

Circular No: AG 9/2016

16 June 2016

To: ALL MEMBERS

Employees' Social Security (Amendment Act A 1508) 2016

This circular is to inform members of the coming into force of the **Employees' Social Security (Amendment) Act 2016** and also the effects of the said amendments.

Appointment of coming into Operation of the Employees' Social Security (Amendment Act A 1508) 2016

The Minister of Human Resources in the exercise of the powers conferred by subsection 1 (2) of the Employees' Social Security (Amendment) Act 2016 (hereinafter referred to as the "Amendment Act") has by Gazette Notification P.U. (B) 261 dated 23 May 2016 appointed **1st June 2016** as the date on which the Amendment Act comes into operation.

The relevant amended sections and their effects are stated below:

1. Sections 5 - All employees to be insured

- (1) Subject to this Act **ALL EMPLOYEES** in industries where the Act apply shall be insured under the Act irrespective of their amount of wages.

Prior to the Amendment Act employees who had never contributed to SOCSO and whose wages exceed three thousand Ringgit (RM3,000.00) a month are not obliged to contribute to SOCSO.

- (2) Notwithstanding subsection (1) above if the wages of an employee exceed four thousand ringgit (RM4,000.00) a month, his wages for the purpose of the Amendment Act shall be deemed to be four thousand ringgit (RM4,000.00) a month. Currently, if the wages of an employee

at any time exceed three thousand ringgit (RM3,000.00) a month, his wages for the purpose of the Act shall be deemed to be three thousand ringgit (RM3,000.00) a month only.

2. Section 58 - Administration of the Social Security Scheme

A new subsection (1A) states that the Organization may administer any other social security scheme if the administration of such scheme is conferred upon the Organization by any written law.

Prior to the Amendment Act there is no provision in the Act to administer any other social security scheme that may be introduced in the future.

3. Section 71 – Purposes for which the Fund may be expended

A new subsection (ii a) is introduced for the establishment or taking over of a company under section 74 A and its maintenance.

This amendment enables the Organization to release funds to acquire companies under the provisions of the new section 74 A.

4. Section 72 A – Withdrawal from the Fund for loans or other financing facilities

The Organization may authorize the withdrawal of such amount from the Social Security Fund as may be required for granting loans or other financing facilities to officers and servants of the Organization as provided in the staff rules or for purposes similar to those approved by the Government for members of the public service.

The above amendment is to allow the Organization to grant other financial facilities to the officers and servants of the Organization. Currently the Organization could only grant loans.

5. Section 74 A – Power of the Organization to establish or to take over companies

A new section is introduced to allow the Organization, with the approval of the Minister and the Minister of Finance to establish or takeover any company under the Companies Act 1965 to carry out, administer, conduct and manage any project, joint venture, privatization programme, scheme, enterprise or any other matter which has been planned or undertaken by the Organization.

The above amendment enables the Organization to be involved in the businesses of the companies acquired under this section.

6. Section 75 – Investment Panel

Section 75 A (2) (f) is amended to increase the number of persons to be appointed by the Minister as other members of the Investment Panel from two persons to three persons.

7. Section 95 A – Compounding of Offences

Section 95 A(1) is amended requiring the Director General or any officer authorized in writing by the Director General to obtain the consent in writing of the Public Prosecutor before compounding any offences committed under the Act or any subsidiary legislations under the Act.

8. Section 105 – Power of the Minister to make regulations

Section 105 (2) (xxa) is amended to empower the Minister to make regulations providing the criteria for compounding any compoundable offence under the Act or any subsidiary legislations under the Act.

9. Amendment of First Schedule

The First Schedule of the Act is amended by deleting paragraph (1) to enable **ALL EMPLOYEES** in the industries to which the Act applies to be insured in the manner provided under the Act regardless of their amount of wages.

Prior to the Amendment Act employees who had never contributed to SOCSO and whose wages exceed three thousand ringgit a month are not obliged to contribute under the Act.

10. Amendment to Third and Fourth Schedules

The amendments to the above Schedules are consequential to provide the rates of contributions in respect of employees to which the Act now applies and also the new rates of contributions in respect of wages exceeding three thousand ringgit (RM3,000.00) per month but not exceeding four thousand ringgit (RM4,000.00) per month.

Thank you.



Datuk Hj Shamsuddin Bardan
Executive Director