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**CENTRAL PROVIDENT FUND ACT
(CHAPTER 36)**

**CENTRAL PROVIDENT FUND
(FINANCIAL PENALTIES) REGULATIONS 2016**

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In exercise of the powers conferred by section 77(1)(rb) of the Central Provident Fund Act, the Minister for Manpower, after consulting with the Central Provident Fund Board, makes the following Regulations:

Citation and commencement

1. These Regulations are the Central Provident Fund (Financial Penalties) Regulations 2016 and come into operation on 1 January 2017.

Definitions

2.—(1) In these Regulations, unless the context otherwise requires —

“approved provider” means an approved applicant that is a Medisave healthcare provider;

“current penalty year” —

(a) in relation to each contravention of regulation 3(2)(a), (b), (c) or (d) by an approved provider, means the calendar year in which the Board —

(i) issues a warning to the approved provider for the contravention, where no previous notice under regulation 9(1) was given to the approved provider for that contravention; or

(ii) gives notice to the approved provider under regulation 9(1) of a financial penalty for the contravention, where no previous warning was given to the approved provider for the contravention; or

(b) in relation to each contravention of regulation 3(2)(e) by an approved provider, means the calendar year in which the Board’s direction to submit the report concerned is made,

and each contravention is assigned with a current penalty year in accordance with this definition;

“MAW Regulations” means the Central Provident Fund (Medisave Account Withdrawals) Regulations (Rg 17);

“prescribed person” means a prescribed person as defined in regulation 2(1) of the MAW Regulations.

(2) In these Regulations, the “number of previous penalty years”, in relation to the current penalty year of a contravention of regulation 3(2)(a), (b), (c) or (e) or modified regulation 3(2)(d) (called the relevant contravention) —

- (a) is nil if, in both of the 2 calendar years immediately before the current penalty year, the Board did not take action against the approved provider for any similar contravention to the relevant contravention;
- (b) is one if, in only one of the 2 calendar years immediately before the current penalty year, the Board did take action against the approved provider for any similar contravention to the relevant contravention; and
- (c) in any other case, is the number of consecutive calendar years immediately before the current penalty year in which the Board did take action against the approved provider for any similar contravention to the relevant contravention.

(3) For the purposes of paragraph (2), the Board is treated as taking action against an approved provider in a calendar year for a contravention if the Board issues a warning to, or imposes a financial penalty under section 67C of the Act on, the approved provider for a contravention (excluding any action that has been withdrawn by the Board, reversed under regulation 11(5)(a) or invalidated under the law).

(4) Where the payment of a financial penalty is waived under regulation 11(5)(d) —

- (a) the financial penalty is not invalidated under the law; but
- (b) the amount waived must be disregarded in computing the total amount of financial penalties for the purposes of regulation 4(2), 5(3), 6(3), 7(4) or 8(3).

(5) In these Regulations, “similar contravention” —

- (a) in relation to a contravention of regulation 3(2)(a), means another contravention of regulation 3(2)(a);

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- (b) in relation to a contravention of any regulation mentioned in regulation 6(1), means another contravention of any regulation mentioned in regulation 6(1);
 - (c) in relation to a contravention of regulation 3(2)(b) (not being a contravention of the modified regulation 3(2)(b)), means another contravention of regulation 3(2)(b) (not being a contravention of the modified regulation 3(2)(b));
 - (d) in relation to a contravention of regulation 3(2)(d) (not being a contravention of the modified regulation 3(2)(d)), means another contravention of regulation 3(2)(d) (not being a contravention of the modified regulation 3(2)(d));
or
 - (e) in relation to a contravention of regulation 3(2)(e), means another contravention of regulation 3(2)(e).

Engaging in conduct that attracts financial penalty

3.—(1) For the purposes of section 67C of the Act, a financial penalty may be imposed on an approved provider for contravening paragraph (2)(a), (b), (c), (d) or (e).

(2) An approved provider —

- (a) must not inadvertently allow any person to access information on a member's medisave account, except with the written authorisation of —
 - (i) the member; or
 - (ii) if the member is unconscious or otherwise mentally incapacitated and unable to authorise the access personally, a prescribed person in relation to the member;
- (b) must take reasonable care to ensure that all information provided to the Board in relation to a withdrawal application submitted by the approved provider is accurate;

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- (c) on the request of the Board or any auditor appointed for the purposes of an audit ordered under section 67B(3) of the Act to verify the accuracy of information in a withdrawal application, must produce any form or record that the approved provider is required, by agreement with the Board or any other authority, to keep;
- (d) must not submit a withdrawal application on behalf of a member without —
- (i) the member's written authorisation, unless the application is made by a prescribed person in relation to the member under regulation 3(2) or (3C) of the MAW Regulations;
 - (ii) where the application is purportedly made by a prescribed person in relation to the member under regulation 3(2) of the MAW Regulations (in a situation mentioned in regulation 3(3)(b) or (c) of the MAW Regulations), the prescribed person's written authorisation; or
 - (iii) where the application is purportedly made by a prescribed person in relation to the member under regulation 3(2) (in a situation mentioned in regulation 3(3)(a) of the MAW Regulations) or (3C) of the MAW Regulations, either or both of the following:
 - (A) the prescribed person's written authorisation;
 - (B) written confirmation by an approved medical practitioner that the member is unable to make the application due to the member's medical condition; or

- (e) where the Board orders an audit of the approved provider under section 67B(3) of the Act and directs the approved provider to submit to the Board any report relating to the audit (which may include any report on follow-up action taken or to be taken after the audit), must submit the report within the time specified by the Board.

Financial penalty for contravening regulation 3(2)(a)

4.—(1) Subject to paragraph (2), the financial penalty that may be imposed on an approved provider who contravenes regulation 3(2)(a) is \$100 for each contravention, where the number of previous penalty years for that contravention is 2 or more.

(2) The total amount of financial penalties that may be imposed on an approved provider for all contraventions of regulation 3(2)(a) assigned with the same current penalty year must not exceed \$5,000.

Financial penalty for contravening regulation 3(2)(b) if it results in amount withdrawn exceeding specified amount

5.—(1) This regulation applies to the contravention of regulation 3(2)(b) in relation to a withdrawal application submitted by an approved provider which results in an amount, exceeding the specified amount, being withdrawn from the member's medisave account.

(2) Subject to paragraph (3), the financial penalty that may be imposed on an approved provider for each contravention mentioned in paragraph (1) is the amount specified in the second column of the First Schedule, corresponding to the number of previous penalty years specified in the first column of that Schedule.

(3) The total amount of financial penalties that may be imposed on an approved provider for all contraventions mentioned in paragraph (1) assigned with the same current penalty year must not exceed the amount specified in the third column of the First Schedule, corresponding to the number of previous penalty years specified in the first column of that Schedule.

(4) In paragraph (1) and regulation 6(1)(a), “specified amount” means the amount permitted to be withdrawn under the MAW Regulations for the medical, psychiatric or other treatment or service received, or to be received as part of an approved treatment package, by the member or member’s dependant (as the case may be) to which the withdrawal application mentioned in paragraph (1) or regulation 6(1)(a) (as the case may be) relates.

Financial penalty for contravening regulation 3(2)(c) or modified regulation 3(2)(b) or (d)

6.—(1) This regulation applies to the contravention of the following regulations by an approved provider:

- (a) regulation 3(2)(b), in relation to a withdrawal application submitted by the approved provider that does not result in an amount exceeding the specified amount being withdrawn from the member’s medisave account (called the modified regulation 3(2)(b));
- (b) regulation 3(2)(c);
- (c) regulation 3(2)(d), if each written authorisation and written confirmation required under regulation 3(2)(d) in relation to a withdrawal application submitted by the approved provider is submitted to the Board before the Board gives notice to the approved provider, in accordance with regulation 9(3), of the decision to impose a financial penalty for the contravention (called the modified regulation 3(2)(d)).

(2) Subject to paragraph (3), the financial penalty that may be imposed on an approved provider for each contravention mentioned in paragraph (1) is \$100, where the number of previous penalty years in relation to that contravention is 2 or more.

(3) The total amount of financial penalties that may be imposed on an approved provider under this regulation for all similar contraventions mentioned in regulation 2(5)(b), assigned with the same current penalty year, must not exceed \$5,000.

Financial penalty for contravening regulation 3(2)(d) if notice of imposition of financial penalty given before written authorisation, etc., submitted

7.—(1) This regulation applies where —

- (a) an approved provider contravenes regulation 3(2)(d) (called in this regulation the current contravention);
- (b) written authorisation or written confirmation is required under regulation 3(2)(d) in relation to a withdrawal application submitted by the approved provider; and
- (c) the Board gives notice to the approved provider in accordance with regulation 9(3) of the decision to impose a financial penalty for the contravention, before such authorisation or confirmation is given to the Board.

(2) Subject to paragraph (4), the financial penalty that may be imposed on an approved provider for the current contravention is the amount specified in the second column of the Second Schedule, corresponding to the number of times (specified in the first column of that Schedule) that a financial penalty under this regulation has been imposed on the approved provider in the relevant period of the current contravention (except any financial penalty that has been withdrawn by the Board, reversed under regulation 11(5)(a) or invalidated under the law).

(3) In paragraph (2) and the Second Schedule, “relevant period” means, where the Board has given notice to the approved provider in accordance with regulation 9(3) of the Board’s decision to impose a financial penalty for the current contravention in a calendar year —

- (a) the period in that calendar year, immediately before the Board gives the notice; and
- (b) the 2 calendar years immediately before the calendar year mentioned in sub-paragraph (a).

(4) The total amount of financial penalties that may be imposed under this regulation on an approved provider for all contraventions mentioned in paragraph (1) assigned with the same current penalty year must not exceed \$10,000.

Financial penalty for contravening regulation 3(2)(e)

8.—(1) Subject to paragraph (2), the financial penalty that may be imposed on an approved provider for each contravention of regulation 3(2)(e) is the amount specified in the second column of the Third Schedule, corresponding to the number of previous penalty years of the contravention specified in the first column of that Schedule.

(2) Instead of imposing the financial penalty of the amount prescribed in paragraph (1), the Board may impose a financial penalty of a lower amount based on the promptness with which the approved provider submits the report mentioned in regulation 3(2)(e), if —

- (a) the Board has not already given notice to the approved provider in accordance with regulation 9(3) of the Board's decision to impose a financial penalty for the contravention; and
- (b) the approved provider submits the report to the Board, but only after the time specified by the Board mentioned in regulation 3(2)(e).

(3) The total amount of financial penalties that may be imposed on an approved provider for all contraventions of regulation 3(2)(e) assigned with the same current penalty year must not exceed the amount specified in the third column of the Third Schedule, corresponding to the number of previous penalty years of those contraventions specified in the first column of that Schedule.

Notices to approved provider

9.—(1) Where the Board is satisfied that an approved provider has contravened any sub-paragraph of regulation 3(2), the Board must give the approved provider written notice —

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- (a) specifying the alleged contravention and stating that the Board intends to impose a financial penalty (if applicable); and
 - (b) specifying the period within which written representations (if any) may be made to the Board concerning the alleged contravention.
- (2) The Board may extend the period mentioned in paragraph (1)(b) by written notice.
- (3) After the period for making written representations has expired and the Board has given due consideration to any written representations given within that period, the Board may, if satisfied that the approved provider has committed the alleged contravention, impose a financial penalty under these Regulations on the approved provider by giving the approved provider written notice of the Board's decision to impose the financial penalty.
- (4) The notice of the Board's decision to impose a financial penalty mentioned in paragraph (3) must specify a period (not less than 30 days after the approved provider is notified of the Board's decision) for payment of the financial penalty.
- (5) The Board may extend the period mentioned in paragraph (4) by written notice.
- (6) Where the Appeal Panel refers a decision to the Board for reconsideration under regulation 11(5)(b), the Board must —
- (a) notify the approved provider of the outcome of its reconsideration as soon as practicable after completing its reconsideration;
 - (b) if the Board intends to impose a financial penalty for a different alleged contravention, issue a new written notice mentioned in paragraph (1); and
 - (c) if the Board decides to impose a financial penalty for the same alleged contravention or a different alleged contravention, issue a further written notice mentioned in paragraph (3).

Interest for late payment of financial penalty

10.—(1) An approved provider is liable to pay interest on the amount of the financial penalty remaining unpaid after the expiry of the payment period for the financial penalty, at the rate of 5% per year above the prime lending rate, but not exceeding 12% per year.

(2) The Board may, at any time before an appeal is lodged under regulation 11(1) against the imposition of the interest, waive (in whole or part) the payment of the interest.

(3) In this regulation —

“payment period for the financial penalty” means —

- (a) the period specified under regulation 9(4) or extended under regulation 9(5) (as the case may be) for the payment of the financial penalty; or
- (b) the period for which the payment of the financial penalty is suspended under regulation 11(3) (if applicable),

whichever period expires later;

“prime lending rate”, in relation to any period in any calendar year for which the financial penalty is payable but remains unpaid, means the average of the prime lending rates for the months of October, November and December of the year immediately preceding that calendar year of such bank or banks in Singapore as the Minister for Finance may determine, rounded to the nearest 0.5%.

Appeal to Appeal Panel

11.—(1) An approved provider that is aggrieved by the Board’s decision to impose a financial penalty, or by interest imposed under regulation 10, may lodge an appeal to the Appeal Panel —

- (a) in such form and manner as the Minister charged with the responsibility for health may require; and
- (b) within the appeal period.

(2) An approved provider that has lodged an appeal under this regulation must provide such information, in such manner and within such period, as the Appeal Panel may require.

(3) Where an appeal is made under this regulation against —

(a) a decision by the Board to impose a financial penalty; or

(b) interest imposed for late payment of a financial penalty,

the requirement under these Regulations to pay the financial penalty or the interest (as the case may be) is suspended until the last of the following events that is applicable occurs:

(i) the Appeal Panel determines the appeal;

(ii) the time specified or extended by the Board under paragraph (7) expires;

(iii) if the decision appealed against is referred to the Board under paragraph (5)(b) —

(A) the Board notifies the approved provider of the Board's decision on reconsideration in accordance with regulation 9(6)(a); or

(B) if the Board issues a further written notice in accordance with regulation 9(6)(c), the expiry of the period specified in the further written notice under regulation 9(4) or extended under regulation 9(5), as the case may be.

(4) The Appeal Panel must determine an appeal under this regulation as soon as reasonably practicable, having regard to the nature and complexity of the appeal.

(5) The Appeal Panel may —

(a) confirm or reverse the decision appealed against;

(b) refer any decision appealed against to the Board for reconsideration;

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- (c) decide that the approved provider contravened a different sub-paragraph of regulation 3(2), and substitute the financial penalty for that other contravention with an amount that is not more than the amount of the financial penalty appealed against; or
 - (d) waive (in whole or in part) the payment of the financial penalty, or interest, appealed against (as the case may be).

(6) The Appeal Panel must notify the approved provider of its decision in respect of the appeal and the reasons for its decision as soon as practicable after determining the appeal.

(7) If the Appeal Panel confirms a decision appealed against under paragraph (5)(a), makes a substitution of a financial penalty under paragraph (5)(c), or waives the payment of part of the financial penalty or interest under paragraph (5)(d), the Board may specify or extend the time for the payment of the financial penalty or interest (as the case may be).

(8) In this regulation, the “appeal period” —

- (a) for an appeal against the imposition of a financial penalty, is the period specified for the payment of the financial penalty under regulation 9(4) or extended under regulation 9(5), as the case may be, or such further period as the Minister charged with the responsibility for health may permit for a particular appeal;
- (b) for an appeal against the imposition of interest for late payment of a financial penalty, is the period of 30 days after the date of a notice sent by the Board to notify the approved provider of the amount of interest payable, or such further period as the Minister charged with the responsibility for health may permit for a particular appeal.

Appointment and procedure of Appeal Panel

12.—(1) The Appeal Panel comprises such number of members as the Minister charged with the responsibility for health may appoint.

(2) The Appeal Panel may determine the procedure to be adopted by it in considering an appeal under regulation 11.

FIRST SCHEDULE

Regulation 5(2) and (3)

FINANCIAL PENALTY UNDER REGULATION 5

| <i>First column</i> | <i>Second column</i> | <i>Third column</i> |
|---|--------------------------------------|---|
| <i>Number of previous penalty years</i> | <i>Amount for each contravention</i> | <i>Maximum amount for contraventions with same current penalty year</i> |
| 1 | \$100 | \$5,000 |
| 2 | \$500 | \$7,500 |
| 3 | \$1,000 | \$7,500 |
| 4 or more | \$2,000 | \$10,000 |

SECOND SCHEDULE

Regulation 7(2) and (3)

FINANCIAL PENALTY UNDER REGULATION 7

| <i>First column</i> | <i>Second column</i> |
|---|--------------------------------------|
| <i>Number of times financial penalty imposed in relevant period</i> | <i>Amount for each contravention</i> |
| Nil | \$100 |
| 1 | \$500 |
| 2 | \$1,000 |
| 3 or more | \$2,000 |

THIRD SCHEDULE

Regulation 8(1) and (3)

FINANCIAL PENALTY UNDER
REGULATION 8

| <i>First column</i> | <i>Second column</i> | <i>Third column</i> |
|---|--------------------------------------|---|
| <i>Number of previous penalty years</i> | <i>Amount for each contravention</i> | <i>Maximum amount for contraventions with same current penalty year</i> |
| Nil | \$300 | \$5,000 |
| 1 | \$1,500 | \$7,500 |
| 2 | \$3,000 | \$7,500 |
| 3 or more | \$6,000 | \$10,000 |

Made on 30 December 2016.

AUBECK KAM
*Permanent Secretary,
Ministry of Manpower,
Singapore.*

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(To be presented to Parliament under section 78(2) of the Central Provident Fund Act).