

Winding Up Vs Striking Off

Difference in ways to close down a Company
according Companies Act 2016.





Winding Up

Winding up is one of the method that normally Company close down their business. It is a process where the business operation of a Company is terminate and it's assets have been released and the proceed paid to the creditor according to the priorities.

According to the Section 619(6) of the Companies Act, 2016 it consists of two (2) ways to proceed winding up, which :

- 1) Compulsory winding up
- 2) Voluntary winding up

Voluntary



Members

This take place when the Company is solvent but the shareholders agree to wind up the company and distribute the assets to the owners.

Creditors

The Company is insolvent and the Directors and shareholders agree to wind up the Company. This method however, priorities Creditor to have final say on who should liquidate the Company

Compulsory winding up

Compulsory winding up takes place if a company unable to settle its debts. This is a process that facilitated through court actions by petitioners.

The petitioners which are :

- Liquidators
- Creditors
- The Registrar of the Companies
- Official Receiver under section 464 of the CA 2016



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Striking Off

A company may be strike off or in another term deregistered from the register if the Registrar find reasonable cause to believe that the company is not carry on business or its not in operation.

Striking Off (Cont'd)

There are some requirements in applying striking off :

- Not carrying any business and operations
- Does not intend to begin or carry out any business operations
- No assets, outstanding liabilities, or entries at the registrar of charges
- Has no outstanding penalties incurred under the Companies Act
- Does not have outstanding tax liabilities and free from debts owed to any Malaysian government department
- Not made any return of capital to the shareholders
- Information of the company as lodged with the registrar of companies is up-to-date
- Not involved in any legal proceedings inside or outside Malaysia
- Neither a holding company nor a subsidiary of another company.
- Its not identify as a guarantor corporation.





Thank You 😊
谢谢

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