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Dr Wee: Agency should operate without govt or ministerial influence

THE Inland Revenue Board (LHDN) wields immense power and should undergo structural reforms to ensure its independence from political influence and fiscal pressure, said Datuk Seri Dr Wee Ka Siong (pic) (BN-Ayer Hitam).

He proposed that LHDN be made an independent statutory body reporting directly to Parliament.

“Make this an important parliamentary reform,” he said when debating the 13th Malaysia Plan in the Dewan Rakyat yesterday.

Dr Wee cited best practices from other countries, noting that the Internal Revenue Service of the United States is accountable to Congress and not the president.

“In the United Kingdom, His Majesty’s Revenue and Customs operates independently of day-to-day ministerial directives.

“They have their own board of directors, and decisions involving

operations, investigations or audits cannot be directed by the sitting government,” he said.

Dr Wee also highlighted complaints from small and medium enterprises about lengthy delays in tax refunds.

He said the prolonged process is viewed as tantamount to the government “forcibly borrowing” money from the people without interest.

“For instance, a taxpayer entitled to a RM13,000 credit refund only receives RM650 at first, and the full amount is only returned after four years.

“But when the situation is reversed, taxpayers are penalised with late payment interest,” he said.

Dr Wee called for key powers such as tax assessments, appeal



processes, and exemption approvals to be placed under an independent body, free from the direction of the Finance Ministry or the government.

Citing the ongoing dispute between Tenaga Nasional Bhd (TNB) and the LHDN, he raised concerns about the implications of a RM10.6bil tax claim against the utility giant.

He said TNB had, for decades, filed taxes under Schedule 7A of the Income Tax Act as a power generator, a classification the company maintains is appropriate.

The Federal Court ruled on July 2 in favour of LHDN in TNB’s 2018 tax dispute, deciding that TNB should have applied for an investment allowance under Schedule 7B rather than the reinvestment allowance under Schedule 7A.

Dr Wee questioned the sudden

shift by LHDN and its significant financial impact on a government-linked company backed by public retirement savings.

“This is not a case of tax evasion or fraud. If the Treasury’s decision against TNB stands, this isn’t just a tax grab; it is daylight robbery of the rakyat’s retirement funds, disguised by bureaucratic language,” he said.

Before Dr Wee could finish, Chong Zhemmin (PH-Kampar) invoked Standing Order 36(12), accusing Dr Wee of misleading the House.

“This matter has gone through the courts. The ruling was based on existing laws that were in place when the honourable member for Ayer Hitam was a minister.

“His statement about ‘daylight robbery’ is not just inaccurate; it misleads the House,” Chong said, demanding a retraction and threatening to refer Dr Wee to the Privileges Committee.

Deputy Speaker Alice Lau then advised Chong to file a motion.

“Respect me as a representative of the people. Let me finish. This is a policy proposal rooted in reform, based on models from developed nations. What wrong have I committed in presenting this?” Dr Wee asked.

He clarified that his criticism was aimed at the system, not the current administration, and that his broader call was for institutional independence in tax matters.

“I did not blame any specific government. My argument is for a system that does not operate on anyone’s cue. That is the reform spirit we speak of,” he added.

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