

A BILL

*i n t i t u l e d*

An Act to amend the Tabung Angkatan Tentera Act 1973.

[ ]

**ENACTED** by the Parliament of Malaysia as follows:

**Short title and commencement**

**1.** (1) This Act may be cited as the Tabung Angkatan Tentera (Amendment) Act 2015.

(2) Section 2, paragraph 4(c), sections 5 and 6, paragraph 7(a) and sections 9 and 11 come into operation on 1 January 2016.

**Amendment of section 3**

**2.** The Tabung Angkatan Tentera Act 1973 [*Act 101*], which is referred to as the “principal Act” in this Act, is amended in section 3 by inserting after subparagraph (3)(a)(i) the following subparagraph:

“(iA) officers who contribute to the Tabung;”.

**Amendment of section 6**

**3.** Subsection 6(2) of the principal Act is amended by deleting paragraph (b).

**Amendment of section 9****4.** Section 9 of the principal Act is amended—

- (a) in the shoulder note, by inserting after the words “Compulsory contributions” the words “of servicemen”;
- (b) in subsection (4), by substituting for the words “the Regular Forces (Pensions, Gratuities and Other Grants) Regulations 1979 [P.U. (A) 77/1979]” the words “any law for the time being in force relating to pension, gratuity or other benefits applicable to regular forces”; and
- (c) by inserting after subsection (4) the following subsection:

“(5) Where a serviceman is promoted to an officer, the deduction of his salary under subsection (1) shall cease and shall continue under section 9A.”.

**New section 9A****5.** The principal Act is amended by inserting after section 9 the following section:**“Compulsory contributions of officers to the Tabung**

**9A.** (1) There shall be deducted from the monthly salary of an officer an amount equal to ten per centum of his monthly salary calculated to the nearest five sen as his contribution to the Tabung and the amount of the contribution shall be credited to the account of the officer.

(2) In respect of every contribution made under subsection (1), there shall be recorded a notional contribution to the Tabung from the Consolidated Fund to the credit of the officer’s account an amount equal to fifteen per centum of his monthly salary, calculated to the nearest five sen.

(3) An officer who contributes under subsection (1) who has completed less than twenty years of service and has not elected to be paid terminal gratuity shall, upon completion of his service, be paid the following amount:

- (a) the value of his contribution to the Tabung and the dividend for the duration of the contribution;

- (b) the value of the contribution from the Consolidated Fund that has been recorded in accordance with subsection (2); and
- (c) the notional contribution by the Government that ought to be paid to the officer for the duration of the contribution.

(4) An officer who contributes under subsection (1) who has completed less than twenty years of service and has elected to be paid terminal gratuity shall, upon completion of his service, be paid the value of his contribution to the Tabung and the dividend for the duration of such contribution.

(5) An officer who qualifies for pension but completes his service in any duration after twenty years until he attains the age of compulsory retirement shall, upon completion of his service be paid the value of his contribution to the Tabung for the whole period of his service and the dividend for the duration of his contribution.

(6) Payment under subsection (3) shall be made notwithstanding that the officer is granted a disability pension or disability gratuity pursuant to the provisions of any written law for the time being in force relating to pension, gratuity, or other grants or benefits applicable to regular forces.

(7) Where an officer who contributes under subsection (1) has completed twenty-five years of service or has attained the age of compulsory retirement, whichever is earlier, the deduction of his monthly salary shall cease and the notional contribution to the Tabung from the Consolidated Fund under subsection (2) shall cease to be recorded.”.

### **Amendment of section 10**

**6.** Section 10 of the principal Act is amended—

- (a) in subsection (1), by inserting after the word “9” the words “or 9A”; and
- (b) in subsection (2), by substituting for the words “Subsection 9(2)” the words “Subsections 9(2) and 9A(2) and section 12”.

**Amendment of section 12**

7. Section 12 of the principal Act is amended—

(a) in subsection (1)—

(i) by substituting for the words “section 9” the words “sections 9 and 9A”; and

(ii) in paragraph (c), by inserting after the words “fifty years” the words “and where the contributor is an officer on the officer attaining the age of compulsory retirement”; and

(b) in subsection (2), by inserting after the words “thereon a dwelling house” the words “or any other purpose as may be determined by the Lembaga”.

**New section 12A**

8. The principal Act is amended by inserting after section 12 the following section:

**“Lembaga to determine terms and conditions of withdrawal, etc.**

**12A.** The Lembaga, with the approval of the Minister, shall determine the terms and conditions for the withdrawal of amounts from the Tabung, the percentages of the contributor’s contribution which may be withdrawn and any other matters incidental to such withdrawal.”.

**Amendment of section 13**

9. Section 13 of the principal Act is amended in paragraph (b) by inserting after the words “9(2)” the words “or 9A(2)”.

**Amendment of section 14**

10. Section 14 of the principal Act is amended by inserting after the words “approval of the” the words “Minister and the”.

**Amendment of section 15c**

**11.** Subsection 15c(2) of the principal Act is amended by inserting after the words “sections 9” the words “, 9A”.

**Amendment of section 22**

**12.** Section 22 of the principal Act is amended by deleting paragraph (*gb*).

**Saving and transitional provisions**

**13.** (1) Section 9A of the principal Act as introduced by section 5 of this Act shall not apply to an officer who is commissioned prior to 1 January 2016 unless such officer has elected to contribute under the said section 9A within such time as may be determined by the Lembaga.

(2) An officer who has made voluntary contributions under section 10 of the principal Act prior to 1 January 2016 may, on or after 1 January 2016, continue to contribute under the said section 10 or elect to contribute under section 9A of the principal Act, as introduced by section 5 of this Act, within such time as may be determined by the Lembaga.

(3) Where an officer referred to in subsection (2) has elected to contribute under section 9A, the deductions of his salary under section 10 of the principal Act shall cease.

(4) An officer referred to in subsection (2) who has elected to not contribute under section 9A and does not continue his contribution under section 10 may apply for the withdrawal of any amount standing to the credit of his account within such time as may be determined by the Lembaga.

(5) On the date of coming into operation of section 12 of this Act, any regulations made under paragraph 22(*gb*) of the principal Act before the date of coming into operation of section 12 of this Act shall continue to remain in full force and effect, and for such purpose it shall be treated as if paragraph 22(*gb*) of the principal Act had not been deleted, until the Lembaga exercises its powers under section 12A of the principal Act upon which the Lembaga with the approval of the Minister shall revoke such regulations.

## EXPLANATORY STATEMENT

This Bill seeks to amend the Tabung Angkatan Tentera Act 1973 (“Act 101”).

2. *Clause 1* contains the short title and the date of commencement of the proposed Act.

3. *Clause 2* seeks to introduce a new subparagraph (iA) to paragraph 3(3)(a) of Act 101 to include officers as receivers of superannuation and other benefits.

4. *Clause 3* seeks to amend section 6 of Act 101 to exclude the Governor or Deputy Governor of Bank Negara from the Investment Panel of the Tabung Angkatan Tentera (“Tabung”).

5. *Subclause 4(b)* seeks to amend subsection 9(4) of Act 101 by substituting for the specific reference to the Regular Forces (Pensions, Gratuities and Other Grants) Regulations 1979 [P.U. (A) 77/1979] the general reference to any law for the time being in force relating to pension, gratuity or other grants or benefits which is applicable to regular forces. *Subclause 4(c)* seeks to introduce a new subsection 9(5) into Act 101 to provide that when a serviceman is promoted to an officer, his contribution to the Tabung as a servicemen shall cease and be replaced by his contribution as an officer.

6. *Clause 5* seeks to introduce a new section 9A into Act 101. The proposed new section 9A seeks to impose compulsory contribution on officers to the Tabung.

7. *Subclause 7(b)* seeks to amend subsection 12(2) of Act 101 to provide for the withdrawal of contribution for any purpose as may be determined by the Lembaga. At present, withdrawals are only allowed to purchase a dwelling house or land for the purpose of constructing on the land a dwelling house.

8. *Clause 8* seeks to introduce a new section 12A into Act 101. The proposed new section 12A seeks to allow the Lembaga, with the approval of the Minister, to regulate administratively the terms and conditions for withdrawals from the Tabung, the percentages of the contributors’ contribution which may be withdrawn and any other matters incidental to such withdrawals.

9. *Clause 10* seeks to amend section 14 of Act 101 to require the Lembaga to seek the approval of the Minister of Defence together with the Minister of Finance prior to borrowing any sums to comply with section 5 of the Statutory Bodies (Borrowing Powers) Act 1999 [Act 589] which is a law of general application on borrowings by statutory bodies.

10. *Clause 12* seeks to delete paragraph 22(gb) of Act 101 consequential to the new section 12A which allows the Lembaga to regulate administratively the matters previously regulated by regulations made under paragraph 22(gb) of Act 101.

11. *Clause 13* seeks to provide for saving and transitional provisions on options for officers who have made voluntary contributions prior to the commencement of the proposed Act and officers commissioned prior to the commencement of the proposed Act.

12. Other amendments not specifically referred to are minor or consequential in nature.

*FINANCIAL IMPLICATIONS*

This Bill will involve the Government in extra financial expenditure the amount of which cannot at present be ascertained.

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