

Covid-19 and Emerging Regulations in Company Law

Dr. Sodiq Omoola,
Assistant Professor

Civil Law Department,

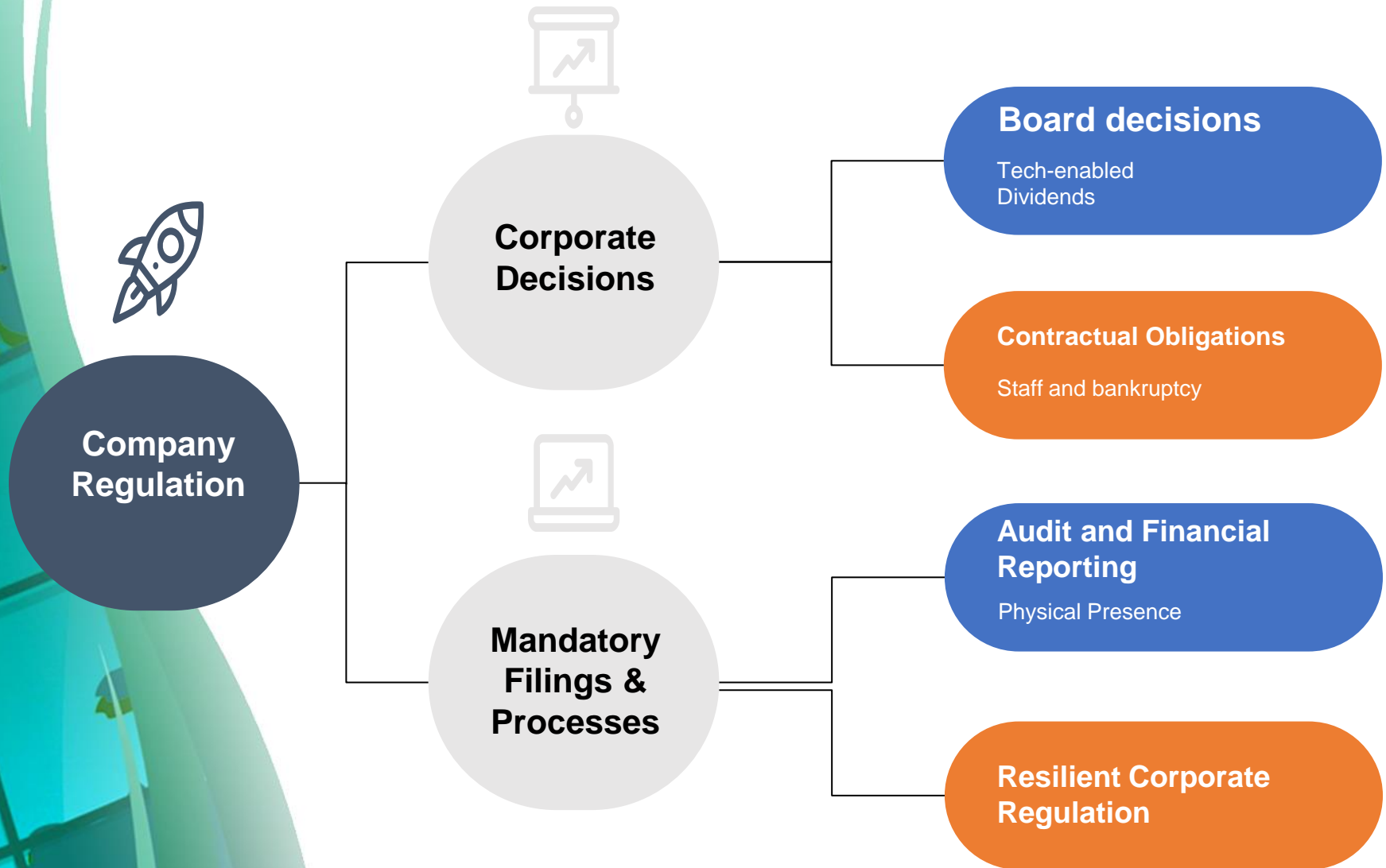
Ahmad Ibrahim Kulliyah of Laws, International Islamic University Malaysia

Presented at “ Virtual Symposium on Company Law in the Digital Age”

Organised by Faculty of Business, Communications and Law, INTI International University

28th September 2021

Pandemic and Emerging Company Regulations



Hierarchy of Responses by Businesses/Companies/SMEs

Digitisation

Social media presence and e-commerce boom

Pay cut

Negotiation between employers and employee union

Dividend cut

Proposed dividend are reduced or cancelled to support dwindling income

Job loss

Retrenchment due to automation and AI or unable to continue operation

Winding Up

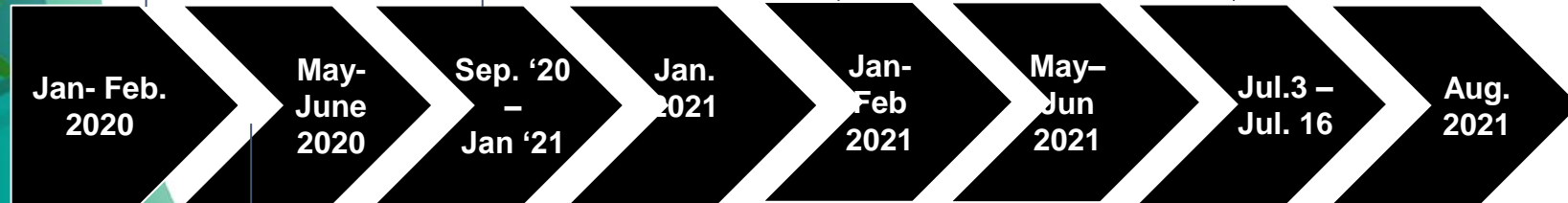
Voluntary or mandatory winding up due to inability to continue business

First wave
in Malaysia and Movement
Control Order 1.0

Vaccination programme
commenced

Enhanced MCO for Selangor
and Kuala Lumpur

Back to CMCO limited
restriction for certain essential
businesses



Conditional MCO and
Recovery MCO

Cases surpassing 138,000 -
MCO 2.0 imposed in certain
states

More economic sectors
allowed to reopened

Nationwide CMCO 2.0

Gradual Ease of MCO and
business re-opens for fully
vaccinated

Government Stimulus Packages & Regulatory Instrument by SSM

Voluntary and Mandatory winding up

2019

5653 regisetered
business
entities and
LLPs

**Fewer companies wound up in 2020
compared with 2019**

*Source : Suruhanjaya Syarikat
Malaysia (SSM)*

2020

3294 registered
business
entities and
LLPs

Features of Relief Programmes

PRIHATIN

Non-tax measures	Option to defer, restructure or reschedule EPF contribution	Wage subsidy programme RM600 for income below RM4000 monthly	Bank moratorium and Allocation to eligible Micro Entrepreneur
Tax measures	Deferment of monthly tax payments for companies registered in Malaysia	Withdrawal Tax Exemption for contributors in PRS- Private Retirement Scheme	Bank Moratorium: tax on accrued interest income for financial institutions

Since 2020, 7 (seven) stimulus packages, totaling US\$91 billion, to mitigate the economic impact caused by the **pandemic**.

Source: ASEANbriefing.com

Regulatory measures for Companies and SMEs

SSM

Winding-up Indebtedness
Threshold – RM10,000 to
RM50,000

Demand Notice
extended to 6 months
from 21 days

Extension period for
statutory filings and
cancellation of late
penalty



BNM

Moratorium on Loan

Approaches to building resilience corporate regulation

Fiscal Measures

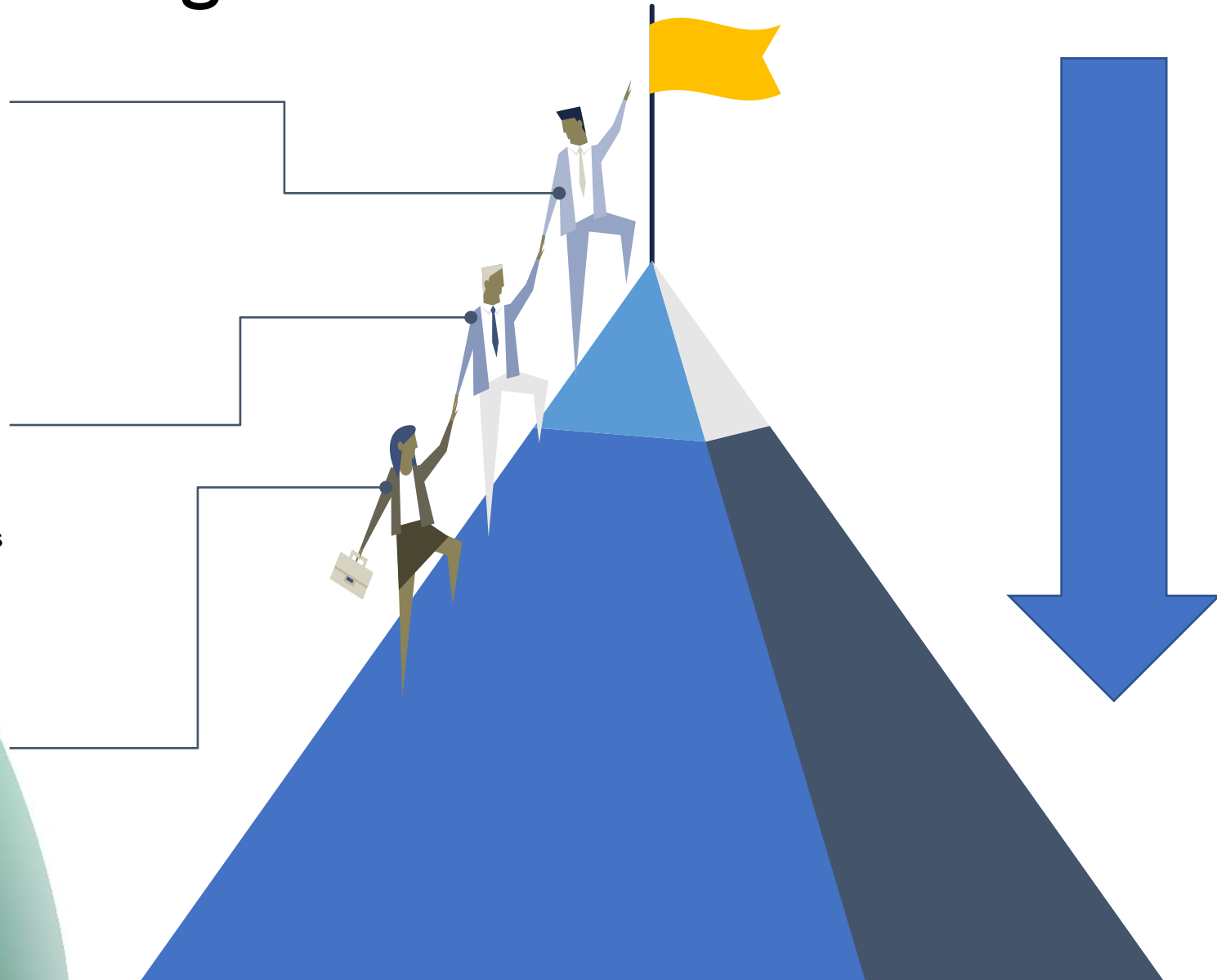
Government

Sector Regulators

Central Banks and
Company Regulators

Companies and SMEs

Flexible Company
constitution



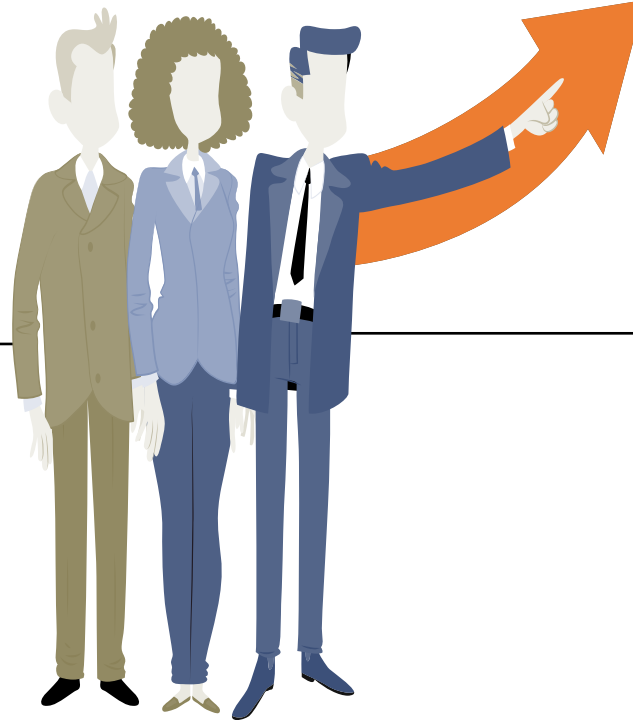
Public Law vs. Private Law

Private Law

Company constitution
and internal policies

Public Law

Fiscal and Regulatory
measures





Incorporating Lessons for Pandemic resistant Corporate Law

- Survival First Strategy – Company Early Warning System (CEWS)
- Categorisation of companies based on Pandemic Risk Exposure. (PRE)
- Healthy companies “Opt-back” to “normal times” via voting. Delegation of powers to the executive.
- Regulator issue Practice Note for auditors and authentication of financial reporting documents.



Thank you for
listening

- Stay safe and Get Vaccinated.