

2021

Issue. 1

# TRICOR INSIGHTS

Malaysia – Further Covid-19 Support for  
businesses in 2021

On 18 January 2021, the Prime Minister of Malaysia unveiled a further assistance package (“PERMAI”) aimed at improving and accelerating the implementation of existing initiatives. An additional stimulus package worth up to RM15 billion comprising 22 initiatives were introduced under PERMAI, centred on combating the COVID-19 outbreak, safeguarding the welfare of the people and supporting businesses, particularly the Small and Medium-Sized Enterprises (“SMEs”).

The key measures introduced under PERMAI are summarised below:

## 1. Tax Measures under PERMAI

### ***Personal tax relief for private COVID-19 screening***

The scope of tax relief for complete medical examination expenses, which was increased to RM1,000 in Budget 2021, is expanded to cover COVID-19 screening.

### ***Personal tax relief for purchase of mobile phones, computers and tablets***

A special personal tax relief of up to RM2,500 on purchase of mobile phones, computers or tablets is extended to 31 December 2021. This special relief is in addition to the lifestyle relief of RM2,500 granted to resident taxpayers.

### ***Extension of special deduction for rental discounts***

A special tax deduction for landlords who grant a minimum of 30% rental reduction for business premises rented to SME tenants is now expanded to include non-SME tenants.

The special deduction period will also be extended from 31 March 2021 to 30 June 2021.

### ***Sales tax exemption on passenger vehicles***

Following the expiration of sales tax exemption on passenger vehicles provided under the PENJANA incentive package on 31 December 2020, the exemption will now be extended until 30 June 2021. The exemption given is as follows:

- i. 100% exemption for locally assembled passenger cars; and
- ii. 50% exemption for imported passenger cars

This extension was earlier announced in a media release dated 29 December 2020 issued by the Ministry of Finance.

### ***Excise duty and sales tax exemption for the disposal or transfer for private use of taxis***

Effective from 1 January 2021 to 31 December 2021, the ownership period to qualify for excise duty and sales tax exemption for taxi owners is shortened from seven to five years. The exemption is available upon the sale or the transfer of the taxi for personal use.

## 2. Other Measures under PERMAI

### ***Enhanced Wage Subsidy Programme 3.0***

A comparison of the salient features of the Wage Subsidy Programmes 1.0, 2.0 and 3.0 is as follows:

	Wage Subsidy Programme 1.0	Wage Subsidy Programme 2.0	Wage Subsidy Programme 3.0 (announced in 2021 Budget)
Maximum number of eligible employees	200	200	500
Wage subsidy per eligible employee	RM600-RM1,200 (depending on size of entity)	RM600	RM600
Wage subsidy period	6 months	<ul style="list-style-type: none"> <li>3 months for existing recipients</li> <li>6 months for new applicants</li> </ul>	
Conditions	<ul style="list-style-type: none"> <li>For all sectors</li> <li>Must show <math>\geq 30\%</math> decrease of sales/revenue year-on-year</li> </ul>		For tourism and retail sectors
Applicable period	1 April 2020 to 30 September 2020	1 October 2020 to 31 December 2020	1 January 2021 to 30 June 2020

Under PERMAI, the wage subsidy programme 3.0 is enhanced as follows:

- To include all employers operating in Movement Control Order (“MCO”) states, irrespective of the economic sector they operate in. For a period of one (1) month, eligible employers will receive a wage subsidy of RM600 for each employee earning RM4,000 or less per month.

#### ***Expansion of Prihatin Special Grant (additional allocation of RM650 million)***

- The Prihatin Special Grant Plus is extended to all SMEs as follows:
  - RM1,000 will be provided to SMEs in MCO states
  - RM500 will be provided to SMEs in non-MCO states

#### ***Employment Insurance System Program (“SIP PRIHATIN”)***

- Financial assistance for individuals who have lost employment during the MCO.
- Employees who do not meet the minimum contribution conditions and whose contract were not extended after having been renewed for at least 3 times previously are now eligible to apply for financial assistance under SIP PRIHATIN.
- Assistance of 30% of last drawn monthly salary (capped at RM3,950) for a period of 3 months.

#### ***Human Resource Development Fund (“HRDF”) levy exemption***

- Under the PRIHATIN stimulus packages, exemption from contributing HRD levy by registered employers was granted for a period between 15 April 2020 to 15 September 2020.
- Under PERMAI, the exemption is granted to employers who are unable to operate during the MCO or the Conditional MCO periods.

#### ***Financial assistance for tour guides, taxi and bus drivers***

- One-off payment of RM500 to tourist guides, taxi drivers, school bus drivers, tour bus drivers, rental car drivers and e-hailing vehicle drivers.

**Moratorium**

- Deferment of payments to assist those affected by COVID-19, MCO and floods as follows-
  - i. Banks – extension of moratorium and restructuring of loan repayments, subject to approval of the respective bank
  - ii. PTPTN – 3 months study loan repayment moratorium for applications made by 31 March 2021
  - iii. MARA – rescheduling of moratorium period for education and business loans for applications made by 31 March 2021

**Electricity discount and rebates**

- 10% discount on electricity bills from January to March 2021 for the following business sectors:
  - i. Hotel operators
  - ii. Theme parks
  - iii. Convention centres
  - iv. Shopping malls
  - v. Local airline offices
  - vi. Travel and tour agencies
- Electricity rebates for all Tenaga Nasional Berhad users at a rate of 2 sen per kilowatt-hour (from 1 January to 30 June 2021)

**Key comments**

- The initiatives under PERMAI were formulated to provide immediate assistance to businesses and individuals affected by the reintroduction of the MCO. Most of the initiatives are either enhancement of existing incentives or extension of relief/exemption periods.
- For businesses, the extension of the special deduction for rental subsidy, HRDF levy exemption and wage subsidy are aimed at reducing operational costs during the MCO period. Financial assistance under the Prihatin Special Grant Plus and moratorium of loan repayment should also alleviate cash flows which will be adversely impacted due to a downturn in sales revenue.
- Special emphasis has been given to the hospitality and tourism sector which is severely affected due to the closure of operations during the MCO. Tour guides and individuals involved in the transportation sector will also receive financial assistance. These measures, although welcomed, do not seem to provide substantial relief and it remains to be seen if further initiatives will be introduced to provide additional aid to this sector.
- Further clarifications on the implementation of some of the measures need to be issued by the relevant authorities as soon as possible. Examples – whether the HRDF levy exemption is only applicable during the MCO period, whether there are any qualifying criteria for the wage subsidy, etc. For the measures to be effective, it is also crucial that the funds are channeled to eligible recipients without undue delays.

**Contact**

If you require further information on the above, please contact our team: -

Service Line	Name	Email
Corporate Tax and Advisory	Thang Mee Lee Lim Kah Fan	Mee.Lee.Thang@my.tricorglobal.com Kah.Fan.Lim@my.tricorglobal.com
Transfer Pricing	Leow Mui Lee Vivian New Sarah Chew	Mui.Lee.Leow@my.tricorglobal.com Vivian.New@my.tricorglobal.com Sarah.Chew@my.tricorglobal.com
Individual Tax	Thang Mee Lee	Mee.Lee.Thang@my.tricorglobal.com
Tax Audit and Investigation	Lim Kah Fan Thisha Gunasilan	Kah.Fan.Lim@my.tricorglobal.com Thisha.Gunasilan@my.tricorglobal.com
Knowledge Management	Vivian New Shiranee Niles	Vivian.New@my.tricorglobal.com Shiranee.Niles@my.tricorglobal.com

For other Tricor services, please email to [info@my.tricorglobal.com](mailto:info@my.tricorglobal.com) or visit [www.tricorglobal.com](http://www.tricorglobal.com)

*Disclaimer: This newsletter contains general information only, all of which may be subject to change. Independent professional advice should be obtained where necessary.*



Tricor Taxand Sdn Bhd is part of the Tricor Group, the leading business expansion specialist in Asia, with global knowledge and local expertise in business, corporate, investor, human resources & payroll, and corporate trust & debt services. Tricor provides the building blocks for, and catalyzes every stage of your business growth, from incorporation to IPO.

The Tricor Group has a dominant footprint in Asia Pacific and a strong global presence. The Group operates in 21 countries / territories and across a network of 47 offices.

Tricor Taxand, the Group's tax advisory business in Malaysia, is a member of the Taxand Global organisation of independent tax advisory firms. As such, Tricor Taxand is able to leverage on Taxand's large client base and work with other Taxand member firms in servicing clients. Its tax advisory services have been recognised with many awards and accreditations.

Tricor Taxand Sdn Bhd  
200601026227 (745982-X)

Address:  
Unit 30-01, Level 30, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia