

Public Consultation on Proposed Amendments to the Companies Act - 3E Accounting

The Companies Act Working Group (“CAWG”) was convened in January 2018 to review the Companies Act to ensure that Singapore’s corporate laws and regulatory framework stay competitive.

2 In our opinion, the recommendations are commendable because the Working Group has considered the following:

- a. Exponential rise and adoption of technology among companies
- b. Efficient regulatory framework to mitigate the compliance burden on companies

3 We would like to provide feedback to the public consultation in two areas:

a. Recommendation 2.15

The CA should be amended to separate the filing requirement of the annual return and financial statement of the company. The current time frames for the filing of the annual return and financial statement should be retained.

Comment (3E Accounting): Our response to the above recommendation is that the separation will create additional regulatory burden on companies. The current requirement to have the filing done together is more efficient and cost-effective, since the time frame for filing of the annual return and financial statement will remain the same.

Furthermore, it is unclear that if the CA is amended to separate the filing requirement, will a company that is exempted from filing their financial statement still be required to update their exemption in the system (Bizfile+)? If yes, companies would require more resources to perform two filings instead of one filing. This will increase the regulatory burden for companies.

b. Recommendation 3.5

The decriminalisation of directors' offences in the CA should be reviewed holistically at the earliest opportunity.

Comment (3E Accounting): We fully agree with the Working Group that it is timely to review the decriminalisation of directors' offences in the CA, especially in relation to Section 157, to ensure consistency with current legislation in countries such as Australia and the United Kingdom (UK).

The current legislation in Australia distinguishes between actions pertaining to negligence and due diligence, which only draw civil liability. This is distinct from actions pertaining to dishonesty which will draw criminal liability.

In the UK, general directorial negligence was never criminalized due to policy factors.

We should implement similar legislation to allow Directors to operate their companies in Singapore in a fairer and more favourable business environment.

4 Notwithstanding the input to the recommendations listed, we extend our gratitude to the Companies Act Working Group for the review.

5 The review of the Companies Act is timely and we hope the implementation of the Amendments to the Companies Act and subsidiary legislation would provide a more effective and efficient regulatory framework for companies, whilst strengthening Singapore's position as an attractive international finance and business hub.



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