

FREQUENTLY ASKED QUESTIONS

COMPOUND REDUCTION INCENTIVE FOR APPLICATION TO STRIKE OFF COMPANY UNDER SECTION 549/550 COMPANIES ACT 2016

BIL	QUESTION	ANSWER
1.	What does Compound Reduction Incentive For Application To Strike Off Company Under Section 549/550 Companies Act 2016 refers to?	<p>It is an initiative by the Companies Commission of Malaysia to help companies that are facing financial problems due to the Covid 19 pandemic.</p> <p>Through this initiative, the corporate community is entitled to enjoy 90% compound reduction rate from the original compound.</p>
2.	What are the objectives of this incentive?	<p>The objectives of this incentive are:</p> <ul style="list-style-type: none">(a) To encourage the corporate community to apply for a striking off if the company is not in operation or is no longer carrying on business activities; and(b) To ensure that only active companies are on the SSM registry.
3.	When will the incentive take effect and what is the duration?	<p>This incentive will take effect from 17 August 2020 until 31 December 2020.</p>

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4.	Who are eligible for the 90% compound reduction rate?	Companies and Company Directors who have applied for a striking off / who have been struck-off from the register according to the provisions under section 549/550 of the Companies Act 2016.
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) and Companies Act 2016 (CA 2016) except offences mentioned under para (6).
6.	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>
7.	Does a company that has applied for a striking off (Section 549/550 CA 2016) before 17 August 2020 entitled to enjoy the 90% reduction?	Yes, both the company and its directors are eligible for the 90% compound reduction rate.

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8.	Does a company that is in the process of winding up eligible for the 90% compound reduction rate under this incentive?	No, both the company and its directors are not eligible for the 90% compound reduction rate.
9.	Does a company that was previously given a compound reduction and is currently applying for a striking off entitled for the 90% compound reduction rate?	<p>Yes, the company can apply for the 90% compound reduction rate if:</p> <ul style="list-style-type: none"> (a) The earlier discounted compound remains unpaid; and (b) The 90% reduction rate is calculated from the original compound amount, not from the amount of the earlier discounted compound.
10.	What happens if the company fails to settle the 90% reduced compound?	<ul style="list-style-type: none"> (a) The application for striking off will not be approved; and (b) The amount of the compound will return to its original amount after the expiry date and further enforcement action will be taken.
11.	What is the rate of compound reduction for companies that have not applied for a strike off (s549 / s550)?	The compound reduction rate will be determined or subject to the discretion of the Deputy Prosecutor of SSM.

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12.	What action will be taken against a company that withdraws its strike off application after the 90% compound reduction was paid?	<p>The company will be required to update the latest Annual Report and the Financial Statements within sixty (60) days from the date of the approval of the withdrawal.</p> <p>Failure to do so will result in enforcement action be taken against the company and its directors.</p>
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?	No appeal letter is required. The applicant is only required to provide the payment receipt of a striking off application / query letter from the Registration Services Division (RSD) / notice under section 551 CA 2016.
15.	How can the corporate community check the status of the compound?	<p>Compound status can be checked through:</p> <p>(a) Email to: ar_compliance@ssm.com.my ;</p> <p>(b)Compound hot-line (Headquarters) at 03-2299 5334 or SSM Call Centre 03-7721 4000;</p> <p>(c) SSM official website, e-compound https://www.ssm.com.my/Pages/Quick_Link/e-Compound.aspx);</p>

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		<p>ezBiz Online (https://ezbiz.ssm.com.my);</p> <p>(d) 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?	<p>Individual or company representative will be required to visit the Enforcement Counter Level 13, Menara SSM@Sentral or any Enforcement Counters at SSM State Offices except UTC Counters & Business Registration Service Counter (Putrajaya).</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, Debit/Credit Card, Money Order or Postal Order to the name of SURUHANJAYA SYARIKAT MALAYSIA and through online through EzBiz Portal.</p>

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19.	Does SSM accept personal cheques?	No. Only accept Management Company Cheque.
20.	Are there any guidelines that can be referred to for an application to strike off company under section 550 CA 2016?	<p>Yes. Please refer to the 'GUIDELINES ON APPLICATION BY DIRECTORS OR MEMBERS TO STRIKE OFF THE NAME OF A COMPANY UNDER SECTION 550 OF THE COMPANIES ACT 2016' dated 19 April 2019 through SSM website</p> <p>https://www.ssm.com.my/Pages/Legal Framework/Companies-Act-2016.aspx.</p>