



BDO IN MALAYSIA'S HIGHLIGHT  
**SPECIAL STIMULUS PACKAGE FOR SMES**

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# SPECIAL STIMULUS PACKAGE FOR SMES

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## *“Protecting Employment And Ensuring Business Resilience”*

### Executive Summary

Following the announcement of the 2nd Economic Stimulus Package 2020 on 27 March 2020, the Malaysian Government has been alerted that SMEs will be severely affected by the COVID-19 pandemic and therefore require urgent additional assistance.

In response to this, Malaysia’s Prime Minister has announced on 6 April 2020 additional measures worth RM10 billion to ease the financial burden of SMEs and ensure that their employees are protected.

### KEY TAKEAWAYS

- ▶ CORPORATE TAX
- ▶ OTHER AREAS

## SPECIAL STIMULUS PACKAGE FOR SMES

Some of the key efforts provided under the special stimulus package for SMEs are as follows:



Special tax deduction to private landlords on rental reductions given to tenants who are SMEs.



Increasing the allocation for the wage subsidy program from RM5.9 billion to RM13.8 billion.



Establishing a special PRIHATIN grant totaling RM2.1 billion for eligible micro-SMEs.



Special interest rate on the Micro Credit Scheme.



Rental exemption or discount to retail SMEs who are tenants of premises owned by government-linked companies.



Reducing the foreign worker's levy by 25%.

## CORPORATE TAX

### Special Tax Deduction For Rental Reduction Provided To Small And Medium Enterprises (SMEs)

- ▶ It is proposed that a special tax deduction equal to the amount of the rental reduction be given to owners of buildings or business spaces who provide at least 30% rental reduction or rental waivers (from the original rental for the period) to tenants consisting of SMEs for the period from April 2020 to June 2020.
- ▶ This proposal aims to encourage private premise owners to provide rental reduction for a period of at least 3 months during the period of the Movement Control Order ("MCO") and after the end of the MCO.

## OTHER AREAS

### Additional Allocation for Wage Subsidies Programme

- ▶ It is proposed that the allocation for Wage Subsidies Programme previously announced on 27 March 2020 will be increased by RM7.9 billion i.e. from RM5.9 billion to RM13.8 billion.
- ▶ Under this additional initiative, all employers with local employees of monthly salaries not exceeding RM4,000 and who are experiencing sales or income drop of 50% or more compared to January 2020 or the following months will receive salary subsidies as follows:-
  - i. RM600 per employee up to 200 employees, for companies with more than 200 employees;
  - ii. RM800 per employee up to 200 employees, for companies with 76 to 200 employees; or
  - iii. RM1,200 per employees up to 75 employees, for companies with not more than 75 employees.
- ▶ However, companies with up to 75 employees need not comply with the 50% sales reduction conditions above.
- ▶ The subsidy is for a period of 3 months from April 2020 to June 2020 to the eligible employers that fulfil the following conditions:-
  - i. Registered with Companies Commission of Malaysia ("SSM") or local authority and Pertubuhan Keselamatan Sosial ("PERKESO") before 1 January 2020.
  - ii. Retain their employees for at least 6 months.
- ▶ The wage subsidy would benefit approximately 4.8 million employees.

### Rental Waiver Or Discount To SME Retailers

- ▶ It is proposed that rental waivers or discounts be given to SME retailers for premises owned by federal and state owned government linked companies ("GLCs") such as MARA, Petronas, PNB, PLUS, UDA.
- ▶ This proposal aims to ease the financial burden of SMEs who are located in premises owned by state and federal GLCs.

### Special PRIHATIN Grant

- ▶ It is proposed that micro-SMEs would be entitled for a special grant amounting to RM3,000.
- ▶ In order to enjoy the above special grant, the micro-SME must be registered with the Inland Revenue Board and a list of eligible micro-SMEs would be obtained from the Local Authorities and SSM by Government.
- ▶ This proposal aims to benefit over 700,000 micro-SMEs all over the country.

### Special Interest Rate on Micro Credit Scheme

- ▶ It is proposed that the 2% interest rate be abolished for the RM500 million Micro Credit Scheme under Bank Simpanan Nasional.
- ▶ This scheme will also be extended to TEKUN Nasional Loan with a maximum loan limit of RM10,000 per company at 0% interest rate.
- ▶ Applicants can only choose either one of these schemes to enable more traders to enjoy the facilities.
- ▶ For this purpose, a sum of RM200 million will be provided by the Government.

### Reduction in Foreign Workers' Levy Payments

- ▶ It is proposed that companies be given a 25% reduction in foreign workers' levy payments provided the workers' permit expires within the period from 1 April until 31 December 2020.
- ▶ The above reduction does not apply to domestic workers.



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