

**THE OFFICIAL RECEIVER  
PRACTICE CIRCULAR NO. 1 OF 2016**

**JUDICIAL MANAGER'S REMUNERATION AND EXPENSES INCURRED IN  
JUDICIAL MANAGEMENT**

**1 INTRODUCTION**

Section 227J(3)(b) of the Companies Act (Cap. 50) ("CA") provides that any remuneration and expenses properly incurred by a Judicial Manager (including expenses incurred by the Interim Judicial Manager) of a company shall be charged on and paid out of the property of the company in his custody or under his control, in priority to all other debts, except those subject to a security to which section 227H(2) CA applies.

**2 PAYMENT BY THE OFFICIAL RECEIVER FOR CLAIMS FOR  
REMUNERATION AND EXPENSES BY JUDICIAL MANAGER**

2.1 A Judicial Manager shall submit his claims for remuneration and expenses properly incurred by him to the company's committee of creditors for approval. In the absence of such a committee of creditors or the failure to obtain such approval, the Judicial Manager shall apply to the Court under section 227G(5) CA to obtain such necessary directions for the approval of his claim: see *Re Econ Corp Ltd (in provisional liquidation)* [2004] 2 SLR (R) 264.

This should be done **before** any application for his discharge as Judicial Manager pursuant to section 227Q CA.

2.2 Where a company is subsequently wound up by the Court after the discharge of the Judicial Management order under section 227Q CA, and no approval (whether by the committee of creditors or by the Court) has been obtained for the claim for remuneration and expenses properly incurred by the Judicial Manager, the liquidator shall apply to Court under section 273(3) CA to seek the approval for such a claim to be treated as an expense of the liquidation and paid as such pursuant to section 328(1) CA.

2.3 In the absence of such approval by the Court as required above, the Official Receiver will treat such a claim for remuneration and expenses incurred as an ordinary debt in liquidation ranking *pari passu* with all other ordinary creditors of the wound up company.

### **3 EFFECTIVE DATE**

This Practice Circular shall take effect on **1 July 2016**.

### **4 CONTACT PERSON**

For any queries on this Practice Circular, please contact Ms Ching Wee Ling, Deputy Director, Corporate Insolvency Division at Tel. No.: 6325 1498 or by email at [ching\\_wee\\_ling@mlaw.gov.sg](mailto:ching_wee_ling@mlaw.gov.sg).

JILL TAN  
OFFICIAL RECEIVER  
SINGAPORE

(27 June 2016)

(This Practice Circular is also available on our website at [www.mlaw.gov.sg/io](http://www.mlaw.gov.sg/io))