

Parliament passes Bankruptcy (Amendment) Bill 2016

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Bill will protect the social guarantor, who does not undertake the role for profit, from being declared bankrupt when the borrower fails to repay the loan.

KUALA LUMPUR: Parliament today passed the Bankruptcy (Amendment) Bill 2016 which, among others, protects social guarantors from being declared bankrupt when the borrower fails to repay the loan.

Minister in the Prime Minister's Department Azalina Othman Said said the bill would be fairer to loan guarantors.

"This is because when we look at the definition of guarantors, they are not profit-oriented. They stand as guarantors for study loans or research grants," she said in winding up the debate on the bill.

Azalina said these guarantors would still face the law if they abuse the provision.

"The person may not be declared a bankrupt, but there are still other actions that can be taken."

Earlier, when tabling the bill, Azalina said the government, while amending the Bankruptcy Act 1967, had considered eight policy changes, including preventing bankruptcy action against guarantors and raising the minimum threshold for bankruptcy.

She said the bill would provide protection for guarantors through an amendment of Section 33B in four categories of bankruptcy, which could be waived at the discretion of the director-general of insolvency.

However, the director-general was still bound by the court in the issuance of the bankrupt discharging certificate, she added.

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