



Landmark Decision By Federal Court Confirming that Local Authorities Cannot Tax New Holdings by way of Amendments to a Valuation List

In 2018, Majlis Daerah Hulu Selangor (“Local Authority”) purportedly amended a 1996 Valuation List pursuant to Section 144 of the Local Government Act 1976 (“LGA”) to include certain holdings/land of United Plantations Berhad (“UPB”) and to impose annual rates on UPB. Prior to 2018, the Local Authority had never sought to impose or collect rates from UPB.

Being dissatisfied with the decision of the Local Authority, UPB appealed to the High Court pursuant to its statutory right of appeal under the LGA.

It was argued before the High Court, amongst others, that the Local Authority had no power under Section 144(1) of the LGA to include UPB’s holdings/land into the Valuation List by way of an amendment to the Valuation List.

A new holding which has not been previously rated would only become rateable under the LGA if it is included in a new Valuation List issued by the Local Authority in accordance with the requirements and procedure stipulated in the LGA provisions such as Sections 137 and 141. This, however, was not done in this case.

In 2019, the High Court ruled in favour of UPB on the basis, amongst others, that UPB’s holdings/land were not rateable at the material time as the same were not included in the Valuation List and the same could not be included by way of an amendment to the Valuation List. The Local Authority appealed against the decision of the High Court to the Federal Court pursuant to the provisions of the LGA.

Via a virtual hearing on 4 November 2020, the Federal Court dismissed the Local Authority’s appeal and affirmed the decision of the High Court. The Federal Court unanimously held that the procedural safeguards provided by the LGA cannot be bypassed.

This is a landmark decision whereby the Federal Court recognised that Local Authorities cannot purport to tax holdings/land that were not previously rated, by way of amendments to a Valuation List. New Valuation Lists must be issued by the Local Authority every 5 years pursuant to Section 137 of the LGA for the purposes of the same.

UPB was represented in this matter by:



Anand Raj

Partner, [Tax and Revenue Practice Group](#)
Co-Head, [Competition and Antitrust Practice Group](#)
anand@shearndelamore.com
+603 2027 2828



Foong Pui Chi

Partner, [Tax and Revenue Practice Group](#)
foongpuichi@shearndelamore.com
+603 2027 2641



Abhilaash Subramaniam

Associate, [Tax and Revenue Practice Group/Competition and Antitrust Practice Group](#)
abhi@shearndelamore.com
+603 2027 2994