court win in long-running tax disputes with IRB

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KUALA LUMPUR (Oct 2): Tenaga Nasional Bhd (TNB)(KL:TENAGA) has secured its first court victory in its ongoing tax battles with the Inland Revenue Board (IRB), after the High Court set aside RM78.5 million in additional tax assessments issued to its unit, Southern Power Generation Sdn Bhd (SPG), for the years 2017 to 2021.

In a filing to Bursa Malaysia, Tenaga said the court allowed SPG's judicial review application, ruling that the IRB had no legal basis to issue the assessments in May 2023. SPG operates two 720MW combined cycle gas turbine power plants in Johor, and is 70%-owned by TNB Power Generation Sdn Bhd — a wholly owned subsidiary of Tenaga.

This marks a rare legal victory for Tenaga, which has been entangled in tax

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disputes with the IRB since 2015.

Tenaga lost a separate RM1.25 billion case in July, when the Federal Court ruled it had wrongly claimed reinvestment allowances meant for manufacturers. Last month, Tenaga withdrew a judicial review against nearly RM1.4 billion in addition-

al assessments for 2020 and 2021, opting instead to apply for incentives under Schedule 7B of the Income Tax Act 1967 — a decision now pending the finance minister's approval.

Tenaga's latest results announcement flagged a potential tax exposure of RM10.02 billion, with a corresponding net cash outflow of RM3.8 billion, after taking into account the amounts remitted to the IRB for 2006, 2008-2012, 2016, 2017, 2018, 2022 and 2023.

Tenaga's shares rose 12 sen or 0.9% to RM13.22 at midday break on Thursday, valuing the utility giant at RM77.1 billion.



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