

PRIHATIN Package -
Additional Measures for SMEs

6 April 2020



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Introduction

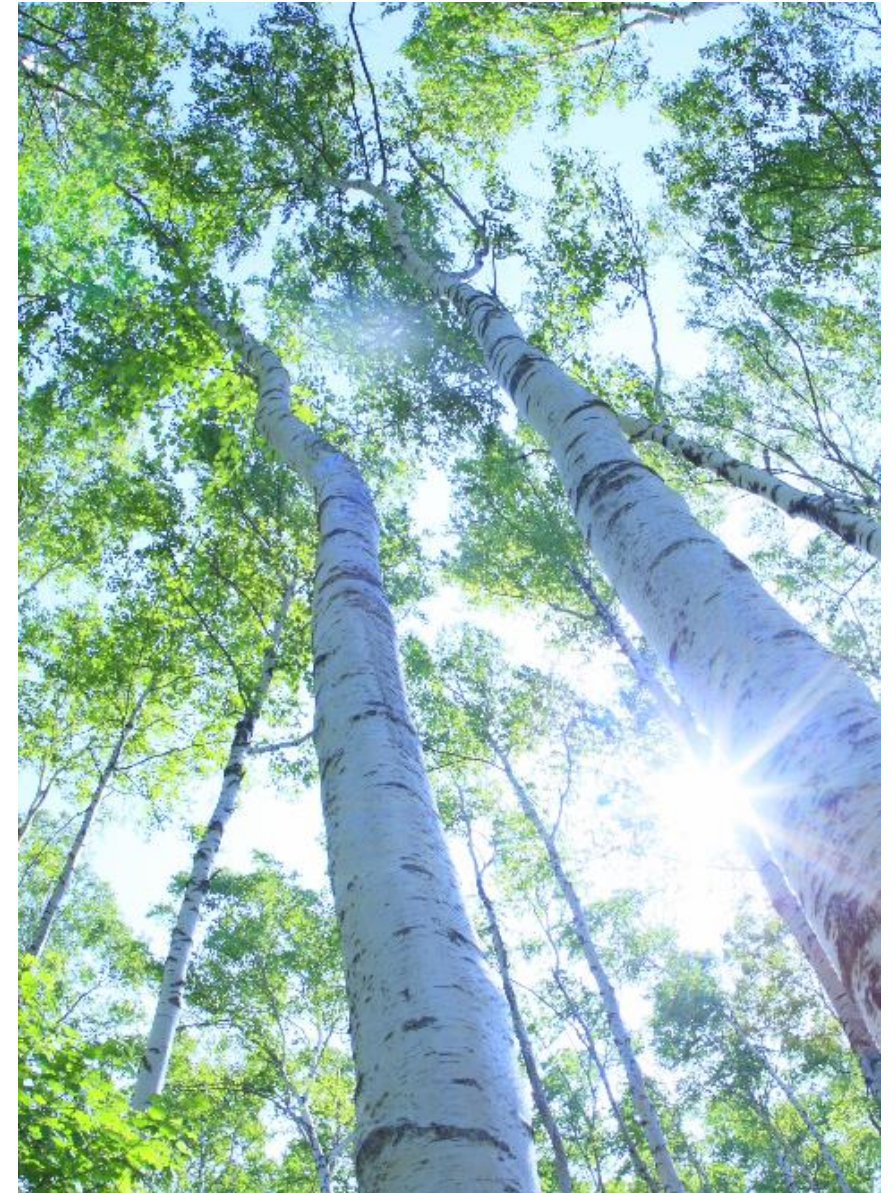
Just 1 week after the announcement of the 2nd Economic Stimulus Package (PRIHATIN Package), a 3rd package worth RM10 billion has just been announced by our Prime Minister. This is specifically catered to the Small and Medium-sized Enterprises (SMEs). The swift action shows that the government took heed of the recommendations put forth by businesses affected by the COVID-19 pandemic.

The additional measures announced are timely. Aimed at assisting SMEs tide through challenging times, they include enhanced wage subsidies, waiver of rental, and loan and grant schemes among others. Other measures to smoothen the implementation and delivery of the stimulus package were also announced.

While they are aimed to address immediate concerns, we look forward to seeing the government rolling out medium to long term strategies, to ride the country out of this crisis and capture the opportunities available.

As the saying goes, “There are opportunities in every crisis”. We must act and adapt quickly, so that we are better able to seize the opportunities when this crisis is over. Echoing our Prime Minister’s call to all Malaysians - let us strengthen our resolve and stay committed in our fight against COVID-19!

Stay well and safe everyone!





Tax deduction for amount of rental waived or reduced

Private premises owners are encouraged to reduce or waive rental during the Movement Control Order (MCO) period, up to 3 months after the MCO ends. Landlords who reduce (at least 30% of the original rental) or waive the rental on business premises rented to SMEs will be given a tax deduction, equal to the amount of the rental waived or reduced for April 2020 to June 2020.



Enhanced wage subsidy programme

With the increased wage subsidy from RM5.9 billion to RM13.8 billion (increase of RM7.9 billion), all companies with local workers earning of RM4,000 and below will receive subsidised wage assistance as follows:

No of employees employed by Company	Subsidy amount (RM)
> 200 employees	RM600 subsidy per employee is maintained. For companies that employ more than 200 people, the number of workers eligible for subsidy is increased from 100 to 200.
Between 76 to 200 employees	RM800 subsidy per employee.
Up to 75 employees	RM1,200 subsidy per employee.

Eligible employers under the wage subsidy programme must retain their employee for at least six months (3 months of receiving a wage subsidy, and 3 months thereafter).

Our commentary: The programme was first introduced in the PRIHATIN package unveiled on 27 March 2020. One of the conditions is that the eligible employer must have suffered 50% loss in revenue since January 2020. It is silent in this additional measures whether or not the same condition applies. It is also unclear if the programme is only applicable to employers which are companies, or include other employers e.g. partnership, sole proprietorship, etc.



Waiver or reduction of rental for premises owned by GLCs

Government-Linked Companies (GLCs) such as MARA, PETRONAS, PNB, PLUS and UDA as well as some State Government companies have agreed to waive or reduce rental on their premises, especially for SME retailers.



Negotiation on employment agreements

The Government has agreed to allow employers to negotiate with their employees on the terms of employment, including the implementation of pay cuts and the option of unpaid leave during the MCO period. Employers and employees can consult the Department of Labor for advice on any issues that may arise. All consultations will be subject to the employment law in Malaysia.



25% reduction of levy on foreign employees permits

A 25% reduction in foreign employee's levy payments is given for work permits expiring between the period of 1 April 2020 and 31 December 2020. This reduction in levy does not apply to domestic helpers.



Additional financial assistance under Micro Credit Scheme

The Government will be abolishing the 2% interest rate for the RM500mil Micro Credit Scheme under Bank Simpanan Nasional. The Micro Credit Scheme for micro-SMEs is also extended to loan under TEKUN Nasional with a maximum borrowing of RM10,000 per SME at 0% interest. Applicants can only choose from one of these schemes - either under Bank Simpanan Nasional or TEKUN Nasional.



Special grant to micro-SMEs of RM 3,000 each

The Government will provide a Special Grant of RM3,000 to each eligible micro-SME. To enjoy this incentive, micro-SMEs must register with the Inland Revenue Board of Malaysia (IRBM). The Government will obtain a list of eligible SMEs from local authorities and the Companies Commission of Malaysia (CCM).

Our commentary: While the term micro-SME is not defined in the speech, micro-SME is defined by SME Corporation Malaysia as “a micro enterprise with sales turnover of less than RM300,000 or employees of less than 5”.



Extended deadline for submission to CCM

The deadline for submission of statutory documents to CCM due during the MCO period has been extended to 30 days from the last day of the MCO period. Extension of time (EOT) is also given for filing of the annual financial statements with the CCM. Companies with financial years ending 30 September 2019 to 31 December 2019 are given an extension of 3 months from the last date of the MCO period to file their annual financial statements with CCM. Company will need to apply for such extension from CCM. No late submission penalty will be imposed.

Our commentary: The IRBM has extended the submission deadline for a company's income tax return form (RF) for the year of assessment (YA) 2019.

Grace Period for Submission of RF and Payment of Balance of Tax	Extended Deadline for Submission of RF and Payment of Balance of Tax
<p>i. 2 months from the due date of submission for accounting period ending: -</p> <ul style="list-style-type: none">• 31 July 2019• 31 August 2019• 30 September 2019• 31 October 2019• 30 November 2019	<ul style="list-style-type: none">• 30 April 2020• 31 May 2020• 30 June 2020• 31 July 2020• 31 August 2020
<p>ii. e-filing: 1 month from the due date of submission for accounting period ending: -</p> <ul style="list-style-type: none">• 31 December 2019	<ul style="list-style-type: none">• 31 August 2020

In view of the extended filing deadline of annual financial statements with CCM, the IRBM may need to reconsider a further EOT for filing of RF for YA 2019.

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Combating COVID-19 with resilience

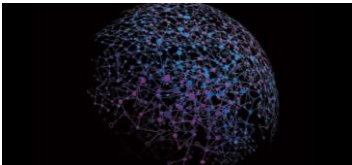
A collection of insights to help business manage and mitigate risks with COVID-19



The heart of resilient leadership: Responding to COVID-19

A guide for senior executives. Five fundamental qualities of resilient leadership distinguish successful CEOs as they guide their enterprises through the COVID-19 crisis. Learn specific steps that can help blunt the crisis's impact- and enable your organisation to emerge stronger.

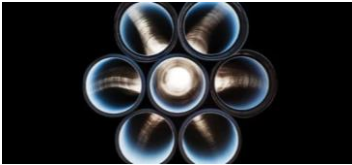
<https://www2.deloitte.com/global/en/insights/economy/covid-19/heart-of-resilient-leadership-responding-to-covid-19.html>



COVID-19: Managing cash flow during a period of crisis

Cash flow management needs to be an integral element of a company's overall COVID-19 risk assessment and action planning in the near term. Management teams will need to evaluate their cash flow requirements, develop appropriate actions under various scenarios, and assess potential risks to their customer base and supplier network.

<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-COVID-19-managing-cash-flow-in-crisis.pdf>



COVID-19: Managing supply chain risk and disruption

A decades-long focus on supply chain optimisation to minimise cost, reduce inventories, and drive up asset utilisation has removed buffers and flexibility to absorb disruptions – and COVID-19 illustrates that many companies are not fully aware of the vulnerability of their supply chain relationships to global shocks.

<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-COVID-19-managing-supply-chain-risk-and-disruption.pdf>



Future of Work: Ways of working in uncertain times

To sustain and thrive in uncertain times brought forward by COVID-19, organisations must explore new ways of working. This has placed a spotlight on the need for corporate resilience and the ability to embrace virtual collaboration tools and practices.

https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/Future_of_Remote_Work_Final_031420.pdf



Business Continuity Management: With a zoom in on the health crisis response plan

An effective Business Continuity Management (BCM) programme is a critical component of successful business management. Experience shows that typically over 50 percent of businesses without an effective business continuity plan will ultimately fail following a major disruption.

<https://www2.deloitte.com/content/dam/Deloitte/lu/Documents/risk/lu-business-continuity-management.pdf>



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