

FREQUENTLY ASKED QUESTIONS

COMPLIANCE CAMPAIGN 2020 OF COMPANIES ACT 2016

NO	QUESTION	ANSWER
1.	What does 2020 Compliance Campaign of the Companies Act 2016 refers to?	2020 Compliance Campaign of the Companies Act 2016 is an initiative by the Companies Commission of Malaysia (SSM) to increase the corporate community's compliance rate to the Companies Act 1965 (CA 1965) and the Companies Act 2016 (CA 2016). Through this campaign, the corporate community is entitled to a maximum of 90% compound reduction rate from the original compound.
2.	What are the objectives of this campaign?	The objectives of this campaign are: <ul style="list-style-type: none"><li data-bbox="889 1123 1507 1270">i. To encourage the corporate community to comply with the provisions under CA 1965 and CA 2016;<li data-bbox="889 1312 1507 1428">ii. To ensure that only active companies are on the SSM registry; and<li data-bbox="889 1470 1507 1617">iii. To ensure that the information submitted to SSM is up-to-date and accessible to the public and stakeholders.

3.	Who are eligible for the maximum 90% compound reduction?	<p>Companies, company directors or company secretaries who have been issued a compound and have taken the following actions:</p> <ul style="list-style-type: none"> i. Active companies that have updated the filing of the Annual Report (AR) and the Financial Statements (FS) under the provisions of CA 1965 / CA 2016; ii. Company secretaries who have provided written feedback regarding the notice under section 7(11)(b) of the CA 1965; and; iii. Dormant and inactive companies that have applied for a striking-off under section 550 of the CA 2016.
4.	When will the campaign take effect and what is its duration?	This campaign will take effect from 01 January 2020 until 30 June 2020 (extended from 30 April 2020).

5. What **types of offences** under the Companies Act are eligible for the maximum 90% reduction rate under this campaign?

The maximum 90% compound reduction rate only **applies** to compounds for **common offences under CA 1965 and CA 2016**, as follows:

No	Section	Description
1.	7(11)(b) CA 1965	Failure to provide feedback on SSM's notice
2.	143(1) CA 1965	Failure to hold Annual General Meeting
3.	165(4)/(5) CA 1965	Failure to lodge Annual Return
4.	169(1) CA 1965	Failure to table Financial Statements
5.	68(1) CA 2016	Failure to lodge Annual Return
6.	248(1) CA 2016	Failure to prepare Financial Statements
7.	258(1) CA 2016	Failure to circulate Financial Statements
8.	259(1) CA 2016	Failure to lodge Financial Statements
9	340(1) CA 2016	Failure to hold Annual General Meeting (for public companies)

6.	What are the types of compounds that are not eligible for the 90% reduction under this campaign?	<ul style="list-style-type: none"> i. Compounds for the section of offences other than the list of offences outlined in Paragraph 5 above; ii. Compounds for Out-of-Court Settlements or Inquiry Papers offered by the Prosecution & Litigation Division as well as State / Branch Offices; and iii. Compounds that are considered serious corporate governance offences.
7.	Does a company that has applied for a striking-off action under section 550 AS 2016 before 01 January 2020 subject to this campaign?	Yes, if the compound appeal was made during the course of this campaign .
8.	Does a company that is in the process of winding up subject to this campaign?	No.
9.	Is a company that has complied with the provisions of the common offences section (as stated in Paragraph 5) before 01 January 2020 subject to this campaign?	Yes.

10.	<p>What is the rate of compound reduction for:</p> <ul style="list-style-type: none"> i. Companies that have not applied for a strike-off (section 550); or ii. Companies that did not lodge AR / FS; or iii. Company secretaries who did not provide a written feedback to the notice under section 7 (11)(b) of the CA 1965? 	<p>The compound reduction rate will be determined by the Automatic Compound Reduction mechanism or other rates set by SSM.</p>
11.	<p>What will happen to the compound that has been received the reduction discount but is not settled?</p>	<p>The amount of the compound will return to its original amount after the expiry date and further enforcement action will be taken.</p>
12.	<p>How can the corporate community check the status of the compound?</p>	<p>Compound status can be checked via:</p> <ul style="list-style-type: none"> i. Email to ar_compliance@ssm.com.my or enquiry@ssm.com.my; ii. Compound hot-line (Headquarters) at 03- 2299 5334 or SSM Call Centre 03-7721 4000; iii. SSM official website, e-compound (http://www.ssm.com.my/en/e-compound) and ezBiz Online (https://ezbiz.ssm.com.my); and iv. Any SSM offices throughout Malaysia. <p>* Beginning 18 March 2020, the checks can only be made after the Movement Control Order (MCO) period has ended.</p>

13.	Who can make an application for a reduction in the compound?	Company, director, company secretary, liquidator, shareholder or company representative.
14.	Is an appeal letter required when applying for a compound reduction during the implementation of this campaign?	Yes.
15.	How do I make an application on the reduction of compound during the implementation of this campaign?	<p>Company, director, company secretary, liquidator, shareholder or company representative will be required to visit the Enforcement Counter of the Corporate Compliance Division, Level 26, Menara SSM@Sentral or any Enforcement Counters at SSM state offices by providing:</p> <ul style="list-style-type: none"> i. An appeal letter; and ii. Payment receipt / proof of document lodgement; or iii. Written feedback on notice under section section 7(11)(b) of the CA 1965; or iv. Payment receipt / proof of a striking-off application.
16.	Will the period of the given compound before the implementation of MCO be extended?	<p>Yes. The payment period of the compound will be extended by submitting a new appeal letter.</p> <p>* Starting from March 18, 2020, compound payments can only be made after the MCO ends.</p>

17.	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). Payment through this EzBiz Portal can only be made by individuals who are already registered as EzBiz users.</p> <p>* Starting from 18 March 2020, compound payments can only be made after the MCO ends.</p>
18.	What is the accepted method of compound payment by SSM?	<p>Compound payment can be made in cash or by using Management Company Cheque, Bank Draft, Credit Card, Money Order or Postal Order to the name of SURUHANJAYA SYARIKAT MALAYSIA and via online through EzBiz Portal.</p>
19.	Does SSM accept personal cheques?	No.

20.

What is the difference between the **Implementation of Automatic Compound Reduction** and **2020 Compliance Campaign of Companies Act 2016**?

For The Automatic Compound Reduction, eligibility for reduction is based on compound payment duration as follows:

Payment duration (effective from compound issued date)	Reduction rate (from the original amount)
1 to 40 days	85%
41 to 60 days	75%
61 to 90 days	60%
91 to 180 days	30%

On the other hand, via the 2020 Compliance Campaign of Companies Act 2016, one gets a maximum of 90% compound reduction from 01 January 2020 to 30 June 2020 (extended from 30 April 2020) based on the aforesaid situations (refer