

Malaysia | Tax | 29 June 2021



Tax Espresso – Special Alert

PEMULIH: Tax-related measures

On 28 June 2021, the Prime Minister Tan Sri Dato' Haji Muhyiddin Yassin announced the Pakej Perlindungan Rakyat dan Pemulihan Ekonomi (PEMULIH), valued at RM150 billion.

PEMULIH has 3 main focus points:

- Continuing the Prihatin Rakyat agenda;
- Supporting businesses; and
- Increasing vaccination rate.

Here are the key tax-related measures in supporting businesses:

1. Special tax deduction on the cost of equipment and services for the provision of PPV by employers

The Ministry of International Trade and Industry (MITI) coordinated the Public-Private Partnership COVID-19 Industry Immunisation Programme (PIKAS) as an incentive for companies and industries, allowing them to use their own premises as COVID-19 vaccination centres (PPV) to conduct immunisation programs for their employees. The government will supply vaccines, while the employers facilitate the related logistics. This collaboration is vital to increase the vaccination rate immediately so that the ongoing COVID-19 transmission chain in the workplace can be broken and controlled.

It is proposed that a special tax deduction be given on the cost of equipment and services for the provision of PPV by employers. In addition, tax deductions on COVID-19 contributions through community or charitable projects would also be extended to cover contributions to PPV.

Effective: Not stated in the speech

[Note: It is also stated that the government is prepared to consider allowing companies to operate at full capacity if all their employees have completed the two doses of vaccine.]

2. Exemption from the payment of the HRDF levy

Under PEMERKASA Plus, all employers registered with the Human Resource Development Corporation (HRD Corp) are exempted from the payment of the Human Resource Development Fund (HRDF) levy for the month of June 2021.

It is proposed that the HRDF levy exemption for a period of two (2) months be automatically given to employers who are unable to operate during the Movement Control Order (MCO). In addition, employers from the new sectors which are included under the expansion of the Pembangunan

Sumber Manusia Berhad Act 2001 (PSMBA 2001), will be exempted from the payment of the HRDF levy until 31 December 2021.

Our remark:

The registration of employers from the new sectors which are included under the expansion of the PSMBA 2001 takes effect from 1 March 2021. Employers of the new sectors were given an exemption of the HRDF levy for three (3) months from 1 March 2021 to 31 May 2021. This exemption has been extended from 1 June 2021 to 31 December 2021 under the (Exemption of Levy) (No. 2) Order 2021 [P.U.(A) 251/2021] (gazetted on 31 May 2021), and it applies to employers of new sectors who register with the HRD Corp from 1 March 2021 to 30 June 2021.

It appears the above proposed exemption from the payment of the HRDF levy until 31 December 2021 would apply to all employers of new sectors who register with the HRD Corp after 30 June 2021. An amendment to the exemption order [P.U.(A) 251/2021] is expected.

3. Wage Subsidy Program 4.0

Under PEMERKASA Plus, the Social Security Organization's (SOCSO) Wage Subsidy Program 3.0 has been further extended for 1 month until July 2021, for all economic sectors affected by the MCO. Eligible employers will receive a wage subsidy of RM600 for each employee earning RM4,000 or less, limited to 500 employees per employer.

It is proposed that this initiative be continued for another 4 months under the Wage Subsidy Program 4.0, i.e. 2 months for every sector in the 2nd phase of the National Recovery Plan (NRP), and another 2 months for the sectors categorised in the negative list in the 3rd phase of the NRP. Under this Program 4.0, eligible employers will receive a wage subsidy of RM600 for each employee, limited to 500 employees per employer, without any condition on the salary limit. This means that employers can apply for the Wage Subsidy Program 4.0 even if each of their 500 employees earns more than RM4,000 per month.

4. Six-month moratorium for individuals, micro-entrepreneurs and affected SME operators

It is proposed that a six-month moratorium be granted to all individual borrowers, whether from the B40, M40 or T20 group, and micro-entrepreneurs. There is no condition imposed such as income reduction or loss of job, and no documentation is required to be submitted for the

application. Borrowers who apply will be given automatic approval by the banks. This facility will also be offered to affected SME operators, but their applications would be subject to the banks' review and approval. Borrowers who apply for the moratorium will need to sign an agreement on the amended loan terms.

Effective: Application for the moratorium will be opened from 7 July 2021.

Assistance required

For any queries or assistance, please speak to your usual Deloitte contact.



Dbriefs

A series of live, on-demand and interactive webcasts focusing on topical tax issues for business executives.



Power of With

Focus on the power humans have with machines.



Tax@hand

Latest global and regional tax news, information, and resources.



Recognised as Malaysia Tax Firm of the Year, and Transfer Pricing Firm of the Year by the International Tax Review.

Get in touch



Deloitte Tax Services Sdn Bhd
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur
Malaysia

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

About Deloitte Malaysia

In Malaysia, services are provided by Deloitte Tax Services Sdn Bhd and its affiliates.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organisation”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2021 Deloitte Tax Services Sdn Bhd

To no longer receive emails about this topic please send a return email to the sender with the word “Unsubscribe” in the subject line.