

KEY INFO ON THE COVID-19 ACT

THE ACT	Covid-19 Act (Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19)) [Act 829] (the "Act")
COMMENCEMENT	23 October 2020
AIM	Provide temporary relief for businesses and individuals who may have been affected by the Covid-19 pandemic
KEY PERSONS AFFECTED	Contractors, professionals, creditors and facility providers, vendors and developers, landlords, employees and private employment agencies, amongst others.
SAVING PROVISION	Key provisions do not operate retrospectively. Any legal proceedings commenced, or any judgement or award obtained before the commencement of this Act remains valid.

Extension of limitation period to bring civil actions under contract, tort and certain other actions [s. 12 of the Act]

Limitation periods to bring a civil action, under Section 6 of the Limitation Act 1953, expiring between 18 March 2020 to 31 August 2020 shall now be extended to 31 December 2020

What this mean?

If limitation would have kicked in during March to August 2020, but because of the lockdown an aggrieved party was not able to bring a civil suit for breach of contract or tort, the aggrieved party now has until the end of 2020 to bring such an action

Exclusion of period in accrual of rights of a landlord to issue a warrant of distress [s. 30 of the Act]

A landlord cannot include distrain for arrears of rent for the period between 18 March 2020 to 31 August 2020

What does this mean?

If you are a landlord and your tenant has not paid rent for the period of 18 March 2020 to 31 August 2020, your warrant of distress cannot include any unpaid rental sums throughout the said period.

Temporary suspension of right to repossess goods under Hire-Purchase Act 1967 [s. 23 of the Act]

An owner letting his goods under a hire-purchase agreement cannot repossess the goods for any default of payment of instalments from 1st April 2020 to 30th September 2020.

What this mean?

Your motor vehicle cannot be repossessed just because you did not make your loan repayments between April to September 2020.

Increase in bankruptcy threshold [s. 20 of the Act]

The bankruptcy threshold has now been increased to RM100,000.00. (This is in line with the Insolvency (Amendment) Act 2020 gazetted on 22 October 2020)

What this mean?

Previously, if you accumulated a total of RM 50,000.00 in debt, you could be adjudged a bankrupt. The ceiling of debt has now been increased to RM100,000.00.

Temporary protection to consumers who failed to pay sums due under a credit sale agreement (“CSA”) [s. 26 of the Act]

If you entered a CSA before 18 March 2020 and had no overdue instalments before 18 March 2020, but subsequently failed to pay two consecutive instalments under the CSA, your credit facility provider may not claim against you for your failure to make such instalments from 18 March 2020 to 31 December 2020.

What does this mean?

Previously, if you had failed to pay two consecutive instalments under the CSA, you will be given the option to either pay (1) the overdue sum, (2) pay a rebated full sum, or (3) terminate and surrender the goods. The Act ensures that your credit facility provider may not claim against you for your failure to make such instalments from March to December 2020.

Exclusion of period between 18 March 2020 until 31 December 2020 in calculation of certain timelines under the industrial Relations Act 1967 (“IRA”) [s. 40 of the Act]

Section 9(3) IRA: for an employer or employers trade union to recognise a claim or otherwise

Section 9(4) IRA: for workmen to make a report to the Director General to recognise his claim

Section 20(1A) IRA: for workmen to file a representation of unfair dismissal to the Director General.

What does this mean?

The extension allows for the preservation of an employee rights to bring a claim against the employer.

Prescribed Mediation as an option to settle of certain contracts [s. 9 of the Act]

If you have entered into contracts related to construction, professional services, lease/tenancy of non-residential immovable property, event, tourism, or religious pilgrimage and find it difficult to perform your obligations under any ongoing contract, you may opt for mediation in the Covid-19 Mediation Centre set up under the Prime Minister’s Department. In the meantime, the public is encouraged to send their queries on the mediation centre to pertanyaan@pmc19.gov.my

What does this mean?

E.g. - If you are a sub-contractor construction company who finds it difficult to perform construction works under a contract with your main contractor due to the MCO, you may opt to settle the matter amicably through the prescribed mediation centre to mitigate further losses and save on costs of litigation.

Waiver of late payment charges, and exclusion of period in the calculation of defect liability period and timeline to deliver vacant possession between 18 March 2020 and 31 August 2020 [ss. 34, 35 and 36 of the Act]

The affected party may also apply to the Minister for an extension of the above stated period, which may be granted if the Minister is satisfied that additional time is required.

What does this mean?

Purchasers:

Housing developers cannot impose late payment charges on any delay or failure of a purchaser to pay their monthly instalments during the above period. Further, homeowners are given an extension of the defect liability period under their sale and purchase agreements.

Developers:

Housing developers have now been given an extension of time to deliver vacant possession.