



CONSULTATION PAPER ON THE REVIEW OF AUDITORS AND LIQUIDATORS APPROVAL AND RENEWAL FEES

The Companies Commission of Malaysia (SSM) invites comments on the **Review of Auditors and Liquidators approval and renewal fees** exercise as set out in Section B and C of this consultation document by **31 July 2019**. Please provide your name and the organisation you represent (where applicable) together with your comments.

Comments must be forwarded by email to: lrpia@ssm.com.my

Confidentiality: Any confidentiality disclaimer that may be generated by your organisation's IT system or included as a general statement in your fax cover sheet will be taken to apply only to information in your response for which confidentiality has been requested.

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SECTION A

INTRODUCTION AND OVERVIEW

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1. The Companies Act 2016 ("CA 2016") came into force on 31 January 2017 and on the same date the Companies Act 1965 ("CA 1965") was repealed.
2. Prior to the enforcement of CA 2016, the procedures for the approval as a company auditor or liquidator were specified under section 8 of the CA 1965.
3. Section 8(2) of the CA 1965 empowered the Minister charged with responsibility for finance (i.e. Minister of Finance) to approve a person as a company auditor if he is satisfied that the person is of good character and competent to perform the duties of an auditor under the Act, upon application and payment of the prescribed fee by the person.
4. Whereas section 8(2) of the CA 1965 empowered the Minister of Finance (MOF) to approve any company auditor as an approved liquidator if he is satisfied as to the experience and capacity of the person, upon application and payment of the prescribed fee by the person.
5. The Accountant General's Department of Malaysia (AG Department) is given the responsibility to process and approve the application of a person to be an approved auditor and liquidator through the delegation of powers by the Minister of Finance (MOF) under section 8(7) of the CA 1965.
6. The fees for the purpose of approval and renewal as an auditor and liquidator were prescribed under the Fees (Company Auditors and Liquidators) Regulation 1966 as follows:

Fees (Company Auditors and Liquidators) Regulation 1966		
No.	Description	Fee
1.	Fee for approval of a person as a company auditor for the purposes of the Act	RM100
2.	Fee for the renewal of the approval of a company auditor	RM100
3.	Fee for the approval of an approved company auditor as a liquidator for the purposes of the Act	RM50
4.	Fee for the renewal of the approval of a liquidator	RM50

Note : All fees were last amended in 1988 (Gazette No: P.U. (A) 15/1988)

Companies Act 2016 (CA 2016)

7. Under the CA 2016, the qualification for auditors and liquidators has been separated. The precedent condition that a person must be an approved company auditor before he can apply a licence as an approved liquidator has been removed.

8. There are now separate provisions under the CA 2016 governing the qualifications of auditors and liquidators respectively.

9. Section 263(1) of the CA 2016 allows an eligible person to apply to the Minister of Finance (MOF) to be approved as a company auditor.

10. The approval as an auditor is subject to the requirements under section 263(2) of the CA 2016. Every approval shall be in force for a period of two years from the date of approval unless sooner revoked by the MOF.

Section 263(2) of the CA 2016

“The Minister may, if he is satisfied that the applicant is of good character and competent to perform the duties of an auditor under this Act, upon payment of the prescribed fee, approve the applicant as a company auditor”.

11. For the approval of liquidator, the new framework allows any person who is a member of a recognised professional body to apply to the MOF to be approved as a liquidator under section 433(3) of the CA 2016.

12. The approval as a liquidator is subject to the requirement under section 433(4) of the CA 2016.

Section 433(4) of the CA 2016

“The Minister charged with the responsibility for finance may approve such person as a liquidator if he is satisfied with experience and capacity of the person and upon payment of the prescribed fee by such person”.

13. For the purpose of liquidators’ approval, the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA) have been approved as the recognized professional bodies (RPBs) under section 433(5) of the CA 2016 vide Gazette No. PU(B)/123/2018 on 15 March 2018.

Matters Pertaining To The Fee

14. In line with the decoupling of the requirements to practice as auditor and liquidator, the fee prescribed under the Fees (Company Auditors and Liquidators) Regulations 1966 must also be reviewed.

15. In this regard, a new fee structure has been proposed for the purpose of approval or renewal of license as auditor or liquidator accordingly.

16. The Companies Commission of Malaysia (SSM) is currently carrying out public consultation to obtain views and feedback from the industrial practitioners and the RPBs on the proposed fee for approval of a person as a company auditor under section 263(2) of the CA 2016 and a liquidator under section 433(4) of the CA 2016.

17. The revised fee will be prescribed by the Minister of Domestic Trade and Consumer Affairs pursuant to section 613(1)(a) of the CA 2016 the Fees (Company Auditors and Liquidators) Regulation 1966 will be repealed.

SECTION B

COMPARATIVE STUDY

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15. The objective of the comparative study is to benchmark the fee prescribed by regulatory or professional bodies in Malaysia and other jurisdictions with regards to licensing and membership of auditors and liquidators.

Malaysia

(i) Company Auditors

16. Section 263(7) of the CA 2016 provides that a person who wish to apply to be approved as a company auditor shall be a qualified accountant as determined under the Accountants Act 1967.

17. A Certified Chartered Accountant in Malaysia who serves in public practice shall have a practising certificate. In this case, an accountant is responsible for ensuring the following MIA membership fees and practising certificate fees are not pending :

- (a) Yearly membership fees : RM350.00
- (b) Yearly practising certificate fees : RM250.00

(Will be revised to RM600 starting from 1 July 2019 as resolved on 29 September 2018 through the 32nd AGM of the Institute)

18. In addition, section 31N of the Securities Commission Act 1993 requires any person who is an approved company auditor under section 263 of the CA 2016 and who is a signing partner or who performs the function of an engagement quality control reviewer in respect of the preparation of the audited financial statements of a public interest entity or schedule fund must be

registered as an individual auditor with the Audit Oversight Board (AOB).

19. Securities Commission Malaysia (Audit Oversight Board) (Fees) Regulations 2017 which come into operation on 2 January 2018 has specified the fees payable for registration with the AOB as follows :

No.	Matter	Fee
1	Application for registration of an individual auditor as a registered auditor under section 310 of the Securities Commission Malaysia Act 1993 ('the Act')	RM8,000.00 per application
2	Application for recognition of a foreign individual auditor as a recognized auditor under section 310 of the Act	RM8,000.00 per application
3	Anniversary of the date of registration as a registered auditor under section 310 of the Act	RM8,000.00 annually upon anniversary of the date of registration

(ii) Liquidators

20. In Malaysia, other than fees for the license as stated under para 6, there is no other professional fees imposed on liquidators.

Singapore

(i) Company auditors

21. A person must be registered with the Accounting and Corporate Regulatory Authority (ACRA) as a public accountant to be able to act as an auditor of the financial statements in Singapore. A public accountant is responsible for the audit opinion and this responsibility includes ensuring that the audit is conducted in accordance with the Singapore Standards on Auditing (SSA) and other requirements.

22. Registration as a public accountant is also required for other acts that are required by law to be done by a public accountant, for example appointment as a judicial manager under the Accountants Act. However, there is no requirement to register as a public accountant to provide other accountancy services in Singapore, such as accounting, tax and corporate advisory work, unless the law says that a public accountant must perform the task.

23. The fees for registering as a public accountant under ACRA are as follows :

- (a) New Application : SGD1,000 / year
- (b) Renewal Application : SGD600 / year

(ii) Liquidators

24. An applicant, either a public accountant or non-public accountant, must satisfy the Registrar of Public Accountants as to his experience and capacity to be an approved liquidator.

25. Pursuant to section 9(4) of the Singapore's Companies Act 1967, every approval including a renewal of approval of a liquidator shall remain in force until 31st March in the third year following the year in which the approval was granted unless sooner revoked by the Minister.

26. The fees payable for the 3 years are as follows:

- (a) Approval as a liquidator : SGD100/3 years
- (b) Renewal of approval as a liquidator : SGD40/3 years

Australia

(i) Company auditors

27. The accountancy profession in Australia is regulated by the Corporations Act 2001 and the Australian Securities and Investment Commission (ASIC) Act 2001.

28. The Corporations Act 2001 specifies the two professional accountancy titles - registered company auditor (RCA) and qualified accountant. It also recognize three professional accountancy organizations that regulate professionals (subject to the oversight and regulation of the Australian Securities and Investment Commission - ASIC), i.e. CPA Australia, Chartered Accountants Australia and New Zealand (CA ANZ), and the Institute of Public Accountants (IPA).

29. RCAs may audit the financial statements of companies that are required to have an audit under the Corporations Act 2001. ASIC is responsible for registering RCAs who meet the

requirements as outlined in Section 1280 of the Corporations Act 2001.

30. The fees that are levied under Schedule 1 of the Corporations (Fees) Regulations 2001 as follows :

- (a) Registration as an individual auditor : AUD338
(Item 9 of Schedule 1)
- (b) Registration as an Authorised audit : AUD3,429
Company *(Item 163 of Schedule 1)*

(ii) Liquidators

31. ASIC is responsible for the registration and supervision of registered and official liquidators who accept formal appointments as external administrators of companies in Australia.

32. An application for registration as a registered liquidator under the Corporations Act 2001 is made to ASIC and will be referred to a committee who will interview the applicant and may require that the applicant to sit an examination.

33. The committee shall register a person as a liquidator if the committee is satisfied the person has fulfil the minimum requirements, are capable of undertaking the work that a registered liquidator is empowered to perform and they are fit and proper person to undertake such work.

34. A registered liquidator's registration is for three years. A registered liquidator may apply to ASIC to renew their registration. ASIC must renew the registration if the liquidator meets the criteria for renewal.

35. The fees under Schedule 1 of the Corporations (Fees) Regulations 2001 are as follows :

No.	Matters	Fee
1	Application for registration as a liquidator	AUD2,200
2	Registration as a liquidator under	AUD1,300
3	Application for the renewal of registration as a liquidator: (a) if the application is lodged more than 1 month before the renewal date (b) if the application is lodged within 1 month before the renewal date	AUD1,720 AUD1,920

United Kingdom

(i) Company auditors

36. The Companies Act 2006 and the Third Country Auditors Regulation 2007 govern the regulation of the accountancy profession in the UK.

37. The Financial Reporting Council (FRC) is authorized by the Companies Act 2006 to oversee the profession. Statutory Instrument on Statutory Auditors (Amendment of Companies Act 2006 and Delegation of Functions etc.) Order 2012 (SI 2012/1741) establishes the authority of the FRC to exercise independent oversight of the regulation of statutory auditors by selected public accountancy organizations, Recognized Supervisory Bodies (RSBs), and Recognized Qualifying Bodies (RQBs).

38. Audit firms are required to be registered and subject to supervision by an RSB. Statutory auditors must hold a recognized qualification issued by an RQB.

39. The application fee for a practising certificate under the below RSBs purpose are:

No.	RSB	Fee and details
1	Association of Chartered Certified Accountants (ACCA)	£470 yearly (standard rate where practice income exceeds £5,000 per annum. Where practice income is less than £5000 per annum, a reduced certificate fee of £95 is payable)
2	Chartered Accountants of Ireland (CAI)	£295 yearly
3	Institute of Chartered Accountants in England and Wales (ICAEW)	<ul style="list-style-type: none"> • £352 – yearly (for members practising in UK and the European Economic Area) • £176 for members practising in Continental Europe • £81 for members practising in other countries of the world

(ii) Liquidators

40. In the UK, only a licensed Insolvency Practitioner (referred to as IP) can be appointed in relation to formal insolvency procedures for individuals and businesses.

41. Pursuant to the Insolvency Act 1986 the Secretary of State is empowered to recognise certain professional bodies (known as the Recognised Professional Bodies - RPBs) for the purpose of authorising suitable individuals to act as insolvency practitioners.

42. The Insolvency Service, an executive agency of the Department for Business, Energy and Industrial Strategy (BEIS), oversees on behalf of the Secretary of State the statutory insolvency practitioner (IP) regulatory framework under the Insolvency Act 1986. The Insolvency Service also conducts monitoring activity in respect of the Recognised Professional Bodies.

43. There are five (5) recognised professional bodies that can issue licence to insolvency practitioners in UK:

- (a) The Association of Chartered Certified Accountants (ACCA);
(With effect from 1 January 2017, ACCA transferred all of its monitoring and regulatory functions to the IPA);
- (b) Insolvency Practitioners Association (IPA);
- (c) The Institute of Chartered Accountants in England and Wales (ICAEW);
- (d) The Institute of Chartered Accountants of Scotland (ICAS); and
- (e) The Institute of Chartered Accountants in Ireland (ICAI).

44. To become a licensed insolvency practitioner, a person must first pass the Joint Insolvency Examination Board (JIEB) exams. Candidates for the JIEB exam must be either registered students of the IPA or a member of / registered with one of the other RPBs.

45. The fees to be licensed by the ICCA/IPA/ICAEW are as follows:

No.	RPBs	Fees
1	ACCA / IPA	<ul style="list-style-type: none"> • Appointment takers (<i>members who have passed JIEB exam and have accept appointment as Insolvency Practitioner</i>): £2470 yearly • Non-appointment takers : £490 yearly
2	ICAEW	<ul style="list-style-type: none"> • Appointment takers (<i>Annual fees are payable based on the gross annual insolvency fee income</i>): <ul style="list-style-type: none"> Ø Minimum: £1295 (for annual income £0 - £25,000) Ø Maximum: £3249 (for annual more than £2,000,000) • Non-appointment takers : £100 yearly
<p>Notes on non-appointment takers :</p> <p>(a) Have passed JIEB exam but are yet to accept any appointment as Insolvency Practitioner and no necessity to have license;</p> <p>(b) Paid nominal yearly fee; and</p> <p>(c) Are not authorised to act as office holders. When a non-appointment taker wishes to be appointed as an office holder, he or she must apply to the Licensing Committee to have their licence upgraded. <i>(Office holder: a person who acted as an insolvency practitioner, or a judicial factor on the bankrupt estate of a deceased person or in a corresponding capacity under the law of any country or territory outside Great Britain and Northern Island).</i></p>		

Summary of Comparative Study

46. Summary of fees pertaining to company auditors and liquidators :

Country	Company Auditors	Liquidators
Malaysia:		
License Fee (new/renew)	RM100/2 years	RM50/year
Practising Certificate Fee	RM250/year	Rm250/year (RM600 starting from 1 July 2019)
AOB Registration Fee	RM8,000/year	-
Singapore:		
Public Accountants Fee (new)	SGD1,000/year	-
Public Accountants Fee (renew)	SGD600/year	-
Liquidators Fee (new)	-	SDG100/3 years
Liquidators Fee (renew)	-	SGD40/3 years
Australia :		
Registered Company Auditors Fee	AUD338 (one time)	-
Liquidators Application Fee		AUD2,200
Liquidators Fee (new)		AUD1,300/3 years
Liquidators Fee (renew)		AUD1,720/3 years
Liquidators Fee (late renewal)		AUD1,920/3 years
United Kingdom :		
Practising Certificate Fee (ACCA / CAI / ACAEW)	£470 / £295 / £352 yearly	-
Insolvency Practitioner (IPA/ACCA)		
- appointment taker	-	£2,470/year
- non-appointment taker IP (ICAEW)	-	£490/year
- appointment taker (minimum)	-	£1,295/year
- appointment taker (maximum)	-	£3,249/year
- non-appointment taker	-	£100/year

Comparison With Other License Fee In Malaysia

47. Below are the various licences fee for other professionals in Malaysia:

Agencies / Department	Type of licence	Yearly fee / Renewal
Valuation And Property Services Department	Valuer Estate Agent Appraiser	(a) Valuer : RM200 (b) Estate Agent : RM200 (c) Appraiser : RM150 (d) Appraiser (with restriction) : RM100 Reinstatement fee : RM400
Board of Engineers Malaysia	Engineer License	Age 60 and below : RM200 Age above 60 : RM100 (Renewable every year)
Land Surveyor		RM500/year
Companies Commission of Malaysia	Company Secretary License	RM350 (Renewable every 3 years)
Pharmacist		RM100/year
Advocate & Solicitor		RM450/year
Malaysia Medical Council:		
(a) Application for Provisional Registration		RM100
(b) Application for Full Registration		RM150
(c) Application for Annual Practising Certificate		RM100
(d) Additional Fee for Late Application for APC		RM100
(e) Application for renewal of temporary Practising Certificate		RM500
(f) Application for reinstatement and restoration of name into register		RM100
(g) Application for Specialist Registration		RM1,500 (5 years)

SECTION C

**PROPOSAL OF AUDITORS AND
LIQUIDATORS APPROVAL AND RENEWAL
FEES**

PROPOSAL OF AUDITORS AND LIQUIDATORS APPROVAL AND RENEWAL FEES

48. SSM in consultation with the AG Department proposed the following fees to be imposed for the purpose of approval and renewal as a company auditor and liquidator:

(a) Approval as a company auditor under section 263(2) of the Companies Act 2016		
1.	New approval	RM500 / 2 years
2.	Renewal of approval	RM500 / 2 years
(b) Approval as a liquidator under section 433(4) of the Companies Act 2016		
1.	New approval	RM500 / 2 years
2.	Renewal of approval	RM500 / 2years

49. The new fees has taken into consideration :-

- (a) the economic value of current fees-
 - the current fees has been unchanged for more than 25 years since the last review in 1988;
- (b) the term (validity period) of approval which has been fixed for 2 years-
 - The fees are on par with other fees levied by other professional bodies in Malaysia, some which require yearly renewal;

- (c) the cost incurred during the approval process-
- The fee for each application will be paid by the applicant upon succession of interview;
 - The cost incurred by the MOF and agencies for the assessment process will be totally absorbed by the government if candidates did not succeed in their application; and
- (d) wider scope of duties and responsibilities under the CA 2016 where the scope of work is not limited to the company winding up. It also involves the liquidator's roles and functions on Corporate Voluntary Arrangement and Judicial Management.

Consultation Question:

Please comment on the proposed fees for the approval and renewal as a company auditor and liquidator. Kindly give full justification along with your response.