

Companies (Amendment) Act 2024 Updates: Reporting Framework for Beneficial Ownership

COMPANIES (AMENDMENT) ACT 2024 (“CA 2024”) AND GUIDELINES FOR THE REPORTING FRAMEWORK FOR BENEFICIAL OWNERSHIP OF COMPANIES

Introduction

The Companies (Amendment) Act 2024 (“CA 2024”) was gazetted on 2 February 2024 after receiving the royal assent. ***The effective date for the revised beneficial ownership framework is 1 April 2024.***

The Guidelines for the Reporting Framework for Beneficial Ownership of Companies (“Guidelines”) were issued concurrently on 1 April 2024 pursuant to Section 20C of the Companies Commission of Malaysia and Section 60A of the Companies Act, 2016 (“CA 2016”).

The updated Guidelines superseded the ‘Guideline for the Reporting Framework for Beneficial Ownership of Legal Persons’ issued on 1 March 2020 and 17 December 2020.

CA 2024 introduces a new Division 8A to the Act, which statutorily codifies both the obligation to maintain a register of beneficial owners and to inform CCM of any changes relating to the particulars of the registered beneficial owners.

Timeline

All companies are required to lodge beneficial ownership information within 3 months (April, May and June) under the Amendments through Electronic Beneficial Ownership System (“e-BOS”). During the 3 months period, no enforcement action will be taken for non-compliance, however, please note that ***from 1 July 2024 onwards, enforcement will be taken for non-compliance.***

Definition of “beneficial owner”

Under the new beneficial ownership reporting framework, several improvements are introduced, amongst others:

- a) The new definition of ‘beneficial owner’ as a natural person who ultimately owns or controls a company through interest in shares and effective interest and includes an individual who exercises ultimate effective control over the company;
- b) The obligation of companies to have in place a separate register of beneficial owners that must be kept at the registered office; and
- c) The obligation of beneficial owners to notify companies of their status as beneficial owners of the companies including any changes to the beneficial ownership information recorded in the register of beneficial owners kept by the companies at the registered office.

Application

CA 2024 applies to local and foreign companies incorporated under the CA 2016. It must be noted that no company is exempted from the application of Division 8A of the CA 2016.

Register of Beneficial Owners

Companies are required to lodge all information of its beneficial owners with Companies Commission of Malaysia (“CCM”) through the e-BOS system, a designated online platform.

Under the new section 60B, it is provided that the Minister of Domestic Trade and Cost of Living (“Minister”) is empowered to prescribe access to the company’s register of beneficial owners or related information lodged with the CCM. The Minister is also authorized to prescribe the terms and conditions for accessing the said register or related information.

Reporting duties and Corporate Transparency

Individuals bear a self-reporting obligation to inform the company of his status as a beneficial owner, along with any changes to his status or particulars. Failure to comply with such duties will constitute an offence.

The amendments are to enhance transparency and provide better assistance to enforcement and regulatory agencies in their efforts to combat crimes involving activities such as money laundering, terrorism financing and tax evasion.

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