



## Outsourced Compliance, Accounting, & Technology

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Greetings from your Tax & Legal team at Deloitte Southeast Asia. We hope that you and your loved ones are staying safe and healthy despite these challenging times. As we navigate ourselves through this trying period, we are committed to giving you the support you need.

Outsourced Compliance, Accounting, & Technology newsletter is a quarterly publication to share the latest updates around the region.

#### Indonesia

##### **Social Security Manpower (pension plan)**

Commencing from March 2022, the regular salary/wage cap for calculating the pension insurance contribution has changed from IDR 8,754,600 to IDR 9,077,600 per month. The percentage of contribution borne by employers and employees remain the same i.e., 2% by employer and 1% by employee.

#### Malaysia

##### **Interest Scheme**

Interest Scheme is a way of doing business in Malaysia which involves the pooling of financial contributions from the public in exchange for an interest in a particular scheme.

Such interest includes the usage of the facilities and services provided under the scheme or profit or returns, depending on the nature of the scheme.

A promoter of an interest scheme must register the scheme with the Companies Commission of Malaysia (CCM) before it can be offered to the public. The sale of interest is governed by the provisions of Division 5 of Part IV of the Companies Act. The promoter of an interest scheme is also required to comply with the Policy Guidelines and Requirements issued by CCM from time to time.

‘Interest’ is defined under section 84 of the Companies Act 2016 as a right to participate or interest in any:

- Profits, assets or realization of a business
- Common enterprise with expectation of profits, rent or interest
- Time sharing scheme
- Investment contract

The various types of interest schemes include:

- Membership subscriptions of more than 12 months by Golf Clubs, Recreational Clubs and Fitness Clubs
- Participation in any Time-Sharing Scheme
- Investment in plantation and aquaculture scheme for commercial purposes. The scheme is also known as ‘Share Farming Scheme’ or ‘Grower’s Plot Scheme’
- Investment in the Breeding of Livestock (such as ostriches, horses, leeches, earthworms, swiftlets, cows, goats and catfish) for commercial purposes
- Investment in a particular business whereby the investors are not involved in the day-to-day management of the business
- Offers to purchase burial plots, urns and columbaria by Memorial Parks
- Offers to purchase undivided interest in greenbelt land whereby purchasers are led to expect profit from the sale of the appreciated value of the land pursuant to the efforts of the company/3rd party to obtain approval for the rezoning of the land. The scheme is also known as Land Banking Scheme

## Philippines

### **Extension of SSS’ Pandemic Relief and Restructuring Program for Short-Term Member Loan Penalty Condonation Program (known as PRRP 5)**

The Philippines Social Security System (SSS) released Circular No. 2021-014 on 29 October 2021 to provide relief and restructuring program for its members’ short-term loans that can be availed from 15 November 2021 to 14 February 2022. SSS Circular 2022-006, which was released on 15 February 2022, extended the availment period for the condonation program to 14 May 2022.

The circular guidelines are as follows:

#### **1. Availment Period:**

- Circular 2021-014: 15 November 2021 to 14 February 2022
- Circular 2022-006: extended up to 14 May 2022

#### **2. Coverage and Conditions::**

a. All member-borrowers who have been unable to pay their loans for more than six months) from the date of the implementation of the PRRP 5 Program. Short-term loans are as follows:

- SSS Salary Loan
- SSS Calamity Loan
- SSS Salary Loan Early Renewal Program (SLERP)
- SSS Emergency Loan
- Restructured loans under Loan Restructuring Program (LRP)

b. Conditions for the member-borrower to avail of the program are:

- Member-borrower shall not reach 65 years old at the end of the restructuring loan term
- Member-borrower has not yet availed of final benefit such as Total Disability Benefit, Retirement Benefit, and the like
- Member-borrower has never been disqualified due to fraud case against SSS

c. Member-borrower who will file for final benefit (permanent total disability or retirement benefit), whose date of disability or retirement is on or before the last day of the availment period of the PRRP 5 program. Said final benefit claim must be filed within the availment period.

Beneficiaries of deceased member-borrower who will file the Death Benefit Application, whose passing date is on or before the last day of the availment period of the PRRP 5 program. Said death claim must be filed within the availment period.

### 3. Loan amount, payment terms, interest rate, and penalties

a. **Loan amount**—The total amount of obligation all due and demandable shall be composed of the outstanding principal and interest of the member-borrower's past due loan, and consolidated into one loan that can be paid through:

b. **One-time payment**—The consolidated loan shall be paid through one payment transaction within thirty days from the date of receipt of Notice of Approval of the Penalty Condonation Application. Partial payments will not be allowed.

c. Installment payment

- **50% down payment**—50% of the Consolidated Loan shall be paid in one payment transaction within thirty days from the date of receipt of Notice of Approval of the Penalty Condonation Application. Partial payment for the 50% down payment will not be allowed.
- **Remaining 50% shall become Restructured Loan 1 (RL1)**—This shall be paid in six equal monthly installments starting the following month after the thirty day period from the release of the approval.

d. Interest rate and penalty of RL1

- RL1 shall be subject to interest rate of 3% per annum computed on a diminishing principal balance over the six months) payment term.
- A penalty of 1% per month shall be charged against the RL1's unpaid amortization after its due date.

e. Conditional condonation

- Unpaid penalties shall be condoned as follows:
- **Under one-time payment term**—100% of the consolidated penalty shall be condoned/waived upon full payment of the Consolidated Loan within the approved payment period.

- **Under installment term**—50% of the consolidated penalty shall be condoned/waived upon payment of the 50% down payment within the approved period. The remaining 50% penalty shall be fully condoned/waived upon full payment of the RL1 within the approved terms and conditions.
- The member-borrower shall not be entitled to condonation of penalty if he/she made a partial payment for the one-time payment term or installment payment required down payment. The penalty condonation application shall be automatically cancelled but can be reapplied within the availment period. Any partial payment made for the cancelled penalty condonation application shall be considered regular payment and shall be applied according to priority: the oldest loan applying first to penalty, then interest, and last at the principal. Any excess in the posting of payment shall be applied to the second oldest outstanding loan and so on.
- The balance of RL1 should be zero at the end of the approved payment installment term. Otherwise, the unpaid principal and proportionate balance of condonable penalty shall become a new principal and shall be set up as Restructured Loan 2 (RL2).

**f. Interest rate and penalty of RL2**— RL2 shall be charged with an interest rate of 10% per annum until fully paid. This shall be immediately due and demandable.

#### **5. Other conditions under PRRP 5**

a. The member-borrower shall apply online for the PRRP 5 program using his/her My.SSS account in the SSS website except for the following members with Death, Disability, Retirement (DDR) claims, which can only be filed over-the-counter:

- Self-employed (SE)
- With dependents
- Mine workers
- Racehorse jockey
- Incapacitated retiree subject for representative payee

b. The member-borrowers with submitted application for Permanent Total Disability or Retirement Claim application or Death Claim application filed by beneficiaries shall be automatically qualified when the DDR benefit claim application is duly submitted online or over-the counter within the period of availment of the PRRP 5 program and do not need to submit a separate condonation application.

c. Payment Reference Number (PRN) under the Real Time Processing of Loan (RTPL) shall be generated and used for payment of the restructured loan.

d. In case of non-payment of the full amount or the required 50% down payment of the installment amount within the thirty day period, the condonation application can be resubmitted provided the resubmission is within the availment period of the PRRP 5 program.

e. Amount due including all accrued interests and penalties under the approved RL1 or RL2 must be fully paid before the member-borrower can avail of other SSS short-term member loan programs.

For complete information on SSS Circular 2021-014 and 2022-006, click on the links below:



Circular 2021-014



Circular 2022-006

## Contacts

Should you have any comments or questions arising from this newsletter, please contact the SEA Outsourced Compliance, Accounting, & Technology team below.

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