



BDO IN MALAYSIA'S HIGHLIGHT

peMulih PACKAGE

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BDO

EXECUTIVE SUMMARY

Since the beginning of the COVID-19 pandemic in March 2020, the Government has implemented seven assistance and stimulus packages worth of over RM380 billion. On 15 June 2021, the Government announced the National Recovery Plan as a roadmap to transition out of the current movement control order (MCO 3.0) in phases.

Phase 1 of MCO 3.0 which began on 1 June 2021 has been further extended beyond 28 June 2021, and we have no certainty on when it will end.

On 28 June 2021, the Government announced yet another assistance package known as PEMULIH. The total value of PEMULIH is RM150 billion including a direct fiscal injection by the Government of RM10 billion.

PEMULIH aims to provide comprehensive assistance with the following 3 focus areas:

- 1. Upholding the people's agenda**
- 2. Supporting businesses**
- 3. Expediting vaccinations**

KEY TAKEAWAYS

- ▶ CORPORATE TAX
- ▶ GOVERNMENT GRANTS
- ▶ OTHER AREAS

EXECUTIVE SUMMARY (CONT'D)

Some of the key initiatives under each objective are as follows:



FOCUS AREA 1:

Upholding the People's Agenda

- ▶ Additional cash payments under Bantuan Prihatin Rakyat.
- ▶ Special Covid-19 cash aid to households and unmarried individuals in the hardcore poor, B40 and M40 categories.
- ▶ Cash aid to individuals who have suffered a loss of income from employment.
- ▶ Maintaining the price of RON95 petrol, diesel and liquefied petroleum gas ("LPG") through subsidies.
- ▶ Electricity bill discounts for domestic users and extension of discount period for affected economic sectors.



FOCUS AREA 2:

Supporting Businesses

- ▶ Additional payments under Geran Khas Prihatin 4.0 to eligible micro-SMEs.
- ▶ Wage Subsidy Programme 4.0 of RM600 per worker per month for up to 500 workers per employer, for up to 4 months.
- ▶ Automatic extension of Human Resource Development ("HRD") levy waiver by 2 months to employers that are unable to operate during the movement control order.
- ▶ Allowing Employees Provident Fund ("EPF") members to withdraw up to RM5,000 from their retirement savings under the i-Citra Programme.
- ▶ 6-months loan moratorium to all individuals and SMEs.
- ▶ Increase of grants for digitalisation of SMEs.



FOCUS AREA 3:

Expediting Vaccinations

- ▶ Additional allocation of RM400 million to increase the national vaccine supply.
- ▶ Allocation of RM200 million to open new vaccination centres, upgrade existing centres, implement drive-through centres, mobile centres and the Outreach Home-to-Home Programme.
- ▶ Employers registered with HRD Corporation can utilise up to 10% of their current levy balance for the cost of vaccination programmes for their employees.
- ▶ Tax deduction for expenses incurred by employers on equipment and services to provide vaccination centres.
- ▶ Tax deduction for contributions to vaccination centres.

The key tax proposals, government grants and subsidies announced which are new or have changes are as follows :-

CORPORATE TAX

Tax Deduction for Expenses Related to Vaccination Centre

- ▶ In order to support the Public-Private Partnership COVID-19 Industry Immunisation Programme (“PIKAS”) coordinated by the Ministry of International Trade and Industry (“MITI”) and to reduce the burden on companies, it is proposed that companies which participate in PIKAS and utilise their premises as vaccination centres to carry out vaccination for their employees be given tax deduction on expenses incurred in relation to the vaccination centres and this includes the cost of equipment and preparation of the vaccination centres.

Tax Deduction for Contribution to Vaccination Centre

- ▶ It is proposed that the tax deduction currently given for donations and contributions made to charity and community projects in relation to the fight against the COVID-19 outbreak which are approved by the Ministry of Finance (“MOF”) be extended to include contributions made to vaccination centres.



GOVERNMENT GRANTS

Additional Fund for the Small & Medium Enterprises (“SMEs”) Digitalisation Grant

- ▶ It is proposed that an additional allocation of RM100 million under the SME Digitalisation Grant be given to the eligible SME entrepreneurs to obtain matching grants of up to RM5,000 for the purchase or subscription of digital systems.
- ▶ The SME digitalisation grant was announced by the MOF under the 2020 Budget to support SMEs to adopt digitalisation measures for their operations which covers the following areas:
 - Digital Marketing / Sales
 - Electronic point of sales (e-POS) system
 - Human Resource payroll system / Customer relationship management
 - Procurement
 - Enterprise Resource Planning / Accounting & Tax
 - Electronic commerce
 - Remote Working

Applications may be submitted to Malaysia Digital Economy Corporation (“MDEC”) or Technology Solutions Providers approved by MDEC.



OTHER AREAS

Wage Subsidy Programme (“WSP”) 4.0

- ▶ In view of the extension of MCO 3.0, it is proposed that the Government implement WSP 4.0 with an allocation of RM3.8 billion which is expected to benefit more than 2.5 million employees.
- ▶ Under WSP 4.0, wage subsidy of RM600 per employee shall be given with no salary restriction but limited to 500 employees for the eligible companies for the following period:-
 - First 2 months is applicable for companies from all sectors which are not yet allowed to be opened under Phase 2 of the National Recovery Plan (“NRP”) i.e. not in the “positive list”; and
 - Subsequent 2 months is applicable for companies from specific sectors which are still not allowed to be opened during Phase 3 of NRP i.e. in the “negative list”.



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