



23 JUL, 2025

TNB gets leave for judicial review

The Star, Malaysia



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PETALING JAYA: The High Court granted leave to Tenaga Nasional Bhd (TNB), through its subsidiary TNB Western Energy Bhd, to commence judicial review against the Inland Revenue Board (IRB) in relation to a tax assessment totalling RM291.6mil for the financial year ended December 2018.

In a filing with Bursa Malaysia yesterday, TNB said it was also granted an interim stay of all further proceedings, including the enforcement of the assessment notice, until the disposal of the substantive hearing.

The High Court scheduled a case management on Aug 5.

Earlier this month, the Federal Court ruled in favour of the IRB concerning an additional tax assessment, also for 2018.

The court overturned earlier High Court and Court of Appeal decisions that had

favoured TNB, reinstating a tax bill initially set at RM1.81bil, which was reduced to RM1.25bil after a penalty remission in December 2020.

The ruling clarified that TNB, as a utility company, should claim tax relief under schedule 7B (investment allowance) of the Income Tax Act 1967, not schedule 7A (reinvestment allowance) meant for manufacturers.

This decision could lead to a total tax liability of RM5.05bil for TNB for 2013 to 2018 with potential additional assessments for 2020 and 2021.

TNB is assessing the financial impact, which may affect its earnings and net assets for 2025, and plans to pursue investment allowance claims under schedule 7B.

Although the ruling has set a precedent for TNB's tax obligations, it is not expected to impact its operations.