

**IRB to take action against 'tax evader' KDSB**  
**Malaysiakini.com**  
**July 14, 2010**

The Inland Revenue Board (IRB) will take legal action against Kuala Dimensi Sdn Bhd (KDSB) - the company at the centre of the controversial billion-ringgit Port Klang Free Zone scandal - for owing almost RM330 million in back taxes.

Second Deputy Finance Minister Awang Adek Hussin told the Dewan Rakyat that this was the only option as the Income Tax Act 1967 does not give powers to the IRB to seize the errant company's assets.

port klang free zone pkfz auditKDSB - which is majority-owned by tycoon-cum-politician Bintulu BN MP Tiong King Sing - was the main contractor for the PKFZ project and reportedly owes RM328.4 million in taxes.

In replying a question by Tony Pua (DAP-Petaling Jaya Utara), Awang said that KDSB was subject to income tax from 1996 and 1999, and this was paid in full.

"For the other years of assessment, KDSB was not subject to tax as the company reported losses and the accumulated losses were high," he said.

However for 2000, when KDSB was not subjected to tax because it was a "waiver year", the company mysteriously reported "a profit that was too high".

In that year, the government exempted companies from paying taxes to enable them to recover from the 1997-1998 financial crisis.

Firm under-reported its earnings

The sudden profit declared by KDSB in 2000 raised IRB's suspicion and investigations were conducted beginning Nov 1, 2007, said Awang.

"Findings of the inquiry showed KDSB under-reported its earnings and claimed expenses which are not permitted under the Income Tax Act 1967," he said.

KDSB has disputed IRB's findings but has yet to substantiate its claims, said Awang.

"On June 18, the IRB issued an additional assessment under Section 91 of the Income Tax Act 1967 amounting to RM328 million, which included penalties at a rate of 100 percent for the years of assessment 1997 to 2006," said Awang.

During his speech today, Pua demanded to know the following:

- \* Why KDSB was allowed by the IRB to owe its backdated taxes of RM328 million for 13 years?

- \* Why the IRB did not enforce its rights under the Income Tax Act 1967 to collect the tax before any dispute arose?

- \* Why the IRB did not seek a court order to confiscate the cash and assets of KDSB, which is worth RM932 million to resolve the backdated taxes?

Copyright © 1999-2007 Mkini Dotcom Sdn. Bhd.  
Source : <http://www.malaysiakini.com/news/137349>