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COURT RULES IN FAVOUR OF TNB IN RM78.5M TAX DISPUTE

New Straits Times, Malaysia

'NO LEGAL BASIS'

COURT RULES IN FAVOUR OF TNB IN RM78.5M TAX DISPUTE

Subsidiary SPG's judicial review allowed, according to Bursa filing

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In July, the Federal Court dismissed a RM1.25 billion claim brought by Tenaga Nasional Bhd. NSTP FILE PIC

TENAGA Nasional Bhd (TNB) secured a legal victory after the High Court overturned RM78.5 million in tax assessments by the Inland Revenue Board (IRB) on its subsidiary, Southern Power Generation Sdn Bhd (SPG).

In a Bursa Malaysia filing, TNB said the court on Oct 1 allowed SPG's judicial review, agreeing with its counsel's argument that the IRB had no legal basis to issue the assessments.

The notices, dated May 26, 2023, covered the years of assessment of 2017 to 2021.

SPG, which runs two 720-megawatt (MW) combined cycle gas turbine plants in Johor, is 70 per cent-owned by TNB Power Generation Sdn Bhd, a wholly owned subsidiary of TNB.

The ruling marks a rare legal success for TNB, which has been mired in tax disputes with the IRB since 2015.

In July, the Federal Court dismissed a RM1.25 billion claim brought by the company, ruling it had wrongly applied reinvestment allowances.

The following month, TNB withdrew a separate judicial review involving nearly RM1.4 billion in assessments for 2020 and 2021, choosing instead to apply for relief under Schedule 7B of the Income Tax Act 1967, subject to the finance minister's approval.

In its recent earnings disclosure, TNB highlighted potential tax liabilities of RM10.02 billion across multiple assessment years between 2006 and 2023, which could result in a net cash outflow of RM3.8 billion.