

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 2017.

(2) This Act comes into operation on a date to be appointed by the Minister by notification in the *Gazette*.

**Amendment of section 2**

**2.** The Tabung Angkatan Tentera Act 1973 [*Act 101*], which is referred to as the “principal Act” in this Act, is amended in section 2—

(a) by deleting the definition of “the scheme”; and

(b) by inserting after the definition of “unit trust benefit” the following definition:

‘ “veteran annuity scheme” means the scheme established under section 15D for the payments of annuities;’.

**Amendment of section 3****3.** Section 3 of the principal Act is amended—

(a) in paragraph (1)(a), by inserting after the words “(3)(a)” the words “, and the veteran annuity scheme for the benefit of the persons specified under paragraph (3)(aa)”;

(b) in subsection (2)—

(i) by renumbering the existing paragraphs (bb) and (bc) as paragraphs (bc) and (bd) respectively;

(ii) by inserting after paragraph (ba) the following paragraph:

“(bb) payments of annuities pursuant to the veteran annuity scheme;”;

(iii) in paragraph (bd) as renumbered, by substituting for the words “paragraph (bb)” the words “paragraph (bc)”;

(c) in subsection (3), by inserting after subparagraph (a)(iii) the following paragraph:

“(aa) benefits under the veteran annuity scheme shall be given to the servicemen referred to in paragraph 15D(1)(a) and officers referred to in paragraph 15D(1)(b); and”;

(d) in subsection (4), by substituting for the words “(2)(bb) and (bc)” the words “(2)(bc) and (bd)”.

**Amendment of section 9****4.** Section 9 of the principal Act is amended by substituting for subsection (3) the following subsection:

“(3) Where a serviceman qualifies for pension—

(a) the deduction of his salary under subsection (1) shall continue to be made until he is discharged from service with the regular forces of Malaysia;

(b) the payment under subsection (2) shall cease to be made in respect of the contribution made under paragraph (a); and

- (c) all payments made under subsection (2) which are still standing to the credit of the serviceman's account shall be withdrawn and credited into the Consolidated Fund.”.

### **Amendment of section 9A**

#### **5. Section 9A of the principal Act is amended—**

(a) in subsection (3)—

- (i) in the English language text, by substituting for the word “not” the word “neither”;
- (ii) by inserting after the words “terminal gratuity” the words “nor elected to participate in the veteran annuity scheme”;
- (iii) in paragraph (a), by inserting after the semi colon at the end of the paragraph the word “and”;
- (iv) in paragraph (b), by substituting for the words “; and” at the end of the paragraph a full stop; and
- (v) by deleting paragraph (c); and

(b) by inserting after subsection (3) the following subsection:

“(3A) 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 but elects to participate in the veteran annuity scheme shall, upon the completion of his service, be paid the value of his contribution to the Tabung and the dividend for the duration of the contribution, and the value of the contribution from the Consolidated Fund that has been recorded in accordance with subsection (2) shall be paid into the Tabung to the credit of such officer's account.”.

### **Amendment of section 11**

#### **6. Section 11 of the principal Act is amended in paragraph (2)(ba) by inserting after the word “scheme” wherever appearing the words “established under section 15A”.**

**Amendment of section 12**

7. Section 12 of the principal Act is amended—

(a) in subsection (1), by substituting for the word “subsection” the words “subsections (1A) and”; and

(b) by inserting after subsection (1) the following subsection:

“(1A) Where the withdrawal under paragraph (1)(b) or (c) is made by a serviceman referred to in paragraph 15D(1)(a) or an officer referred to in paragraph 15D(1)(b)—

(a) the withdrawal shall only apply to—

(i) in respect of a serviceman—

(A) his contribution to the Tabung and the dividend for the duration of the contribution; and

(B) the dividend for the payments made under subsection 9(2) but excluding the dividend for the year preceding the discharge of the serviceman from service with the regular forces of Malaysia; or

(ii) in respect of an officer, his contribution to the Tabung and the dividend for the duration of the contribution; and

(b) the remaining amount standing to the credit of the serviceman’s or officer’s account under this Act may only be withdrawn on the death of the serviceman or officer, as the case may be, or in the circumstances as may be approved by the Lembaga.”.

**New section 15D**

**8.** The principal Act is amended by inserting after section 15C the following section:

**“Establishment of veteran annuity scheme**

**15D.** (1) There shall be established a scheme to be known as the veteran annuity scheme for the payments of annuities to—

(a) a serviceman who fulfills the following conditions:

(i) he has been discharged from service with the regular forces of Malaysia except on the ground of misconduct; and

(ii) he is not qualified for pension; and

(b) an officer who fulfills the following conditions:

(i) he has completed less than twenty years of service and has not been terminated on the ground of misconduct;

(ii) he has not elected to be paid terminal gratuity; and

(iii) he has elected to participate in the veteran annuity scheme.

(2) The annuities shall be paid on a monthly basis in such quantum as may be determined by the Lembaga from the annual profit declared on—

(a) the payment credited under subsection 9(2) to the account of a serviceman referred to in paragraph (1)(a); or

(b) the value of the contribution from the Consolidated Fund recorded in accordance with subsection 9A(2) and paid into the Tabung to the credit of the account of the officer referred to in paragraph (1)(b).

(3) The payments of annuities under subsection (2) shall cease to be payable if the amount referred to in paragraph (2)(a) or (b), as the case may be, is withdrawn under paragraph 12(1A)(b).

(4) The contribution to the credit of a serviceman referred to in paragraph 15D(1)(a) and an officer referred to in paragraph 15D(1)(b) shall not be reckoned for the purposes of section 15C.”.

### **Amendment of section 22**

9. Section 22 of the principal Act is amended—

(a) by renumbering the existing paragraph (aa) as paragraph (ab); and

(b) by inserting after paragraph (a) the following paragraph:

“(aa) matters relating to the implementation of the veteran annuity scheme including the manner of payments of annuities and the provision for the nomination of person to receive any amount standing to the credit of the account of a serviceman or an officer in the event of his death;”.

### **Saving provision**

10. This Act shall not apply to servicemen who, on the date of the coming into operation of this Act, are still serving in the regular forces of Malaysia and have not elected to participate in the veteran annuity scheme, and the provisions of the principal Act in force immediately before the coming into operation of this Act shall apply to the servicemen as if this Act had not been enacted.

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### EXPLANATORY STATEMENT

This Bill seeks to amend the Tabung Angkatan Tentera Act 1973 (“Act 101”). The proposed amendment seeks to provide for the payments of annuities to servicemen discharged from service, and officers who have completed less than twenty years of service and elected to participate in the veteran annuity scheme. The proposed amendment also seeks to require that the deduction of the salary for the contribution of servicemen who qualify for pension shall continue where their service are extended until they are discharged from service with the regular forces of Malaysia.

2. *Clause 1* contains the short title of the proposed Act and the power of Minister to appoint the commencement date of the proposed Act.
3. *Clause 2* seeks to introduce a new definition of the “veteran annuity scheme” into Act 101.
4. *Clause 3* seeks to amend section 3 of Act 101 to allow the Tabung to be applied for the payments of annuities under the veteran annuity scheme.
5. *Clause 4* seeks to amend subsection 9(3) of Act 101 to provide that the contribution of a serviceman who qualifies for pension shall continue until he is discharged from the regular forces of Malaysia and the payment made to the Tabung from the Consolidated Fund under subsection 9(2) of Act 101 shall cease to be made.
6. *Clause 5* seeks to amend section 9A of Act 101 to introduce a new subsection (3A) to provide that where an officer who has completed less than twenty years of service elects to participate in the veteran annuity scheme, the value of the contribution from the Consolidated Fund that has been recorded in accordance with subsection (2) shall be paid into the Tabung to the credit of such officer’s account.
7. *Clause 7* seeks to amend section 12 of Act 101 to introduce a new subsection (1A) to provide that in respect of a serviceman and an officer to whom the veteran annuity scheme applies, only the contribution of the serviceman and officer and the dividend specified may be withdrawn. The contribution from the Consolidated Fund may only be withdrawn upon the death of the serviceman and officer or in the circumstances as approved by the Lembaga.
8. *Clause 8* seeks to introduce a new section 15D into Act 101 to provide for the establishment of the veteran annuity scheme, determination of the quantum of the annuities and cessation of the payments of annuities.
9. *Clause 9* seeks to introduce a new paragraph 22(aa) to allow the Lembaga, with the approval of the Minister, to make regulations relating to the implementation of the veteran annuity scheme.
10. *Clause 10* seeks to provide for a saving provision relating to the application of the veteran annuity scheme to a serviceman who is still serving with the regular forces and does not elect to participate in the veteran annuity scheme on the date of the coming into operation of the proposed Act.
11. Other amendments not specifically dealt with in this Statement 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.