

Client Alert

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For further information, please contact:

Kherk Ying Chew
Partner
+603 2298 7933
kherkying.chew@wongpartners.com

Brian Chia
Partner
+603 2298 7999
brian.chia@wongpartners.com

Ee Von Teo
Partner
+603 2298 7810
eevon.teo@wongpartners.com

Eddie Chuah
Partner
+603 2298 7939
eddie.chuah@wongpartners.com

Calvin Koay
Associate
+603 2298 7984
calvin.koay@wongpartners.com

Xin Qing Kong
Associate
+603 2299 6541
xinqing.kong@wongpartners.com

Initiatives by the Companies Commission of Malaysia

The Companies Commission of Malaysia ("**CCM**") had on 10 April 2020 announced the following initiatives to ease the burden of businesses and companies affected by the Movement Control Order ("**MCO**") which has been extended to 28 April 2020.

Initiatives by the CCM

(a) Extension of time to lodge documents with the CCM

The CCM will grant a 30 days moratorium period from the last day of the MCO for the lodgement of statutory documents required under the Companies Act 2016 ("**CA**") and the Limited Liability Partnership Act 2012. The penalties for late submissions during the moratorium period will be waived.

(b) Extension of time to lodge financial statements with the CCM

The CCM will grant a time extension of 3 months for companies to lodge their audited financial statements ("**AFS**") with the CCM and the RM100 application fee will be waived for this purpose. While it is not entirely clear based on the CCM's announcement, it appears that this initiative includes the extension of time for companies to circulate the AFS as required under the CA.

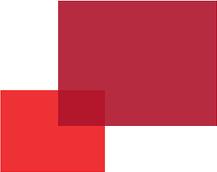
(c) Extension of time to carry out annual general meeting (AGM)

The CCM has granted an extension of time for companies to hold its AGM within 3 months after the last day of the MCO. This extension of time is not automatic and companies are required to make an application to the CCM for such an extension of time. The application fee of RM100 will be waived.

(d) Increasing the indebtedness threshold and an extended time to respond to statutory demands

The CCM has raised the indebtedness threshold under Section 466 of the CA from RM10,000 to RM50,000 until 31 December 2020 and increased the period for companies to respond to a statutory notice of demand for payment of debts under Section 466 of the CA from 21 days to 6 months from service of the said notice.

This means that no winding up proceedings can now be commenced against a company for debts below RM50,000 for the period up to 31 December 2020. Further, a company receiving a statutory notice of demand for payment of debts will now have 6 months to respond before a company is deemed to be unable to pay its debts.



This will relieve companies from immediate pressures of mounting debts over this period.

(e) Extension of time to comply with CPE for company secretaries

Subject to conditions, the CCM will grant company secretaries an extension of time until 31 December 2020 to fulfil the Continuing Professional Education (CPE) requirements for the renewal of practising certificates by the CCM.

(f) CA Compliance Campaign 2020 to be extended ("Compliance Campaign")

The Compliance Campaign will now be extended until 30 June 2020.

In conjunction with the Compliance Campaign, the CCM will reduce compounds issued for offences arising from non-compliances with certain provisions of the CA up to 90% of the original compound for offences, subject to fulfillment of certain conditions.

(g) Exemption of approval for companies limited by guarantee ("CLBG") to collect contribution

The CCM will exempt CLBGs from the requirement to obtain approval from the CCM or the relevant minister to solicit any contribution or donation from the public to provide assistance to communities affected by the COVID-19 pandemic. This exemption will be granted to CLBGs that have obtained the Inland Revenue Board's ("IRB") approval under Section 44(6) of the Income Tax Act 1967 (for tax deductions on gift or donations made), until 31 December 2020.

CLBGs that have not obtained approval from the IRB may solicit contribution or donation from the public on the condition that formal application must be made within 30 days from the last day of MCO.

Such CLBGs are required to keep proper records of receipt of contribution and donation for the CCM's supervision.

www.wongpartners.com

Wong & Partners
Level 21
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Conclusion

Businesses and companies welcome these initiatives from the CCM. The increase of debt threshold to RM50,000 before commencement of winding up and the extended 6 months to respond to a statutory notice of demand for payment of debts may prove to be an effective albeit temporary relief for companies to help them get up on their feet again after the MCO.

