

PENJANA **Building The Economy** **Together**

(Short-Term Economic Recovery Plan)

June – Dec 2020



KEY INITIATIVES

- Empower People
- Propel Businesses
- Stimulate Economy



Wage Subsidy Programme (WSP) which allocates **RM600** per worker to be **extended for another 3 months (Mid June to end of September 2020)** per company.

Enhanced features as below:-

1. Allow employers receiving wage subsidy to **implement reduced work week** (e.g. 4-day work week with a reduced pay of 20%) and reduced pay (the maximum allowable reduced pay is 30%)
2. Allow employers to **receive wage subsidy for employees on unpaid leave**, subject to employees receiving the subsidy directly (only applicable for tourism sector and businesses which are prohibited from operating during CMCO)



Under the **Employment Subsidy Programme**, companies will receive incentives for as long as **6 months** for hiring employees as follows:

1. **RM800** per Malaysian worker **aged below 40 years old**.
2. **RM1,000** per Malaysian worker **aged 40 years and above** or **persons with disabilities (OKU)**.



The government will also provide **incentives to employers** who provide apprenticeship opportunities for **school leavers and graduates** at a rate of **RM600 per month.**



Training allowance of up to **RM4,000** can be claimed from **SOCSSO** for those who are unemployed, even if they were not under the Employment Insurance System (EIS).



RM2bil worth of allocations to those who are unemployed to **upskilling** themselves through short-term courses etc. (*Only at approved institutions*)

Enhance employability of youth particularly school leavers and fresh graduates, the Government will :-

1. **1-to-1 matching** fund of **RM250 million** to co-fund place-and-train in addition to other upskilling programmes with HRDF
2. **Optimise Government training facilities** such as those under MARA, Community Colleges, IKBN and ILP
3. Provide **training subsidy of up to RM 800** per month for 6 months through the Securities Industry Development Corporation (SIDC)



To support the growth of the **'gig' economy**, a total of RM75mil worth of allocations will be provided in the following ways:

1. A grant of **RM50mil** in the form of matching funds will be provided for the gig economy platform to contribute to its employees under the **Employment Injury Scheme (PERKESO)** up to RM 162 and **EPF i-Saraan** contribution of up to RM250 yearly.
2. **RM25mil** allocated to Malaysia Digital Economy Corporation (MDEC) for the Global Online Workforce (**GLOW**) programme in guiding citizens to generate income online through international customers.



Work From Home (WFH) Tax Incentives and job insurance protection to be provided. Examples:

Employer: Further tax deduction for employers which implement Flexible Work Arrangements (FWAs) or undertake enhancement of their existing FWAs (*w.e.f. 1 July 2020*).

Employee: Individual Income Tax Exemption of up to RM5,000 to employees who received electronics from their employer (*w.e.f. 1 July 2020*).

Special **individual income tax relief of up to RM2,500** on the purchase of handphone, notebook & tablet (effective 1st June 2020)



Subsidy of Child Care Expenses:

1. **eVouchers** of RM800 per household will be provided for mobile childcare services.
2. **Income tax relief** for parents on **childcare services expenses**, up to **RM3,000**.



Incentives to encourage child care centres to **comply with the new normal** and to incentivise certification of early education practitioners:

1. One-off **grant of up to RM5,000 per childcare centre** registered with the Ministry of Women, Family and Community Development (up to 31st December 2020) to comply with new healthcare SOPs
2. Incentive to **train new practitioners** for child nursing and early education course under Ministry of Women, Family and Community Development



Free internet connectivity 1GB per day between 8am to 6pm for education, productivity (video conference applications) and news by participating telecommunication Companies

Free internet connectivity unlimited use of Government's COVID-19 applications and access to Ministry of Health and other Government websites



My30 Public Transport Subsidy
Programme that allows **unlimited travel passes** via rail services, BRT, RapidKL buses and MRT feeder buses for only **RM30 per month.**
(beginning 15 June 2020)



One-off financial assistance **RM300** to registered **OKUs** and **single mothers**



RM700 million to assist as well as incentivise SMEs and MTCs to **digitalise operations and trade channels** :

1. **SME Digitalisation Matching Grant** totalling **RM100 million**, in partnership with telecommunication companies
2. **SME Technology Transformation Fund** totalling **RM500 million loan** (application opens from July 2020)
3. **Smart Automation Grant** totalling **RM100 million**, capped at up to **RM1 million per company**



The banking sector will offer an **additional RM2 billion** of funding to assist SMEs adversely impacted by COVID-19 sustain business operations at a concession rate of 3.5 %
(maximum loan size of RM500,000 per SME)



RM1 billion PENJANA Tourism Financing (PTF) facility will be made available to finance transformation initiatives by SMEs in the tourism sector. *Details of this fund will be announced in July 2020.*



RM400 million to support **micro enterprises** through funding programmes:

1. New funding program for SMEs and micro enterprises at a **subsidised interest rate of 3.5%**
2. **Aggregated approved financing** will be capped at **RM50,000 per enterprise**
3. **RM50 million** is earmarked for **women entrepreneurs**



RM500 million Bumiputera Relief Financing to ensure sustainability of shariah compliant Bumiputera entrepreneurs through financial support.

1. Through MARA, the Government will also allocate **RM300 million working capital loans to assist affected Bumiputera entrepreneurs** including training colleges
2. PUNB will provide **RM200 million** dedicated financial assistance for **Bumiputera owned shariah compliant businesses**



SME Bank will provide financing support to contractors and vendors who were awarded with **small government projects (aggregate value of RM 4 billion)** under the Pakej Rangsangan Ekonomi (PRE) 2020 and the PRIHATIN stimulus package.

1. The scheme will **benefit 16,000 G2 & G3 contractors**
2. **No deposits or collateral** needed
3. SME Bank shall pay directly to the contractors and vendors based on the presentation of invoices/claims



RM 2.4 Billion ease financial stress of business through:

1. **50% remission of penalty** for late payment of sales tax & service tax due and payable from 1st July 2020 to 30th September 2020
2. **Extension of special tax deduction** for renovation and refurbishment of business premises to 31st December 2021
3. **Extension of Accelerated Capital Allowance** on eligible capital expenses including ICT equipment to 31st December 2021
4. Extension of special deduction equivalent to **30% reduction in rental for SMEs** to 30th September 2020



To encourage and sustain the **role of social enterprise** in promoting responsible business, the Government will:

1. Provide a **matching grant** through **Malaysian Global Innovation & Creativity Centre (MaGIC)** totaling **RM10 million** to social enterprises who are able to crowd source contributions and donations to undertake social projects that will address the challenges faced by targeted communities through innovative ways



To catalyse **establishment of new businesses**, financial relief will be provided in the form of:

1. **Income tax rebate up to RM20,000 per year** for 3 years of assessment for newly established SME between 1st July 2020 to 31st December 2021
2. **Stamp duty exemption** for SMEs on any instruments executed for Mergers and Acquisitions (M&As), for period between 1st July 2020 to 30th June 2021



RM600 million tax relief for COVID-19 related expenses. E.g. Covid-19 testing, purchase of PPE and thermal scanners



RM750 million to encourage **contact-free payment** through the provision of:

1. **RM50** worth of **e-wallet credits**
2. Additional RM50 in value through vouchers, cashback and discounts by e-wallets
3. Only for offline/physical purchases

*This is applicable to **all Malaysians aged 18 and above**; and **earning less than RM100,000 annually***



Home Ownership Campaign (HOC) to be reintroduced

1. **Stamp duty exemption** on the instruments of transfer and loan agreement for the purchase of residential **homes priced between RM300,000 to RM2.5 million** subject to at least **10% discounts** provided by the developer.

*For agreements signed between **1st June 2020 to 31st May 2021.***



RPGT exemption for disposal of residential homes from **1 June 2020 – 31 December 2021**.

*(This exemption is limited to the disposal of **three units** of residential homes per individual)*



Tax Incentives for Purchase of Passenger Cars as follows:

1. **Full sales tax exemption** on locally assembled cars (**CKD**).
2. **50% sales tax exemption** on imported cars (**CBU**).



Tax incentives for company relocating into Malaysia:

1. **0% tax rate for 10 years** for new investment in manufacturing sectors with capital investment between **RM300 - RM500 million**
2. **0% tax rate for 15 years** for new investment in manufacturing sectors with capital investment **above RM500 million**
3. **100% Investment Tax Allowance for 5 years** for existing company in Malaysia relocating overseas facilities into Malaysia with capital investment **above RM300 million**
4. **Special Reinvestment Allowance** for manufacturing and selected agriculture activity, from **YA 2020 to YA 2021**.



Tourism (hotels, airlines, agencies)
tax exemption from
1 July 2020 – 30 June 2021.

1. Extension of period for income **tax relief of RM1,000** for tourism expenses to 31st December 2021
2. Extension of period for **deferral of tax instalment payment for tourism industry** to 31st December 2020



Dedicated support for the **Agriculture and Food sector** as follows:

1. **Micro credit financing** under Agrobank for agropreneurs totalling of **RM350 million with interest rate of 3.5%**
 - ❖ Maximum loan size: RM50,000
 - ❖ Tenure of loan: 5 years

In-kind benefits for Urban Farming (e.g. Fertilisers, Seeds, Infrastructure, Equipment, Advisory and Training) worth RM500 per person and RM 50,000 per community



Support the commodity sector through **100% export duty exemption** from 1 July 2020 to 31 December 2020:

1. Crude Palm Oil
2. Crude Palm Kernel Oil
3. Refined Bleached Deodorized Palm Kernel Oil



Push for **consumption of local products and services** through:-

1. Promoting the **“Buy Malaysia” campaign** by the Government and relevant agencies
2. Ensuring local product tagging or identification is compulsory for big supermarket chains
3. Create dedicated Malaysian products channels on major digital platforms



RM70 million for “**Shop Malaysia Online**” for online consumption to encourage online consumer consumption through e-commerce vouchers



Dedicated funding and support for the arts, culture, entertainment, events and exhibitions sector as follows:

1. **RM100 million** in soft loans with interest rate of 3.5% and RM30 million in grants for the creative, events and exhibitions industries under MyCreative Ventures and RM10 million for CENDANA
2. **RM50 million** worth of digital marketing obtained from RM10 million Digital Marketing and Promotions Grant under MyCreative Ventures with a cap of RM5,000 per event. This can benefit **2000 events, exhibitions, and productions**
3. **RM35 million** Dana Kandungan Digital under MDEC for projects in the creative sector with a focus on animation and visual effects Subsidy for transportation for health



PEKA B40 Healthcare Support to be enhanced by **RM50 million** for health expenses in order to fund for:-

1. Health screening
2. Medical device assistance
3. Cancer treatment incentives
4. Subsidy for transportation for health



To enable the Rakyat to join the Government in supporting post recovery measures, MOF will issue an Islamic debt instrument, the **Sukuk Prihatin**. Details as follows:

1. Proceeds from the sukuk issuance will be **utilised for specific development programmes** such as connectivity of schools (especially in rural areas), funding for micro enterprises (focused on women entrepreneurs) and research grants for infectious diseases
2. Scheduled to be **issued in Quarter 3, 2020** with a fully digital subscription process

