

# Reliefs to Companies amid Covid-19

## MORATORIUM OF STATUTORY DOCUMENTS

- ❖ Examples: Annual returns, shareholders' information, Change of Directors and Officers
- ❖ Moratorium of 30 days after MCO is lifted
- ❖ Eligible for all companies and limited liability partnerships
- ❖ Granted automatically by CCM

## EOT TO LODGE AND CIRCULATE FINANCIAL STATEMENTS

- ❖ EOT of 90 days from the original expiry date
- ❖ For private and public companies with financial year ending beginning 1/9/2019 until 31/12/2019
- ❖ Can apply through [eot@ssm.com.my](mailto:eot@ssm.com.my) between 9/4/2020 until 30/6/2020

## EOT FOR COMPLIANCE WITH S.241 CA 2016

- ❖ Relating to company secretaries applying for practicing certificate
- ❖ EOT is given until the next renewal to collect remaining CPE points
- ❖ Applicable for practicing certificates which expires between 14/3/2020 until 31/12/2020
- ❖ Can apply via e-Secretary system (for now)

## TEMPORARY WINDING UP PROTECTION

- ❖ Time period to respond to a notice of demand under S.466(1)(a) CA 2016 is extended from 21 days to 6 months (effective until 31/12/2020)
- ❖ Threshold of indebtedness is increased to RM50,000 (No gazette has been issued)

## EOT OF THE COMPOUND REDUCTION PERIOD

- ❖ CCM will provide a maximum compound reduction rate of 90% through "SSM's 2020 Compliance Campaign of the Companies Act 2016" (extended until 30/6/2020)
- ❖ Companies, company directors, shareholders or company secretaries can apply for the reduction
- ❖ Appeal letter is required for application

## EXEMPTION FOR CLBG FOR DONATIONS

- ❖ Company Limited by Guarantee
- ❖ CLBG which obtained approval from IRB pursuant to S 44(6) of ITA 1967 does not need to apply for approval to conduct activities for solicitation of donation from public
- ❖ Exemption until 31/12/2020
- ❖ CLBG which does not have approval can proceed with the donation activities and apply for approval within 30 days after MCO is lifted

## 3 MONTHS EXTENSION TO HOLD AGM

- ❖ 90 days extension from the expiry date
- ❖ Can apply through [eot@ssm.com.my](mailto:eot@ssm.com.my) by company secretaries from 9/4/2020 until 30/6/2020
- ❖ Eligible for public companies

## APPLICATION FOR REGISTRATION OF CHARGES

- ❖ Register charges online through MyCoID system from 14/4/2020 onwards
- ❖ New users can register but will only be validated after SSM counters reopen

## RESTRUCTURING AND INSOLVENCY FOR COMPANIES

### CORPORATE VOLUNTARY ARRANGEMENT

*Not applicable to public company, a licensed institution or banking institution, company subject to Capital Markets and Services Act 2007, and company which created a charge over its property or any of its undertaking.*

- A proposal for CVA could be done by company directors, a judicial manager if a company is under judicial management, or a liquidator if the company is being wound up.
- The proposed nominee will have to provide statement, among others, as to whether the proposed CVA can be carried out.
- Automatic moratorium of 28 days once an application for CVA is filed in Court.
- The proposal can only be approved if 75% of total value of creditors present in the meeting with voting rights, and simple majority of members of the company.

### JUDICIAL MANAGEMENT

*Not applicable for a licensed or banking institution and company which is subject to the Capital Markets and Services Act 2007. Public companies are arguably excluded.*

- An application to court for JM order and appointment of judicial manager can be made by a company, company directors or a creditor, on the basis that the company is unable to meet its debt and the interest of creditors would be better served than by company being wound up. An automatic moratorium will be in place until the hearing of the JM application.
- JM order shall be for a period of 6 months, with further extension of 6 months. Moratorium continues during the JM order period.
- The proposal by the judicial manager must be approved by 75% of the total value of creditors.

### SCHEME OF ARRANGEMENT

*Applicable to all Companies.*

- First, apply for a Court Order to summon meetings of the company's creditors. During this stage, companies can also apply for a restraining order (maximum of 3 months, which can be extended by the Court up to 6 months).
- The arrangement must be agreed by 75% of the total value of creditors and members present and voting (according to each class).
- Upon approval, company can apply for a sanction from the Court.
- The company will have to lodge an office copy of the Court Order with the Registrar. Order takes effect at the date of lodgment.