

## Employment

# The National Economic Recovery Plan: Employment Reliefs and Incentives

## Introduction

In our previous [update on the Recovery Movement Control Order](#), we have highlighted some of the initiatives implemented by the Government of Malaysia under the National Economic Recovery Plan ("PENJANA"). Further guidance on the initiatives relating to employment have since been released by the relevant regulatory bodies and government agencies.

In this update, we discuss in further detail the initiatives introduced under PENJANA to assist employers and employees during this period of recovery of the country's economy.

## The Wage Subsidy Programme and Employee Retention Programme

### Extension of the Wage Subsidy Programme ("WSP")

The WSP was introduced by the Government of Malaysia to assist employers by providing wage subsidies for each employee earning less than RM4,000 a month in exchange for the retention of their employees. The period of payment of wage subsidies under the WSP has now been extended to encompass a total period of six months<sup>1</sup>. We have summarised the main features of the extended WSP below:

Size of the Business	75 employees or less	76 to 200 employees	201 employees or more
Financial Assistance (First 3 Months)	RM1,200 a month for each employee	RM800 a month for each employee	RM600 a month for each employee
Financial Assistance (Subsequent 3 Months)	RM600 a month for each employee	RM600 a month for each employee	RM600 a month for each employee
Limit of Employees	75 people	200 people	200 people
Last Date of Application	30 September 2020 or subject to the remaining funds that are provided or any decision of the Government.		

<sup>1</sup> [https://www.perkeso.gov.my/images/pengumuman/penjana/100620\\_faq\\_psu\\_ver3.pdf](https://www.perkeso.gov.my/images/pengumuman/penjana/100620_faq_psu_ver3.pdf)

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Size of the Business	75 employees or less	76 to 200 employees	201 employees or more
Conditions	For employers who choose to accept this assistance, they are required to retain all employees earning RM4,000 a month and below. Employers are allowed to reduce working hours or implement a salary reduction <b>after negotiating with their employees.</b>		
Ineligible Employers	Those who have applied for and withdrawn their application for the WSP on or after 15 June 2020.		

Notably, the conditions for registering for the WSP have been altered to:

- specify that the requirement to retain all employees is only applicable to the employees earning below RM4,000 a month; and
- recognise the employers' ability to negotiate a reduction in working hours or implementation of salary reduction with its employees.

The other eligibility conditions of the WSP remain the same.

### Merger of the Employee Retention Programme ("ERP") under the WSP

The ERP previously provided financial assistance to employers affected by the COVID-19 outbreak and to employees who have been required to take unpaid leave as part of their employer's cost cutting measures. The ERP has been merged under the WSP as of 15 June 2020.

The WSP has been extended to employees in the tourism sector (e.g. hotels, airlines, theme parks, travel agencies and car rentals) and the sectors involved in the list of prohibited activities in the Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (No. 7) Regulations 2020, that have been instructed to take unpaid leave ("**CTG Employees**"). Employers of CTG Employees may apply for the WSP on the condition that the CTG Employees receive the wage subsidies directly.

All applications for the ERP received before 15 June 2020 will be processed by the Social Security Organisation ("**SOCSSO**") according to the set eligibility criteria. Applications for the WSP in relation to CTG Employees may be made from **1 July 2020** onwards.

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### **Refund of Subsidies Upon Withdrawal from the WSP / ERP**

By a letter issued by the SOCSO to all employers registered with SOCSO dated 4 May 2020<sup>2</sup>, any employer who wishes to withdraw from the WSP / ERP shall refund all relevant subsidies to SOCSO all at once.

Employers are required to transfer the relevant amounts via bank transfer and email the receipt / internet banking slip and the completed Agreement to Refund the Assistance under the WSP / ERP Form<sup>3</sup> to [sip.payment@perkeso.gov.my](mailto:sip.payment@perkeso.gov.my).

### **Hiring Incentive, Mobility Assistance and Training Allowance under PenjanaKerjaya**

Under PENJANA, the Government of Malaysia has introduced PenjanaKerjaya with the aim of promoting job creation and increasing employment prospects of unemployed individuals. The programme is implemented and administered by the SOCSO<sup>4</sup>.

PenjanaKerjaya provides for different hiring incentives depending on the category of the newly hired employee and also offers mobility assistance and training courses for eligible employees.

#### **Application for PenjanaKerjaya**

To qualify for the incentives under PenjanaKerjaya, jobseekers and potential employers alike must first register with the [MYFutureJobs portal](#), and potential employers must also register its employer profile with the [PenjanaKerjaya portal](#). Potential employers are then required to apply for the relevant category under PenjanaKerjaya: (i) for Hiring Incentives; (ii) Mobility Assistance; and/or (iii) Training Allowance.

The Hiring Incentives, Mobility Assistance and Training Allowances are available in relation to employees hired from 15 June 2020 onwards and the final date for applications under PenjanaKerjaya is **31 December 2020**. Do note that the incentives under PenjanaKerjaya are not available to employees who are currently receiving assistance under the WRP or the ERP.

For more information on the application process, please click [here](#) for SOCSO's infographic on the application process.

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<sup>2</sup>[https://www.perkeso.gov.my/images/erp/Surat\\_Permohonan\\_Bayaran\\_Balik\\_Bantuan\\_Kewangan\\_Program\\_PSU\\_ERP.pdf](https://www.perkeso.gov.my/images/erp/Surat_Permohonan_Bayaran_Balik_Bantuan_Kewangan_Program_PSU_ERP.pdf)

<sup>3</sup>[https://www.perkeso.gov.my/images/erp/Borang\\_Persetujuan\\_Bayaran\\_Balik\\_Bantuan\\_PSU\\_ERP.pdf](https://www.perkeso.gov.my/images/erp/Borang_Persetujuan_Bayaran_Balik_Bantuan_PSU_ERP.pdf)

<sup>4</sup> [https://www.perkeso.gov.my/images/pengumuman/penjana/program\\_insentif/140620\\_-\\_MEDIA\\_STATEMENT\\_PENJANAKERJAYA.pdf](https://www.perkeso.gov.my/images/pengumuman/penjana/program_insentif/140620_-_MEDIA_STATEMENT_PENJANAKERJAYA.pdf)

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**Hiring Incentives**

The monetary incentives and the eligibility requirements under PenjanaKerjaya are summarised below:

Details	#MyApprentice	#HireMalaysia		
		Below 40 years old	40 years old and above	Persons with disability
Monetary Incentives	RM600 per month for up to six months	RM800 per month for employees with a salary of above RM1,200 for up to six months	RM1,000 per month for up to six months	RM1,000 per month for up to six months
Priority	Priority is provided to school leavers and graduates.	Priority is provided to employers who offer salaries based on the qualifications, skills and experience of the newly hired employee.	Priority is provided to employers who offer salaries based on the qualifications, skills and experience of the newly hired employee.	None provided.
Eligibility requirements	School leavers and graduates who are employed as apprentices.	Local jobseekers who: <ul style="list-style-type: none"> <li>• are below the age of 40 years old; and</li> <li>• have not been working for at least two months.</li> </ul>	Local jobseekers who: <ul style="list-style-type: none"> <li>• are 40 years old and above but below 60 years old; and</li> <li>• have not been working for at least two months.</li> </ul>	Local jobseekers who: <ul style="list-style-type: none"> <li>• are below 60 years old;</li> <li>• are persons with disabilities;</li> <li>• are participants of SOCSO's Return to Work Programme; and</li> <li>• have not been working for at least two months.</li> </ul>
Additional conditions	<ul style="list-style-type: none"> <li>• Employers must be established and registered with SOCSO prior to 1 June 2020.</li> </ul>			

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Details	#MyApprentice	#HireMalaysia		
		Below 40 years old	40 years old and above	Persons with disability
	<ul style="list-style-type: none"> <li>Employers cannot terminate existing employees and re-hire them under PenjanaKerjaya.</li> <li>The offer for employment must be for at least one year, save for newly hired employees under the #MyApprentice category.</li> <li>Newly hired employees under PenjanaKerjaya must be registered with and making the relevant contributions to SOCSO and EIS in the SOCSO Assist System.</li> </ul>			

The incentive will be paid to the employer once SOCSO receives the contributions paid to the account of the eligible employee under PenjanaKerjaya. Information on the Hiring Incentives under PenjanaKerjaya is available in the [FAQ on PenjanaKerjaya issued by SOCSO](#).

### Mobility Assistance

Mobility Assistance in the form of an allowance is offered to newly hired employees under PenjanaKerjaya who are required to relocate over 100km away from their current place of residence. An employee who qualifies for the Mobility Assistance will be entitled to receive RM600 and, where the relocation is from Sabah to Sarawak or Peninsular Malaysia (or vice versa), such employee will be entitled to receive RM1,000.

The Mobility Assistance will be provided in the form of a one-off allowance payment to the newly hired employee through the employer.

### Training Allowance

Beginning 1 July 2020, employers who wish to enrol their newly hired employees (save for those under the #MyApprentice category) in an approved course under PenjanaKerjaya for the purpose of reskilling and upskilling the employee will be provided with a training allowance of up to RM4,000. The list of approved courses is available on the PenjanaKerjaya portal and will be updated from time to time.

Applications for the training courses open on **1 July 2020** and employers are required to submit the applications on behalf of the relevant newly hired employee.

### Flexible Work Arrangements ("FWAs")

To encourage work-from-home arrangements, the Government of Malaysia announced that the following incentives will be provided under PENJANA for FWAs:

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- (a) **Coverage for workers involved in accidents while working at home under the Employment Injury Scheme by SOCSO**
- (b) **Further tax deduction for employers which implement FWAs or undertake enhancement of their existing FWAs**

The following types of expenditure qualify for this incentive:

- Consultancy fees;
- Development of capacity for FWA including costs to train employees; and
- Cost to buy virtual working environment software.

However, the expenditure must be approved by Talent Corporation Malaysia Berhad ("**TalentCorp**") and is limited to RM500,000 for each year of assessment. Applications must be submitted to TalentCorp between **1 July 2020 and 31 December 2022**.

- (c) **Individual income tax exemption of up to RM5,000 to employees who receive a handphone, notebook & tablet from their employer**

A tax exemption of up to RM5,000 will be given to employees who receive a mobile phone, tablet or notebook from their employer for the implementation of FWAs and the exemption is applicable for the year of assessment 2020.

- (d) **Special individual income tax relief of up to RM2,500 on the purchase of handphone, notebook & tablet**

Since the year of assessment 2017, individual income tax exemptions of up to RM2,500 have been provided on 'lifestyle' expenditure which includes, among others, expenditure for the purchase of books, computers, handphones and tablets.

Under PENJANA, an additional individual income tax exemption will be provided for expenditure of up to RM2,500 for the purchase of handphones, computers and tablets during the period of **1 June 2020 to 31 December 2020**.

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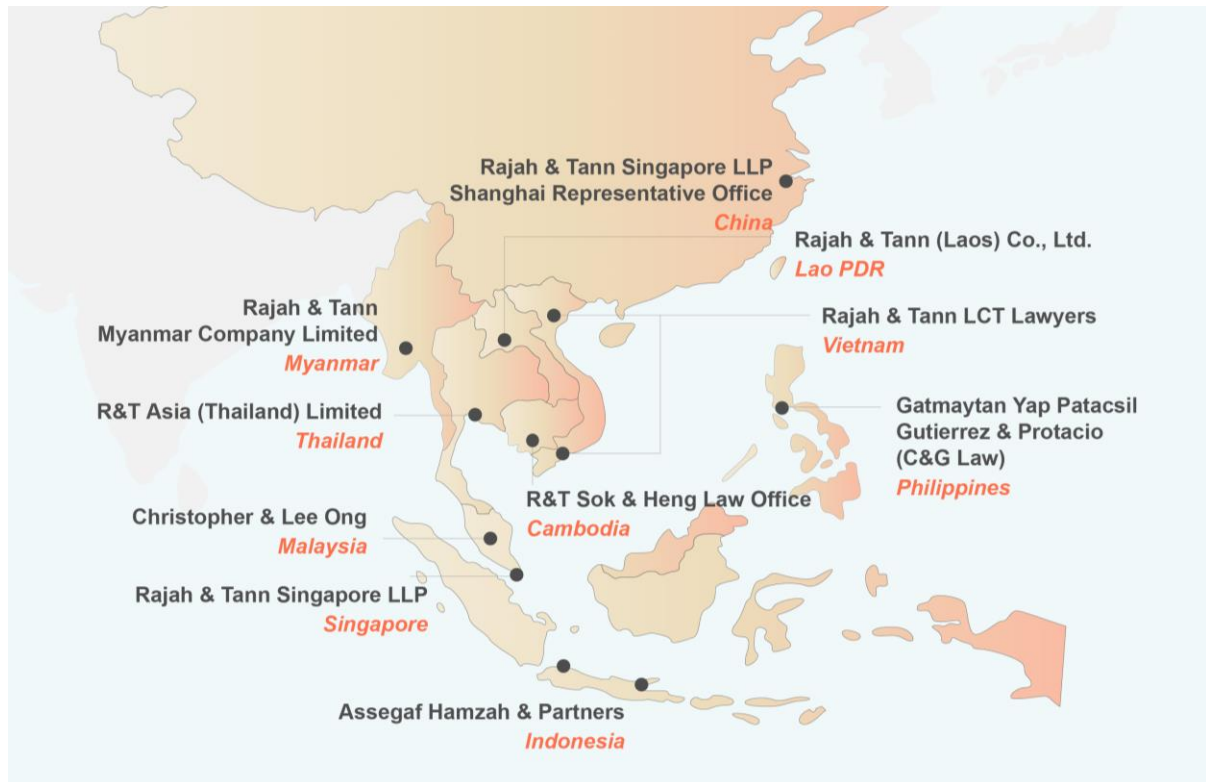
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