

CIRCULAR NO. 51/2020

DATE: 6 APRIL 2020

**ADDITIONAL ECONOMIC STIMULUS PACKAGE TARGETED AT BUSINESSES
UNDER “PAKEJ PRIHATIN”**

On 6 April 2020, the Prime Minister announced an additional economic stimulus package worth RM10 billion which focuses mainly on SMEs to assist them to reduce their operating cost and keep businesses “floating” during this difficult period impacting by the COVID19 pandemic.

The Additional Package is summarised as follows:

1. Wage Subsidy Programme

- a. Small and Medium Enterprises (SMEs) with employees earning a wage of RM4,000 a month and below will receive the following subsidies:
 - i. For companies with 76 to 200 employees, the company will receive a subsidy of RM800 per employee.
 - ii. For companies with up to 75 employees, the company will receive a subsidy of RM1,200 per employee.
- b. For large companies with more than 200 employees, a subsidy of RM600 per employee is maintained. However, the maximum number of workers eligible for subsidies will be increased from 100 to 200 workers.

This assistance is for 3 months and is intended for employers who have registered with the Companies Commission of Malaysia (SSM) or local authorities before 1 January, 2020 and are registered with the Social Security Organisation (SOCSO).

Employers who choose to receive this assistance, they are required to retain their employees for at least 6 months, within 3 months of receiving a wage subsidy and 3 months thereafter.

2. Micro SMEs Grant

Micro SMEs are eligible for the RM3,000 “prihatin” grant. The micro SMEs must be registered with the Inland Revenue Board (IRB) to enjoy this facility. The government will obtain a list of eligible micro SMEs from the local authorities and the SSM.

3. Moratorium on Micro SME Loan Repayments

The government has called on financial institutions registered under the Lenders Act 1951 which provides credit facilities to provide a moratorium on micro SME installments for 6 months beginning April 2020.

4. Micro Credit Scheme and Micro Loan Scheme

The government will also undertake several initiatives to ensure that micro SMEs fully benefit from the stimulus packages.

- i. The 2% interest rate for the RM500 million **Micro Credit Scheme** under Bank Simpanan Nasional will be abolished (0%).
- ii. The Micro Loan Scheme for micro businesses has also been extended to Tekun Nasional with a maximum loan limit of RM10,000 per company at no interest (0%). For this purpose, a sum of RM200 million will be provided. Applicants can only choose from one of these schemes.

5. Rental Payments Exclusion for GLC Premises

The Government will exclude rental payments or provide rental discounts to SME retail dealers for **premises owned by government-linked companies** (GLCs). The Government has urged private property owners to provide the same facilities by reducing their rental rates at least during the movement control order (MCO) period and 3 months after the MCO period ends.

Owners of buildings or business spaces that provide rentals or leases to renters of business premises consisting of small and medium enterprises will be given an **additional tax deduction** equal to the **amount of the rent reduction for April 2020 to June 2020**. These additional tax deductions are subject to the terms of the deduction rent, which should be at least 30% of the original rental rate for that period.

6. Foreign Workers Levy

A 25% reduction of foreign workers' levy payments is granted to all companies whose work permit expires from 1 April to 31 December 2020.

7. Wage Consultations

The government encourages consultation between employers and employees on the terms of employment, including the option of pay cuts and the grant of unpaid leave during the MCO period.

8. Filing of Financial Statements

The period for filing the company's financial statements has also extended to **3 months from the last date of the MCO**. This flexibility is granted to companies with financial year ending 30 September to 31 December, 2019. However, companies will still need to apply for such relaxation from SSM.

To support the PRIHATIN's initiative, the IMSME.COM.MY portal run by Credit Guarantee Corporation (CGC) with the support of Bank Negara Malaysia (BNM) is ready to accept the announced micro SME loan applications.

Thank you.