

FREQUENTLY ASKED QUESTIONS

COMPOUND REDUCTION INCENTIVE UNDER COMPANIES ACT 1965

BIL	QUESTION	ANSWER
1.	What does Compound Reduction Incentive Under Companies Act 1965 refers to?	<p>This incentive is a caring initiative by Companies Commission of Malaysia (CCM) that is in line with the Malaysian Family's aspirations in alleviating the burden of the corporate community affected by the ongoing Covid-19 pandemic as well as helping towards the country's economic recovery in 2022.</p> <p>Through this incentive, the corporate community is eligible to enjoy a compound reduction of 90% from the original amount involving all offences under the Companies Act 1965.</p>
2.	What is the objective of this incentive?	The objective of this incentive is to alleviate the burden of the corporate community through high reduction rate compounds.
3.	When will the incentive take effect and what is the duration?	This incentive will take effect from 1 March 2022 until 31 st Disember 2022.
4.	Who are eligible for the 90% compound reduction rate?	Companies and Company Directors.

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5.	What types of offences are eligible for the 90% reduction rate under this incentive?	The 90% compound reduction rate applies to all offences under Companies Act 1965 (CA 1965).
6.	What are the conditions to relish this 90% reduction rate?	All compounds offered that involve offences under the Companies Act 1965.
7.	What are the types of compounds that are not eligible for the 90% reduction under this incentive?	<p>(a) Compounds for Out-of-Court Settlements or Inquiry Papers offered by the Prosecution & Litigation Division as well as State /Branch Offices; and</p> <p>(b) Compounds that are considered serious corporate governance offences.</p>
8.	How much is the discount / reduction rate given?	The discount rate / reduction of compound given is 90%.
9.	Does a company that is in the process of striking off / winding up eligible for the 90% compound reduction rate under this incentive?	Yes, but only for offences under Companies Act 1965.
10.	If a company that was previously given a compound reduction and wanted to reapply, is the company still entitled for the 90% compound reduction rate?	<p>Yes, the company can apply for the 90% compound reduction rate if:</p> <p>(a) The earlier discounted compound remains unpaid; and</p>

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		(b) The 90% reduction rate is calculated from the original compound amount, not from the amount of the earlier discounted compound.
11.	What will happen if the company fails to settle the 90% reduced compound?	The compound amount will return to the original amount upon expiration and enforcement action will be taken.
12.	Will the reduction amount be maintained after the incentive period expires?	If the reduction compound has not been paid before / on 31 st December 2022, then the compound amount will return to the original amount.
13.	Who can make an application for a compound reduction?	Company, director, company secretary or company representative.
14.	Is an appeal letter required when applying for a compound reduction during the implementation of this incentive?	Yes, an appeal letter is required for this incentive.
15.	How can the corporate community check the status of the compound?	Compound status can be checked through: (a) Email to: ar_compliance@ssm.com.my ; (b) SSM Call Centre 03-7721 4000

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		<p>(c) SSM official website, e-compound (https://www.ssm.com.my/Pages/Home.aspx);</p> <p>(d) EzBiz Online (https://ezbiz.ssm.com.my);</p> <p>(e) Any SSM offices throughout Malaysia.</p>
16.	Where can the discounted compound payments be made?	<p>Payment can be made at SSM offices throughout Malaysia or online through EzBiz Portal (https://ezbiz.ssm.com.my).</p> <p>Payment through this EzBiz Portal can only be made by individuals who are already registered as EzBiz users.</p>
17.	How do I make an application for compound reduction during the implementation of this incentive?	Individual or company representative will be required to visit the Enforcement Counter at Level 13, Menara SSM@Sentral or any Enforcement Counters at SSM State Offices except UTC Counters & Business Registration Service Counter (Putrajaya).
18.	What is the accepted method of compound payment by SSM?	Compound payment can be made in cash or by using Management Company Cheque, Bank Draft, Debit/Credit Card, Money Order or Postal Order to the name of SURUHANJAYA SYARIKAT

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		MALAYSIA or online through EzBiz Portal.
19.	Does SSM accept personal cheques?	No. Only Management Company Cheque is accepted.
20.	Does this incentive further provide a 90% compound reduction rate for the offences under the Companies Act 2016?	No.
21.	Does this incentive apply to offences under the Companies Act 1965 that was offered after the enforcement of the Companies Act 2016?	Yes.

(Updated on 20th October 2022)