

Port Klang Authority seeks help from IRB
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The Port Klang Authority (PKA) wants to be absolved of all responsibility over outstanding tax payments owed by Kuala Dimensi Sdn Bhd (KDSB), before it will make any payments to Port Klang Free Zone (PKFZ) bond holders.

The PKA board of directors agreed in a special meeting today to make two of the four bond payments due tomorrow, but only if the Inland Revenue Board (IRB) agrees to their request.

Last week, the IRB ordered the PKA to become its collecting agent for KDSB's alleged backdated tax payments, amounting to some RM328.4 million.

The IRB issued the order under section 68 (1) of the Income Tax Act 1967, which allows the board to compel an entity to settle any outstanding taxes owed by another company - provided the entity owes money to the tax defaulter.

NONEPKA chairperson Lee Hwa Beng (right) however argued that based on the previous PKA management's decision to assign all debt to the PKFZ's special purpose vehicles (SPV), they owe nothing to KDSB.

"Because there is no amount owing by us to KDSB, and KDSB owes the IRB money, we are writing to the IRB to revoke the appointment based on that argument," he said at a press conference after the board meeting at the PKA office in Klang.

"When we receive the letter from the IRB revoking the appointment, we will pay the bond holders immediately."

But if the IRB remains adamant that the PKA remain as the collecting agent, Lee said they will have to convene another special board meeting before they can decide their next course of action.

Four SPVs were formed by KDSB to raise some RM4.6 billion in bonds to fund the controversial PKFZ project, built by KDSB as the main contractor.

Payments for two of the SPVs are due tomorrow - RM230 million to Transshipment Megahub Bhd and RM120 million for Valid Ventures Bhd.

Another RM373 million owed to two SPVs - Special Port Vehicle Bhd and Free Zone Capital Bhd - is due on July 31.

Lee pointed out that there is a possibility of revising the quantum of payment to the SPVs, depending on the outcome of the PKA's civil suit against KDSB for alleged excessive claims in the project.

NONE "If we win (the suit), yes (we can restructure payment to SPVs). If we win we pay less to the SPVs, if we lose we pay all to the SPVs... whatever happens, it has nothing to do with KDSB," he said.

The PKFZ sparked a nationwide uproar after the release of a PricewaterhouseCoopers (PWC) report in May last year, which claimed that taxpayers stood to lose RM12 billion in the

controversial project.

Four people have so far been charged in relation to the scandal, including former PKA general manager OC Phang (left).

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