



Smart decisions. Lasting value.

Government's Strategic Programme to Empower the People and the Economy

# PEMERKASA Plus

## Assistance Package

Announced on 31 May 2021







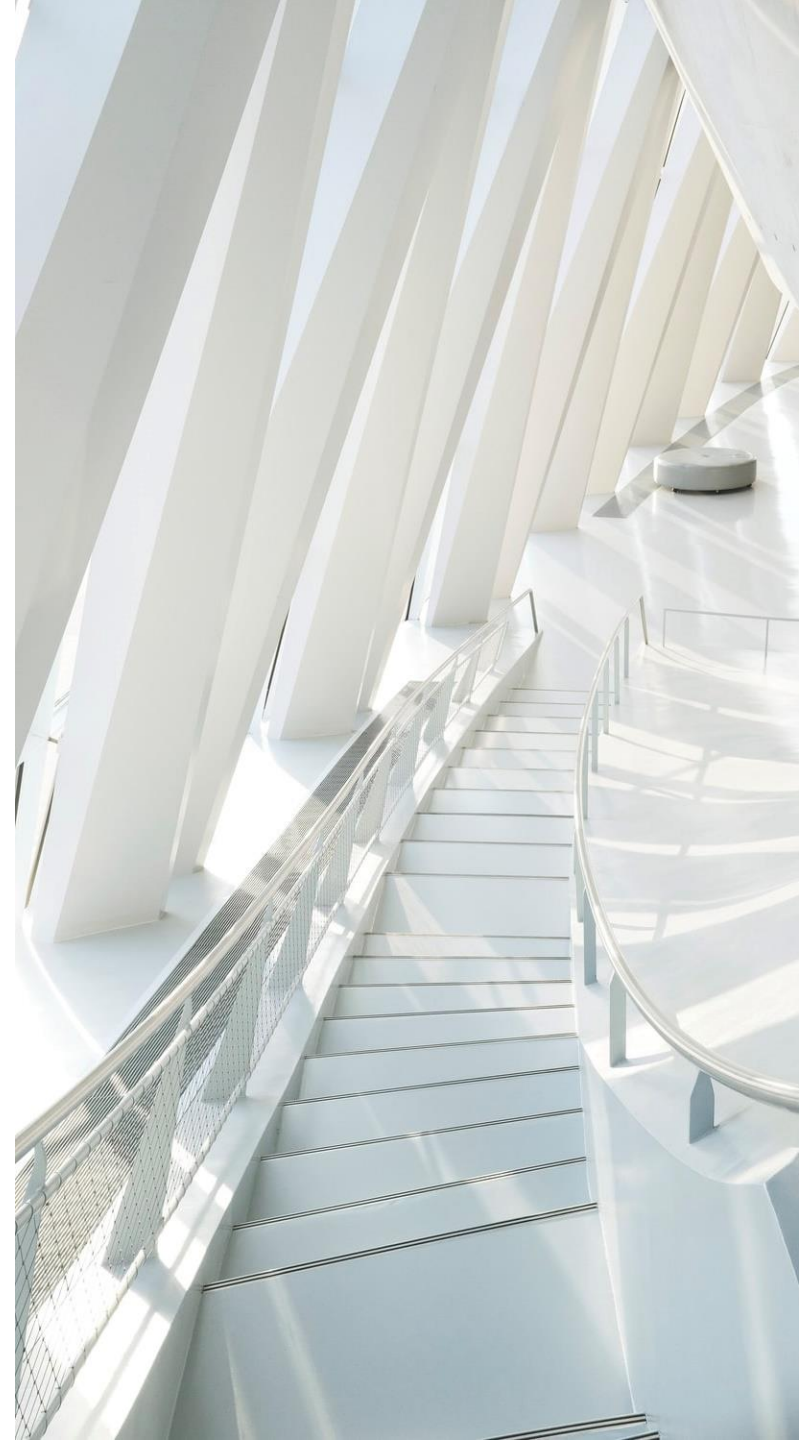
# Foreword

The year 2021 was touted by many observers to be a year of recovery, where businesses operating in a post-Covid-19 world would feel a sense of relief after the implementation of record breaking stimulus packages and the largest global vaccination campaign in history. In Malaysia, the government's response has been in line with global trends. With an estimated RM340 billion ringgit in economic stimulus being implemented since the pandemic surfaced in Malaysia, the economy has responded positively, exhibiting increased resilience over the past year.

Despite the steady progress, the resurgence of the Covid-19 pandemic on our shores over the past few months has resulted in a challenging business environment. The Malaysian government has once again implemented a strict lockdown, akin to the first announced in March 2020, as it looks to stabilize the situation in Malaysia and chart a clear path forward. While the government attempts to strike a delicate balance between lives and livelihoods, support is needed to help keep the engines of the economy running during these tough times.

In a specific response to the current situation, the government of the day has introduced the RM40 billion PEMERKASA Plus economic stimulus package, addressing the three areas of concern – healthcare capacity, people's welfare and business continuity. For businesses in particular, greater support has been provided in terms of access to grants, microcredit loans, special tax exemptions and reductions as well as utilities discounts. Such initiatives may prove to be the difference maker for some businesses, providing them a much needed economic lifeline as they traverse the labyrinth of economic challenges created by this pandemic.

As such, we would like to encourage our valued clients and business associates to use this time to evaluate your current business position as well as incorporate the lessons learnt over the past year in future proofing your business going forward. We hope that the resources provided in this publication act as a guide to aid you in this process of looking ahead even amidst the uncertainties. Stay safe and stay strong!

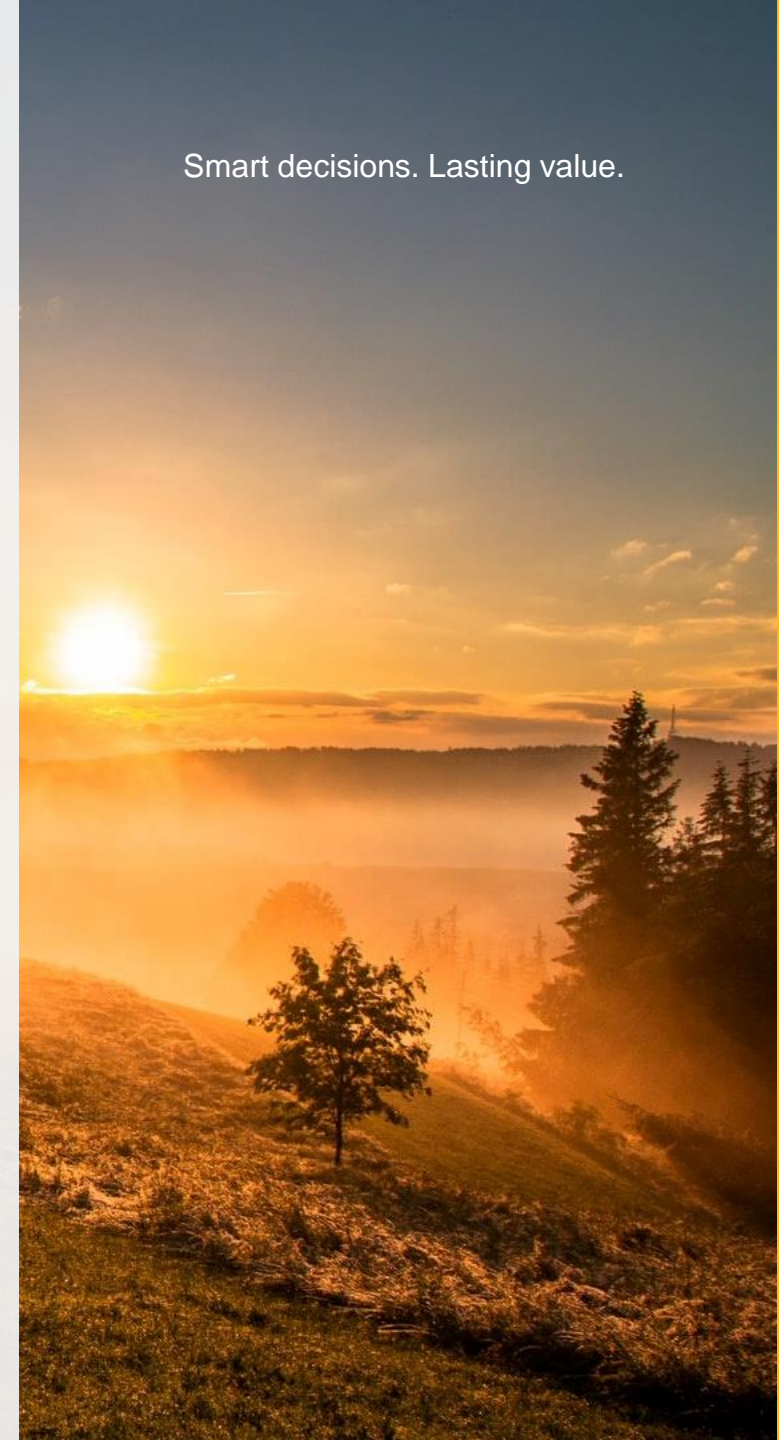




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# Key Highlights at a Glance



Appeals on imposition of penalties, application for deferment of penalty payments and instalment plans for outstanding taxes payable of affected taxpayers and businesses will be considered.



The period of claiming special deduction on rental discounts given by landlords of private business premises to Small and Medium Enterprises (SME) and non-SME will be extended to 31 December 2021.



Exemption for Tourism Tax and Service Tax will be extended until 31 December 2021.



Prihatin Special Grant will be increased from RM1,000 to RM1,500.



Stamp duty exemption on the instruments of transfer and loan agreements for the purchase of residential homes will be extended until 31 December 2021.



The period of full Sales Tax exemption for purchase of locally assembled cars and 50% exemption of Sales Tax for purchase of imported passenger cars will be extended until 31 December 2021.



The HRDF (Human Resource Development Fund) levy payment for the month of June 2021 will be exempted.



10% electricity bill discounts will be provided to affected sectors from July 2021 to September 2021.

## Highlights at a Glance – Employers and Businesses



Extension of the Wage Subsidy Programme for 1 month for all affected businesses, with a limit of 500 employees per application.



SMEs which are not allowed to operate during the Movement Control Order (MCO) will be given an option of 3-month loan moratorium or 50% reduction in loan repayment for 6 months.



30% discount for rental of premises will be provided to affected Majlis Amanah Rakyat (MARA) entrepreneurs from May 2021 to July 2021.



RM550 million will be allocated to accommodate the increased COVID-19 related operation and management costs.



RM1.5 billion will be allocated for businesses to apply for microcredit financing, with financing rates as low as 3%.



Eligible bus and taxi operators will be given a loan moratorium of up to 12 months and extension of the loan period of up to 36 months.



RM450 million will be allocated to increase the capacity of beds and ICU equipment for COVID-19 treatment.

## Highlights at a Glance – People



Individuals in the B40 group who have lost their source of income will be given an option of 3-month loan moratorium or 50% reduction in loan repayment for 6 months.



Bantuan Prihatin Rakyat (BPR) recipients who are single and earn RM2,500 and below will be given a single payment of RM100.



BPR for households with earnings between RM2,501 and RM5,000 will be given a one-off cash assistance of RM300.



Tourist drivers, taxi drivers, bus drivers and e-hailing drivers will be given a one-off cash assistance of RM500.



BPR for households with earnings of RM2,500 and below will be given a single payment of RM500.

# Measures relating to Businesses

Details of Proposed Measures, Effective Date and Commentary



# Details of Proposed Measures, Effective Date and Commentary

## 1. Appeals on the Imposition of Penalties, Application for Deferment of Penalty Payments and Instalment Plans for Outstanding Taxes Payable of Affected Taxpayers and Businesses

Present	Currently, the Inland Revenue Board of Malaysia (IRBM) considers appeals on imposition of penalties, application for deferment of penalty payments and instalment plans for outstanding taxes payable on a case-to-case basis based on the merits of each application.
Proposed	It is proposed that the IRBM considers appeals on: 1) the imposition of penalties; 2) deferment of penalty payments to the year 2022; and 3) instalment payment plans for the settlement of outstanding taxes payable.
Effective Date	For appeals and applications submitted to the IRBM beginning from 1 June 2021.
Commentary	<p>This proposed measure will help to ease the cash flow of taxpayers and companies that have been severely affected by the various iterations of the MCO.</p> <p>Further clarification is required on the conditions to be eligible to appeal on the imposition of penalties, application for deferment of penalty payments and instalment plans for settlement of outstanding taxes payable.</p>



# Details of Proposed Measures, Effective Date and Commentary

## 2. Extension of special deduction on rental discount given by landlords of private business premises

Present	<p>A special tax deduction which is equivalent to the amount of rental discount will be given to landlords of private business premises which are rented out to SMEs and non-SMEs.</p> <p>In order to be eligible for this special tax deduction, the discount provided must be at least 30% of the original rental starting from 1 April 2021 to 30 June 2021.</p>
Proposed	<p>The special tax deduction period will be extended to 31 December 2021.</p>
Effective Date	<p>Effective from 1 July 2021 to 31 December 2021.</p>
Commentary	<p>The special tax deduction on rental discounts given by landlords of private business premises was first announced under the additional <i>PRIHATIN</i> SME Economic Stimulus Package on 6 April 2020. However, the rules to legislate the above special deduction have yet to be gazetted to-date.</p> <p>Hence, the landlords are unable to claim the relevant tax deduction despite rental discounts of at least 30% being given to their tenants as of to date. As such, it may discourage certain landlords in providing the rental discounts to their tenants. The Government should expedite the process in gazetting the legislation for the above special deduction.</p> <p>Rental is a monthly fixed expenditure for most businesses. Reduction in monthly fixed expenditure will definitely maximise the cash flow of a business. Having sufficient cash flow will effectively keep the businesses of SMEs and non-SMEs afloat in these challenging times.</p>

# Details of Proposed Measures, Effective Date and Commentary

## 3. Extension of stamp duty exemption for purchase of residential homes

Present	The Home Ownership Campaign (HOC) had been reintroduced in June 2020 under Pelan Jana Semula Ekonomi Negara (PENJANA) for the period from 1 June 2020 to 31 May 2021. Under the HOC, stamp duty exemption was given on the instruments of transfer and loan agreements for the purchase of residential homes priced between RM300,000 to RM2.5 million, subject to at least 10% discounts provided by developers. The stamp duty exemption on the instrument of transfer is limited to the first RM1 million of the home price while full stamp duty exemption is given on the loan agreement.
Proposed	It is proposed that the HOC be extended up to 31 December 2021.
Effective Date	From 1 June 2021 to 31 December 2021.
Commentary	This proposed measure would help to stimulate the property market and provide financial relief to home buyers. Home buyers can expect to save up to RM24,000 and RM12,500 in stamp duties on the instrument of transfer and loan agreement respectively.



# Details of Proposed Measures, Effective Date and Commentary

## 4. Extension of Sales Tax exemption period for purchase of passenger cars

Present	<p>Full Sales Tax exemption is given on the purchase of locally assembled cars whilst a 50% Sales Tax exemption is given on the purchase of imported cars.</p> <p>This Sales Tax exemption was effective from 15 June 2020 to 30 June 2021.</p>
Proposed	<p>The above-mentioned Sales Tax exemption on the purchase of passenger cars will be extended to 31 December 2021.</p>
Effective Date	<p>1 July 2021 to 31 December 2021.</p>
Commentary	<p>The Sales Tax exemption will result in the reduction of prices for passenger cars.</p> <p>The intention of the Government to extend this Sales Tax exemption for another 6 months will continue to boost the automotive sector.</p>



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