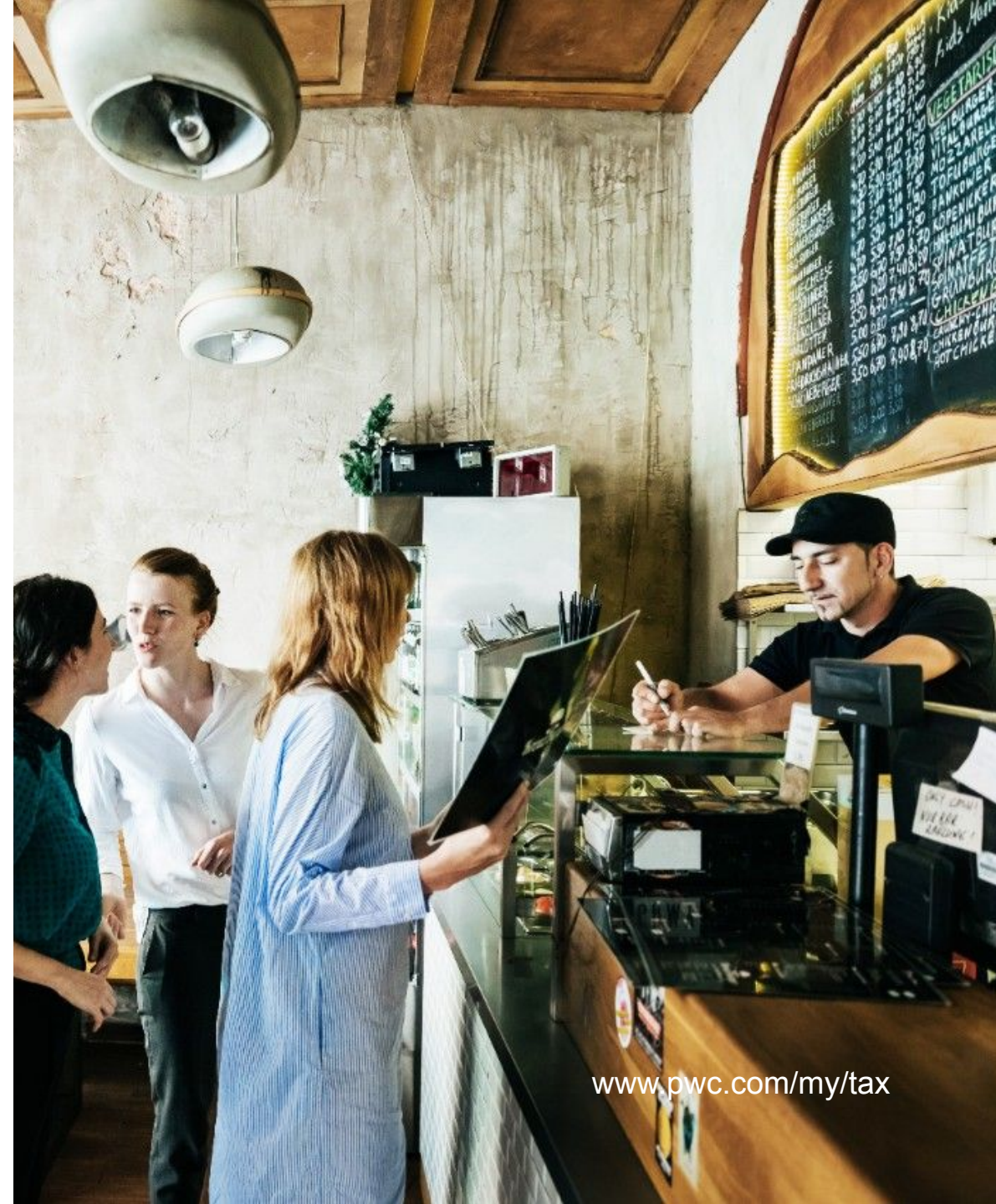




# TaXavvy

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## PRIHATIN Rakyat Economic Stimulus Package ("PRIHATIN Tambahan")



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## PRIHATIN Tambahan

In response to requests from Small and Medium Enterprises (SMEs), the Government has announced the PRIHATIN Tambahan this afternoon to reduce the burden of SMEs during this challenging period. Valued at RM10 billion, the PRIHATIN Tambahan comprises:

- Enhanced Wage Subsidy Programme (RM7.9 billion)
- Special PRIHATIN Grant for Micro SMEs (RM2.1 billion)

### Measures from the PRIHATIN Tambahan

The announcement covers the following key measures:

#### Employer related measures

- Enhancement of Wage Subsidy Programme
- Reduction of foreign workers levy

#### Financial assistance

- Special PRIHATIN grant for Micro SMEs
- Abolishment of 2% interest rate under Micro Credit Scheme

#### Waiver or discount on rent

- Government-linked Corporations (GLCs) owned premises rented to retail SMEs
- Private sector owned building and business premises rented to SMEs - Additional tax deduction

#### Companies Commission of Malaysia (CCM)

- Automatic moratorium for submission of statutory documents
- Extension of time (EOT) for submission of financial statements

## Employer related measures

### Enhancement of Wage Subsidy Programme

	Existing Wage Subsidy Programme	Enhanced Wage Subsidy Programme
<i>Income range of qualifying employee</i>	RM4,000 and below per month	RM4,000 and below per month
<i>Amount of subsidy</i>	RM600 per month for each eligible employee.	Between RM600 to RM1,200 per month for each eligible employee based on the number of employees as follows: <ul style="list-style-type: none"> <li>• More than 200 employees - RM600</li> <li>• Between 76 to 200 employees - RM800</li> <li>• 75 employees or less - RM1,200</li> </ul>
<i>Cap on number of employees per employer</i>	100	200
<i>Period of assistance</i>	3 months	3 months

There is no indication on whether there will be a change to the existing condition for a more than 50% reduction in revenue since January 2020 and whether the enhanced Wage Subsidy Programme is restricted to SMEs.

Other conditions as announced in the existing Wage Subsidy Programme such as retaining employment of the employees for at least 6 months (3 months during the programme and 3 months thereafter) continue to apply. Please refer to [TaXavvy Issue 18-2020](#) for details.

### Reduction of foreign workers levy

Foreign workers levy (excluding domestic maids) is reduced by 25% in respect of foreign workers with work permit expiring during the period from 1 April 2020 to 31 December 2020.

## Financial assistance

### Special PRIHATIN grant for Micro SMEs

A special PRIHATIN grant of RM3,000 will be made available to each eligible Micro SME. The SME must register with the Inland Revenue Board to enjoy this assistance.

The definition of Micro SMEs is not mentioned in the announcement. SME Corporation Malaysia defines a Micro Enterprise as a company engaged in manufacturing, services and other sectors, with annual sales turnover not exceeding RM300,000 or full time employees not exceeding 5 workers.

### Abolishment of 2% interest rate under Micro Credit Scheme

The Government will abolish the 2% interest rate for loans given under Bank Simpanan Nasional's Micro Credit Scheme.

TEKUN Nasional will also be extending interest free loans to Micro SMEs with a maximum loan of RM10,000 per borrower. Applicants can only choose either one of the above schemes.

## Waiver or discount on rent

### Government-linked Corporations (GLCs) owned premises rented to retail SMEs

Waiver of rent or discounted rent will be given to retail SMEs for premises owned by GLCs

### Private sector owned buildings and business premises rented to SMEs - Additional tax deduction

Owners of buildings or business premises will be given an additional tax deduction equivalent to the amount of reduction in rent that is given to tenants which are SMEs for the months of April 2020 to June 2020. To qualify for this deduction, there must be a minimum 30% reduction in rent during this period.

The mechanism for claim of this "additional" deduction is not known at this point in time. In general, double or further deductions are granted on an expense that is incurred. In this case, the discount or waiver represents a reduction of income rather than incurrence of an expense. We believe that this deduction will be provided in rules to be gazetted. It is hoped that this incentive will be given to both rental that is assessed as business income and passive income.

## Companies Commission of Malaysia (CCM)

### Automatic moratorium for submission of statutory documents

An automatic moratorium of 30 days from the end of the Movement Control Order period is given to companies to submit statutory documents to CCM.

### Extension of time (EOT) for submission of financial statements

Companies are given an EOT of 3 months from the end of the MCO period to submit their financial statements to CCM. This EOT is given to companies with financial years ending 30 September 2019 to 31 December 2019. An application has to be made to CCM for this EOT. No late submission fee will be imposed.

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