

Prihatin Rakyat Economic Stimulus Package 2020 – Additional Measures

7 April 2020 (Revised)

Further to the earlier Prihatin Rakyat Economic Stimulus Package, the Malaysia government announced additional measures valued at RM10 billion on 6 April 2020, aimed in helping businesses in particular SMEs to pull through this challenging period.



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Amongst the key measures announced are the following:

- Rental waiver or reduction for Small Medium Enterprises (SMEs)
- Enhancement of Wage Subsidy Programme
- Special grant for micro SMEs
- Special financing scheme for micro SMEs
- Extension of time from Companies Commission of Malaysia (CCM)
- Reduction in foreign workers' levy

This enhanced package is definitely a welcomed and much needed relief to Malaysian businesses.

However, to further ease the financial burden of businesses, the government should consider providing an automatic six months moratorium of EPF contributions by employers, instead of six months deferment upon consultation with the EPF, announced in the earlier stimulus package on 27 March 2020 .

Stay safe and healthy!

Income tax

1. Rental waiver or reduction for Small Medium Enterprises (SMEs)

Government-Linked Companies (e.g. MARA, PETRONAS, PNB, PLUS, and UDA) and several state-owned companies will provide assistance in the form of rental waiver or reduction to SMEs in retail business during the MCO period and 3 months after the MCO period.

Premises owners from the private sector are also encouraged to waive or reduce rental for the SMEs. Premises owners who provide rental rebate to SME tenants will be given special tax deduction equivalent to the amount of the rental rebate from April 2020 until June 2020, with the condition that the rental rebate must not be less than 30% of the original rental amount.



Others

1. Enhancement of Wage Subsidy Programme

The Wage Subsidy Programme announced in the earlier stimulus package on 27 March 2020 is extended to include businesses with different number of employees. The enhanced Wage Subsidy Programme will be categorised according to the number of employees as follows :

- RM600 per employee for a business with more than 200 employee with a 50% drop in revenue since January 2020 or subsequent months.
- RM800 per employee for a business with between 76 to 200 employees with a 50% drop in revenue since January 2020 or subsequent months.
- RM1,200 per employee for a business with up to 75 employees without any condition on revenue reduction.

The above subsidy programme is channelled to employers for every employee who earns monthly salary of RM4,000 and below (limited to 200 employees) and the subsidy will last for 3 months.

In order to be eligible for this subsidy, the business must be registered with Companies Commission of Malaysia (CCM) or local authorities and commenced business operations before 1 January 2020 and registered with SOCSO. Employers need to ensure that employees who receive the wage subsidies be continued to be employed for at least 6 months, i.e. 3 months during the subsidy period and the subsequent 3 months. Application shall be made directly to SOCSO from 9 April 2020 to 15 September 2020.

2. Special grant for micro SMEs

To assist about 700,000 micro SMEs nationwide, a special grant totalling RM2.1 billion will be created for micro SMEs. Each eligible micro SME will be provided with a grant of RM3,000.

To be eligible for the grant, the micro SME must be registered with the Inland Revenue Board of Malaysia (IRBM). The Malaysia government will also obtain a list of eligible micro SMEs from local authorities and CCM.

3. Special financing scheme for micro SMEs

To reduce the financial burden of SMEs, the 2% interest rate for Micro Credit Scheme totalling RM500 million under Bank Simpanan Nasional (BSN) will be abolished (i.e. reduce to 0%).

In addition, quick financing facilities for micro SMEs are also extended to financing schemes provided by TEKUN Nasional, with a maximum loan amount of RM10,000 at 0% interest rate for each micro SME and a sum of RM200 million will be allocated for this purpose.

In order to enable more micro SMEs to enjoy the above facility, one can only apply for either one of the above schemes.

Others (cont'd)

4. Extension of time for submission of statutory documents and financial statements to the Companies Commission of Malaysia (CCM)

To ease the difficulties faced by companies to meet the submission deadlines of CCM, it is proposed that an automatic moratorium period of 30 days from the last date of the MCO be granted to all companies to submit their statutory documents.

In addition, the deadline to submit financial statements to the CCM is extended for a period of 3 months from the last date of the MCO. This extension is granted to companies with financial year ends of 30 September 2019 to 31 December 2019 and late submission fees will not be imposed on these companies. Nevertheless, a company needs to apply to CCM for this extension.

5. Reduction in foreign workers' levy

To reduce the financial burden of employers, it is proposed that all companies are eligible for a 25% reduction in levy payments for foreign workers whose work permits expire from 1 April 2020 to 31 December 2020. However, the levy reduction is not applicable to foreign domestic helper.



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