



SECTION 131 INCOME TAX ACT 1967

PROFOUND RELIANCE SDN. BHD.

V.

DIRECTOR GENERAL OF INLAND REVENUE

WA-14-13-05-2022

This was an appeal to the High Court against the Deciding Order of the Special Commissioners of Income Tax (SCIT) in respect of the Taxpayer's relief applications under Section

131 of the Income Tax Act 1967 (ITA 1967) for the year of assessment (YA) 2011. By the Deciding Order, the SCIT ruled that the Director General of Inland Revenue (DGIR) was justified to reject the Taxpayer's relief application for YA 2011 as the Taxpayer failed to fulfil one of the pre-requirements stipulated under Section 131(1) ITA 1967. It is the DGIR's submission that the Taxpayer failed to prove that it has fulfilled the pre-requirement of Section 131 ITA 1967 which required no outstanding tax payment before any relief application can be made under the said provision. Due to the non-compliance, the DGIR had a legal basis to reject the relief application by the Taxpayer for YA 2011.

The Taxpayer argued that failure to fulfill the requirement under Section 131 ITA 1967 namely the requirement for no outstanding tax payable for a relief application was never argued before the SCIT and that the SCIT had decided on its own motion to dismiss the relief application without hearing the parties. The Taxpayer argued that there was no requirement that all taxes must be fully settled before a relief application can be made and to allow it will lead to unjust conclusion for the Taxpayer.

The High Court on 03.07.2025 in dismissing the Taxpayer's appeal held the SCIT had correctly rejected the Taxpayer's relief application for YA 2011 as the legal requirement under Section 131 ITA 1967 had not been complied. The SCIT had not misdirected itself on the facts or the law in dismissing the Taxpayer's relief application for YA 2011 and in fact it had correctly applied the law to the facts before the court. Hence, the court held that the Taxpayer was not allowed to take such interpretation to support its argument and found no issue or error with the interpretation of the DGIR. Therefore, the appellate court would not disturb the finding of facts by the SCIT.

Editorial Note:

- *The Taxpayer has the right to file an appeal to the Court of Appeal within 30 days from the decision of the High Court.*