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→ PERMAI Assistance Package

The PERMAI assistance package valued at MYR 15 billion was announced by the Malaysian Prime Minister on 18 January 2021 to combat the Covid-19 pandemic, safeguard the welfare of the people, and to support the business community.

Combating the Covid-19 pandemic

- A one-off provision of MYR500 will be paid to healthcare frontliners, and MYR300 to other frontliners in Q1 2021. In addition, the existing special monthly allowance of MYR600 and MYR200 to healthcare and other frontliners respectively will continue until the pandemic is over;
- To help alleviate the strain of the public healthcare system, private hospitals have agreed to receive and treat Covid-19 patient; and the Malaysian Government has allocated MYR100 million for this purpose;
- SOCSO is involved in Covid-19 Screening Test Program on registered foreign workers, the cost of which will be fully borne by SOCSO in red zones;
- To support more individuals to do Covid-19 screening and detection tests privately, the scope for tax relief for full health screening which was increased to MYR1,000 in the Budget 2021, has been expanded to cover Covid-19 screening.

Safeguarding the welfare of the people

- Households earning up to MYR5,000 per month will receive MYR300 each, while those under the single category, earning up to MYR2,000 per month, will receive MYR150;
- To protect the welfare of vulnerable groups, the Malaysian government will allocate MYR25 million under the GLIC / GLC Disaster Relief Network Program as a matching grant with government linked companies for social initiatives including the provision of community assistance for the elderly, homeless, disabled, and flood victims;
- Tax deductions based on the gross business income or aggregate income for donors who have been assisting in cash and in kind to those impacted by the pandemic;
- The loan moratorium and loan restructuring will continue to be offered by banks;

- To further enhance the i-SINAR facility which was made available to all EPF members, EPF will provide an advance of up to MYR1,000 from the amount applied under the i-SINAR Category 2 facility;
- Extension of the special tax relief of up to MYR2,500 on the purchase of mobile phones, computers and tablets until 31 December 2021;
- Extension of the provision of 1GB data has been extended until end April 2021;
- Extension of the sales tax exemption on passenger vehicles until 30 June 2021.

Supporting the business community

- The Wage Subsidy Program (“WSP”) will be enhanced under WSP 3.0, where all employers operating in MCO states will be eligible to apply for a subsidy of MYR600 per employee for a period of one month for employees who earn MYR4,000 or less per month, limited to 500 employees;
- The Malaysian government has agreed to relax the conditions for the Employment Insurance Scheme program (“SIP PRIHATIN”); employees who do not meet the minimum contribution conditions, or whose contract was not extended after having been renewed for at least 3 times previously, are now eligible to apply for SIP PRIHATIN assistance of 30 per cent of their monthly salary for 3 months;
- Expansion of the Prihatin Special Grant Plus to cover 500,000 SMEs in MCO states with a payment of MYR1,000 each, while SMEs in other states will receive MYR500 each;
- Previously, a licensed taxi driver who owns a taxi which has been exempted from excise duty and sales tax was obliged to keep the taxi for a minimum of 7 years. This has now been reduced to 5 years;
- Continued support for entrepreneurs and businesses in generating income through online sales or e-commerce platforms with an allocation of MYR 300 million. Through these campaigns, micro-entrepreneurs will receive

- business coaching and on-boarding onto e-commerce platforms;
- Enhancement of the Danajamin Guarantee Scheme: (1) increase of the maximum financing from MYR500 million to MYR1 billion; (2) expansion of the scope to cover working capital with a guarantee period of up to 10 years; and (3) permission for foreign owned companies operating in Malaysia to also obtain the guarantee, provided that Malaysian employees account for at least 75 per cent of their workforce.
- Discount of 10 per cent on electricity bills from January to March 2021 for hotel operators, theme parks, convention centres, shopping malls, local airline offices, and travel and tour agencies;
- Electricity rebates to domestic and non-domestic users at a rate of 2 sen per KWh, equivalent to a reduction of up to 9 per cent for a period of 6 months, from January to June 2021;
- The Temporary Measures for Reducing the Impact of Covid-19 Act 2020 was enacted on 23 October 2020 to assist individuals and businesses that were economically impacted by the Covid-19 outbreak and expired on 31 December 2020. Based on the current situation, the Malaysian government agreed to extend the effective period of inability to perform contractual obligations to 31 March 2021.

Contact for further information



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→ Extended Movement Control Order (MCO 2.0)

As of 20 January, 2021, parts of Malaysia have gone under the new Movement Control Order (MCO 2.0) due to a nationwide spike of Covid-19 to break the chain of infection. The MCO 2.0 is imposed on the following states:

- Kuala Lumpur, Selangor, Johor, Penang, Melaka, Labuan and Sabah (from 13 January 2021 to 26 January 2021, now extended to 4 February 2021)
- Kelantan (from 16 January 2021 to 26 January 2021, now extended to 4 February 2021)
- Kedah, Perak, Perlis, Negeri Sembilan, Pahang and Terengganu (from 22 January to 4 February 2021)

Essential Economic Sectors

Essential economic sectors registered with the relevant Ministry/Agency are allowed to continue operations, provided strict standard operating procedures (SOPs) are adhered to. MCO 2.0 has an expanded list of broadly five essential economic sectors, namely manufacturing, construction, services, trade distribution and plantations and commodities (Essential Services List).

Implications on Workforce

The salient points of MCO 2.0, employees and employers should be aware of can be summarized as follows:

- Businesses operating throughout the MCO 2.0 period must register themselves with the Ministry of International Trade and Industry (MITI) through the Covid-19 Intelligent Management System (CIMS);

- Businesses that have previously registered themselves under CIMS during the first MCO in March 2020 are not required to re-register. However, they must obtain a fresh “permission to operate” letter from the CIMS portal for the purposes of operating during the MCO 2.0;
- Only 30 per cent of employees in management are allowed to be in the office;
- Employers are responsible for making category classifications to reduce the number of employees in the workplace to the permitted number;
- Employees allowed to be at work according to the specified schedules are required to carry a copy of the notification provided by the employer together with the employee pass/employer confirmation letter;
- The number of support staff and employees directly involved in the production line will be determined by the respective employers, taking into account strict compliance with the MCO 2.0 General SOP;
- The Work From Home (WFH) directive will apply for work that does not require physical attendance;
- Employees who are required to travel out-of-state for work purposes are allowed to do so and must be equipped with letters from their employers confirming their status of employment and a permission letter to travel for work purposes.

In addition to the MCO 2.0 General SOP, there are also separate MCO 2.0 SOPs applying to the essential industries such as construction, manufacturing and professional services.

Contact for further information



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→ Mandatory Disclosure of Beneficial Ownership – Transitional Period extended

The Companies Commission of Malaysia (CCM) has issued the Guideline for the Reporting Framework for Beneficial Ownership of Legal Persons (Guideline) to promote transparency on the beneficial ownership. CCM has also proposed amendments to the Companies Act 2016 which has yet to be passed by the Parliament.

Guidelines for Reporting Framework for Beneficial Ownership of Legal Persons

The Guidelines requires a company or a limited liability partnership to:

- take reasonable steps to identify, obtain and verify the beneficial owner’s information;
- enter the beneficial owner’s information into the register of beneficial owners;

- keep the beneficial owner information accurate, up-to-date and accessible in a timely manner;
- update the beneficial owner information whenever there is a change to the particulars of the beneficial owner and then notify the Registrar;
- maintain the beneficial owner information and supporting documents at the registered office or where the register of members/register of partners is being kept; and

- give access to competent authorities and law enforcement agencies, whose name has been entered in the register of beneficial owners and any other persons authorized by the beneficial owner.

The Guidelines further provide what would be considered as a reasonable measure for a company to take in identifying, obtaining and keeping the beneficial owner information accurate and up-to-date

Extension

On 17 December 2020, the CCM announced that the transitional period to comply with the requirements of the Guideline has been extended until further notice. The transitional period extension would more likely continue until the enforcement of the Companies (Amendment) Bill.

Recommendations

Companies are encouraged to comply with the obligations under the [Guideline](#) as soon as possible.

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→ Industrial Relations (Amendment) Act 2020

In exercising the powers conferred under the Industrial Relations (Amendment) Act 2020 (IRA 2020), the Minister of Human Resources appointed that the majority of the provisions in IRA 2020 has come into operation on 1 January 2021, except for amendments to the following sections 9, 11, 13(1) & (2), 26(2) and 62, and the First Schedule of the Industrial Relations Act 1967 (IRA 1967). The insertion of section 12A and B has also not come into force. Please find the significant changes with regard to the Industrial Court outlined below.

Automatic references to unfair dismissal cases to the Industrial Court

Previously, complaints relating to unfair dismissals are referred to the Industrial Court by the Minister. Now, with IRA 2020, the Minister's power is replaced by the Director General of Industrial Relations (DGIR) who shall refer representations for dismissal without just cause under section 20 of the IRA 1967.

Though this amendment might expedite the process due to the removal of the filter mechanism by the Minister, it might as well risk to attract frivolous claims.

Representation in dismissals

With the written approval of the DGIR, a party may appoint any person, except for an advocate and solicitor, to represent him/her during conciliation under section 20 of the IRA 1967.

Appeal to the High Court against industrial awards

Previously, the Industrial Court decisions could be challenged by way of judicial review at the High Court, and the matter could be further taken to the

Court of Appeal and Federal Court (subject to leave of court). The IRA 2020 now provides that parties who are dissatisfied with the award of the Industrial Court may appeal within 14 days from the date of the receipt of the award.

The consequences of this amendment is that parties no longer have the possibility to appeal to the Federal Court.

Cases filed before 1 January 2021 will not be affected by this amendment, and the existing option of judicial review will continue to apply.

Continuation of an unfair dismissal proceeding after claimant's death

IRA 2020 provides for the Industrial Court to continue with the proceedings of an unfair dismissal claim lodged under section 20 of the IRA 1967 notwithstanding the death of the claimant. The Industrial Court may award back wages or compensation in lieu of reinstatement or both, to the next of kin of the deceased claimant.

Employees of statutory bodies

The Industrial Court is now empowered to hear unfair dismissal claims brought by employees of statutory bodies, which was not possible prior to IRA 2020 (only employees of private entities were able to bring an unfair dismissal claim to the Industrial Court).

Industrial Court may now impose interest

The Industrial Court may now impose an interest rate of 8 per cent per annum or lesser, as the Court may direct, for an award of payment of money, commencing on the 31st day from the date of making of the award until the day the award is satisfied.

Penalty

The penalty for not complying with an award under section 56 of the IRA 1967 and the general penalty for contravening a provision, summons, orders or directions given under the IRA 1967, has been increased to not exceeding RM50,000.00.

Trade union

Previously, trade unions could only raise matter pertaining to procedures of promotion of employees during collective bargaining. This has changed with the IRA 2020, a trade union workmen may now, in the course of any discussion with an employer or a trade union of employers, raise questions of a general character relating to promotion, transfer, employment for a vacancy termination due to redundancy, dismissal and reinstatement and the assignment or allocation of duties.

Illegal strikes, lock out, picketing

The Minister is now empowered to order a strike or lock-out to stop in the event it endangers the life, safety, or health of the whole or part of the population.

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→ Changes in payroll matters

In the following, we would like to bring a few changes in payroll matters to your attention.

Social security

The Employees Provident Fund (EPF) provided an extension of payment of the EPF contribution from the 15th to the 30th of every month, and was effective from April to December 2020. From 2021 onward, the contributions would need to be paid

on the 15th of every month, which is in-line with the same original requirements.

In 2020, to increase the net cash received by the employees of a company, there has been an option to contribute 7 per cent rather than the usual 9 per cent from April to December 2020. In 2021, there is a similar option for employees to

contribute 9 per cent instead of 11 per cent. If the employees would want to maintain their contributions at 11 per cent, they would have to fill in a form and update their employers. This is only required for employees aged 60 years and below. No changes have been made to the employers contribution rate. Employers would need to update their employees whenever a new joiner joins a company, as this is applicable from January to December 2021.

The advance of MYR1,000 of advance payment starting from 26 January 2021 is to be deducted from the full i-SINAR fund application. It is not an additional amount, and only provided while waiting for the application process to be completed.

Training support

For employers registered under Human Resources Development Fund (HRDF), from Year 2020, HRDF has provided financial assistance to support remote online training to promote continuous training for employees to improve their knowledge and skills during the Covid-19 pandemic, especially when the Malaysia government is encouraging the new norms of avoiding crowded places and to practice social distancing.

In 2021, upon the effective implementation date on 15 January 2021, further

online training grants are provided under the following terms:

1. Course fees

- E-learning and mobile learning is now also available to be claimed, previously only remote online training has been eligible;
- Amount of claim has increased from RM500/pax/day to RM700/pax/day; and
- In-house remote online training has increased from RM500/pax/day to RM700/pax/day not exceeding RM5,000/group/day for a soft skill program or RM6,000/group/day for a technical program.

2. Consumable Training Material for HRDF approved physical and licensed digital material is now available for:

- In-house remote online training; and
- Public remote online training.

3. Number of trainees

- Public workshop can be claimed for public programmes at a maximum of 9 trainees per employer

Contact for further information



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