

## **SECTION 17A (CORPORATE LIABILITY)**

The implementation of the corporate liability provision involving commercial organisations under Section 17A MACC Act 2009 is enforced on 1st June 2020.

This matter was announced in a press release from the Prime Minister's Department on 21st May 2020, following which the date of enforcement for the application of Section 17A of the MACC Act 2009 was set by the Minister's power through the Federal Government Gazette on 27th May 2020.

The amendment for this provision and amendments to other sections had been implemented previously through the Malaysian Anti-Corruption Commission Act (Amendment) 2018 (A1567 Act). After this amendment was gazetted on 4th May 2018, Section 17A MACC Act 2009 was given a two-year grace period to give room for commercial organisations to make appropriate preparations.

The provision under Section 17A MACC Act 2009 is a provision that stipulates a corporate liability principle where a commercial organisation can be considered guilty if any of its employees and/or associates commit corruption for the benefit of the organisation. The commercial organisation is also considered guilty in the event whether or not, the upper management or its representatives know about the corruption acts committed by its employees or associates.

This new provision encourages commercial organisations to take appropriate and parallel steps to ensure businesses are conducted with integrity and without corruption.

If a commercial organisation is found guilty under Section 17A, the penalty under Section 17A (2) is a fine of not less than 10 times the value of the bribe or RM 1 million, whichever is higher, or imprisonment for up to 20 years, or both. However, the commercial organisations can defend themselves if they can show that the organisation has implemented 'Adequate Procedure' in its operation.

The government's decision to proceed with the enforcement of Section 17A MACC Act 2009 was made after considering the current situation and the views of all parties, and thus the government is consistent with their firm stand that the enforcement of this Corporate Liability law maintains its date of enforcement on 1st June 2020.

- *Source from MACC official portal*