



**HSS ADVISORY SDN BHD**  
(722956-M)

**Tax & Business Advisors**

# **Pelan Jana Semula Ekonomi Negara (Short-Term Economic Recovery Plan)**

June – December 2020



# EMPOWER PEOPLE



- i) Wage Subsidy Programme
- ii) Hiring and Training Assistance for Businesses
- iii) Reskilling and Upskilling Programmes
- iv) Gig Economy Social Protection and Skilling
- v) Flexible Work Arrangement Incentives
- vi) Child Care Subsidy
- vii) My30 Public Transport Subsidy



## **i) Wage Subsidy Programme**

i) The wage subsidy programme will be extended for a further three months with subsidy of RM 600 per employee for all eligible employers.

ii) The current wage subsidy programme will be enhanced to :-

a) Allow employers receiving wages subsidy to implement reduced work week (e.g 4 day work week with a reduced pay of 20%) and reduced pay (the maximum allowable paycut is by 30%)

b) Allow employers to receive wage subsidy for employees on unpaid leave subject to employees receiving the subsidy directly (only applicable for tourism sector and businesses which are prohibited from operating during CMCO)

Application can be done via <https://psu.perkeso.gov.my/>



## **ii) Hiring and Training Assistance for Businesses**

The Government will introduce incentives to encourage the hiring of unemployed as follows:

- i. Youth
  - RM 600 per month for apprenticeships for school leavers and graduates for up to 6 months
- ii. Unemployed Workers
  - Below 40 years old : RM 800 per month for employment of unemployed for up to 6 months
  - 40 years old and above: RM 1,000 per month for employment of unemployed for up to 6 months
  - Training allowance of RM 4,000 per individual will also be extended to those retrenched but not covered under EIS



### **iii) Reskilling and Upskilling Programmes**

A RM 2 billion fund will be dedicated to reskilling and upskilling programmes for Youth and Unemployed Workers.

- I. To enhance employability of youth particularly school leavers and fresh graduates, the Government will:
  - Provide a 1-to-1 matching fund of RM 250million to co-fund place-and-train in addition to other upskilling programmes with HRDF
  - Optimise Government training facilities such as those under MARA, Community Colleges, IKBN and ILP
  - Support Securities Industry Development Corporation (SIDC) programmes such as Capital Market Graduate Apprenticeship program, Islamic Capital Market Graduate Training Scheme (ICM GTS) and training subsidy of up to RM 3,500 over the next 6 months
  - Relax conditions for Protégé Ready to Work (RTW) programme



### **iii) Reskilling and Upskilling Programmes**

A RM 2 billion fund will be dedicated to reskilling and upskilling programmes for Youth and Unemployed Workers.

II. To provide upskilling for unemployed workers, the Government will undertake:-

- Public private collaboration on upskilling in sectors such as E & E and ICT for key investors (MIDA, corridor authorities)
- Incentivise further studies, focused on short courses in local universities
- Leverage entrepreneurship programmes delivered by MOA, MARA, MEDAC
- Provide training subsidy of up to RM 800 per month for 6 months through the Securities Industry Development Corporation (SIDC)



## **iv) Gig Economy Social Protection and Skilling**

The Government will facilitate policies to support growth of the gig economy and the welfare of gig economy workers through:-

- I. Matching grant of up to RM 50 million for gig economy platforms who contribute for their gig workers towards PERKESO's employment injury scheme of up to RM 162 and EPF's i-Saraan contribution of up to RM 250 yearly.
- II. Provide MDEC with RM 25 million for the Global Online Workforce (GLOW) programme which will train Malaysians to earn income from serving international clients while working online from home.



## **v) Flexible Work Arrangement Incentives**

To sustain the new normal work-from-home, the Government will support employers and employees with the following:-

- I. Further tax deduction for employers which implement Flexible Work Arrangements (FWAs) or undertake enhancement of their existing FWAs (effective 1<sup>st</sup> July 2020)
- II. Individual income tax exemption of up to RM 5,000 to employees who receive a handphone, notebook & tablet from their employer (effective 1<sup>st</sup> July 2020)
- III. Special individual income tax relief of up to RM 2,500 on the purchase of handphone, notebook & tablet (effective 1<sup>st</sup> June 2020)
- IV. SOCSO will also provide coverage for workers involved in accidents while working at home under the Employment injury Scheme





## **vi) Child Care Subsidy**

To ease transition to the new normal of working-from-home, the Government will support working parents through the subsidy of child care expenses:

- I. eVouchers of RM 800 per household for mobile childcare services, to be utilised from now till end of August 2020
- II. Increase in income tax relief for parents on childcare services expenses, from RM 2,000 to RM 3,000 for Year of Assessment 2020 to 2021



## **vii) My30 Public Transport Subsidy**

To encourage mobility and reduce the burden of costs of transportation, the Government will:

- I. Introduce an unlimited monthly travel pass costing RM 30 for use of all rail services (MRT, LRT, Monorail), BRT, RapidKL buses and MRT feeder buses.





# PROPEL BUSINESSES



- i) PENJANA SME Financing (PSF)
- ii) PENJANA Tourism Financing (PTF)
- iii) PENJANA Microfinancing
- iv) *Bumiputera* Relief Financing
- v) SME Go-scheme for Liquidity Support
- vi) Tax Relief for COVID-19 Related Expenses
- vii) Financial Stress Support for Businesses
- viii) Spur Set Up of New Businesses



## **i) PENJANA SME Financing (PSF)**

### **Objective:**

To assist SMEs adversely impacted by COVID-19 in order to sustain business operations.

Additional financing facility to eligible SMEs:

- The banking sector will offer an additional RM 2 billion of funding to assist SMEs adversely impacted by COVID-19 to sustain business operations at a concession rate of 3.5%. This financing facility will be made available in mid June 2020 with a maximum loan size of RM 500,000 per SME.



## **ii) PENJANA Tourism Financing (PTF)**

### **Objective:**

To finance transformation initiatives by SMEs in the tourism sector to remain viable and competitive in the new normal

Provision of funding facility for the tourism sector:

- To aid the tourism sector, a RM 1 billion PENJANA Tourism Financing (PTF) facility will be made available to finance transformation initiatives by SMEs in the tourism sector to enable them to remain viable and competitive in the new normal
- Details will be announced in July 2020



### **iii) PENJANA Microfinancing**

**Objective:**

To support micro enterprises through funding programmes

Dedicated funding support for micro enterprises via:

- New funding programme for SMEs and micro enterprises at a subsidised interest rate of 3.5%
- Aggregated approved financing will be capped at RM 50,000 per enterprise
- RM 50 million is earmarked for women entrepreneurs

A dedicated amount of the funding will be carved out e.g. for women, youth entrepreneurs and social enterprises



## **iv) *Bumiputera* Relief Financing**

### **Objective:**

To ensure sustainability of *shariah* compliant *Bumiputera* entrepreneurs through financial support

RM 200 million will be provided by PUNB as financial assistance for *Bumiputera* owned *shariah* compliant businesses in the form of:

- Working capital, Operational expenditure and System automation
- Equipment and expenditure to implement social distancing practices (e.g. on PPEs)
- Financing of RM 100,000 – RM 1 million for up to 5 years at 3.5% p.a. profit rates. Moratorium of up to 6 months from disbursement

Through MARA, the Government will also allocate:

- RM 300 million working capital loans to assist affected *Bumiputera* entrepreneurs including training colleges
- Maximum loan amount of RM 1 million with 3.5% p.a. interest rate.



## **v) SME Go-Scheme for Liquidity Support**

### **Objective:**

To provide liquidity for SME contractors to start delivering Government projects

SME Bank will provide financing support to contractors and vendors who were awarded with small government projects (aggregate value of RM 4 billion) under the *Pakej Rangsangan Ekonomi (PRE) 2020* and the PRIHATIN stimulus package.

- The scheme will benefit 16,000 G2 and G3 contractors
- No deposit or collateral needed
- SME Bank shall pay directly to the contractors and vendors based on the presentation of invoices/ claims





## **vi) Tax Relief for COVID-19 Related Expenses**

### **Objective:**

To encourage businesses to adapt to new norms and adhere to SOPs through tax relief

Extend the period and expand the scope of expenses allowed as tax deduction or capital allowance for COVID-19's prevention, including:

- COVID-19 testing
- Purchase of PPE and thermal scanners



## **vii) Financial Stress Support for Businesses**

### **Objective:**

To ease financial stress on businesses through remissions of penalties related to late tax payments

Ease financial stress of business through:

- 50% remission of penalty for late payment of sales tax & service tax due and payable from 1<sup>st</sup> July 2020 to 30<sup>th</sup> September 2020
- Extension of special deduction for renovation and refurbishment of business premises to 31<sup>st</sup> December 2021
- Extension of Accelerated Capital Allowance on eligible capital expenses including ICT equipment to 31<sup>st</sup> December 2021
- Extension of special deduction equivalent to 30% reduction in rental for SMEs to 30<sup>th</sup> September 2020



## **viii) Spur Set Up of New Businesses**

### **Objective:**

To encourage the establishment of new businesses and transactions such as mergers and acquisitions

Financial relief will be provided to catalyse establishment of new businesses in the form of:

- Income tax rebate up to RM 20,000 per year for 3 years of assessment (YAs) for newly established SMEs between **1<sup>st</sup> July 2020 to 31<sup>st</sup> December 2021**
- Stamp duty exemption for SMEs on any instrument executed for Mergers and Acquisitions (M&As), for the period between 1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2021



# STIMULATE ECONOMY



- i) *ePenjana* Credits in e-wallet
- ii) Incentives for Property Sector
- iii) Tax Incentives for Purchase of Passenger Cars
- iv) Malaysia as Attractive Horizon for Businesses
- v) Tourism Sector Support
- vi) Commodity Sector Support
- vii) Proposed COVID-19 Temporary Measures Act



## **i) ePENJANA Credits In e-wallet**

### **Objective:**

To encourage e-wallet usage for safe, contact-free payment experience and to boost consumer spending

Encourage contact-free payment through the provision of:

- RM 50 worth of e-wallet credits
- Additional RM50 in value through vouchers, cashback and discounts by e-wallets
- Only for offline/physical purchases

This is applicable to all Malaysians aged 18 and above; and earning less than RM100,000 annually





## **ii) Incentives for Property Sector**

### **Objective:**

To stimulate the property market and provide financial relief to home buyers

- I. Home Ownership Campaign (HOC) to be introduced:**
  - Stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM 300,000 to RM 2.5 million subject to at least 10% discounts provided by the developer. The exemption on the instrument of transfer is limited to the first RM 1 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1<sup>st</sup> June 2020 to 31<sup>st</sup> May 2021
  - **RPGT exemption** for disposal of residential homes from 1<sup>st</sup> June 2020 to 31<sup>st</sup> December 2021 (This exemption is limited to the disposal of 3 units of residential homes per individual)
  - In addition, the current **70% margin of financing limit** applicable for the third housing loan onwards for property valued at RM 600,000 and above, will be **uplifted** during the period of the HOC, subject to internal risk management practices of financial institutions



### **iii) Tax Incentives for Purchase of Passenger Cars**

#### **Objective:**

To stimulate the automotive sector and provide financial relief to car buyers

Tax exemption for purchase of passenger cars:-

- Full sales tax exemption on locally assembled cars
- 50% sales tax exemption on imported cars





## **iv) Malaysia as Attractive Horizon for Businesses**

### **Objective:**

To attract foreign companies to relocate their business into Malaysia by addressing the risk of re-shoring

Tax incentives for company relocating into Malaysia:

- 0% tax rate for **10 years** for new investment in manufacturing sectors with capital investment between RM 300 – RM 500 million
- 0% tax rate for **15 years** for new investment in manufacturing sectors with capital investment above RM 500 million
- 100% Investment Tax Allowance for 5 years for existing company in Malaysia relocating overseas facilities back into Malaysia with capital investment above RM 300 million
- Special Reinvestment Allowance for manufacturing and selected agriculture activity from Year of Assessment 2020 to 2021





## **v) Tourism Sector Support**

### **Objective:**

To support the tourism sector during the COVID-19 period through tax incentives

Tax incentives for the tourism sector:

- Tourism tax exemption from 1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2021
- Extension of service tax exemption for hotels to 30<sup>th</sup> June 2021
- Extension of period for income tax relief of RM 1,000 for tourism expenses to 31<sup>st</sup> December 2021
- Extension of period for deferment of tax instalment payment for tourism industry to 31<sup>st</sup> December 2020





## **vi) Commodity Sector Support**

### **Objective:**

To provide financial relief for commodity players

Support the commodity sector through 100% export duty exemption from 1<sup>st</sup> July 2020 to 31<sup>st</sup> December 2020:

- Crude Palm Oil
- Crude Palm Kernel Oil
- Refined Bleached Deodorized Palm Kernel Oil



## **vii) Proposed COVID-19 Temporary Measures Act**

### **Objective:**

To mitigate potential negative impact to economic activities caused by contractual breaches and enforcement of insolvency actions on groups affected by COVID-19 and MCO

Introduction of COVID-19 Temporary Measures Act to minimize disruption to social and economic well-being:

- Temporary legislative measure to minimize the impact of this pandemic
- Designed to provide sufficient runway for businesses to recover their operations. This Bill will provide relief from certain contractual obligations and financial distress for the revival of the economy



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