

# The Scales of Reality

Deconstructing *Prima Cahaya Sdn Bhd v. Pemungut Duti Setem* [2024] 8 CLJ 109

A RM117M transaction. A RM227M government assessment. Which price dictates true market value in a distressed market?

# The Asset & The Descent

## 2018: The Starting Point

Property in receivership. Private valuation (VPC Alliance) places baseline value at:

**RM170,000,000**

## The Failed Auctions

Three successive public auctions attempt to clear the asset. Reserve prices drop drastically: RM170M → RM153M → RM137.7M.

**Result: Zero bidders.**

## Nov 2020: The Private Rescue

Principal Sale and Purchase Agreement (SPA) signed with Bestinet Sdn Bhd. Bestinet pays 10% deposit then defaults.

**RM117,000,000**

## Dec 2021: The Final Assignment

Prima Cahaya steps in via Deed of Assignment (DOA) to transfer rights, paying the remaining balance to complete the transaction.

**RM105,300,000**

# Ground Reality

The Plaintiff: Prima Cahaya

**RM117,000,000**  
(Principal SPA)

## Core Argument:

The price reflects actual market distress, a forced liquidation scenario, and the undeniable failure of three successive public auctions with zero bidders.

# Theoretical Bureaucracy

The Defendant: Collector of Stamp Duties

**RM227,250,000**  
(JPPH Assessment)

## Core Argument:

Government valuation utilizing a theoretical mix of cost, comparison, and investment methods justifies a stamp duty and penalty assessment exceeding RM9.5 million.

# What is the correct Market Value for assessing stamp duty?

**Option A**

**RM227,250,000**

The JPPH Government Assessment

**Option B**

**RM117,000,000**

The Principal SPA

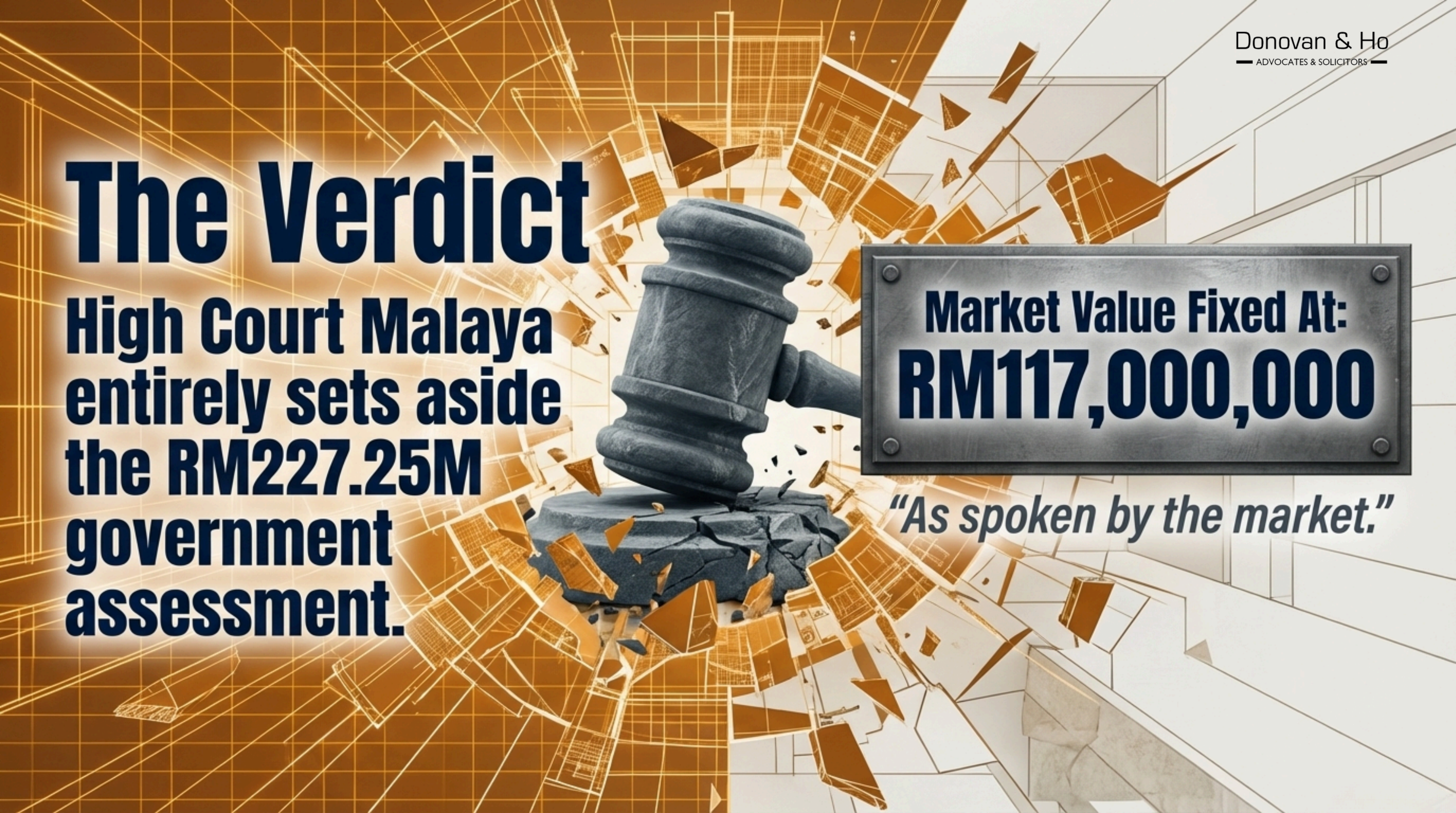
**Option C**

**RM105,300,000**

The Deed of Assignment

# The Verdict

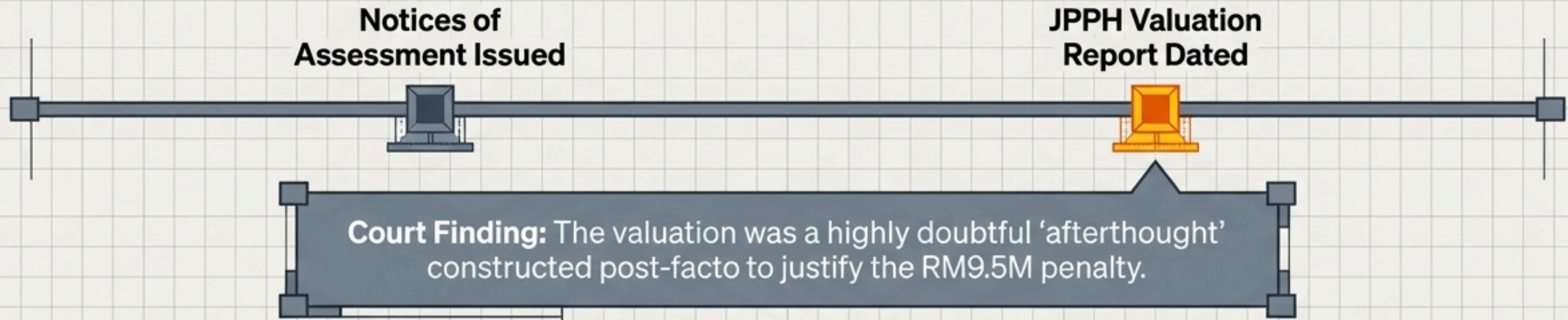
**High Court Malaya  
entirely sets aside  
the RM227.25M  
government  
assessment.**



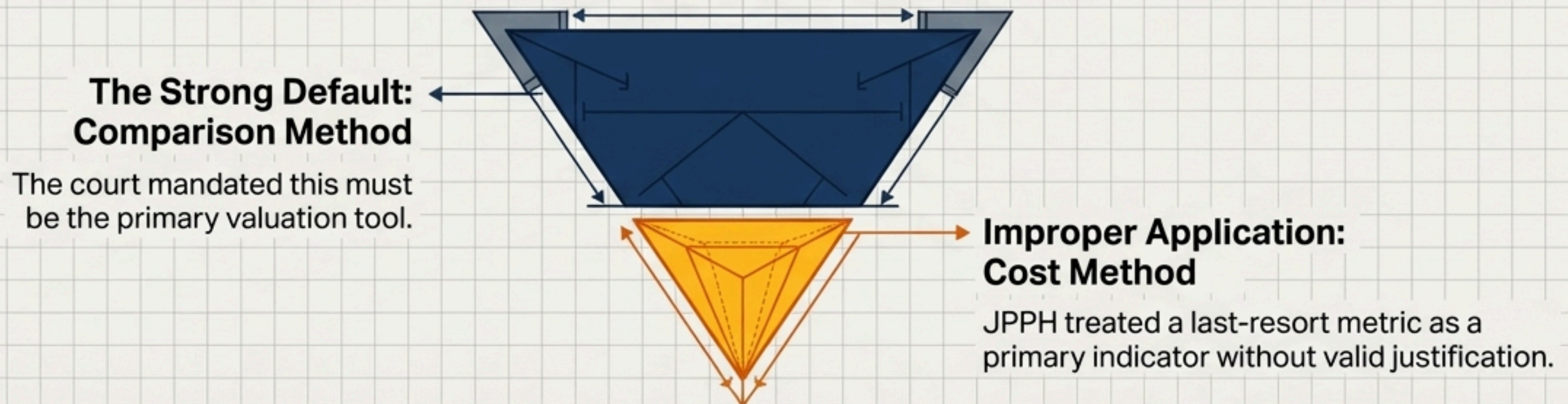
**Market Value Fixed At:  
RM117,000,000**

*“As spoken by the market.”*




# Autopsy I: The Afterthought Defense



## Autopsy I: Methodology Inversion



# Autopsy II: The Defective Comparables

	<h2 data-bbox="653 377 2002 484">Incomplete Transactions</h2> <p data-bbox="653 545 1735 671"><b>JPPH Action:</b> Relied on property sales that were initiated but never actually closed.</p>	<p data-bbox="1919 545 2885 671"><b>Court Ruling:</b> Invalid. Only finalized transactions dictate real market rates.</p>
	<h2 data-bbox="653 846 1669 953">Apples to Oranges</h2> <p data-bbox="653 1014 1586 1140"><b>JPPH Action:</b> Used bespoke, "special purpose" buildings as benchmarks.</p>	<p data-bbox="1919 1014 3152 1215"><b>Court Ruling:</b> Invalid. Menara Tulus is a standard commercial office tower and cannot be compared to custom-built special purpose assets.</p>
	<h2 data-bbox="653 1315 1985 1422">Non-Arm's Length Deals</h2> <p data-bbox="653 1483 1552 1684"><b>JPPH Action:</b> Used government-to-government property transfers as benchmarks.</p>	<p data-bbox="1919 1483 3102 1684"><b>Court Ruling:</b> Invalid. Government transfers are not subject to open market forces and fail the arm's length test.</p>

# Autopsy III: Valuing in a Vacuum

## The Contextual Failure

The JPPH completely **failed** to account for the **macroeconomic devastation** of the **COVID-19** pandemic globally.

## The Ground Reality

Commercial property values plummeted, and the specific subject property (Menara Tulus) saw its occupancy rate drop to a literal 0%.

**Conclusion:** A theoretical valuation that ignores a global pandemic and zero tenancy cannot reflect true market value.

0% Occupancy

# Reality: RM117,000,000

## Proven Market Apathy

Three failed public auctions unequivocally demonstrated that the market rejected the RM137.7M to RM170M price range.

## Fiduciary Duty

Executed by a court-appointed receiver legally bound to obtain the absolute best possible price for the asset during forced liquidation.

## Arm's Length Negotiation

A genuine transaction successfully negotiated between private, independent parties operating within a deeply depressed economy.

**The RM117M wasn't just an arbitrary contract number; it was the ultimate truth. Theoretical blueprints cannot override actual market behavior.**

# Precedent & Takeaways for Practitioners



## 1. Context is King

'Market value' for stamp duty is not theoretical potential. It must reflect strict ground reality, including distressed sales, macroeconomic crises, and actual occupancy rates.



## 2. Comparison is Default

When constructing valuation reports for stamp duty, prioritize the Comparison Method. Courts view the Cost Method as a last resort that requires heavy justification.



## 3. Timing is Evidentiary

Ensure valuation reports are obtained and dated BEFORE issuing notices of assessment. Post-assessment reports will be dismissed as defensive 'afterthoughts' and disregarded in litigation.