



## Movement Control Order Supplementary Stimulus Package For SMEs

### Key Takeaways



- ❖ Wage subsidy programme expanded
- ❖ Grants for eligible micro enterprises
- ❖ Additional tax deduction for rental reduction to SMEs
- ❖ Reduction of foreign workers levy by 25%
- ❖ Automatic 30-day moratorium for companies to lodge the statutory documents to SSM

On 6 April 2020, our Prime Minister has announced a supplementary stimulus package valued at RM10 billion which is specially targeted to support small and medium enterprises (SMEs). SMEs are a key driver of the country's economy which contribute to more than two thirds of total employment in the country and almost 40 percent to the economy.

The additional measures highlighted in the supplementary stimulus package are:

- Wage subsidy programme expanded from RM5.9 billion to RM13.8 billion. All companies with local employees earning a monthly salary each of RM4,000 and below will receive wage subsidies as follows:

Company Size	Companies with up to 75 employees	Companies with 76-200 employees	Companies with more than 200 employees
Financial Assistance	RM1,200 subsidy per month for each eligible employee	RM800 subsidy per month for each eligible employee	RM600 subsidy per month for each eligible employee
Limitations on the Number of Employees	75 employees	200 employees	200 employees



### Other conditions to qualify for the wage subsidy programme:

- Assistance is for a 3-month period
  - Employer must be registered with the Companies Commission of Malaysia (SSM) or local authorities before 1 January 2020 and are registered with the Social Security Organisation (SOCSO)
  - Companies must be in operation prior to 1 January 2020
  - The companies must retain the employees for 6 months i.e. during the 3 months when the subsidy is in effect followed by the next 3 months.
- A Special PRIHATIN Grant amounting to RM2.1 billion will be established for eligible micro enterprises, where a grant of RM3,000 will be provided to each company. The micro SMEs will have to register with the Inland Revenue Board of Malaysia to enjoy this assistance. The local authorities and SSM will provide the list of eligible micro enterprises to Government.
- Abolishing the 2% interest rate to 0% under the Micro Credit Scheme amounting to RM500 million under Bank Simpanan Nasional (BSN). The soft loan scheme for micro enterprises is also extended to TEKUN Nasional with a maximum loan limit of RM10,000 at 0% for each enterprise. A total of RM200 million fund will be allocated for this purpose. Applicants are given an option to choose either scheme to ensure more beneficiaries of this facility.
- Owners of private business premises which provide rental reduction or waiver to tenants that consist of SMEs are given an additional tax deduction which is equivalent to the amount of rental reduction for the months of April until June 2020. To qualify for the this additional tax deduction, the rental reduction must be at least 30% of the original rental rate for that particular period.
- Reduction of foreign workers levy by 25% to all companies with work permits which will expire from 1 April 2020 to 31 December 2020. This reduction however, does not apply to domestic workers.
- An automatic 30-day moratorium from the last day of Movement Control Order (MCO) for companies to lodge the statutory documents to SSM. A 3-month extension will also be granted for the lodgement of financial statements for companies with financial year ended 30 September 2019 to 31 December 2019. Companies are required to apply to SSM for this extension and no fees will be imposed by SSM.

### Our Comments:

We expect more clarification on the administrative and qualifying aspects of the various measures highlighted above, in the weeks to come.



According to SME Corporation Malaysia, the definition of ‘micro’, ‘small’ and ‘medium’ enterprises is as follows:

CATEGORY	MICRO	SMALL	MEDIUM
Manufacturing	Sales turnover of less than RM300,000 <b>OR</b> employees of less than 5	Sales turnover from RM300,000 to less than RM15 million <b>OR</b> employees from 5 to less than 75	Sales turnover from RM15 mil to not exceeding RM50 million <b>OR</b> employees from 75 to not exceeding 200
Services and Other Sectors	Sales turnover of less than RM300,000 <b>OR</b> employees of less than 5	Sales turnover from RM300,000 to less than RM3 million <b>OR</b> employees from 5 to less than 30	Sales turnover from RM3 million to not exceeding RM20 million <b>OR</b> employees from 30 to not exceeding 75

The following businesses are excluded from the definition of SMEs:

- Public-listed companies in the main board such as Bursa Malaysia or main bourses in other countries.
- Subsidiaries of the following entities:
- Public-listed companies in the main board; and
- Large firms, multinational corporations (MNCs), Government-linked companies (GLCs), Syarikat Menteri Kewangan Diperbadankan (MKDs) and State-owned enterprises.

## How We Can Help

Should you have any questions or require any assistance on the above, please do not hesitate to drop us an email or call us.

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