

PART X
BAD DEBT RELIEF

Claim for bad debt relief

70. (1) Any person who is entitled to make a claim under subsection 58(1) of the Act shall make the claim within six years from the time of supply.

(2) For the purpose of paragraph 58(1)(a) of the Act, the debtor shall be treated as insolvent if the person who is entitled to a bad debt relief is able to show to the satisfaction of the Director General that—

- (a) in the case where the debtor is an individual, he is adjudged bankrupt, a deed or arrangement is made for the benefit of his creditors or a composition or scheme of arrangement proposed by him is approved under the Bankruptcy Act 1967[*Act 360*]; or
- (b) in the case where the debtor is a company,—
 - (i) it is ordered by the court to be wound up because it is unable to pay its debts within the meaning of the Companies Act 1965 [*Act 125*]; and
 - (ii) a receiver is appointed and the statement of affairs lodged with the Companies Commission of Malaysia shows that its assets would be insufficient to cover the payment of any dividend in respect of debts which are neither secured nor preferential.