

Take5

for business

1 July 2021

PEMULIH Assistance Package

Expediting business recovery



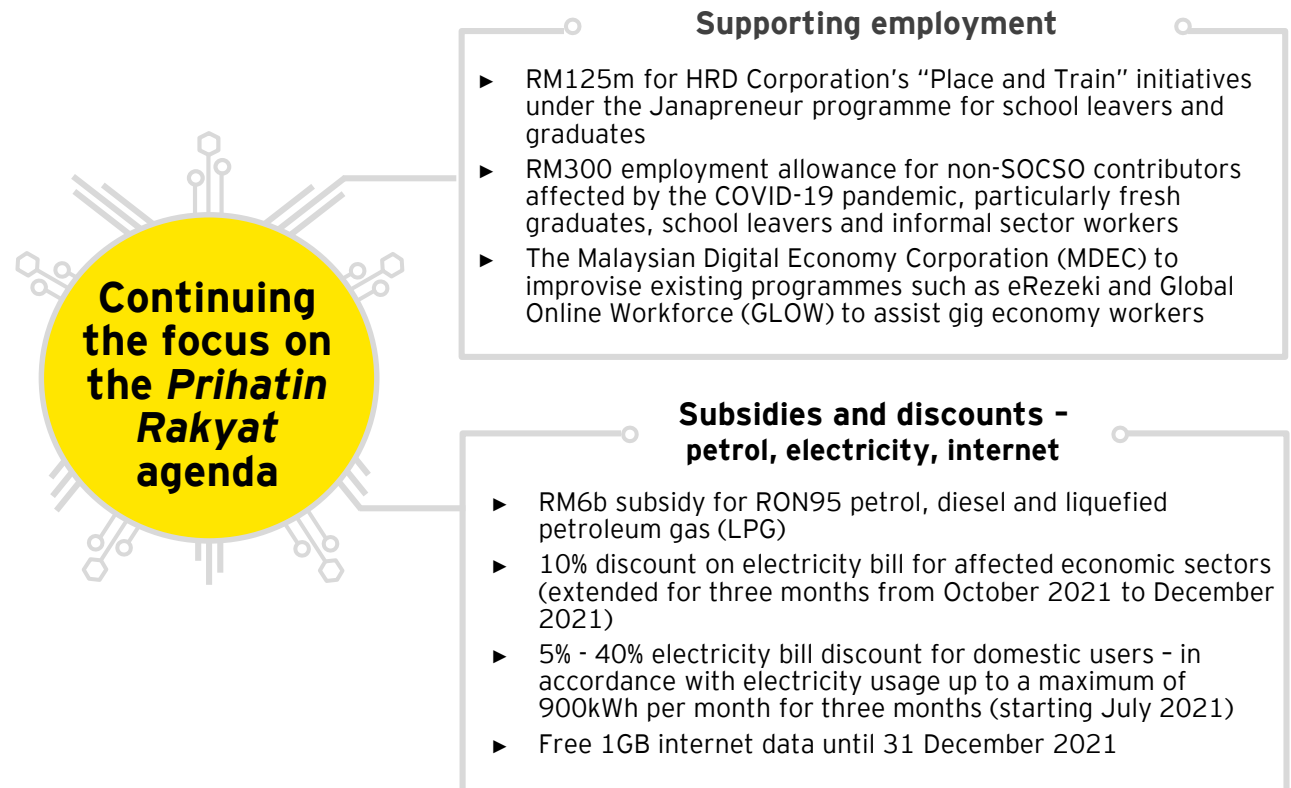
Building a better
working world

On 28 June 2021, the Government unveiled the National People's Well-Being and Economic Recovery Package (PEMULIH) under the National Recovery Plan (NRP).

PEMULIH's RM150b assistance package focuses on three main areas:

- ▶ Continuing the focus on the *Prihatin Rakyat* agenda
- ▶ Supporting businesses
- ▶ Increasing vaccination rates

PEMULIH assistance and allocations



Sources:

Speech text of the National People's Well-Being and Economic Recovery Package (PEMULIH), Prime Minister's Office of Malaysia official website, 28 June 2021; media releases

PEMULIH assistance and allocations

Business and financial assistance

Businesses

- ▶ RM20m for 'Jaringan Inisiatif Umum' (JITU) programme to provide basic business capital assistance and guidance to the disabled and homeless
- ▶ Syarikat Jaminan Pembiayaan Perniagaan Bhd (SJPP) to increase its guarantee ceiling by RM20b
- ▶ Extension of 30% discount on rentals for MARA business premises until December 2021
- ▶ Affected insurance and takaful policyholders can apply for deferment of payment until December 2021
- ▶ Simplifying government procurement processes:
 - ▶ Price changes or variation of price (VOP) for government projects allowed until 31 December 2021
 - ▶ Assistance to local G1-G4 contractors where small-scale projects allowed to be carried out through balloting and tenders
 - ▶ Extension of time (EOT) or extension of contracts for supply and services to government projects affected by MCO, subject to contract clauses

Financial assistance - including loan moratoriums, incentives

- ▶ Six months moratorium for all individual borrowers and micro entrepreneurs – no documentation required, all applications will be automatically approved
- ▶ EPF i-Citra: Withdrawal of RM1,000/month for five months
- ▶ RM500 for unemployed disabled persons or those who have lost their jobs (and are not existing recipients of allowances for disabled employees)



Entrepreneurs

- ▶ Additional RM2b from Bank Negara Malaysia (BNM) to assist SMEs and micro entrepreneurs
- ▶ Additional RM1.1b for microcredit financing programs to support micro businesses (Bank Simpanan Nasional, AgroBank, TEKUN)
- ▶ RM300m for the Entrepreneur Digitisation Empowerment Programme (PUPUK) to assist small and medium enterprises (SMEs) and micro SMEs
 - ▶ Additional RM100m allocation under SME Digitalisation Grant
 - ▶ Continuation of the Shop Malaysia Online and Go-eCommerce Onboarding campaigns
 - ▶ Encourage micro SMEs' use of e-commerce platforms through MDEC's Small Entrepreneurs Digitalisation Empowerment programme
 - ▶ Strategic collaboration between digital platform providers, telecommunication companies and community internet centers to help rural entrepreneurs shift towards digitalization
- ▶ RM20m for the Cooperative Economic Recovery Intervention Financing to enable entrepreneurs to carry out economic activities in groups or through cooperatives
- ▶ Majlis Amanah Rakyat (MARA) entrepreneurs: Three months payment deferment of business loans or rescheduling of loan repayments up to 36 months
- ▶ Additional RM1,000 under Prihatin Special Grant (GKP) 4.0 to assist micro SMEs

PEMULIH assistance and allocations



Supporting businesses

Education

- ▶ Targeted moratorium for Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) borrowers for three months
- ▶ Postponement of repayment of JPA federal student loans and federal scholarship recipients' compensation claims for six months
- ▶ Deferment of MARA education loan repayments for three months or rescheduling of loan repayments with monthly installments as low as RM100/month for 12 months
- ▶ Targeted moratorium for Perbadanan Tabung Pembangunan Kemahiran (PTPK) loans for three months

Tourism, arts, sports and related sectors

- ▶ RM3,000 one-off assistance for tourism agencies registered under Ministry of Tourism, Arts & Culture (under National Recovery Plan Phase 3)
- ▶ RM3,000 one-off assistance for childcare centers and private kindergarten operators
- ▶ RM3,000 one-off assistance for sports industry and arena operators
- ▶ RM100m for the arts and creative industry



Increasing vaccination rates

COVID-19 vaccination programme

Allocation of RM1b to increase capacity for the National COVID-19 Immunisation Programme and to expedite vaccination initiatives

- ▶ RM150m for Public-Private Partnership COVID-19 Industry Immunisation Programme (PIKAS)
 - ▶ Government to consider allowing companies to resume full operations if all employees have completed two doses of the COVID-19 vaccine
 - ▶ Employers registered under HRD Corp could use up to 10% of their remaining current levy for the cost of managing and purchasing the COVID-19 vaccines
 - ▶ Tax deduction on COVID-19 vaccination-related initiatives

Tax-related and other measures

Tax deduction for expenditure incurred in relation to vaccination facilities

The Public-Private Partnership COVID-19 Industry Immunisation Programme (PIKAS) has been launched to complement the National COVID-19 Immunisation Program (PICK). PIKAS is a public-private partnership program that will provide worksites as vaccination centers (PPV).

The Ministry of International Trade and Industry (MITI) has been tasked to coordinate with companies to facilitate PIKAS and enhance the Government's efforts to accelerate vaccinations for the people, achieve herd immunity by increasing the vaccination uptake among the workforce and reduce the number of COVID-19 workplace clusters.

Costs incurred by employers

- ▶ Tax deductions to be given to employers that incur costs on equipment and services for PPV sites

Contributions

- ▶ Tax deductions are allowed for contributions to approved COVID-19 related community and charitable projects. The scope of such deductions will be expanded to include contributions to the PPVs.

Tax deduction and incentives for tourism sector

Tax deductions and incentives for the tourism sector include:

- ▶ Postponement of monthly income tax installments for tourism companies
- ▶ Exemption on tourism tax and service tax for hotel operators until end-2021

HRDF levy exemption

- ▶ Under the Supplementary Strategic Programme to Empower the People and Economy (PEMERKASA Plus), a Human Resource Development Fund (HRDF) levy exemption was provided to all employers for the month of June 2021. It has been proposed that the HRDF levy exemption be automatically extended for another two months, for all employers that were unable to operate during the MCO.
- ▶ Employers of the new sectors covered under the expanded Human Resources Development Fund 2001 Act will continue to be exempted from the HRDF levy until 31 December 2021. Previously, only the manufacturing, services, mining and quarrying, and oil and gas industries were liable to contribute to the HRDF. Examples of the new sectors include construction, trading and wholesale industries.

PenjanaKerjaya 3.0

PenjanaKerjaya is a hiring incentive program to promote the creation of quality jobs and reduce unemployment among Malaysians. The incentive is administered by SOCSO and the last date for the application for this incentive was meant to be 30 June 2021. Under PEMULIH, it has been proposed that this incentive be extended, with certain conditions relaxed, as follows:

- ▶ The minimum salary under the Malaysianization program (i.e. incentive to replace foreign workers with locals) is reduced from RM1,500 to RM1,200, to encourage the employment of locals.
- ▶ The minimum service contract for the employment of individuals aged 50 years and above, people with disabilities and ex-convicts is reduced from 12 months to six months.

Sources:

- ▶ Speech text of the National People's Well-Being and Economic Recovery Package (PEMULIH), Prime Minister's Office of Malaysia official website, 28 June 2021
- ▶ EY Tax Alert (Special Edition) Issue No. 5: National People's Well-Being and Economic Recovery Package (PEMULIH), 29 June 2021
- ▶ Media releases

Tax-related and other measures

Wage Subsidy Programme 4.0

The Wage Subsidy Programme (WSP) was introduced to help alleviate some of the financial burden of employers who did not retrench or reduce wages of employees earning RM4,000 and below, despite the economic hardship brought on by the COVID-19 pandemic.

In PEMULIH, it has been proposed that under WSP 4.0, eligible employers will receive a wage subsidy of RM600 per employee, subject to a maximum of 500 employees per employer. This is applicable to all employees, including employees earning more than RM4,000.

WSP 4.0 will apply for a duration of up to four months, as follows:

- ▶ Two months for all sectors in the second phase of the National Recovery Plan (NRP); and
- ▶ An additional two months for all sectors categorized as “negative” in the third phase of the NRP, i.e. sectors that are not permitted to operate in Phase 3 of the NRP. Under Phase 3, it is expected that all economic activities will be allowed to resume, except for those with a high risk of COVID-19 transmissions and involving large gatherings.

A summary of WSPs since 1 April 2020

| Type | Applicable period | Sector(s) | Number of eligible employees (max. per company) | Subsidy period |
|-------------------------------------|------------------------------|---|---|--|
| WSP 1.0 | 1 April - 30 September 2020 | All sectors | 200 | 6 months |
| WSP 2.0 | 1 October - 31 December 2020 | All sectors | 200 | <ul style="list-style-type: none"> ▶ 3 additional months for existing WSP recipients ▶ 6 months for new applicants |
| WSP 3.0 (Budget 2021) | 1 January - 30 June 2021 | Tourism and retail sectors only | 500 | <ul style="list-style-type: none"> ▶ 3 additional months for existing WSP recipients ▶ 6 months for new applicants |
| WSP 3.0 (PERMAI Assistance Package) | 19 January - 30 June 2021 | All sectors operating in MCO states | 500 | 1 month |
| WSP 3.0 (PEMERKASA) | 1 April - 30 June 2021 | Tourism, retail sectors and other businesses (e.g. gymnasiums and spas) which were unable to operate during MCO 2.0 | 500 | <ul style="list-style-type: none"> ▶ 3 additional months for existing WSP recipients |
| WSP 3.0 (PEMERKASA PLUS) | 1 June - 31 July 2021 | All sectors | 500 | <ul style="list-style-type: none"> ▶ 1 additional month for existing WSP recipients and new applicants |

Sources:

- ▶ Speech text of the National People’s Well-Being and Economic Recovery Package (PEMULIH), Prime Minister’s Office of Malaysia official website, 28 June 2021
- ▶ EY Tax Alert (Special Edition) Issue No. 5: National People’s Well-Being and Economic Recovery Package (PEMULIH), 29 June 2021
- ▶ Media releases

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Reference

EY Tax Alert (Special Edition)
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