

# Take5

for business

## PERMAI Assistance Package

Fifth economic stimulus package



Building a better  
working world

The Government unveiled the RM15b *Perlindungan Ekonomi & Rakyat Malaysia* (PERMAI) Assistance Package on 18 January 2021 to focus on improving and accelerating existing initiatives. PERMAI incorporates a total of 22 initiatives, anchored by three main objectives:

- ▶ Combatting the COVID-19 outbreak
- ▶ Safeguarding the welfare of the people
- ▶ Supporting business continuity

### 1. Combatting the COVID-19 outbreak

- ▶ RM3b for COVID-19 vaccine procurement; vaccination as early as March 2021 over 12 months for 27m people
- ▶ RM1b for additional supplies for frontliners, including Ministry of Health (MOH), National Security Council (NSC) and other relevant agencies
- ▶ RM150m for recruiting 3,500 healthcare personnel, including assistant medical officers, paramedics, laboratory technicians and nurses
- ▶ RM100m for treatment of both COVID-19 and non-COVID-19 patients by private hospitals
- ▶ Extension of personal tax reliefs (refer to page 4)
- ▶ Supporting COVID-19 screening of foreign workers in red zones funded by SOCSO

“

With MCO 2.0, the PERMAI Assistance Package can support the healthcare needs and alleviate the financial burden faced by businesses, the *rakyat* and the larger community.

**Amarjeet Singh**

EY Asean Tax Leader

Malaysia Tax Leader

Ernst & Young Tax Consultants Sdn. Bhd.

## 2. Safeguarding the welfare of the people

### Digital assistance

- ▶ RM500m for free 1GB monthly internet data until April 2021
- ▶ Special telco package for SPM or STPM candidates and higher learning institute students until April 2021

### Loan moratorium and repayment assistance

- ▶ Moratorium extension and loan repayment assistance for impacted individuals and companies, especially flood victims, B40 and M40 groups, and small and medium enterprises (SMEs)
- ▶ Education loan moratorium and repayment assistance for Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) and Majlis Amanah Rakyat (MARA) borrowers until 31 March 2021

### EPF and tax relief

- ▶ Advance of up to RM1,000 from the amount applied under the EPF i-Sinar Category 2 facility
- ▶ Tax relief for aid contributions

### Other programs

- ▶ RM50m Food Basket Program to provide essential food items worth RM100 to each eligible household
- ▶ RM25m for GLC/GLIC Disaster Relief Network program as matching grants
- ▶ Payment of direct aid, i.e. Bantuan Prihatin Nasional 2.0 Phase 2 and Bantuan Prihatin Rakyat Phase 1, brought forward

## 3. Supporting business continuity

### Businesses

- ▶ Enhancement of Danajamin PRIHATIN Guarantee Scheme (SJPD)
  - ▶ Increase the maximum financing from RM500m to RM1b
  - ▶ Expand the scope of financing to cover working capital with a guarantee period of up to 10 years
  - ▶ Allow foreign-owned companies operating in Malaysia to obtain the SJPD guarantee, provided that Malaysian employees account for at least 75% of their workforce
- ▶ Relaxation of conditions for the Prihatin Employment Insurance System program (SIP PRIHATIN). Eligible applicants are able to apply for financial assistance of 30% of their monthly salary for a period of three months.

### SMEs and micro-enterprises

- ▶ RM1b microcredit scheme for SMEs and micro-enterprises to be expedited
- ▶ RM650m for PERMAI Prihatin Special Grant for SMEs
- ▶ RM300m for SME and micro SME e-Commerce campaign and Shop Malaysia Online campaign
- ▶ Effective period covering one's inability to perform contractual obligations (including hire purchase or lease contracts or credit sales contracts) extended to 31 March 2021
- ▶ Business financing rescheduling program available for affected MARA entrepreneurs
- ▶ 30% rental discount on MARA's business premises from November 2020 to April 2021

### Transport

- ▶ RM1b guarantee on financing for the Bus and Taxi Hire Purchase Rehabilitation Scheme
- ▶ RM66m for a one-off assistance of RM500 for tourists guides, as well as e-hailing, taxi and bus drivers
- ▶ RM24m for full contribution coverage for delivery riders under the SOCSO Self-Employment Social Security Scheme

### Utilities

- ▶ Electricity bill support: 10% discount until March 2021 for six business sectors and up to 9% bill reduction from January 2021 to June 2021 for all users

## Key tax measures

### Enhancement of Wage Subsidy Programme 3.0

The Wage Subsidy Programme (WSP) was introduced to help alleviate some of the financial burden of employers who did not retrench or reduce wages of employees earning RM4,000 and below, despite the economic hardship brought on by the COVID-19 pandemic. A summary of the WSPs announced previously is set out below:

Type	Applicable period	Sector(s)	Number of eligible employees (max. per company)	Subsidy period
WSP 1.0	1 April 2020 to 30 September 2020	All sectors	200	6 months
WSP 2.0	1 October 2020 to 31 December 2020	All sectors	200	<ul style="list-style-type: none"> <li>▶ 3 additional months for existing WSP recipients</li> <li>▶ 6 months for new applicants</li> </ul>
WSP 3.0 (Budget 2021)	1 January 2021 to 30 June 2021	Tourism and retail sectors only	500	<ul style="list-style-type: none"> <li>▶ 3 additional months for existing WSP recipients</li> <li>▶ 6 months for new applicants</li> </ul>

The WSP 3.0 announced in Budget 2021 is now enhanced to cover all employers operating in the Movement Control Order (MCO) states across all sectors for a period of one month. The eligible employers will receive a wage subsidy of RM600 per employee, for each of their employees earning less than RM4,000.

### HRDF levy exemption

In Budget 2021, the Human Resource Development Fund (HRDF) levy is exempted for six months, effective 1 January 2021. The exemption was only available to companies in the tourism sector and affected by the COVID-19 crisis.

It is now proposed that the HRDF levy exemption be made available to companies that are unable to operate during the MCO and Conditional Movement Control Order (CMCO) periods. However, it is not clear at this stage whether the exemption will also be for a period of six months.

### Further extension of special deduction on rental discounts given to tenants

It was proposed that a special deduction be given to property owners who provide at least 30% rental discounts to small and medium enterprises (SMEs) from 1 April 2020 to 31 March 2021. It has now been announced that the special deduction will be expanded to include non-SMEs. In addition, the special deduction will also be extended for another three months, until 30 June 2021.

The authorities had previously issued guidelines on the special deductions for SMEs. It is unclear at this time whether these existing guidelines will also apply to the tax deduction on rental discounts given to non-SMEs, or whether separate guidelines will be issued.

## Key tax measures

### Extension of personal tax reliefs

Tax relief	Current	Proposed in PERMAI
Medical expenses for serious diseases for self, spouse and child	RM8,000 (including vaccination expenses and full medical check-up, up to RM1,000 each). In Budget 2021, the scope of the tax relief was expanded to include expenses on certain vaccinations (including COVID-19) for self, spouse and child.	The scope of the medical check-up relief of RM1,000 is expanded to include COVID-19 screening tests.
Special tax relief for purchase of handphones, computers or tablets	Special tax relief of up to RM2,500 for purchase of handphones, computers or tablets from 1 June 2020 to 31 December 2020	The relief is extended to also cover purchases made between 1 January 2021 and 31 December 2021. It is not clear at this stage whether individuals who claim the relief in the year of assessment (YA) 2020 for purchases in 2020, will also be eligible to claim relief in YA2021 for new purchases in 2021.

### Extension of sales tax exemption on passenger cars

On 5 June 2020, the Prime Minister of Malaysia announced a Short-Term Economic Recovery Plan. To promote the growth of the automotive industry in Malaysia and to provide financial relief to car buyers, a sales tax exemption on the sale of locally-assembled passenger cars and the importation of passenger cars into Malaysia was announced as part of this Plan. The sales tax exemption provided is as follows:

- ▶ 100% sales tax exemption on the sale of locally-assembled passenger cars
- ▶ 50% sales tax exemption on imported passenger cars

The above sales tax exemption is extended to 30 June 2021 under the PERMAI Assistance Package, in line with the media announcement released by the Ministry of Finance (MOF) dated 29 December 2020.

### Reduction of ownership period to enjoy excise duty and sales tax exemption on budget taxis

Currently, the Government provides 100% excise duty and sales tax exemption for the transfer, disposal and private use of budget taxis. This is on condition that the vehicle is owned for seven years.

Under the PERMAI Assistance Package, the ownership period has been reduced to five years, effective from 1 January to 31 December 2021.

## Contacts



### Yeo Eng Ping

EY Asia-Pacific Tax Leader

Tel: +603 7495 8288  
eng-ping.yeo@my.ey.com



### Amarjeet Singh

EY Asean Tax Leader  
Malaysia Tax Leader  
Ernst & Young Tax Consultants Sdn. Bhd.

Tel: +603 7495 8383  
amarjeet.singh@my.ey.com



### Farah Rosley

Malaysia Tax Markets Leader  
Ernst & Young Tax Consultants Sdn. Bhd.

Tel: +603 7495 8254  
farah.rosley@my.ey.com



### Anil Kumar Puri

Partner, International Tax and Transaction Services  
Ernst & Young Tax Consultants Sdn. Bhd.

Tel: +603 7495 8413  
anil-kumar.puri@my.ey.com

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://www.ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://www.ey.com).

©2021 Ernst & Young Tax Consultants Sdn. Bhd. All Rights Reserved.

APAC no. 07002533  
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

[ey.com/my](https://www.ey.com/my)