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## Temporary Measures Bill to offer legal reprieve due to Covid-19

The Malaysian Reserve, Malaysia



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**THE** federal government tabled two new bills yesterday which would provide temporary legal reprieve for individuals and businesses that are unable to fulfil their contractual obligations as a result of the Covid-19 pandemic.

Under the proposed legislation, any penalties, legal proceedings or repossession of goods against late payments will be deferred for a period specified under the modified terms. The bill covers contracts for leases of non-residential property, hire-purchase agreements and credit facilities, among others.

It also seeks to temporarily change the existing insolvency law by increasing the monetary threshold for bankruptcy to RM100,000 from RM50,000.

Deputy Finance Minister I Datuk Abdul Rahim Bakri, who tabled the bills for first reading, said the measures are expected to be debated and voted through before the current sitting ends in two weeks. The bills are expected

to be fast-tracked through Parliament before it can be gazetted as federal law.

If passed, the law is deemed to have come into effect from March 18 to Dec 31, 2020.

The Temporary Measures Bill will see amendments made to several Acts including the Insolvency Act 1967, the Hire-Purchase Act 1967, the Consumer Protection Act 1999, the Distress Act 1951, the Housing Development (Control and Licensing) Act 1966 and the Industrial Relations Act 1967.

The modifications include a moratorium on vehicle owners from exercising their right to repossess assets for any default payment of instalment during the period from April 1 to Sept 30.

The relief measures also place a bar on credit facility providers from taking legal action to recover any outstanding amount payable if the purchaser has no overdue instalments and the agreement was entered before March 18.



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On housing loans, the bill states that developers should not impose any late payment charges if the purchaser fails to pay any

instalment for the period from March 18 to Aug 31.

The purchaser may seek to extend the period further to

Dec 31 via an application to the relevant minister.

This is the second Temporary Measures Bill tabled by the government as part of efforts to tackle the impact of the coronavirus outbreak.

The government last week tabled an emergency bill which sought to raise the country's debt-to-GDP ratio to 60% from the current statutory limit of 55%.

The bill will also see the establishment of a RM45 billion Covid-19 Fund, which accounts for the government's direct fiscal injection into the Prihatin Rakyat economic stimulus package and National Economic Recovery Plan. The proposed legislation was introduced by Deputy Finance Minister II Mohd Shahar Abdullah.

If passed, the bill is deemed to have come into operation on Feb 27, 2020, and will remain effective until Dec 31, 2022. Two existing laws, which currently set the debt ceiling at 55% of GDP, will be suspended throughout the period.