

HIGHLIGHTS OF THE
TEMPORARY
MEASURES FOR
REDUCING THE
IMPACT OF COVID-19
ACT 2020
(COVID-19 Act)



Duration

The Act shall continue to remain in operation for a period of TWO YEARS from 23/10/2020 (s.1(2))

Specific parts of the Act also provide for specific periods of operation



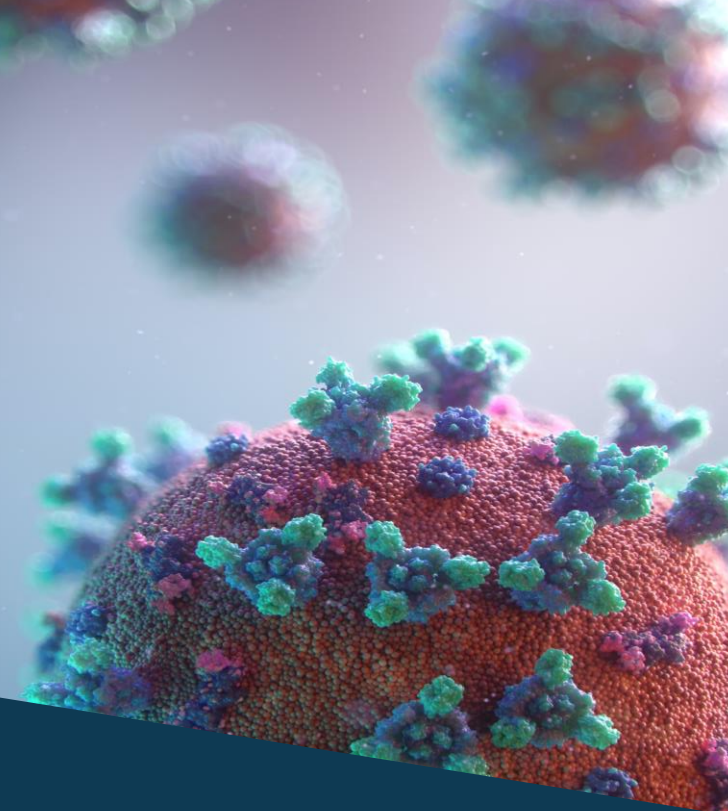
Objective

To introduce temporary measures to reduce the impact of COVID 19



Prevailing Law

If there is any inconsistency between the COVID-19 Act and any other written laws, the COVID-19 Act shall prevail



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in trusted hands”*



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INABILITY TO PERFORM CONTRACTUAL OBLIGATION

Duration

- ❖ 18/03/2020 - 31/12/2020 (s.5(1))
- ❖ Minister may extend the operation up until 23/10/2022 and the extension may be made more than once (s.5(2))

Applicability

- ❖ Only applicable to Contracts specified in Schedule to Part II
- ❖ 7 categories:
 - Construction contracts and contract related to the supply of construction material/equipment/workers
 - Performance bond granted pursuant to a construction contract or supply contract
 - Professional services contract
 - **Lease or tenancy of non-residential immovable property**
 - Event contract (including venue, amenity, accommodation, transport, catering, entertainment or other goods/services)
 - Contract by a tourism enterprise
 - Religious pilgrimage-related contract

Effect

- ❖ Inability of any party to perform any contractual obligation shall not give rise to the other party exercising his rights under the contract (s.7)

Exception

- ❖ Any rights already exercised by the aggrieved parties from 18/03/2020 - 23/10/2020 deemed to have been validly exercised (s.10)

MODIFICATIONS TO THE HIRE-PURCHASE ACT 1967

Duration

- ❖ 01/04/2020 - 31/12/2020 (s.22(1))
- ❖ Minister may extend the operation up until 23/10/2022 and the extension may be made more than once (s.22(2))

Effect

- ❖ Taking possession of goods comprised in a hire-purchase agreement for any default of payment of instalment is suspended from 01/04/2020 – 30/09/2020 (s.23)

Exception

- ❖ Any owner who has exercised his power of taking possession of goods under a hire-purchase agreement before 23/10/2020 shall be deemed to have validly exercised such power (s.24)

MODIFICATIONS TO THE S.5 OF DISTRESS ACT 1951

Duration

- ❖ 18/03/2020 - 31/12/2020 (s.29)

Effect

- ❖ Warrant of distress issued after 23/10/2020 shall exclude the distraint for the arrears of rent for the period from 18/03/2020 to 31/08/2020 (s.30)

Exception

- ❖ Warrant of distress issued before 23/10/2020 shall be dealt with under the Distress Act 1951 as if this Modification has not existed (s.31)

MODIFICATIONS TO THE INSOLVENCY ACT 1967

Duration

- ❖ 23/10/2020 - 31/08/2021 (s.19(1))
- ❖ Minister may extend the operation up until 23/10/2022 and the extension may be made more than once (s.19(2))

Effect

- ❖ Creditor is not entitled to present a bankruptcy petition against a debtor unless the amount of debt owing by the debtor to the petitioning creditor / creditors, in aggregate amount to **RM 100,000.00** (s.20)

Exception

- ❖ Any proceedings or actions required to be done under the Insolvency Act 1967 which are still pending immediately before 23/10/2020 shall not be affected by this modification (s.21)

MODIFICATIONS TO THE LIMITATION ACT 1953

Duration

- ❖ 18/03/2020 - 31/12/2020 (s.11)

Effect

- ❖ Limitation period specified in s.6 of the Limitation Act 1953 which expires during the period from 18/03/2020 to 31/08/2020 shall be extended to 31/12/2020 (s.12)

MODIFICATIONS TO HOUSING DEVELOPMENT ACT (CONTROL AND LICENSING) ACT 1966

Duration

- ❖ 18/03/2020 - 31/08/2020

Applicability

- ❖ Sale and purchase agreement in the form prescribed in Schedules G, H, I and J entered into **before 18/03/2020** (s.33)

Effect

- ❖ Late Payment Charges
 - The developer is **not entitled** to impose any late payment charges on the purchaser in respect of unpaid instalments from 18/03/2020 to 31/08/2020 (s.34(1))
 - The **purchaser** may apply to Minister to **extend** the duration up until 31/12/2020 (s.34(2) & (3))
- ❖ The period between 18/03/2020 to 31/08/2020 shall be **excluded** from the calculation of: -
 - (a) The **time for delivery of vacant possession** (s.35(1)(a))
 - (b) **Liquidated damages** for the failure of the developer to deliver vacant possession (s.35(1)(b))
 - (c) **Defect liability period** (s.36(1)(a))
 - (d) The time for the developer to **carry out works to repair** and make good any defects (s.36(1)(b))

** the **developer** may apply to extend the exclusion period for (a) and (b) up until 31/12/2020 whereas the **purchaser** may apply to extend the exclusion period for (c) and (d) up until 31/12/2020

- ❖ The purchaser **shall not** be deemed to have taken vacant possession of a housing accommodation if the purchaser is unable to enter into possession of occupation during 18/03/2020 to 31/08/2020 (s.35(4))
- ❖ The homebuyer is **entitled** to file a claim in the Tribunal from 04/05/2020 - 31/12/2020 if the limitation period has expired from 18/03/2020 to 09/06/2020 (s.38)

Exception

- ❖ Any rights already exercised by the aggrieved parties from 18/03/2020 until 23/10/2020 deemed to have been validly exercised (s.10)

MODIFICATIONS TO THE CONSUMER PROTECTION ACT 1999

Duration

- ❖ 18/03/2020 - 31/12/2020 (s.25)

Effect

- ❖ Modification to s.24V of CPA 1999 (s.26(1))
 - In the event of default in payment of 2 consecutive payments by a purchaser under a credit sale agreement, the credit facility provider shall issue a notice to the purchaser to settle the overdue instalments.
 - The purchaser, 21 days upon the receipt of the notice, has the following options: -

- (a) Pay the overdue instalment;
 - (b) Make an early settlement of the total amount outstanding; or
 - (c) Terminate the credit sale agreement and surrender the goods
- If the purchaser elects to make early settlement, credit facility provider shall grant statutory rebate to the purchaser
 - If the purchaser fails to make the election, the credit facility provider shall not commence any legal proceeding to recover the total outstanding amount during the Duration
 - Applicable provided that: -
 - (a) credit sale agreement entered into before 18/03/2020; and
 - (b) the purchaser has no overdue instalments before 18/03/2020 (s.26(2))
- ❖ Modification to s.99 of CPA 1999 (s.28)
 - The jurisdiction of the Tribunal to hear consumer claims is extended to 31/12/2020 if the limitation period expired during 18/03/2020 to 14/06/2020

Exception

- ❖ The modification to s.24V shall not affect any related legal proceedings that has already commenced from 18/03/2020 - 23/10/2020 (s.28)