



社会经济研究中心  
**SOCIO-ECONOMIC  
RESEARCH CENTRE**

**Economic Stimulus Package  
– Timely, Bold and Well Targeted –**

28 February 2020

# RM20.0 billion Economic Stimulus Package

- China's Covid-19 outbreak-inflicted negative transmission effects on domestic economy would test the Government's capacity to deal with short-term economic disruptions and uncertainties under the current slowing growth trajectory and a moderate global economy. **The current political upheaval, if prolongs may cloud the short-term economic outlook.**
- The **RM20.0 billion or 1.3% of GDP economic stimulus package is broad-based, bold and well targeted**, covering a host of financial assistance, tax rebates and reliefs, rental rebates, electricity bills discount to address affected businesses' cash flow issues. Other measures to sustain consumption and assist affected individuals during this uncertain period, include a voluntary reduction in EPF employees' contribution rate by 4% from 11% to 7% (1 April to December 2020), a one-off payment of RM600 to assist affected individuals reliant on tourism and higher Cost of Living Aid. There are measures to help firms and workers restructure, train and upgrade in preparation for the eventual upturn.
- The economic stimulus package is a timely relief to:
  - a. Provide partial growth stabilization to mitigate the current headwinds;
  - b. Ease cash flows and short-term liquidity crunch faced by the badly affected businesses, especially SMEs, helping them to tide over the anticipated short-term economic disruptions; and
  - c. Help sustaining consumer spending.

## RM20.0 billion Economic Stimulus Package (cont.)

- While the package supports businesses and households in this current fragile economic situation, the Government also committed to sustain as well as expedite public investments in 2020.
- In this regard, the implementing agencies must **expedite the tenders and implementation of development expenditure projects**, and also to **ensure the timely disbursement of funds**, especially an additional RM2.0 billion for the immediate implementation of small infrastructure repair and upgrading projects in rural areas nationwide.
- **High value-added and quality private investments will be enhanced** through the provision of Co-investment matching fund; SMEs Automation and Digitalization Facility; a two-year period of Accelerated Capital Allowances on expenses incurred on machinery and equipment, including ICT; tax deduction up to RM300,000 on renovation and refurbishment cost; and import duty and sale tax exemption on importation or local purchase of machinery and equipment used in port operations.
- It is obvious that the economic stimulus package is being crafted to ensure that **it will have quick positive multiplier impact on domestic demand, businesses and households** by a direct channeling of funds to the intended sectors and recipients.

## RM20.0 billion Economic Stimulus Package (cont.)

- The economic stimulus is expected to add support and help stabilize negative spillover effects, and hopefully a rebound in late 2Q and 2H 2020. We **estimate that the package will contribute 0.5% points to overall GDP growth**. Our **estimated GDP growth for 2020 is 3.0-4.0%**, a downward revision from 4.5% previously. This is a shade lower than the Government's revised GDP estimates to between 3.2% and 4.2%, which was cut from 4.8% made during the tabling of 2020 Budget on 11 October 2019.
- With the fiscal stimulus package, the **fiscal deficit target for 2020 will increase from -3.2% of GDP to -3.4% of GDP**, the same deficit ratio as in 2019. The increase in fiscal deficit reflects (a) An additional government's direct spending of RM3.5 billion, including an estimated revenue loss of RM500 million from the tax exemption and tax reliefs; and (b) Revised lower GDP growth estimates.
- We think that a slightly larger deficit is conceivable to counteract the short-term economic shock. **We do not expect global rating agencies to put Malaysia's sovereign rating on review** as the Government remains committed towards fiscal reforms and consolidation as well as debt containment when the economy returns to stability.

## RM20.0 billion Economic Stimulus Package (cont.)

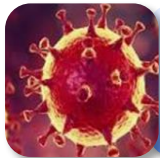
- The **near-term risk is that a prolonged political upheaval** may cause delays in the implementation of fiscal measures to support the economy and stall economic and political reforms.
- We believe that **Bank Negara Malaysia (BNM) would continue to make timely assessment it deemed appropriate and necessary to provide additional monetary stimulus**. Ultimately, if more interest rate cuts are needed, there is definitely still some dry powder left for any further contingencies.

# RM20.0 billion Economic Stimulus Package Unveiled

## Theme

*Bolstering Confidence, Stimulating Growth & Protecting Jobs*

## Strategies



**FIRST**

Mitigating impact of COVID-19



**SECOND**

Spurring rakyat centric economic growth



**THIRD**

Promoting quality investments

# Broad-based and Well Targeted



**Easing Cash Flow**



**Manpower Development**



**Tourism Sector**



**Rakyat in Priority List**



**SMEs Opportunities, Food Production & Rural Stimulus**



**Accelerating Public Investment**



**Boosting Quality Private Investment**

# Easing Cash Flow

## Main proposals/initiatives

- Bank Negara Malaysia (BNM) will provide a **Special Relief Facility worth RM2 billion**, particularly in the form of working capital for small and medium enterprises (SMEs) at an interest rate of 3.75%.
- **Stamp duty exemption of 100% will be given on loan agreements** for restructuring and rescheduling of business loans, from **1 March to 31 December 2020**.
- **Bank Simpanan Nasional (BSN) will allocate a RM200 million in micro-credit facility** offering an interest rate of 4% to affected businesses. Repayment of instalments only begin after 6 months of disbursement of the loan. The approval process for existing loan funds will be further streamlined such as Bank Pembangunan's Tourism Infrastructure Fund of RM1.5 billion.
- To provide **15% discount in monthly electricity bills to hotels, travel agencies, airlines, shopping malls, conventions and exhibitions centres**.
- To **exempt 6% service tax for hotels from March to August 2020**.
- **Deferment of monthly tax instalments for six (6) months from 1 April to 30 September 2020** for businesses in the tourism industry such as travel agencies, hoteliers and airlines.
- **Revision of income tax estimation**. Allow other affected businesses to **revise their profit estimates for 2020 with respect to monthly tax instalments earlier without penalty** on taxable amount due in the third month of instalments (instead of in the sixth and ninth month) of the basis period of assessment, if this third instalment falls within the year of 2020.
- Malaysia Airport Holdings Berhad (MAHB) will provide **rebates on rental for premises at the airport as well as landing and parking charges**.



# Easing Cash Flow (cont.)

## Our view

- These measures would help to ease the cash flow and liquidity crunch faced by the affected businesses during this uncertain period while help to ease the operating cost and mitigate the impact of lower tourist arrivals on hotels' businesses.
- The 15% discount on monthly electricity bills is a timely relief for businesses related to tourism and services operators as the electricity cost constitutes a high cost of total operating cost.
- While we welcome the deferment of monthly income tax installment payments as it would help free up cash flow of businesses in the tourism industry, it can consider to extend the measure to some other sectors, particularly the manufacturing sector as many of them were significantly affected by supply chain disruptions.
- The move of allowing businesses to revise their profit estimates earlier with respect to monthly income tax installment payments also provide some breathing space to ease their immediate tight cash flow condition instead of waiting for the sixth and ninth month of the year of assessment to make adjustment.

# Manpower Development

## Main proposals/initiatives

- **Double tax deduction for training expenses.** Eligible companies are businesses related to tourism industry, hotel operators or tour operating business approved by Ministry of Tourism, Arts and Culture (MOTAC).
- **A matching grant in HRDF of RM100 million on a one to one basis.** The fund will prioritise training for sectors affected by COVID-19, which include hotels, tourism and retail as well as those indirectly affected such as electrical and electronic and automotive manufacturing.
- **A further RM50 million to provide a subsidy towards financing short courses,** particularly in digital skills.
- **An allocation of RM20 million to fund short courses** conducted by 13 state skills development centres (SSDC). The funding will focus on TVET skills training and benefit more than 1,600 trainees working with manufacturing companies.

## Our view

- Companies and employers must utilise these incentives to reskill and upskill their workers so that they are equipped with enhanced skill set to prepare the eventual upturn in business.
- Personnel costs are a heavy burden for SMEs, especially the badly affected businesses. To help affected companies to retain staff and prevent lay-offs, a double-deduction on employees' salary expenses should be provided to assist employers through this difficult period.

# Tourism Sector

## Main proposals/initiatives

- **A one-off payment of RM600** each to taxi drivers, tourist bus drivers, tourist guides and registered trishaw drivers.
- **An additional of RM30 million will be provided to step up tourism promotion** to key markets, including ASEAN, Middle East, Europe and South Asia.
- Tourism Malaysia will provide greater flexibility in terms of utilising the **Galakan Melancong Malaysia (GAMELAN)'s matching grant** for Visit Malaysia Year 2020's promotion activities.
- **Review on conditions for purchases of duty-free goods** for persons entering Malaysia as below:
  - Eligibility period for the purchase of duty-free goods** by tourists or individuals entering Malaysia is reduced from 72 hours to 48 hours;
  - Threshold for duty-free goods is increased from RM500 to RM1,000** from 1 April 2020; and
  - Only applicable at duty free shops located** at the international airports.
- **Exemption from Human Resources Development Fund (HRDF) levy for a period of 6 months** effective 1 April to 30 September 2020. The **eight categories of businesses** covered by this exemption are **air travel, domestic ground transport, convention centres, shopping malls, travel tour operators, hotels, franchises & hypermarkets.**

# Tourism Sector (cont.)

## Our view

- The tourism promotion board and agencies must work together with private sector to step up promotional activities, including refurbishment of tourist facilities and infrastructure as well as the enhancement of services delivery during this lull period while preparing for a sustained revival in the tourism industry expected in mid-2020.
- It is proposed that the rebate on rental for premises at the airport offered by MAHB can be considered for the tenants of properties owned by other GLCs. Alternatively, the Government can consider to provide a double tax deduction for rental expenses to the impacted businesses.
- The diversification of tourists by source countries is a right medium-term strategy to reduce over-reliance on one market. The constant promotion drive of Malaysia as a Truly Asia destination must be accelerated in the international tourism markets, including expos and tourism fairs.

# RAKYAT in Priority List

## Main proposals/initiatives

- The **minimum employee contribution to the Employees Provident Fund (EPF) will be reduced by 4% from 11% to 7% from 1 April to 31 December 2020.**
- **Personal income tax relief of up to RM1,000** on expenditure related to domestic tourism.
- Government staff directly involved in the COVID-19 containment efforts will be eligible for a **special monthly critical allowance of RM400 for medical doctors and other medical personnel** as well as **RM200 for immigration and related front line staff** commencing February 2020 until the end of pandemic.
- The **Employment Insurance System (EIS)** will relax the eligibility criteria for retrenched workers from affected sectors such as waive the minimum requirement of three (3) months contribution. Training fee ceiling increase from RM4,000 to RM6,000 and provide trainees with a training allowance of RM30 per day.
- **Bantuan Sara Hidup (BSH) or Cost of Living Aid will be enhanced** as follows:
  - **bring forward BSH payment of RM200** scheduled by May 2020 to be paid in March 2020;
  - **additional one-off cash payment of RM100** will be made to all BSH recipients in May 2020; and
  - **a further RM50** will be subsequently channelled through **e-tunai**.
- Malaysians will be eligible to **digital vouchers for domestic tourism of up to RM100 per person** for domestic flights, rails and hotel accommodations.
- Ministry of Health has committed RM150 million to purchase the relevant equipment, medicine and consumables in the effort to contain COVID-19 outbreak.

# RAKYAT in Priority List (cont.)

## Our view

- The 4% reduction in EPF employees' contribution rate is higher compared to 3% ppts each during March 2016 to December 2017 (Global crude oil price plunged) and January 2009 to December 2010 (2008-09 Global Financial Crisis). This measure is potentially free up about RM10.0 billion of cash to spur consumer spending, supported by the bring forward and higher BSH payment, e-tunai, e-tourism vouchers as well as personal income tax relief on domestic tourism expenditure.
- The targeted cash payment to the effected individuals also come in handy to assist them during this hardship period.
- The waiver of a minimum requirement of three (3) months contribution in EIS as the eligibility criteria for retrenched workers from affected sectors would help to ease their financial needs (loss of income) during the retrenchment. Nevertheless, SERC is concerned that some unethical employers may abuse this flexibility of eligibility to retrench their employees without valid reasons. In this regard, a penalty can be considered to impose on the employers for unreasonable dismissal or retrenchment of employees.
- Besides digital vouchers, the Government and private business operators can consider to provide discounts on entrance fees to scenic spots and tourist attractions such as museum, heritage buildings and theme parks. This will encourage Malaysians to go for more domestic vacations.

# SMEs Opportunities, Food Production & Rural Stimulus

## Main proposals/initiatives

- **Increase procurement threshold value for balloting** from RM50,000 to RM100,000 and **for quotation** from RM500,000 to RM800,000.
- **Allocation of RM1.0 billion for SMEs who involve food production.** The Fund will be offered at maximum 8 years tenure, financing rate at 3.75% and RM5 million per SME.
- **RM40 million allocation for SMEs involved in agriculture and food production** to enhance their incomes through the following initiatives:
  - Establish wider network of storage facilities for food by FAMA to stabilise the fluctuation of food items due to disruption of supplies;
  - Provide grant to small enterprises to sell and market products on e-commerce platforms such as enabling fishermen to sell directly to consumers; and
  - Scaling up eUsahawan programs, particularly to facilitate Pusat Internet Desa as a hub for facilitating e-commerce, providing small-scale entrepreneurs to access wider pool of customers.
- **RM2.0 billion allocation for small-scale projects** to enhance the wellbeing of the rakyat in urban, sub-urban and rural areas. The small-scale projects to be implemented are as follows:
  - RM350 million for state governments to undertake public infrastructure maintenance (PIA) and basic infrastructure (PIAS) projects as well as Rural Basic Infrastructures (RBI) projects;
  - For Ministry of Works, RM250 million for federal road maintenance jobs and RM50 million for slope maintenance;
  - For FELDA, RM200 million to repair and maintenance of housing and public amenities;

# SMEs Opportunities, Food Production & Rural Stimulus (cont.)

- For Ministry of Housing and Local Authorities, RM150 million to all local authorities to undertake maintenance of local public infrastructure, including ensuring upkeep of tourist sites;
- For Ministry of Education, RM100 million to ensure the cleanliness of schools and promote health and personal hygiene of students. Another RM100 million will be allocated for school's hostel facilities, including furniture and equipment;
- For Ministry of Rural Development, additional RM150 million to undertake repair of rural connection roads and also maintenance of rural infrastructure relating to alternative water and electricity supply;
- For MARA, RM50 million to undertake refurbishment of business premises, which will benefit business facilities for Bumiputera Entrepreneurs, particularly for rural small traders;
- RM100 million to undertake repair and maintenance works at low cost flats, including repainting and maintenance of lifts;
- RM25 million to undertake social projects to improve the quality of life for poor families and disadvantaged communities. This is to promote volunteerism and collaboration with NGOs and social enterprises;
- For KEMAS centres, RM25 million to undertake maintenance of facilities to ensure that our children have a comfortable environment to learn;
- RM50 million for repair and maintenance of jetties, irrigation feeder/plantation roads and MAQIS equipment;
- RM50 million to maintain retention pond, upgrade and maintenance of bund, riverbanks and rivers nationwide;
- RM50 million for maintenance of Armed Forces Family Housing (RKAT)/ government quarters and government buildings;



# SMEs Opportunities, Food Production & Rural Stimulus (cont.)

- RM75 million to organise sport events, upgrade and maintenance of sports facilities nationwide;
- RM40 million for maintenance of buildings under the Asset Management Division of Prime Minister's Department; and
- RM185 million for Mesra Rakyat projects.

## Our view

- The RM2.0 billion (10% of total fiscal stimulus package) allocation for the implementation of small-scale projects nationwide is expected to have a quick multiplier impact on domestic economy, especially for local SMEs to get contract jobs in the construction industry and hence, generate more job opportunities and cash flows. However, it is of utmost importance that the tender and procurement processes must be made transparent, quick and simpler in order to ensure that the projects will be implemented on time.
- The fund for agriculture and food production, to establish wider network of storage facilities for food and assist small enterprises to sell and market products on e-commerce platform, if executed well are expected to help raise farmers' and small entrepreneurs' income. The expansion of storage capacity helps to stockpile essential food items to reduce the shortage of food supply and stabilize food prices. The Government can collaborate with SMEs having under-utilized warehouses.
- The government agencies need to assist fishermen or farmers to get familiarization with the deployment of e-commerce platform to have a wider base of customers. Most of them are lacking of technical knowledge to utilize the e-commerce platform and hence, would require technical support and training as well as guidance.

**Beneficiaries:** *Agriculture and food industry, construction industry, warehousing industry, e-commerce, furniture industry, healthcare industry*

# Accelerating Public Investment

## Main proposals/initiatives

- On development expenditure projects, Ministry of Finance will ensure that **allocations are channeled to implementing agencies by the first quarter of 2020** and also will oversee the procurement plans of Ministries to ensure timely implementation of projects.
- **MCMC will spend an estimated RM3.0 billion** on works relating to the National Fiberisation and Connective Programme in 2020.
- **MESTECC** will open for bids in 2020, **a quota of 1,400 MW of solar power generation**, which is expected to translate into RM5.0 billion worth of investments.
- **Government-Linked Companies (GLCs)** will focus on accelerating capital expenditure, particularly **works with higher local content** (e.g. RM13.0 billion allocation from TNB to install LED street lighting, transmission lines and rooftop solar installations).

## Our view

- The timely and effective implementation of these projects not only would help to boost lethargic construction sector and support the growth of manufacturing and services but also enhance Malaysia's digitalization infrastructure so that telecommunication network is on track with 5G development. SERC urges the Government to improve the digital infrastructure connectivity between urban and rural areas. A well connected digital network and improved Information, Communications and Technology (ICT) would attract investments in rural areas. Ministry of Finance's commitment towards timely implementation of development projects and disbursement of funds would help to sustain domestic demand.

**Beneficiaries:** *Construction industry, ICT industry, telecommunication industry, power industry*

# Boosting Quality Private Investment

## Main proposals/initiatives

- **RM300 million SMEs Automation and Digitalisation Facility** to upgrade, modernise and rejuvenate their productive assets. Tenure offered will be up until 10 years and RM3 million per SME. Financing will be offered at up to 3.75% interest p.a. The facilitate lending by banks with the Government providing an 80% guarantee of loan amount carries a concessionary guarantee fee of 0.5% through SJPP.
- Government-Linked Investment Companies (GLICs) will co-invest up to **RM500 million alongside private investors in early state and growth stage Malaysian companies**. The Co-Investment fund will be provided on a matching basis involving at least RM1.5 billion of private funds to help realise the potential of home-grown start-ups as well as to crowd-in further private sector funds to fuel high growth companies.
- Both the Securities Commission and Bursa Malaysia will **waive for a period of 12 months, their listing fees for companies seeking listing on LEAP or ACE Market** as well as **companies with market capitalisation of less than RM500 million seeking listing on the Main Market**.
- **Qualifying capital expenditures on machinery and equipment, including ICT equipment are given Accelerated Capital Allowance**, which can be claimed within a two-year period for expenses incurred from 1 March to 31 December 2020.
- To promote businesses to **undertake renovation and refurbishment** in readiness of the subsequent upturn. Such costs for **business premises up to RM300,000 will be given tax deduction limited to qualifying expenditures** incurred from 1 March to 31 December 2020
- **Import duty and sales tax exemption on equipment and machinery for port operators** from 1 April 2020 to 31 March 2023.

# Boosting Quality Private Investment (cont.)

- The approval and facilitation process of **Licensed Manufacturing Warehouse (LMW) and Free Industrial Zone (FIZ)** in conducting value-added activities to be improved and simplified at the RMCD level and the list of approved activities to be expanded. This approval is effective from 1 April 2020.
- **Double deduction on pre-commencement expenditure for international shipping companies** to establish regional offices in Malaysia. The incentive is applicable for applications received by MIDA not later than 31 December 2021.

## Our view

- Private investment growth has remained sluggish in recent years, decelerating from 9.0% in 2017 to 1.5% in 2019, due to a combination of dampening factors (uneven global economic growth, challenging economic and business conditions, trade disputes between the US and China, rising cost of doing business and compliance costs, unclear domestic policies post GE14 etc).
- The announced measures are expected to spur SMEs to undertake automation and adopt digitalization as well as to spur the growth of home grown start-ups and high growth potential sectors. The waiver of listing fees may attract SMEs to list and hence, help to increase the vibrancy of domestic equities market.
- SERC urges a review of import duty and sales tax on heavy machinery and equipment in all economic sectors so as to encourage higher adoption of technology applications such as digitalization, mechanization and automation. This is reflected by more than 50% respondents in ACCCIM M-BECS (2H2019 and 1H2020F). The respondents cited the lack of funding and financial budget caused the low adoption of digitalized technology.

**Beneficiaries:** *All sectors, SMEs, port operators, start-ups*

Strategy	Key measures and initiatives
<b>A. Easing Cash Flow</b>	<ol style="list-style-type: none"> <li> <b>1. Restructuring and Rescheduling of Loans</b> <ul style="list-style-type: none"> <li>• All financial institutions will provide financial relief by restructuring or rescheduling loans, including potentially payment moratoriums. The rescheduling will also be extended to individuals such as those with mortgages, whose employment income have been affected</li> <li>• Stamp duty exemption of 100% will be given on loan agreements arising from such restructuring and rescheduling of business loans between borrowers and financial institutions from 1 March 2020 to 31 December 2020, subject to the terms that the original loan agreement has been duly stamped</li> </ul> </li> <li> <b>2. Special Relief Facility (SRF) for COVID-19</b> <ul style="list-style-type: none"> <li>• BNM will establish a RM2.0bn Special Relief Facility, offered through commercial banks as loans for working capital at an interest rate of 3.75% per annum</li> <li>• Through Syarikat Jaminan Pembiayaan Perniagaan (SJPP), provide banks an 80% guarantee on loans at concessionary fee of 0.5% per annum</li> <li>• Loan tenure offered up to 5.5 years, including a 6 months payment moratorium, with a maximum loan size of RM1m per SME</li> </ul> </li> <li> <b>3. Bank Simpanan Nasional (BSN) Micro Credit Facility</b> <ul style="list-style-type: none"> <li>• BSN will offer a RM200m micro-credit scheme for companies in the tourism and other affected sectors at an interest rate of 4%. Repayment of instalments only begins after 6 months of disbursement of the loan</li> </ul> </li> <li> <b>4. Deferment and Revision of Income Tax Estimation</b> <ul style="list-style-type: none"> <li>• Deferment of monthly tax instalments for six (6) months from 1 April 2020 to 30 September 2020 for businesses in the tourism industry such as travel agencies, hoteliers and airlines</li> <li>• Allow other businesses affected by current economic developments to revise their monthly tax instalments earlier, on taxable amount due in the third month of instalments, should the third instalment falls in the year of 2020</li> </ul> </li> <li> <b>5. Service Tax Exemption for Hotels</b> <ul style="list-style-type: none"> <li>• Service tax on accommodation services provided by hotels, as prescribed under Service Tax Regulations 2018, are exempted from levying service tax on taxable services provided for a period of six (6) months from 1 March 2020 until 31 August 2020</li> </ul> </li> <li> <b>6. Tax deduction on Equipment provided to Employees (PPE only)</b> <ul style="list-style-type: none"> <li>• Companies to provide employees with disposable Personal Protective Equipment (PPE) such as face masks are eligible for tax deduction, expenses for non-disposable PPE products can be claimed as capital allowance</li> </ul> </li> <li> <b>7. Further Deduction to Hotel Operators for Training Expenses</b> <ul style="list-style-type: none"> <li>• Double tax deduction for sending employees for training in courses relating to tourism industry, hotel operators or tour operating business approved by Ministry of Tourism, Arts and Culture (MOTAC)</li> </ul> </li> </ol>

Strategy	Key measures and initiatives
<b>A. Easing Cash Flow (cont.)</b>	<p><b>8. Exemption from Human Resources Development Fund (HRDF) Levy</b></p> <ul style="list-style-type: none"> <li>Exemption from HRDF levies for a period of six (6) months effective 1 April 2020 to 30 September 2020 for eight (8) categories of businesses, covering air travel, domestic ground transport, convention centres, shopping malls, travel tour operators, hotels, franchises &amp; hypermarkets</li> </ul> <p><b>9. Electricity Discount of 15%</b></p> <ul style="list-style-type: none"> <li>Special discount of 15% on monthly electricity bills for six (6) months from 1 April 2020 to 30 September 2020, will be given to six categories of businesses, namely hotel operators, travel agencies, local airlines offices, shopping malls, convention centres and theme parks</li> </ul> <p><b>10. Malaysia Airport Holdings Berhad (MAHB)</b> will provide rebates on rental for premises at the airport as well as landing and parking charges</p>
<b>B. Stimulate Tourism Sector</b>	<p><b>11. Review on Condition for Purchase of Duty-free Goods for Persons Entering Malaysia</b></p> <ul style="list-style-type: none"> <li>Eligibility period for the purchase of duty-free goods by tourists or individuals entering Malaysia is reduced from 72 hours to 48 hours and threshold for duty-free goods is increased from RM500 to RM1,000 from 1 April 2020, applicable at duty free shops located at the international airports</li> <li>Threshold value is for items other than goods which are already eligible for exemption under the specified limit such as liquor, cigarettes, clothes, shoes, food and personal electrical appliances</li> </ul> <p><b>12. Special Income Tax Relief on Domestic Travel</b></p> <ul style="list-style-type: none"> <li>Special income tax relief of up to RM1,000 will be provided to individuals for expenses on domestic tourism made from 1 March 2020 to 31 August 2020, limited to (i) accommodation expenses at premises registered with Ministry of Tourism, Arts and Culture Malaysia (MOTAC); and (ii) Entrance fees to tourist attractions</li> </ul> <p><b>13. Stimulating Demand for Tourism through Discount Vouchers and Tourism Promotion (Allocation of RM500m)</b></p> <ul style="list-style-type: none"> <li>Government will collaborate with operators of air travel, hotel and resort accommodation booking sites to offer discount vouchers</li> <li>Provide greater flexibility in terms of utilising Galakan Melancong Malaysia (GAMELAN) matching grant for Visit Malaysia Year 2020 promotion activities</li> <li>Additional allocation of RM30m will be provided to Tourism Malaysia to step up promotions to key markets, including ASEAN, Middle East, Europe and South Asia</li> </ul> <p><b>14. Government Use of Hotels</b></p> <ul style="list-style-type: none"> <li>Relax Circular PB 3.1 (use of hotels for official government functions should be minimised, instead priority is given to use existing Government buildings and training centres) with regards to use of hotels for 2020</li> </ul>
<b>C. Human Capital Development</b>	<p><b>15. Employment Insurance System (EIS)</b></p> <ul style="list-style-type: none"> <li>Relax the eligibility criteria for retrenched workers from affected sectors, such as waive the minimum requirement of three (3) months contribution</li> <li>Increase training fee ceiling from RM4,000 to RM6,000 and provide trainees with a training allowance of RM30 per day for 2020</li> </ul>

Strategy	Key measures and initiatives
<b>C. Human Capital Development (cont.)</b>	<p><b>16. Skills Training Fund</b></p> <ul style="list-style-type: none"> <li>• Provide HRDF with a matching grant of RM100m on a one to one basis. The combined fund of RM200m is expected to benefit 40,000 workers, prioritising training for sectors affected by COVID-19, include hotels, tourism and retail, in addition to those indirectly affected such as electrical and electronic and automotive manufacturing</li> <li>• Provide a further RM50m to provide a subsidy towards financing short courses, particularly in digital skills, expected to benefit 100,000 Malaysians</li> <li>• Provide an allocation of RM20m to fund short courses conducted by 13 state skills development centres (SSDC), focuses on TVET skills training and benefits more than 1,600 trainees working with manufacturing companies</li> <li>• Promote greater industry partnerships, between Institut Latihan Kemahiran Awam (ILKA/public training institution) and industry, ILKAs will be encouraged to conduct short courses in collaboration with industry. The ILKA trust accounts can be utilised to collect revenue on such courses and for related expenses such as material consumables and also where relevant to enable recruitment of trainers from industry</li> </ul>
<b>D. Assistance for Affected Individuals</b>	<p><b>17. One-off Cash Incentive of RM600 for Taxi &amp; Tour Bus Drivers, Tour Guides</b></p> <ul style="list-style-type: none"> <li>• Provide a one-off cash incentive of RM600 in April 2020 to taxi drivers, tour bus drivers, tour guides and trishaw drivers who are active and registered since 31 December 2019, benefitting almost 29,000 taxi drivers, 6,000 tour bus drivers and 17,000 tour guides and trishaw drivers</li> </ul> <p><b>18. Special Allowance of Civil Servants Directly Involved COVID-19</b></p> <ul style="list-style-type: none"> <li>• Special allowance of RM400 per month for doctors and other medical personnel and RM200 for frontline personnel, namely Immigration officers at entry points directly involved in the management and containment of this outbreak, payable effective from 1 February 2020 until the outbreak is contained, estimated to benefit 17,000 workers of healthcare and frontline personnel</li> </ul> <p><b>19. Ministry of Health (MOH) - COVID-19 Hospital Equipment Outbreak</b></p> <ul style="list-style-type: none"> <li>• Allocation of RM150m was approved in providing thermal scanners at point of entries and all other equipment and consumables identified by Ministry of Health</li> </ul>

## **Strategy II: Catalysing Rakyat Centric Economic Growth**

Strategy	Key measures and initiatives
<b>A. Rakyat's Assistance</b>	<p><b>20. Employees Provident Fund (EPF) Employee Contribution Rate</b></p> <ul style="list-style-type: none"> <li>• Minimum employee contribution to the Employees Provident Fund (EPF) will be reduced by 4% from 11% to 7% for the period of nine months from 1 April to 31 December 2020, potentially will increase cash in hands in households by RM10.0bn</li> </ul> <p><b>21. Bantuan Sara Hidup (BSH) Enhancements</b></p> <ul style="list-style-type: none"> <li>• Bring forward BSH payment of RM200 scheduled by May 2020 to be paid in March 2020</li> <li>• Additional one-off cash payment of RM100 will be made to all BSH recipients in May 2020</li> <li>• A further RM50 will be subsequently channelled through e-tunai</li> </ul>



## Strategy II: Catalysing Rakyat Centric Economic Growth

Strategy	Key measures and initiatives
<b>A. Rakyat's Assistance (cont.)</b>	<b>22. Agrofood</b> <ul style="list-style-type: none"> <li>• Agrofood facility of RM1.0bn will be provided by BNM at an interest cost of 3.75% to promote food production activities</li> <li>• Allocate RM40m towards helping small and medium enterprises involved in agriculture and food production enhance their incomes, through (i) Establish wider network of storage facilities for food by FAMA to stabilise the fluctuation of food items due to the disruption of supplies; (ii) Grant to small enterprises to sell and market products on e-commerce platforms; and (iii) Scaling up eUsahawan programs, particularly to facilitate Pusat Internet Desa as a hub for facilitating e-commerce</li> </ul>
<b>B. Rural Stimulus</b>	<b>23. Small Scale Projects Nationwide</b> <ul style="list-style-type: none"> <li>• Allocate close to RM2.0bn worth of projects, which will be carried out at various levels including Federal, State and Local Governments, benefit Bumiputera and small-scale contractors with fast implementation of projects:               <ul style="list-style-type: none"> <li>○ Allocate RM350m through state governments to undertake public infrastructure maintenance (PIA) and basic infrastructure (PIAS) projects as well as Rural Basic Infrastructures (RBI) projects</li> <li>○ Allocation amounting to RM250m will be provided to Ministry of Works for federal road maintenance jobs and RM50m for slope maintenance</li> <li>○ Allocation to Ministry of Education amounting to RM100m to ensure the cleanliness of schools and promote health and personal hygiene of students, also include initiatives undertaken in partnership with Parent Teacher Association (PTA) involvements, while another RM100m to be allocated for school's hostel facilities include furniture and equipment</li> <li>○ Allocate RM150m to Ministry of Housing and Local Authorities, to be channelled to all local authorities to undertake maintenance of local public infrastructure, including ensuring upkeep of tourist sites</li> <li>○ Repair and maintenance of housing and public amenities in FELDA areas with an allocation amounting to RM200m</li> <li>○ Allocate an additional RM150m to Ministry of Rural Development to undertake repair of rural connection roads and maintenance of rural infrastructure relating to alternative water and electricity supply</li> <li>○ Allocate RM100m to undertake repair and maintenance works at low cost flats, including repainting and maintenance of lifts\</li> <li>○ Allocate RM50m to MARA to undertake refurbishment (includes replacing pipes, electrical and repainting jobs) of business premises for Bumiputera Entrepreneur, particularly for rural small traders</li> <li>○ Allocate RM25m to undertake social projects to improve the quality of life for poor families and disadvantaged communities</li> <li>○ Allocate RM25m to undertake maintenance of facilities at KEMAS centres</li> <li>○ Allocation amounting to RM50m for repair and maintenance of jetties, irrigation feeder/plantation roads and MAQIS equipment</li> <li>○ Allocation of RM50m to maintain retention pond, upgrade and maintenance of bund, riverbanks and rivers nationwide</li> <li>○ Allocation of RM50m for maintenance of Armed Forces Family Housing (RKAT)/ government quarters and government buildings</li> <li>○ Allocation of RM75m to organise sport events, upgrade and maintenance of sports facilities nationwide</li> <li>○ Allocation of RM40m for maintenance of buildings under the Asset Management Division of Prime Minister's Department</li> <li>○ Allocation of RM185m for Mesra Rakyat projects</li> </ul> </li> </ul>



Strategy	Key measures and initiatives
<b>B. Rural Stimulus (cont.)</b>	<p><b>24. To Facilitate Procurement Process</b></p> <ul style="list-style-type: none"> <li>Revise the limit of procurement to speed up procurement process and increase business activities through enhancing current procurement process by increasing the threshold for (i) balloting from RM50,000 increased to RM100,000; and (ii) quotation from RM500,000 increased to RM800,000</li> <li>Optimize the allocation under the Malaysian Road Records System (MARRIS) by allowing state governments extend utilisation of the grants to cover scope such as maintenance of federal roads and other improvements identified, expected will potentially provide flexibility for up to RM500m of MARRIS allocation for 2020</li> </ul>

### **Strategy III: Promoting Quality Investment**

Strategy	Key measures and initiatives
<b>A. Promoting Quality Investment</b>	<p><b>25. Accelerating Public Investment</b></p> <ul style="list-style-type: none"> <li>Ensure that allocations on development expenditure projects are channelled to implementing agencies by the 1st quarter, Ministry of Finance will oversee the procurement plans of ministries to ensure timely implementation</li> <li>MCMC will spend an estimated RM3.0bn on works relating to the National Fiberisation and Connective Programme in 2020</li> <li>MESTECC will open for bids on a quota of 1,400 MW of solar power generation in 2020, which is expected to translate into RM5.0bn worth of investments</li> <li>Government linked companies will focus on accelerating capital expenditure, particularly works with higher local content, e.g. TNB has planned capital expenditure of RM13.0bn and will accelerate the implementation of works relating to the installation of LED street lighting, transmission lines and rooftop solar installations</li> </ul> <p><b>26. SME Automation and Digitalization Facility (ADF)</b></p> <ul style="list-style-type: none"> <li>BNM to establish RM300m SME Automation and Digitalisation Facility for SMEs to upgrade, modernise and rejuvenate their productive assets, with tenure offered up until 10 years and RM3m per SME. Financing will be offered at up to 3.75% interest p.a. The facilitate lending by banks, the Government will provide through SJPP an 80% guarantee of loan amounts with a concessionary guarantee fee of 0.5%</li> </ul> <p><b>27. Securities Commission Co-Investment Fund of RM500m</b></p> <ul style="list-style-type: none"> <li>Government through Government Linked Investment Companies (GLICs) will co-invest up to RM500m alongside private investors in early state and growth stage Malaysian companies, funds will be provided on a matching basis involving at least RM1.5bn of private funds</li> </ul> <p><b>28. The Securities Commission and Bursa Malaysia will Waive Their Listing Fees for Companies Seeking Listing on LEAP or ACE</b></p> <ul style="list-style-type: none"> <li>Securities Commission and Bursa Malaysia will waive for a period of 12 months of listing fees for companies seeking listing on LEAP or ACE Market as well as companies with market capitalisation of less than RM500m seeking listing on the Main Market</li> </ul>

Strategy	Key measures and initiatives
<b>A. Promoting Quality Investment (cont.)</b>	<p><b>29. Accelerated Capital Allowance for Machinery and Equipment, including ICT Equipment</b></p> <ul style="list-style-type: none"> <li>Qualifying capital expenditures on machinery and equipment, including ICT equipment are given Accelerated Capital Allowance which can be claimed within a two year period for expenses incurred from 1 March 2020 to 31 December 2020</li> </ul> <p><b>30. Special Tax Deduction on Costs of Renovation &amp; Refurbishment</b></p> <ul style="list-style-type: none"> <li>Costs of renovation &amp; refurbishment for business premises up to RM300,000 will be given tax deduction limited to qualifying expenditures incurred from 1 March 2020 to 31 December 2020</li> </ul> <p><b>31. Import Duty and Sales Tax Exemption on Equipment and Machinery for Port Operators</b></p> <ul style="list-style-type: none"> <li>Port operators will be given import duty and sales tax exemption on imported or locally purchased of equipment and machinery used directly in port operation from 1 April 2020 to 31 March 2023</li> </ul> <p><b>32. Value Added Activities Carried Out in Licensed Manufacturing Warehouse (LMW) and Free Industrial Zone (FIZ)</b></p> <ul style="list-style-type: none"> <li>Approval and facilitation process of LMW and FIZ in conducting value-added activities to be improved and simplified at the RMCD level and the list of approved activities to be expanded, effective from 1 April 2020</li> </ul> <p><b>33. Double Deduction for Establishment of Regional Office by International Shipping Companies</b></p> <ul style="list-style-type: none"> <li>International shipping companies that established and operate business in Malaysia be given double deduction on pre-commencement expenditure for setting up regional offices in Malaysia, applicable for applications received by MIDA not later than 31 December 2021</li> </ul>



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**谢谢**  
**THANK YOU**

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