



TAX FLASH

NOVEMBER 2020 (SPECIAL EDITION NO. 1)

2021 Budget Highlights

Executive Summary

Earlier this year, the COVID-19 pandemic has turned the world upside down and severely impacted various sectors of the global economy. The Government has acted promptly by introducing a phased economic recovery plan, centred on the 6R approach of Resolve, Resilience, Restart, Recovery, Revitalise and Reform.

Throughout the first 4R (i.e. Resolve, Resilience, Restart and Recovery), the Government has introduced the following stimulus packages worth RM305 billion or 20.7% of the country's Gross Domestic Product:-

- *Prihatin Rakyat* Economic Stimulus Package ["PRIHATIN"];
- Additional *Prihatin Rakyat* SME Economic Stimulus Package ["PRIHATIN SME Plus"];
- Short-Term Economic Recovery Plan ["PENJANA"]; and
- *Prihatin* Supplementary Initiative Package ["KITA PRIHATIN"].

- Moore Malaysia
- Moore Global
- Inland Revenue Board
- Budget Speech
- Appendices

While the whole world is following up to see whether Joe Biden or Donald Trump will occupy the White House, our government has through the Finance Minister, YB Senator Tengku Dato' Sri Zafrul Tengku Abdul Aziz, tabled the Budget 2021, i.e. the fifth "R" strategy of Revitalise, themed "**Stand United, We Shall Prevail**" on 6th November 2020. This was formulated based on three (3) integral goals:-

- *Rakyat's* Well-being;
- Business Continuity; and
- Economic Resilience.

To assist taxpayers in the middle income group affected by the current economic situation, the proposed tax reduction by 1 percentage point for chargeable income band of RM50,001 to RM70,000 in respect of resident individuals will help to ease some of their financial burdens by increasing their disposable income of the said income band by RM200. In addition to the above, the controversial short-term measure for long-term survival, i.e. withdrawals from Account 1 of the Employees Provident Fund has also been tabled in the Budget 2021.

Given that many employees, especially in the tourism sector, are still affected by the current pandemic, it is proposed to extend the implementation of the Wage Subsidy Program for another 3 months with a more targeted approach, specifically for the tourism sector. This also includes the retail sector at a rate of RM600 per month for workers earning RM4,000 and below. In addition, the number of employees per application will be increased from 200 to 500 employees.

The Government has also committed to provide various grants to support businesses and certain industries in this challenging period. These grants provide assistance for private employers, farmers and planters, fisheries, traders and hawkers in Sabah as well as supporting automation and modernisation of businesses.

The key proposals outlined in the Budget 2021 are summarised into the following broad categories:-

- A. Income Tax – Changes Affecting Individuals
- B. Income Tax – Changes Affecting Companies and Unincorporated Businesses
- C. Investment Incentives
- D. Stamp Duty
- E. Sales and Service and Indirect Taxes
- F. Others

Please note that due to the unavailability of the Finance Bill 2020 at the time of publication, we will update you on any further developments affecting the above categories in due course.

Legend

EPF	=	Employee Provident Fund
HRDF	=	Human Resources Development Fund
ITA	=	Investment Tax Allowance
MIDA	=	Malaysian Investment Development Authority
R&D	=	Research and development
SC	=	Securities Commission
SME	=	Small and Medium Enterprise
YA	=	Year of Assessment

A. Income Tax – Changes Affecting Individuals

1. Reduction in Individual Tax Rate

- Tax rate for resident individuals be reduced by 1% for chargeable income band of RM50,001 to RM70,000
- A comparison is as shown below:-

Chargeable Income RM	Current Tax Rates %	Proposed Tax Rates %	Reduction %
0 – 5,000	0	0	-
5,001 – 20,000	1	1	-
20,001 – 35,000	3	3	-
35,001 – 50,000	8	8	-
50,001 – 70,000	14	13	1
70,001 – 100,000	21	21	-
100,001 – 250,000	24	24	-
250,001 – 400,000	24.5	24.5	-
400,001 – 600,000	25	25	-
600,001 – 1,000,000	26	26	-
1,000,001 – 2,000,000	28	28	-
Exceeding 2,000,000	30	30	-

- Effective YA 2021

2. Increase in Tax Relief for Medical Expenses for Parents

- Relief for the expenses incurred for parents in respect of medical treatment, special needs and parental care be increased from RM5,000 to RM8,000
- Effective YA 2021

3. Increase and Expansion of Tax Relief for Medical Expenses for Self, Spouse and Child

- Relief on the expenses incurred on medical treatment for serious diseases for self, spouse and child and fertility treatment for a married individual be increased from RM6,000 to RM8,000
- The relief on the expenses incurred on complete medical examination, which forms part of the relief mentioned above, be increased from RM500 to RM1,000
- The scope of the tax relief for medical treatment expenses be expanded to include vaccination expenses of up to RM1,000 incurred in respect of the following:-
 - Pneumococcal;
 - Human Papillomavirus (HPV);
 - Influenza;
 - Rotavirus;
 - Varicella;
 - Meningococcal;
 - Combination of tetanus-diphtheria-acellular pertussis (Tdap); and
 - COVID-19 (subject to the availability of the vaccine)
- Effective YA 2021

4. Increase in Additional Tax Relief for Disabled Spouse

- Additional relief for disabled spouse be increased from RM3,500 to RM5,000
- Effective YA 2021

5. Extension of Tax Relief Period for Private Retirement Scheme

- Tax relief of up to RM3,000 given on contributions made to a Private Retirement Scheme approved by SC and annuity premium be extended for another 4 years.
- Effective YA 2022 to YA 2025.

6. Increase and Expansion of Relief for Lifestyle

- Relief for lifestyle be increased from RM2,500 to RM3,000 where the additional relief of up to RM500 is allocated for the expenses incurred on purchasing sports equipment, entry/rental of sports facilities and participation fees in sports competitions
- The scope of relief, which currently only covers the purchase of printed daily newspapers, be expanded to include subscription for electronic newspapers
- Effective YA 2021

7. Extension of Tax Relief Period for *Skim Simpanan Pendidikan Nasional*

- Relief of up to RM8,000 given on net savings deposited into *Skim Simpanan Pendidikan Nasional* established under the Perbadanan Tabung Pendidikan Tinggi Nasional Act 1997 by a resident individual for his or her child be extended for another 2 years
- Effective YA 2021 and YA 2022

8. Expansion of the Scope of Income Tax Relief for Expenses Incurred on Study Fees

- Relief for study fee of up to RM7,000 is extended to include the fee incurred for attending up-skilling and self-enhancement courses in any field of skills recognised by the Department of Skills Development under the purview of the Ministry of Human Resources. The tax relief claimable is limited to RM1,000 for each year of assessment
- Effective YA 2021 and YA 2022

9. Increase in the Limit of Tax Exemption on Compensation for Loss of Employment

- Currently, an individual is eligible for an exemption of RM10,000 for each completed year of service on the payment received upon termination of a contract of employment if the payment received is in relation to a period of employment with the same employer or with companies in the same group
- It is proposed that the above tax exemption on compensation for loss of employment be increased from RM10,000 to RM20,000 for each completed year of service
- Effective YA 2020 and YA 2021

10. Special Income Tax Rate for Non-Resident Individuals Holding Key Positions in Companies Granted Incentives for Relocation of Manufacturing Activities to Malaysia

- Please refer to Part C6 below

11. Extension of Application Period for Tax Incentives on the Returning Expert Programme

- Currently, a qualified individual participating in the Returning Expert Programme ["REP"] (whose application has been made to Talent Corporation Malaysia Berhad from 1st January 2014 to 31st December 2020) is entitled to the following tax incentives once the application is approved:-
 - employment income be taxed at a flat rate of 15% for 5 consecutive years of assessment; and
 - exemption on import duty and excise duty for the purchase of a Completely Built-Up ["CBU"] vehicle or excise duty exemption for the purchase of a Completely Knocked-Down ["CKD"] vehicle, subject to the total duty exemption of up to RM150,000.
- It is proposed that the application period be extended for another 3 years and the tax incentive on the REP be revised as follows:-
 - employment income be taxed at a flat rate of 15% for 5 consecutive years of assessment; and
 - exemption on import duty and excise duty for the purchase of a CBU vehicle or excise duty exemption for the purchase of a CKD vehicle be subject to the total duty exemption of up to RM100,000.
- Applications must be received by Talent Corporation Malaysia Berhad from 1st January 2021 to 31st December 2023

B. Income Tax – Changes Affecting Companies and Unincorporated Business

1. Extension of Period of Further Deduction for Employment of Senior Citizens, Ex-Convicts, Parolees, Supervised Persons and Ex-Drug Dependants

- The existing further deduction given to employers on monthly remuneration paid to their full-time employees who are senior citizens (≥ 60 years of age), ex-convicts, parolees, supervised persons and ex-drug dependants which does not exceed RM4,000 each be extended for another 5 years
- Effective YA 2021 to YA 2025

C. Investment Incentives

1. Review of Income Tax Exemption on Green SRI *Sukuk* Grant

- Currently, income tax exemption is given to the recipient of the Green Sustainable and Responsible Investments [“Green SRI”] *sukuk* grant to finance the external review expenditure incurred for the issuance of *sukuk*
- It is proposed that the tax exemption on Green SRI *sukuk* grant be expanded to include all SRI *sukuk* and bonds which meet the ASEAN Green, Social and Sustainability Bond Standards approved by SC
- The income tax exemption on the above grant be extended for another 5 years
- Effective for applications received by SC from 1st January 2021 to 31st December 2025

2. Review of Tax Incentive for Companies Relocating Their Operations to Malaysia and Undertaking New Investments

- Currently, the following tax incentives are given to attract foreign companies to relocate their business to Malaysia:-
 - (i) New Company
 - Tax rate at 0% for 10 years be applied to new investment by foreign companies in manufacturing sector with capital investment between RM300 million to RM500 million;
 - Tax rate at 0% for 15 years be applied to new investment by foreign companies in manufacturing sector with capital investment above RM500 million;
 - (ii) Existing Company
 - For existing companies in Malaysia relocating their overseas facilities to Malaysia with capital investment above RM300 million, a 100% investment tax allowance [“ITA”] for 5 years shall be given
- To qualify for the above incentives, eligible companies in manufacturing sector must relocate and commence operations within a period of one year from the date of approval and the amount of investment involved must be made within a 3-year period
- The above incentives apply to applications received by MIDA from 1st July 2020 to 31st December 2021
- It is proposed that:-
 - Application period to MIDA for the tax incentives be extended for another year until 31st December 2022;
 - The scope of the tax incentives be expanded to cover companies in selected services sector including companies adapting Industrial Revolution 4.0 and digitalisation technology with investment that contribute to significant multiplier effect in the following services:-
 - provision of technology solution, or more typically technology company which develops technology and provides technology solutions based on substantial scientific or engineering challenges;
 - provision of infrastructure and technology for cloud computing;
 - research and development / design and development activities;
 - medical devices testing laboratory and clinical trials;
 - any services or manufacturing related services as determined by the Minister of Finance

- The tax incentives be revised as follows:-
 - (i) New Company
 - Tax rate of 0% to 10% for 10 years be applied to new investment by foreign companies
 - (ii) Existing Company
 - Tax rate at 10% for 10 years be applied to existing companies in Malaysia relocating their overseas facilities to Malaysia
- Effective date as follows:-
 - For manufacturing sector, applications must be received by MIDA on or before 31st December 2022
 - For selected services sector, applications must be received by MIDA from 7th November 2020 until 31st December 2022

3. Tax Incentives for Manufacturer of Pharmaceutical Products Including Vaccines

- It is proposed that the following tax incentives be given to encourage manufacturers of pharmaceutical products including vaccines, especially COVID-19 vaccine, to invest in Malaysia:-
 - Income tax rate of 0% to 10% for the first 10 years; and
 - Income tax rate of 10% for the subsequent period of 10 years
- Other facilities such as grants and import duty / sales tax exemption for machineries, equipment and raw materials may be considered for companies making such investment in Malaysia
- Effective for applications received by MIDA from 7th November 2020 to 31st December 2022

4. Review and Expansion of Scope of Tax Incentives for Commercialisation of R&D Findings

- Currently, the following tax incentives are given to promote commercialisation of R&D findings of public research institutions (including public higher learning institutions) in Malaysia:-
 - Non-Resource Based
 - For investor company
 - Tax deduction equivalent to the amount of investment made in the subsidiary company that undertakes commercialisation of R&D findings of public research institutions
 - For subsidiary companies that commercialise R&D findings of public research institutions
 - Income tax exemption of 100% of statutory income for 10 years
 - Available to applications received by MIDA from 29th September 2012 to 31st December 2017
- It is proposed that the above tax incentives be reintroduced and effective for applications received by MIDA from 7th November 2020 to 31st December 2025
- The scope of the above tax incentives be expanded to cover commercialisation of R&D findings by private higher learning institutions

5. New Tax Incentives for Global Trading Centre

- To enhance and simplify the tax incentive for trading activities covered under the Principal Hub, it is proposed that a new incentive scheme known as Global Trading Centre be introduced and a concessionary 10% income tax rate be given for a period of 5 years and renewable for another 5 years
- Further details for this proposal are unknown, pending the gazette of the relevant legislations
- Effective for applications received by MIDA from 1st January 2021 until 31st December 2022

6. Special Income Tax Rate for Non-Resident Individuals Holding Key Positions in Companies Granted Incentives for Relocation of Manufacturing Activities to Malaysia

- Non-resident individuals holding key positions / C-Suite positions in a company that has been granted incentives for relocation of manufacturing activities to Malaysia under PENJANA be subject to income tax at the flat rate of 15% for a period of 5 consecutive years
- This incentive is subject to the following conditions:-
 - Restricted to 5 non-resident individuals employed in each company;
 - Receiving a monthly salary of not less than RM25,000 each; and
 - Must attain tax resident status in Malaysia throughout the incentive period

- Effective for applications received by MIDA from 7th November 2020 until 31st December 2021

7. Extension of Tax Exemption for Principal Hub Incentive

- Currently, an approved Principal Hub is eligible to enjoy the following concessionary income tax rates:-
 - (i) New Company
 - Tier 1: 0% income tax rate for a period of 5 years and eligible for renewal for another 5 years subject to the following criteria:-
 - employment of at least 50 high valued workers;
 - employment of at least 5 key posts personnel; and
 - annual operational expenditure of at least RM10 million
 - Tier 2: 5% income tax rate for a period of 5 years and eligible for renewal for another 5 years subject to the following criteria:-
 - employment of at least 30 high valued workers;
 - employment of at least 4 key posts personnel; and
 - annual operational expenditure of at least RM5 million
 - (ii) Existing Company
 - 10% income tax rate for a period of 5 years subject to the following criteria:-
 - employment of at least 30 high valued workers;
 - employment of at least 5 key posts personnel; and
 - annual operational expenditure of at least RM10 million
- It is proposed that the window period for the applications received by MIDA which is due to end in 2020 be extended for another 2 years
- Minimum condition on the number of high value jobs, key positions and annual operating expenditure to be relaxed for renewal of the second 5 years incentive period for new companies
- Effective for applications received by MIDA from 1st January 2021 to 31st December 2022

8. Tax Exemption for Individuals Investing in Equity Crowdfunding

- Tax exemption on aggregate income be given to individual investors investing in equity crowdfunding, subject to the following conditions:-
 - The eligible amount for tax exemption is equivalent to 50% of the amount of investment made but restricted to RM50,000 for each year of assessment
 - The amount exempted is also restricted to 10% of the aggregate income for the year of assessment, where the excess will be disregarded
 - The investor, investee company and amount of investment made must be verified by SC
 - The investor must not have any family relationship with the investee company
 - The investment must be made through equity crowdfunding platform approved by SC
 - The investment must not be disposed of either in full or in part within 2 years from the date of making the investment
- Effective for investment made from 1st January 2021 until 31st December 2023

9. Extension of Period of Tax Incentive for Export of Private Healthcare Services

- Currently, the private healthcare sector is given an exemption of statutory income equivalent to 100% of the value of increased exports of healthcare services and the exemption can be set-off against 70% of statutory income
- Conditions:-
 - At least 10% of the total number of patients receiving private healthcare services are qualified healthcare travelers for each year of assessment; and
 - At least 10% of the company's gross income is derived from qualified healthcare travelers for each year of assessment
- The above income tax exemption be extended until YA 2022

10. Extension of Tax Incentive Period

- It is proposed that the existing tax incentives for maintenance, repair and overhaul activities for aerospace, building and repair of ships, Bionexus status and economic corridor developments (such as East Coast Economic Region Development Corridor, *Iskandar* Malaysia and Sabah Development Corridor) that due to end in year 2020 be extended until year 2022

11. Review of Tax Incentive for Manufactures of IBS Components

- Currently, the following tax incentives are given for the manufacturers of industrialised building system ["IBS"] components producing IBS basic components such as columns, beams, slabs, walls and roof trusses and IBS systems such as precast concrete system, foamwork system, steel framing system, block work system, timber framing system, innovative system and modular system/components:-
 - (i) Category 1:

Companies producing at least 3 basic components of IBS or IBS system that use at least 3 basic IBC components

 - Income tax exemption of 70% of statutory income for a period of 5 years; or
 - ITA of 60% on qualifying capital expenditure incurred within 5 years and allowable to set-off against 70% of statutory income
 - (ii) Category 2:

Companies producing at least 4 or more basic components of IBS or IBS system that use at least 4 basic IBS components

 - Income tax exemption of 100% of statutory income for a period of 5 years; or
 - ITA of 60% on qualifying capital expenditure incurred within 5 years and allowable for set-off against 100% of statutory income
- The above tax incentives are available to applications received by MIDA from 10th September 2015 until 31st December 2020
- It is proposed that:-
 - Application period for the above tax incentives be extended for another 5 years
 - Categories 1 and 2 be merged where companies are only required to produce at least 3 basic components of IBS or IBS system that use at least 3 basic IBS components
 - ITA of 60% on qualifying capital expenditure incurred within 5 years be given which can be utilised to set-off against 70% of the statutory income for each year of assessment
- Effective for applications received by MIDA from 1st January 2021 to 31st December 2025

D. Stamp Duty

1. Extension and Expansion of Stamp Duty Exemption for Purchase of First Residential Property

- Currently, stamp duty exemption is given on the instrument of transfer of ownership and loan agreement in respect of the acquisition of the first residential property priced up to RM300,000 by an individual who is a Malaysian citizen. This exemption applies to sale and purchase agreements executed from 1st January 2019 to 31st December 2020
- For the acquisition of the first residential property priced exceeding RM300,000 up to RM500,000 by an individual who is a Malaysia citizen, stamp duty remission of up to RM300,000 of the value of property is given on instrument of transfer of ownership and loan agreement. This remission applies to sale and purchase agreements executed from 1st July 2019 to 31st December 2020
- It is proposed that the threshold of the abovementioned stamp duty exemption of RM300,000 be increased to RM500,000 and the exemption period be extended for another 5 years
- Effective for sale and purchase agreements executed from 1st January 2021 to 31st December 2025

2. Extension of Stamp Duty Exemption for Revival of Abandoned Housing Projects

- Currently, stamp duty exemption is given on the following instruments in respect of abandoned housing projects (certified by the Ministry of Housing and Local Government) executed from 1st January 2013 to 31st December 2020:-
 - By rescuing contractor / developer
 - Loan agreements approved by licensed bank and financial institution to finance the abandoned projects
 - Instruments of transfer of the land and residential property in the abandoned projects
 - By purchaser
 - Loan agreements approved by licensed bank and financial institution to finance the residential property
 - Instruments of transfer of the residential property
- It is proposed that the above stamp duty exemption be extended for another 5 years
- Effective for loan agreements and instruments of transfer executed from 1st January 2021 to 31st December 2025

3. Extension of Period of Stamp Duty Exemption for *Perlindungan Tenang* Products

- It is proposed that the current stamp duty exemption on insurance policies and takaful certificates for *Perlindungan Tenang* products which cover life, fire and flood with an annual premium or contribution not exceeding RM100 be extended for another 5 years
- Effective for insurance policies and takaful certificates issued from 1st January 2021 to 31st December 2025

4. Extension of Period of Stamp Duty Exemption for Structured Warrant or Exchange-Traded Fund

- It is proposed that the current stamp duty exemption on a contract note executed for the sale and purchase transaction of structured warrant or exchange-traded fund approved by SC under the Capital Markets and Services Act 2007 in Bursa Malaysia Securities Berhad be extended for another 5 years
- Effective for trading of structured warrant or exchange-traded fund executed from 1st January 2021 to 31st December 2025

E. Sales and Service Tax and Indirect Tax

1. Increase of Sales Limit for Value-Added and Additional Activities Carried Out in the Free Industrial Zone and Licensed Manufacturing Warehouse

- In order to enhance the competitiveness of the company as well as to meet the new dynamics in global trade, it is proposed that the limit on sales value of allowable value-added and additional activities be increased from 10% to 40% of the company's total annual sales value
- Effective for applications received by Royal Malaysian Customs Department from 7th November 2020 onwards

2. Exemption on Import Duty and/or Excise Duty for the Purchase of a CBU Vehicle or a CKD Vehicle under Returning Expert Programme

- Please refer to Part A11

3. Imposition of Excise Duty on Electronic Cigarettes

- To streamline the tax treatment for all types of cigarette and tobacco products, it is proposed that:-
 - Excise duty at the ad valorem rate of 10% be imposed on all types of electronic and non-electronic cigarette devices including vape; and
 - Excise duty at the rate of RM0.40 per millilitre be imposed on liquid or gel used in electronic cigarette devices including vape
- Effective 1st January 2021

4. Expansion of the Scope of Imposition of Tourism Tax on Accommodation Booked Through Online Platform

- To ensure equal treatment between tourists who make their reservation for accommodation directly with the registered accommodation premises operators and through online platform providers, it is proposed that the imposition of tourism tax be expanded to include reservation for accommodation premises made through online platform providers
- Effective 1st July 2021

5. Extension of Exemption of Sales Tax for Bus Operators

- For the purpose of reducing the operation cost of bus operators, the sales tax exemption on the purchase of locally assembled buses (including air-conditioners installed locally and chassis fitted engine) be extended for another 2 years
- Effective 1st January 2021 to 31st December 2022

6. Tightening of Trading of Cigarettes

- It is proposed that the following measures be taken in order to tighten the trading of cigarettes:-
 - Freezing the issuance of new import licence for cigarette;
 - Tightening the renewal of import licence for cigarette through review of licence conditions including the imposition of import quota;
 - Limiting transshipment of cigarette to dedicated ports only;
 - Imposition of tax on the importation of cigarettes with drawback facilities for cigarettes re-exported;
 - Disallowing transshipment of cigarettes and re-exporting of cigarettes by small boats including *kumpit*. Transshipment and re-export of cigarettes will only be allowed for those kept in ISO containers; and
 - Making cigarettes and tobacco products as taxable goods in all Duty-Free Islands and any free zones that have been permitted retail sale of duty-free cigarettes
- Effective 1st January 2021

F. Others

1. Enhancement of Targeted Loan Repayment Assistance

- From April until September 2020, loan moratoriums were provided automatically to aid borrowers
- Beginning 1st October 2020, banks have continued to offer extended moratorium and other forms of repayment assistance to individuals who have lost their jobs or individuals and SMEs whose income have been severely affected by the COVID-19 pandemic
- It is proposed that:-
 - B40 borrowers (i.e. for individuals who are the recipients of *Bantuan Sara Hidup* or *Bantuan Prihatin Rakyat*), and micro enterprises with loans up to RM150,000 be given the following options:-
 - A moratorium on their instalments for a period of 3 months; or
 - A reduction in their monthly repayment by 50% for a period of 6 months
 - The application process for repayment assistance be simplified for M40 borrowers
- Effective December 2020

2. Minimum EPF Contribution by Employees

- It is proposed that the minimum rate of contribution by employees to the EPF be reduced from 11% to 9%
- Effective January 2021 to December 2021

3. Withdrawal of EPF Savings from Account 1

- In April 2020, EPF has introduced the i-Lestari withdrawal facility which allowed members to withdraw RM500 per month for a period of 12 months
- It is announced that to assist its members who have lost their jobs and to lighten their financial burden, the facility to withdraw EPF savings from Account 1 (consists of 70% of the contribution and is specifically for retirement) be given on targeted basis
- The allowed withdrawal amount will be RM500 per month with a total of up to RM6,000 over a period of 12 months
- Application by eligible contributors can be made beginning January 2021

4. Withdrawal of EPF Savings from Account 2

- Currently, EPF members are allowed to make partial withdrawal from Account 2 (consists of 30% of the contribution):-
 - Upon reaching the age of 50
 - To fund own/children's education
 - To purchase a house
 - To build a house
 - Reduce/redeem housing loan balance
 - To pay monthly housing loan instalment
 - To purchase a PR1MA house
 - To perform Hajj
 - To cover medical expenses and/or to buy healthcare equipment
 - When they have more than RM1 million savings
 - Under i-Lestari withdrawal facility that provides financial aid during COVID-19 pandemic
- It is announced that EPF members are also allowed to withdraw from EPF Account 2 to purchase insurance and takaful products approved by EPF relating to life and critical illness coverage for themselves and family members

5. Extension of the Implementation of the Wage Subsidy Program

- The Wage Subsidy Program was introduced under the *Prihatin* Economic Stimulus Package to provide financial assistance to employers for local employees earning RM4,000 or less
- Applications for the Wage Subsidy Program began on 1st April and ended on 30th September 2020. It was then extended for an additional 3 months (i.e. until 31st December 2020)
- It is announced that the Wage Subsidy Program will be further extended for another 3 months (i.e. until 31st March 2021) with a more targeted approach specifically for the tourism sector, which includes the retail sector at a rate of RM600 per month for workers earning RM4,000 or less. The limit of 200 eligible employees will be increased to 500 eligible employees

6. Incentive for Private Employers

- Incentive of RM1,000 per month for up to 3 months be given to private employers for each new graduate who participates in the apprenticeship program
- Grant of up to RM4,000 be given for training programs for the apprentices

7. Grant for e-Satellite Farm Programme

- Matching grant up to RM30,000 be provided to the Area Farmers' Organisation to purchase agriculture equipment in relation to Internet of Things ["IoT"] such as drones

8. Grant for Aquaculture Development Programme

- Matching grant up to RM20,000 be provided to micro entrepreneurs to purchase equipment to develop high-value aquaculture livestock such as lobster and grouper

9. Grant for Palm Oil Industry

- Matching grant of RM30 million be allocated by the Government to encourage the palm oil industry to invest in mechanisation and automation

10. Grant *Khas Prihatin*

- Grant of RM1,000 be given to traders, hawkers, taxi drivers, e-hailing, rental cars and tour drivers in Sabah affected by the lack of tourists

11. Exemption from HRDF Levy

- Exemption from HRDF Levy was granted in the 2020 Economic Stimulus Package for a period of 6 months from 1st April 2020 to 30th September 2020
- Tourism sector and companies that are affected by the COVID-19 pandemic be given exemption from the HRDF levy for another period of 6 months from 1st January 2021 to 30th June 2021

12. SME Digitalisation Grant Scheme and the Automation Grant

- Currently, matching grant worth RM500 million under SME Digitalisation Grant Scheme is given to SMEs adopting digitalisation measures such as electronic Point of Sale systems [“e-POS”], Enterprise Resource Planning and electronic planning system. Another RM550 million matching grant under Automation Grant is given to manufacturing and service companies to automate their business processes
- Additional funds amounting to RM150 million will be allocated by the Government for the SME Digitalisation Grant Scheme and the Automation Grant
- In addition, the eligibility condition for these grants be relaxed to include micro SMEs and start-ups that have been operating for at least 6 months

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