

Rödl & Partner

MALAYSIA NEWSFLASH

THINKING GLOBALLY

Issue:
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→ 2nd Economic Stimulus Package

The 2nd Economic Stimulus Package was announced on 27 March 2020 to further address the impact of the COVID-19 outbreak on businesses and affected individuals.

This Economic Stimulus Package is valued at MYR 250 billion. MYR 128 billion will be allocated to preserving the welfare of Malaysians; MYR 100 billion to support businesses; MYR 2 billion to strengthen the economy and MYR 20 billion to pursue measures announced under the 1st Economic Stimulus Package.

PRESERVING THE WELFARE OF MALAYSIANS

- A monthly allowance of MYR 600 to healthcare front liners from 1 April 2020 until the end of the outbreak;
- A monthly allowance of MYR 200 to military, police, customs, civil defense and RELA members directly involved in enforcing the Movement Control Order ("MCO") from 1 April 2020 until the end of the outbreak;
- Cash payout in April and May 2020 under the National Caring Aid (Bantuan Prihatin Nasional) will be given to the B40 and M40 group:
 - MYR 1,600 for households with a monthly income of MYR 4,000 and below;
 - MYR 1,000 for households with a monthly income between MYR 4,001 and MYR 8,000;
 - MYR 800 for single Malaysians aged 21 years and above with a monthly income of not more than MYR 2,000;
 - MYR 500 for single Malaysians aged 21 years and above with a monthly income between MYR 2,001 and MYR 4,000.
- MYR 200 cash payout to students at higher education institutions including matriculations, community colleges, polytechnics, as well as public and private universities to be disbursed in May 2020;
- Daily allowance of MYR 50 for up to 14 days under mySalam for individuals quarantined as patients under investigation falling under the B40 group;
- Tax exemption on pre-retirement withdrawals from Account B under the Private Retirement Scheme ("PRS") during the period of April 2020 to December 2020, capped at MYR 1,500 per member;
- 6 months rental waiver for B40 individuals staying in public housing, i.e. Projek Perumahan Rakyat ("PPR") and Projek Perumahan Awam ("PPA");
- Electricity bill discounts ranging from 15 per cent to 50 per cent for all sectors for a period of 6 months from April 2020 to September 2020:
 - 50 per cent: below 200 kWh
 - 25 per cent: 201 kWh – 300 kWh
 - 15 per cent: 301 kWh – 600 kWh
- Free internet for all users from 1 April 2020 until the end of the Movement Control Order ("MCO") period;
- Cash payout of MYR 500 for public servants below grade 56 and retirees;
- Cash payout of MYR 500 for e-hailing drivers;
- Insurance and takaful companies will bear COVID-19 screening costs of up to MYR 300 per policyholder.

SUPPORTING BUSINESSES

- Deferment of monthly tax instalment payments for Small and Medium Enterprises ("SME") for 3 months commencing as of 1 April 2020. This is an extension of the deferment announced under the 1st Economic Stimulus Package that was only limited to businesses in the tourism industry;
- 6 months of rental waiver for school canteens, nurseries, cafeteria, and convenience stores located in Federal Government premises including statutory bodies and agencies;
- The Malaysian government will subsidize employees' wages of MYR 600 per month for a 3 months period subject to the following conditions:
 - Employer suffers from a 50 per cent drop in revenue since 1 January 2020;
 - Employee's monthly salary is below MYR 4,000;
 - Employer shall not terminate the existing employees, instruct the employee to take unpaid leave, or implement a pay cut.
- The Malaysian Government will subsidize the salaries payable during the MCO period for contractors involved in the service sector such as cleaning and food suppliers in schools, public

higher learning institutions and other government agencies including statutory bodies;

- The Malaysian Employers Provident Fund (“EPF”) will launch an Employer Advisory Services Program on 15 April 2020 which will allow employers to opt for deferment of payment, restructuring or rescheduling of employer’s contribution;
- Waiver of Human Resource Development Fund (“HRDF”) contribution for 6 months for all sectors from 1 April 2020;
- All banks are required to provide financial relief in the form of payment moratorium comprising restructuring and rescheduling of loans for affected businesses and individuals. It is proposed that the bank’s income arising from interest or gains on such moratorium payments will be taxed when the income is received after the moratorium period;
- An additional fund of MYR 4.5 billion will be given by the Central Bank of Malaysia and the Malaysian government by way of loans to SMEs and micro entrepreneurs;
- The Malaysian government will provide a guarantee scheme worth MYR 50 billion with a guarantee of up to 80 per cent of the loan amount for the purpose of financing working capital, subject to a credit evaluation by Danajamin. The facility is targeted at viable businesses in all sectors facing difficulties due to the COVID-19 outbreak. The minimum loan

size is MYR 20 million per business and will be available for application from 1 May 2020 to 31 December 2020 or until the fund has been fully utilized.

STRENGTHENING THE ECONOMY

- The Malaysian government will continue all projects allocated in Budget 2020, including ECRL, MRT2, and the National Fiberisation and Connectivity Plan (“NFCP”);
- Implementation of small projects which will have a high multiplier effect and employment maintenance with allocation of MYR 2 billion to assist contracts in class G1 to G4.

We hope that this comprehensive review has provided you with a more thorough insight on what is to come, and its implications on you and your business in Malaysia.

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