



# THE MALAYSIAN ECONOMIC STIMULUS PACKAGES 2020

8 APRIL 2020



# THE MALAYSIAN ECONOMIC STIMULUS PACKAGES TO COUNTER THE EFFECTS OF COVID-19

In a short matter of time, Covid19 has brought about a devastating economic and social blow on a global scale. Most, if not all, countries were taken by surprise by the sweeping disastrous effects of this invisible disruptor. The world has never seen borders being closed externally and internally at this speed and scale. China has taken very drastic and unprecedented measures to curb the pandemic and as a result of its efforts, it has managed to curb the growth to a negligible rate. The pandemic, however, knows no mercy and continues to extend its invisible claws beyond China's borders by disrupting and harming lives, social institutions and the economy.

Malaysia instituted the movement control Order ("MCO") on 18 March 2020 to contain and to curb the spread and transmission of this invisible threat. What was supposed to last until 31 March 2020 has since been extended to 14 April 2020, for good measure.

On the economic and socio-economic front, the Malaysian Government has also been phasing various stimulus packages. The initial stimulus package was announced by the previous Prime Minister Tun Dr Mahathir Mohamad on 27 February 2020. Subsequently, the current Prime Minister Tan Sri Dato' Haji Muhyiddin bin Haji Mohd Yassin, announced a second stimulus package on 23 March 2020, a third stimulus package on 27 March 2020 known as **PRIHATIN** to address the concerns arising from wide reaching repercussions of Covid-19 and a fourth stimulus package known as **PRIHATIN TAMBAHAN** on 6 April 2020 which focused on sustaining small and medium enterprises ("**SMEs**").

For ease of understanding, we have put together this document which sets out the collective thrusts of all four packages. We hope that you will find this document useful. Please be minded that these points are based on the author's own research and the reader is advised to undertake his or her own research to validate the same. Should you wish to seek further clarification, please feel free to contact us.

## CONTAINING AND CURBING THE OUTBREAK OF COVID-19

- A total of RM1.6 billion will be allocated to purchase equipment, medicine, consumables and services to combat COVID-19, including procuring services from the private healthcare sector
- RM100 million provision to the MOH to appoint 2,000 staff on a contractual basis





- The insurance and takaful industry will establish a special fund totalling RM8 million to support the cost of screening tests (RM300.00) for each policy-holder instructed by the MOH to undergo the test at private hospitals or labs
- Insurance and takaful companies will offer to defer payment of premiums or contributions up to three (3) months for those affected by the pandemic
- A RM400 special monthly critical allowance paid to medical doctors and other medical personnel commencing February 2020 until the end of the outbreak. This was subsequently enhanced to RM600 per person commencing from 1 April 2020
- An initial RM200 special monthly critical allowance was paid to immigration officers and other front liners commencing February 2020 until the end of the outbreak. The list of recipients was further extended from 1 April 2020 to an estimated 169,000 members of the army, police, customs, immigration, civil defence and voluntary corps directly involved in the implementation of the MCO
- Expenses incurred on disposable Personal Protection Equipment (PPE) (such as face masks) will be given a tax deduction whilst expenditure incurred on non-disposable PPE will be entitled for capital allowances

#### ALLOCATION TO STATES

- RM130 million to be apportioned equally to all States for utilisation at State level

*"This step is important to ensure that the country's fiscal and debt position is sustainable." Tan Sri Muhyiddin Yassin*

#### HOUSEHOLD CASHFLOW

One-off payments named the Bantuan Prihatin Nasional as follows:

- Households with a monthly income of RM4,000 or less will receive RM1,600 which will be disbursed in stages - RM1000 in April 2020 and RM600 in May 2020.
- Households with a monthly income of RM4,000 to RM8,000 will receive RM1,000 which will be disbursed in stages - RM500 in April 2020 and RM500 in May 2020
- Single individuals aged 21 and above with a monthly income of RM2,000 and below will receive RM800 which will be disbursed in stages - RM500 in April 2020 and RM300 in May 2020
- Single individuals aged 21 and above with a monthly income of between RM2,000 to RM4,000 will receive RM500 which will be disbursed in stages - RM250 in April 2020 and RM250 in May 2020
- A payment of RM200 to all Bantuan Sara Hidup (BSH) recipients which was initially scheduled for May 2020 will be brought forward to March 2020
- An additional RM100 will be paid into bank accounts of BSH recipients in May 2020
- An additional RM50 will be channelled to BSH recipients in the form of *e-tunai*
- The balance of provisions (totalling RM3.2 billion) under the BSH subsidy programme will be made in July 2020

#### STUDENTS

- A one-off subsidy payment of RM200 to college and university students will be made in May 2020
- Deferment for repayment of Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) loans up to 6 months
- Deferment for repayment of loans provided by the Skills Development Fund Corporation (PTPK) commencing 1 April 2020 until 30 September 2020 to 174,500 borrowers

## VULNERABLE GROUPS

- RM25 million allocation for vulnerable groups (i.e. senior citizens, children in shelters, persons with disabilities, homeless and Orang Asli) in terms of food, healthcare supplies and shelters
- MySalam Protection Scheme

Initially the scheme provided income replacement benefits of RM50 per person per day (for a maximum of 14 days) to persons in the B40 group who are hospitalised for COVID-19. The scheme has now been extended to B40 individuals who are quarantined as patients under investigation (PUI)

## RENT, HOUSING AND PREMISES

- Malaysia Airports Holdings Berhad (MAHB) will provide rebates on rental for premises at the airport as well as landing and parking charges
- Exemption from payment of rent for *Projek Perumahan Rakyat* ("PPR") tenants have been extended from 1 month to up to 6 months for 3,636 PPR houses
- The Kuala Lumpur City Hall (DBKL) will provide the same rent exemption for 40,000 public housing tenants under DBKL
- For rent-to-own schemes under the PPR, a deferment of monthly repayments will be provided for a total of 6 months from April to September 2020 for 4,649 houses
- Tenants of Federal Government-owned premises such as canteens, nurseries and conveniences stores will be given rent exemption for 6 months
- SME retailers who are tenants of GLC-owned premises will be given a rent exemption or discount

- Private building or business space owners who provide rent discounts or waivers to SMES will be given an additional tax deduction equal to the reduction of rent amounts between April to June 2020, subject to the reduction provided to the tenants totalling at least 30% of the full rental rates

## ELECTRICITY TARIFF REBATES

- Initially a 15% discount of electricity bills for the tourism industry commencing 1 April 2020 was introduced. This was followed by a 2% discount to the commercial, industrial and agricultural sectors as well as households which also commenced on 1 April 2020.
- The third stimulus package enhanced this further to enable discounts of between 15% - 50% to be enjoyed for 6 months commencing from April 2020 based on electricity usage with a maximum of 600 kilowatts a month:

50% for usage of below 200kW  
25% for usage of between 201kW-300kW  
15% for usage of between 301kW-600kW

## TELECOMMUNICATIONS & MULTIMEDIA

- Free internet worth a total of RM600 million to all customers commencing 1 April 2020 until cessation of the MCO
- An additional RM400 million will be invested to upgrade the coverage and network

## CABINET MEMBERS, GOVERNMENT SERVANTS AND PENSIONERS

- RM500 one-off subsidy to each public servant Grade 56 and below in April 2020
- RM500 one-off subsidy to each Government pensioner (more than 850,000 pensioners) in April 2020
- The salaries of the Prime Minister, the Ministers and the Deputy Ministers will be deducted for two months and the proceeds thereof channelled to the Covid-19 Fund

## FOOD SECURITY AND INITIATIVES

- RM10 million to FAMA to provide food storage facilities to reduce food prices
- Grants of RM1,000 to 10,000 local entrepreneurs to promote sale of their products on e-commerce
- RM20 million allocation to Malaysian Digital Economy (MDEC) to transform Pusat Internet Desa into e-commerce hubs
- A fund of RM1 billion to be provided by Bank Negara Malaysia to SMEs involved in food production for working capital and capital expenditure up to RM5 million per applicant at an interest rate of 3.75% for an 8 year tenure
- A RM1 billion allocation to the *Dana Jaminan Makanan* throughout the MCO
- Further assistance will be given to farmers, breeders and fishermen to encourage domestic output
- RM100 million will be allocated for food storage facilities and food distribution as well as crop integration programmes
- Allocation of between RM100,000 to RM200,000 will be made to viable regional farmers' organisation and regional fishermen association

## WAGE SUBSIDY PROGRAMME

- A RM600 per month will be paid for a total of 3 months per employee who earns less than RM4,000 and employers which have experienced a 50% drop of income since 1 January 2020 (the employee will have to undertake that the employees concerned are retained for a period of three months from the commencement of the programme)
- For companies with more than 200 employees, the aforementioned wage subsidy of RM600 is maintained but the maximum number of eligible recipients is raised from 100 to 200
- Companies with a total employee headcount of between 76-200 will receive RM800 per employee
- Companies with up to 75 employees will receive RM1,200 per employee
- The wage subsidy programme is available for employers registered with the Companies Commission of Malaysia ("CCM") or local authorities before 1 January 2020 and the Social Security Organisation (PERKESO)
- Employers who opt for this programme shall have to maintain the employment status of its employees for 6 months i.e. 3 months of receipt of the subsidy and 3 months thereafter

## TAXIS & E-HAILING

- One-off payment of RM600 each to taxi drivers, tourist bus drivers, tourist guides and registered trishaw drivers
- One-off payment of RM500 each to e-hailing drivers

## SERVICE SECTOR CONTRACTS

- The Government will pay the salaries borne by contractors in the service sector for Government agencies (such as cleaning services and supply of cooked food), statutory bodies, public higher learning institutions and public schools throughout the MCO
- All contracts will be extended for a month as a trade-off for the MCO

## SMALL & MEDIUM ENTERPRISES

- Agrofood Facility  
RM1 billion at an interest cost of 3.75% to promote food production activities
- Special Relief Facility (working capital)

Initially RM2 billion funds were to be made available at an interest rate of 3.75%. This has since been increased to RM5 billion and the financing rate reduced from 3.75% to 3.5%



- All Economic Sectors Facility (capital expenditure/working capital)

Increment of fund size from RM1 billion to RM6.8 billion

- Micro Enterprises Facility

Microcredit facilities will be enhanced whereby a total of RM700 million will be made available at an interest rate of 2% (without collateral) to affected businesses

The financing amount will be increased from RM50,000 to RM75,000 and the eligibility requirements will be relaxed (the company will need to be in operation for 6 months as opposed to 1 year)

- Credit Guarantee Corporation's Bizmula-i and Bizwanita-i

Financing up to RM300,000 will be made available for SMEs with a business record of less than 4 years

- Skim Jaminan Pembiayaan Perniagaan (SJPP) Guarantees

Guarantee facility of up to RM5 billion will be made available

Increment of guarantee coverage rate from 70% to 80%

- Bank Negara Malaysia will establish a RM300 million SME automation and digitalisation facility to upgrade, modernise and rejuvenate productive assets. SMEs will be eligible to obtain a maximum of RM3 million at an interest rate of 3.75% for a tenure up to 10 years

- PRIHATIN Special Grant (Geran Khas PRIHATIN)

RM3,000 for each microenterprise registered with the Inland Revenue Board

- Micro Credit Schemes

The 2% interest rate for micro credit schemes with Bank Simpanan Nasional will be zeroised

A 0% interest loan scheme for micro entrepreneurs is also extended to TEKUN Nasional financing for up to a maximum loan sum of RM10,000

Applicants shall have to elect for only one of the abovementioned schemes

- IMSME.COM.MY

IMSME.COM.MY, controlled by the CGC and BNM, will receive SME financing applications

MyKNP, a financing advisory service, will be available on IMSME.COM.MY

## EASING CASH FLOW

- Employees' Provident Fund (EPF)

The minimum EPF contribution by employees will be reduced from 11% to 7% at the option of the employee

Account holders aged below 55 will be permitted to make withdrawals from Account 2 at a maximum of RM500 per month for 12 months from 1 April 2020

EPF will introduce the Employer Consultation Services to handle options on deferment, restructuring or rescheduling employer contributions

- Private Retirement Schemes

A maximum of RM1,500 from Account B of the Private Retirement Scheme (PRS) account may be withdrawn between April and December 2020 without incurring any tax penalty

- Human Resources Development Fund (HRDF)

Exemption of payment of HRDF levies for all sectors for 6 months commencing April 2020

- Income Tax

Deferment of monthly income tax instalment payments for businesses in the tourism sector for 6 months from 1 April to 30 September 2020

Deferment of monthly income tax instalment payments for SMEs for 3 months commencing 1 April 2020

Companies affected by the COVID-19 will be allowed to revise their profit estimates for 2020 with respect to monthly income tax instalment payments without penalty

- Stamp Duty

Stamp duty exemption will be given on loan agreements arising from restructuring and rescheduling of business loans for the period from 1 March 2020 to 31 December 2020

- Foreign Workers Levy

Foreign workers levy is reduced by 25% but this shall not be applicable to domestic helpers

## HUMAN CAPITAL DEVELOPMENT

- Double deduction permitted on expenses incurred on approved tourism-related training

- RM100 million to HRDF on a matching grant basis to fund an additional 40,000 employees from the tourism sector

- RM50 million to subsidise short courses in digital skills and highly skilled courses

- RM20 million to be allocated to fund short courses focusing on TVET skills training conducted by the 13 State Skills Development Centres (SSDC)



**Account holders aged below 55 will be permitted to make withdrawals from Account 2 at a maximum of RM500 per month for 12 months from 1 April 2020**

- Retrenched workers can rely on some benefits under the Employment Insurance System (EIS)

EIS will increase the claimable training cost from RM4,000 to RM6,000 for affected sectors

A daily training allowance of RM30 per day will also be provided to trainees under EIS

## TOURISM

- Tourism Malaysia will provide greater flexibility in terms of utilising the approved matching grant of RM60million for Visit Malaysia year 2020 promotion activities under the Galakan Melancong Malaysia (GAMELAN) programme
- Personal income tax relief of up to RM1,000 on expenditure related to domestic tourism incurred between 1 April 2020 and 31 August 2020
- RM100 digital discount vouchers to be offered for domestic flights, rails and hotel accommodation
- Relaxation of guidelines limiting use of hotels by Government agencies
- Exemption of 6% service tax for hotels from March to August 2020
- For airport retailers, the eligibility period for the purchase of duty free goods by tourists or individuals entering Malaysia is reduced from 72 hours to 48 hours. The threshold for duty free goods is increased from RM500 to RM1,000 from 1 April 2020



## MORATORIUM ON FINANCING

- Banks to provide financial relief in the form of a six-month moratorium on all loan repayments, conversion of credit card balance to term loan and restructuring of corporate loans
- Banks' income from the loans will only be taxed after the cessation of the moratorium
- The Moratorium will be extended to loans from TEKUN, MARA, cooperatives and any other Government agencies

## ACCELERATION OF PLANNED INVESTMENT PROJECTS

- The then Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC) will open for bids quota of 1,400MW for solar power generation
- Malaysian Communications and Multimedia Commission (MCMC) will implement up to RM3 billion on works related to the National Fiberisation and Connectivity Plan (NFCP)
- GLCs such as Tenaga Nasional Berhad (TNB) will invest RM13 billion in 2020, including accelerating projects such as LED street lights, transmission lines and rooftop solar installations

## PRIVATE SECTOR INVESTMENTS

- A Co-Investment fund of RM500 million to be co-invested and matched by private investors on a ratio of at least 1 to 3
- Waiving of listing fees by the Securities Commission and Bursa Malaysia for one year, for companies seeking listing on Leading Entrepreneur Accelerator Platform (LEAP) or Access, Certainty, Efficiency (ACE) markets, as well as companies with market capitalisation of less than RM500 million seeking listing on the Main Market
- BNM will provide an SME Automation & Digitalization Facility of RM300 million at an interest cost of 3.75%
- Accelerated Capital Allowances (ACA) over a two-year period on expenses incurred on machinery and equipment including ICT at initial allowance and annual allowance rates of 20% and 40% respectively
- A tax deduction of up to RM300,000 on renovation and refurbishment costs
- Import duty and sales tax exemption on importation or local purchase of machinery and equipment used in port operations for 3 years commencing 1 April 2020
- Double deduction will be given to international shipping companies on pre-commencement expenses for setting up regional offices in Malaysia
- The approval and facilitation process of Licensed Manufacturing Warehouse (LMW) and Free Industrial Zone (FIZ) in conducting value added activities will be improved and simplified at the Royal Customs Department Level and the list of activities expanded



## CAPITAL FOR MICRO ENTREPRENEURS

- Initial capital from zakat matched with micro financing for micro entrepreneurs whereupon the first phase will commence in May 2020

## DANAJAMIN GUARANTEE SCHEME

- The Government will provide guarantee schemes of RM50 billion for up to 80% of working capital loans with a minimum of RM20 million loan amounts between 1 May 2020 and 31 December 2020

## RURAL STIMULUS

- RM2 billion for small infrastructure repair and upgrading projects (with a high multiplier effect) nationwide especially in rural areas to assist contractors in Classes G1 to G4 to commence in April 2020
- Special relaxation on financial procedures for projects:

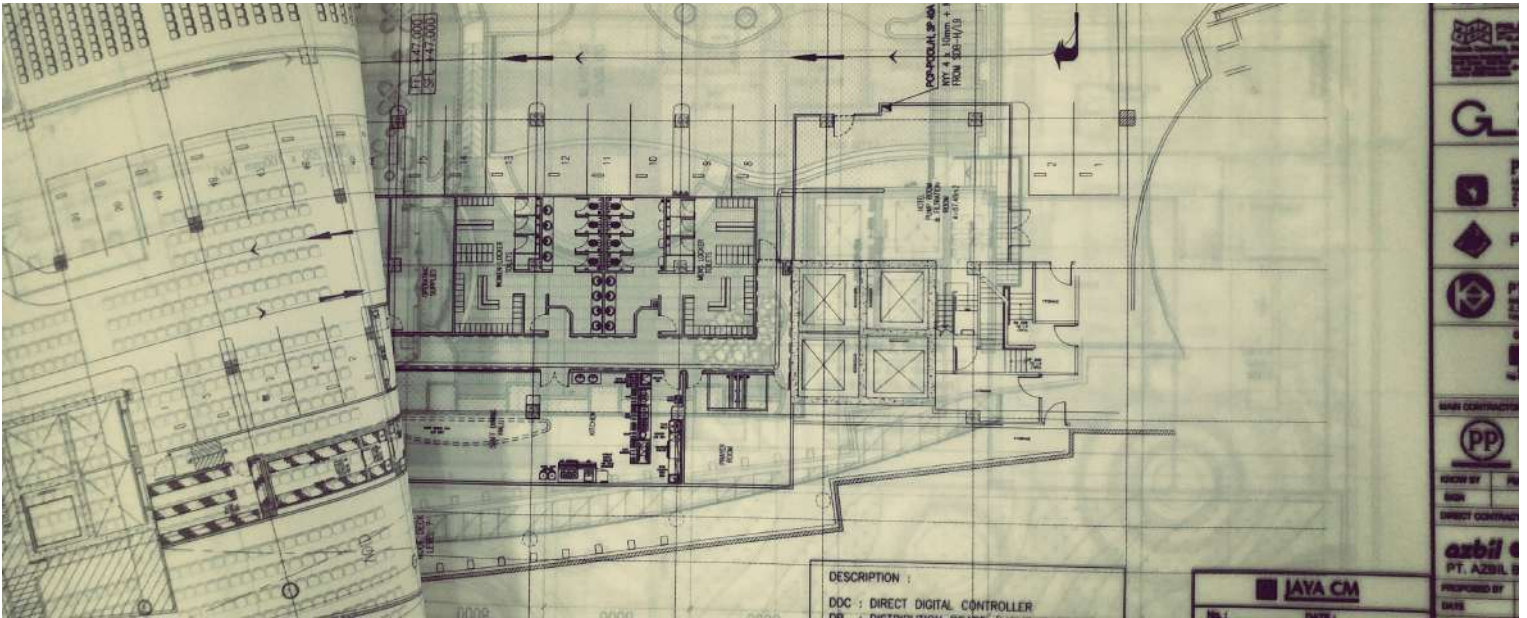
Increase procurement threshold value for balloting from RM50,000 to RM100,000 and for quotations from RM100,000 to RM800,000

Ensure ministries channel sufficient allocation to implementing agencies by the first quarter of 2020



## OTHER INITIATIVES

- RM2 billion provision for infrastructure works comprising upgrading of roads and schools in Sabah and Sarawak, cleaning of places of worship and upgrade of tourism facilities to benefit Class G1 to G4 contractors
- Grant of RM1,000 to 10,000 local entrepreneurs to promote sale of their products on e-commerce platforms
- Allocation of RM20 million to Malaysian Digital Economy Corporation (MDEC) for Perkhidmatan e-Dagang Setempat (PeDAS) programme to transform Pusat Internet Desa into e-commerce hubs
- Establishment of the LAKSANA unit under the Ministry of Finance to monitor and report the development and implementation of all of the PRIHATIN and PRIHATIN TAMBAHAN initiatives



## CONTINUATION OF BUDGET 2020 PROJECTS

- East Coast Rail Link (ECRL), Sungai Buloh-Serdang-Putrajaya (MRT2) and the National Fiberisation and Connectivity Plan (NFCP) will continue to be implemented

## SUBMISSION OF COMPANY DOCUMENTS

- A moratorium of 30 days is provided for submission of companies' statutory documents to the CCM
- The period for submission of companies' financial statements will be deferred for 3 months from the expiry of the MCO for companies with financial year ends between 30 September 2019 to 31 December 2019, subject to application to the CCM by the eligible companies

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