

Circular No: AG 11/2020

29 March 2020

To: ALL MEMBERS

Economic Stimulus Package Announced by YAB Prime Minister Malaysia on 27th March 2020

Members are informed that YAB Prime Minister Malaysia has on 25th March 2020 announced that the Movement Control Order (MCO) nationwide which is enforced from 18th March 2020 to 31st March 2020 due to the pandemic outbreak of Novel Coronavirus (COVID-19) has been **extended until 14th April 2020**.

2. YAB Prime Minister Malaysia in his announcement of the economic stimulus package for caring of the people (PRIHATIN) on 27th March 2020 has introduced a number of measures relating to employment as follows:

(a) Wages Subsidy Programme

2.1. The **Wages Subsidy Programme** is applicable as follows -

- (i) Any company that has suffered a decline of revenue of more than 50% since 1st January 2020 as compared to the revenue of the same period in 2019;
- (ii) The employee is registered and contributing to Employment Insurance System (EIS) and his wages is not exceeding RM4,000 per month;
- (iii) The Government will subsidise the employer a sum of RM600 per month per employee for a period of three (3) months;

- 2.2 The payment of wages subsidy is subject to the employer complying with the following conditions for a period of three months from the end of wages subsidy programme on 30th June 2020 -
- (i) The employer must ensure that it does not retrench/terminate the services of employees;
 - (ii) The employer does not instruct employees to take unpaid leave;
 - (iii) The employer is not allowed to reduce the employees' existing salaries.
- 2.3 Application for wages subsidy to be made by the employer in April to www.perkeso.gov.my for the months of April, May and June 2020;
- 2.4 Payment of wages subsidy will be paid to the company based on the number of employees involved.
- 2.5 A copy of the Media Statement dated 28th March 2020 issued by YB Datuk Seri M. Saravanan, Minister of Human Resources, is attached herewith for members' reference.

(b) *Employees Provident Fund (EPF)*

EPF will introduce an employer consultation services programme with effect from **15th April 2020**. This service includes the consultations on option for deferment in payment, restructuring and re-scheduling of the employer's contributions to EPF.

(c) Human Resource Development Fund (HRDF)

Exemption from the payment of HRDF levy for a period of six (6) months commencing April 2020 (for March 2020 levy) until September 2020 (for August 2020 levy) for employers of all sectors as follows:

- (i) Manufacturing sector;
- (ii) Service sector; *and*
- (iii) Mining and quarrying sector.

Employers must pay the levy contribution for the month of February 2020 by 15th March 2020 and the month of September 2020 by 15th October 2020.

3. MEF has vide its **Circular No: AG 8/2020** dated 17th March 2020 recommended that for the 14 days MCO period from 18th March 2020 to 31st March 2020 -

- (a) *Employees may take up to 5 days annual leave or unpaid leave or combination of both; in the event the employee refuses to take annual leave or unpaid leave whichever is applicable, the employer may decide not to pay the employee for up to 5 days and,*
- (b) *Employers may grant paid leave for the remaining 9 days.*

In view of the **Wages Subsidy Programme** introduced by the Government, members who intend to participate in the Programme are advised that the MEF's recommendations as stated above **will not** be applicable as the members shall fully abide by the conditions imposed under the Programme including not instructing employees to take unpaid leave for a period of three (3) months after the end of **Wages Subsidy Programme** is implemented.

4. Members may contact MEF for further clarification and assistance as follows:

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Thank you.



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