



Tax Whiz

Tax highlights from your advisers

**Additional PRIHATIN Package
Highlights**

KPMG in Malaysia

6 April 2020

Additional PRIHATIN Package

The global COVID-19 pandemic has had devastating effects on the Malaysian economy in terms of both external and domestic factors. This is particularly evident in the overall reduction in household income and rising unemployment rates. Businesses are, no doubt, not excluded from this economic downfall with Small and Medium Enterprises (“SMEs”) bearing the brunt of the COVID-19 outbreak.

In an effort to help the *rakyat* and businesses combat these new challenges, the Government has since launched the Economic Stimulus Package 2020 (“ESP”) and PRIHATIN Package on 27 February 2020 and 27 March 2020 respectively.

The ESP and PRIHATIN Package, totalling RM250 billion, aims to protect the welfare of the *rakyat*, support businesses including SMEs as well as strengthen Malaysia’s economy to weather the effects of the COVID-19 outbreak.

This has included, amongst others, exemption from HRDF payment, salary subsidies, special allowances for healthcare personnel as well as the introduction of the *Bantuan Prihatin Nasional* Scheme.

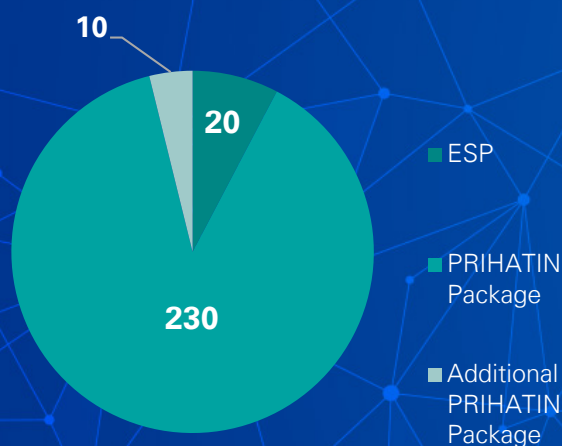
On **6 April 2020**, our honorable Prime Minister, Tan Sri Muhyiddin Yassin, has unveiled the Additional PRIHATIN Package worth RM10 billion.

Overall, the Additional PRIHATIN Package provides a clear message that the Government is focused on easing the financial burden of SMEs and continuing to secure the jobs of the employees of such SMEs which represent over two-thirds of the total number of jobs in the country.

The following pages set out the highlights of the proposed key measures that have been announced in the Additional PRIHATIN Package.

Happy reading!

Allocation of Funds: RM (Billion)



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Additional PRIHATIN Package Highlights

1 Enhancement of the Wage Subsidy Program

The enhanced wage subsidy program for local employees including the terms and conditions are set out below:

Business Size	Micro and Small	Medium	Large
No. of employees	< 76 employees	76 – 200 employees	> 200 employees
Wage subsidy (per employee per month)	RM1,200	RM800	RM600
No. of qualifying employees	75	200	200
Duration of wage subsidy	3 months	3 months	3 months
Terms and conditions:			
Decrease in income / sales	Not applicable	At least 50% decrease in income / sales as compared to January 2020 or subsequent months	
Employer's registration	<ol style="list-style-type: none"> 1. Employer and employee must be registered with Social Security Organisation ("SOCSO"). 2. Employer must be registered with Companies Commission of Malaysia ("CCM") or local authorities before 1 January 2020. 3. Employer must have commenced operations before 1 January 2020. 		
Employee's wage	RM4,000 and below		
Other conditions	<ol style="list-style-type: none"> 1. Employers who opt to receive this wage subsidy must retain their employees for at least 6 months (i.e. 3 months in which the wage subsidies are received + 3 months after that). 2. Employers will not qualify for the wage subsidy if the employees have received financial assistance under the Employment Retention Program. 		



Additional PRIHATIN Package Highlights (Cont'd)

2 | **PRIHATIN Special Grant**

RM3,000 special grant for each qualifying micro SME. The micro SME must register with the Malaysian Inland Revenue Board.

4 | **Financing Schemes**

Enhanced financing schemes are provided to SMEs as follows:

- Abolishment of the 2% interest rate for the RM500 million Micro Credit Scheme under Bank Simpanan Nasional.
- Easy financing scheme is extended to TEKUN Nasional Scheme with a fund of RM200 million at interest rate of 0%. The maximum loan amount is capped at RM10,000 for each micro company.

Businesses are only allowed to apply for either one of the above schemes.

3 | **Loan Moratorium for SMEs**

Approved money lending organisations under the Moneylenders Act 1951 are encouraged to offer moratorium on loans to SMEs for 6 months from April 2020.

5 | **Waiver / Discount on Rental Payments**

Waiver / discount on rental will be given for SME retailers renting premises owned by Government-linked companies.

Additional Tax Deduction for Landlords

Additional tax deduction equivalent to the amount of rental reduction / waiver for premises rented to SME retailers for the period from April 2020 to June 2020. A rental reduction of at least 30% during the above period is required.



Additional PRIHATIN Package Highlights (Cont'd)

6 | Reduction of Foreign Worker Levy

25% reduction of foreign worker levy for all companies in respect of worker's permit (excluding domestic helpers) which expires between 1 April 2020 and 31 December 2020.

7 | Encouragement of Employment Negotiations

The Government has agreed to allow employers and employees to negotiate terms of employment including taking pay cuts and unpaid leave during the Movement Control Order ("MCO") period. Employers and employees may refer to the Department of Labour for advice to resolve any disputes. Negotiations have to be based on employment laws in place.

8 | Submission of Statutory Documents to the CCM

Automatic 30-day moratorium starting from the last day of the MCO period.

9 | Audited Financial Statements ("AFS") to the CCM

Companies with financial years ended 30 September to 31 December 2019 may apply for a 3-month extension of time starting from the last day of the MCO period for the submission of AFS. No further fee will be charged.



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