



TaXavvy

2 April 2020 | Issue 18-2020

Measures under Movement Control Order period affecting employers



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Reduction of Mandatory Employees Provident Fund Employee Contribution Rate

Employees Provident Fund (EPF) for employees' mandatory rate will be reduced by 4% from 11% to 7% for 9 months effective 1 April 2020. This measure is put in place to alleviate the financial burdens of the employees by having the option to increase cash flow during this challenging period.



Who?

- EPF members below age 60.
- Employees may choose to maintain the current contribution rate of 11% by completing KWSP 17A (Khas 2020) form. This notice must be presented to employers for submission to the EPF.

Update on the EPF 17A (Khas 2020)

- The EPF have shared that employees' signatures are not required for form EPF 17A (Khas 2020). We encourage employers to still have in record the employees' acknowledgement of this option.
- Form will be submitted to the authority via email by employers on behalf of the employees.
- Employers may complete the form on behalf of employees who wish to remain at 11% upon receiving consent from the employees.
- Once the form has been completed, employers may proceed to email the form to EPF as per the instruction below :

Email Address: ve2020@epf.gov.my

Email Subject: VE2020 : Company Name & EPF Employer Reference Number

Attention: Enforcement KWSP Kajang

Employees Provident Fund (EPF) i-Lestari Withdrawal Scheme

EPF i-Lestari Withdrawal Scheme

- EPF i-Lestari Withdrawal Scheme is an initiative to alleviate financial burden to those who are affected during this COVID-19 pandemic period.
- EPF members (Malaysian & Permanent Resident) who are below the age of 55 may apply for the i-Lestari Account 2 Withdrawal Scheme beginning 1 April 2020.
- Savings will be deposited into the applicants' bank accounts from 1 May 2020 onwards.

i-Lestari Withdrawals

- Withdrawal from members' Account 2
- A maximum withdrawal of RM500 per month for a period of 12 months (subject to the balance in Account 2 during the month of application)
- Savings to be deposited in members' bank accounts starting from May 2020
- Facility is effective for a maximum period of 12 months, starting from April 2020 until March 2021.

Employer Consultation Service

- EPF will introduce an avenue for employers undergoing financial difficulties to discuss on option for deferment in payment, restructuring and rescheduling of employer's contributions to EPF. This is to assist employers' cash flow and funding management. The employer consultation services programme will take effect from **15 April 2020**.

Deferment of National Higher Education Fund Corporation (PTPTN) loan repayments & Extension of time for Form E submission

PTPTN Loan Payment Deferment

- The government has agreed to extend further the deferment of the PTPTN monthly loan repayments.
- The PTPTN monthly loan repayments that was previously deferred for 3 months in the wake of the COVID-19 outbreak, has now been deferred for a total 6 months starting from 19 March 2020 until 30 September 2020.

Filing of 2019 Employer's Return Form (Form E)

- The Inland Revenue Board (IRB) has announced a revised grace period of 2 months for the Employer's Return Form (Form E) submission in light of the Movement Control Order in Malaysia.
- The new deadline for both manual and online submission is 31 May 2020.

Employer Obligations

- Forms CP21, CP22, CP22A and CP22B can be submitted to IRB from 15 April 2020 onwards.
- The due date for submission of data and payment of Monthly Tax deduction for March 2020 remuneration as well as CP38 has been extended to 30 April 2020.

Human Resources Development Fund (HRDF) levy exemption

- The levy exemption for registered employers from 63 sub-sectors will come into effect for the employers' levy contributions from 15 April 2020 to 15 September 2020.
- The levy contribution for the months of March 2020 to August 2020 are exempted.
- During the period of levy exemption, HRDF registered employers can continue with their training claim submission(s) as long as their available levy balance exceeds 50% of their total claim amount.

Employment Retention Program

Employment Retention Program (ERP) has been implemented under Social Security Organisation (SOCSO) to provide financial assistance at the fixed rate of RM600 per month per employee for a maximum of 6 months for employees who have agreed with their employers to take no pay leave (NPL).

Effective date: 1 March 2020

Implementation of Employment Retention Program

Application for ERP is to be done by the employer and funds are also to be channelled to the employees via the employer. To apply for ERP, the employers are required to meet the following conditions:

- Eligible employees are from the private sector including part-time employees who have registered and are contributing to Employment Insurance System (EIS). Both employee and employer must be existing contributors to the EIS.
- Limited to employees earning a monthly wage of RM4,000 and below (Interpretation of wage as per the Employment Insurance System Act 2017 ("EIS Act 2017")). Excludes travel allowances, bonus and non fixed income. Overtime is included.
- Employers who have implemented NPL for a period of 1 to 6 months, with the NPL notice issued beginning 1 March 2020.
- Minimum number of NPL days is 30 days for RM600 to be applicable.

The financial assistance period is between 1 to 6 months, depending on the NPL notice issued by the employers. The effective date of ERP is 1 March 2020.

The ERP application is made by employers on behalf of employees starting from 20 March 2020. The ERP payment is credited to the employer's account for the employers to credit the payment (RM600) directly into the affected employees' accounts immediately within 7 days upon receipt of payment from SOCSO.

Foreign employees, public sector employees, terminated employees are not eligible for the above.



Wage Subsidy Programme

The Wage Subsidy Programme (WSP) is an extension of the government's initiative to assist employers to retain their employees. This is carried out through providing financial assistance to employers who have suffered a decline in revenue of more than 50% since 1 January 2020.

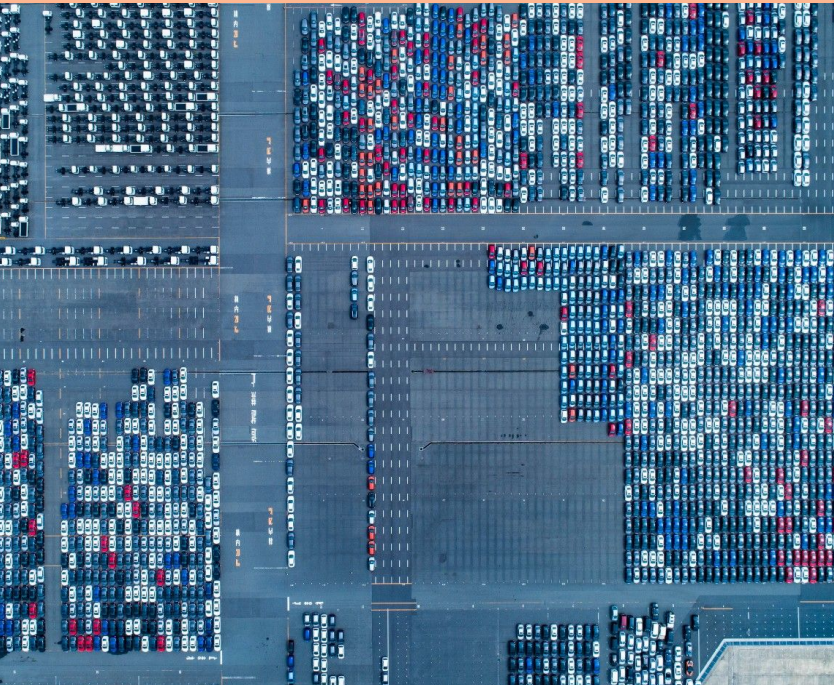
Effective date: 1 April 2020.

Implementation of Wage Subsidy Programme

Employers can start to apply for WSP if they qualify starting from 1 April 2020. Employers are required to meet the following conditions:

- Suffered a decline in revenue of more than 50% since 1 January 2020. The employer would need to prepare a declaration stating that it has been experiencing a decline in revenue since January 2020 to date by disclosing supporting information such as management accounts and sales data.
- The employer and employee(s) are registered with and are contributing to EIS.
- Limited to employees earning a monthly wage of RM4,000 and below (Interpretation of wage as per the EIS Act 2017). Excludes travel allowances, bonus and non fixed income. Overtime is included.
- Limited to a maximum of 100 employees per employer only (applicable to all sectors).
- The employer is not allowed to;
 - (i) terminate the employees;
 - (ii) instruct the employees to take unpaid leave; and
 - (iii) reduce the employees' salaries.

for the period where WSP is being paid and for 3 consecutive months after the period ends. The employees meaning the employees in the list provided for the WSP.

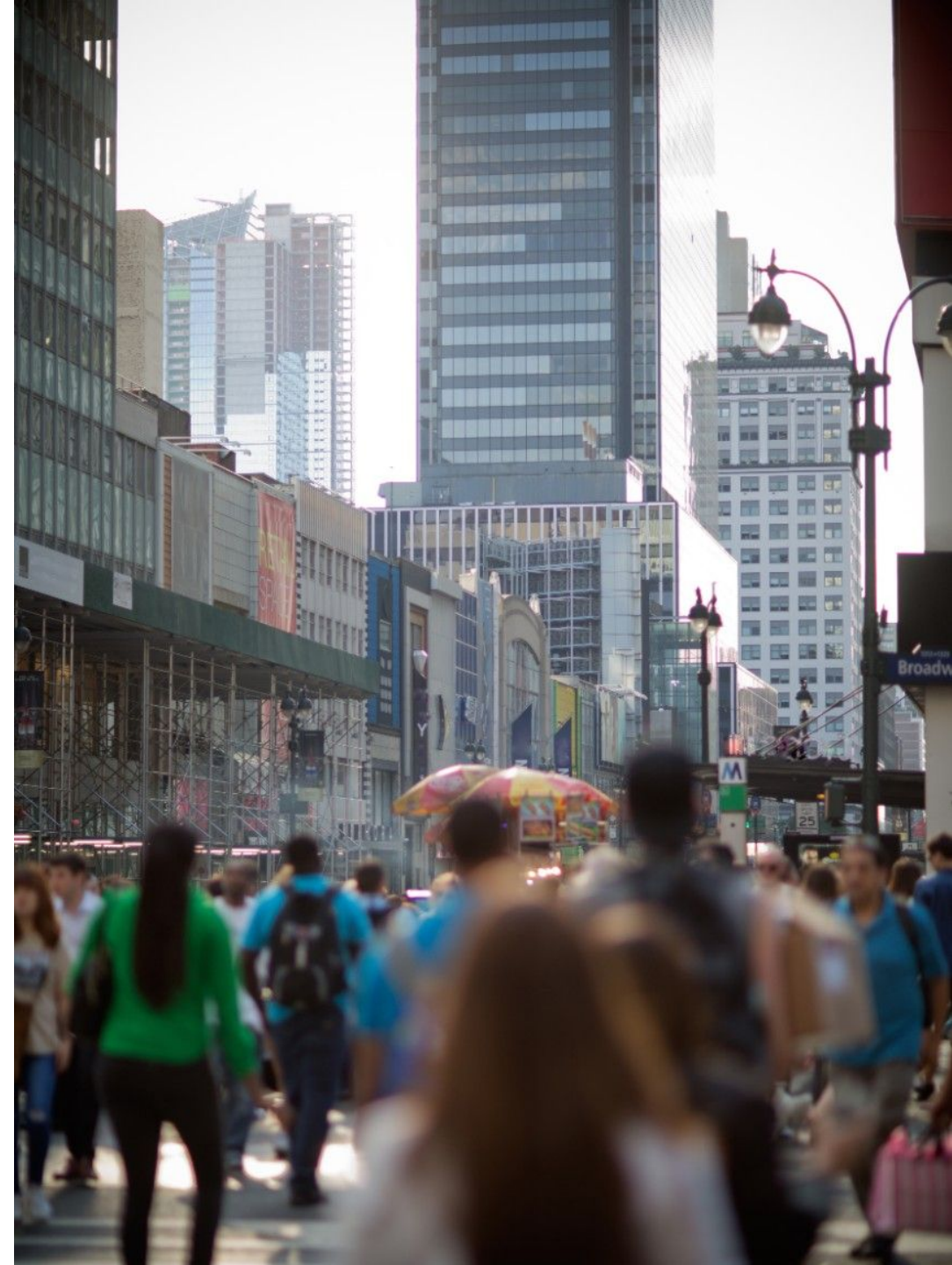


The WSP application is made by the employers through <https://prihatin.perkeso.gov.my/> starting from 1 April 2020. The payment is credited to the employer's account based on the number of eligible employees (limited to 100 employees) between 7 to 14 days from the date of submission. The financial assistance to employers is RM600 per month per employee for a period of 3 months upon approval.

Below are the required documents to be supported for application:-

- (1) List of employees (limited to 100 employees)
- (2) Bank account details of employer (front page of bank account only)
- (3) A copy of an online company incorporation and registration services (MyCOID)
- (4) A copy of Certificate of Incorporation of Private Company (Form 9) / superform
- (5) PSU50 declaration form
- (6) Account statement or sales reports verified by the Management or any other supporting documents to proof the revenue status of the company.

The onus of declaration of revenue status of the company lies with the employer. Legal action can be taken against the employer for failure to make the declaration.



Comparison between Employment Retention Program (ERP) and Wage Subsidy Programme (WSP)



	Employment Retention Program	Wage Subsidy Programme
<i>Objective</i>	To provide financial assistance to employees who has mutually agreed with the employers to take unpaid leave (UPL).	To provide financial assistance to employers who have suffered a decline in revenue of more than 50% since 1 January 2020 and who wish to retain their employees.
<i>Who Benefits</i>	Employee	Employer
<i>Amount</i>	RM600 per month per eligible employee up to 6 months	RM600 per month for each eligible employee for 3 months.
<i>Conditions for Application</i>	- Eligible employees are from the private sector including part-time employees who have registered and are contributing to the EIS. - Limited to employees earning monthly of RM4,000 and below. - Implementation of mutually agreed UPL between employer and employee as per conditions set out below: - UPL starting 1 March 2020 - minimum of 30 days UPL - UPL between 1 to 6 months	- Employer suffered a decline in revenue of more than 50% since 1 January 2020. - The employer and employee are registered and contributing to the EIS and earning monthly of RM4,000 and below, limited to a maximum of 100 employees per employer. - The employer is not allowed to: - terminate the employees; - instruct the employees to take unpaid leave; and - reduce the employees' salaries. - for the period where WSP is being paid and for 3 consecutive months after the period ends. The employees meaning the employees in the list provided for the WSP.

	Employment Retention Program	Wage Subsidy Programme
<i>Supporting Documents for Application</i>	• A copy of bank statement of the company together with the company registration number • UPL notice provided to the employee • ERPC-19 form	• List of employees (limited to 100 employees) • Bank account details of employer (front page of bank account only) • A copy of an online company incorporation and registration services (MyCOID) • A copy of Certificate of Incorporation of Private Company (Form 9) / superform • PSU50 declaration form • Account statement or sales reports verified by the Management or any other supporting documents to prove the revenue status of the company.
<i>How to Apply</i>	The application is made by employers on behalf of employees starting 20 March 2020 using form ERPC-19 and submit through erpc19@perkeso.gov.my	The application is made by employers through https://prihatin.perkeso.gov.my/ starting 1 April 2020.
<i>Method of Payment</i>	The payment is credited to the employer's account for the employers to credit the payment directly into the affected employees' accounts immediately within 7 days upon receipt of payment from SOCSO.	The payment is credited to the employer's account based on the number of eligible employees between 7 to 14 days from the date of submission.
<i>Period of Assistance Provided</i>	1 to 6 months	3 months

Employment Retention Program and Wage Subsidy Programme - FAQs

Frequently Asked Questions (FAQs)

1) Can an employer apply for ERP and WSP at the same time?

A: Yes you can. However the application for ERP and WSP cannot be done for the same employees.

2) Would the employer need to re submit the application for subsequent months of payment of WSP?

A: The employer is required to update the authority if there are any changes to the list of employees and their information or if there are any changes to the status of the employer's revenue status.

3) Is the WSP restricted to any particular sector or departments within a company?

A: WSP is applicable to all sectors and all departments.

4) Can an employer terminate an employee in July after receiving WSP in April, May and June?

A: The employer is not allowed to terminate the employee during the period where WSP is provided and 3 months later after the period has ended.

5) How do employers define the monthly salary of RM4,000?

A: Monthly salary is referring to the wages as prescribed in the EIS Act 2017.

6) Would the employer still need to contribute to SOCSO and EIS on the full salary paid to the employees whilst receiving the WSP?

A: Yes, SOCSO and EIS contributions based on the full income earned by employees would still need to continue as per normal.



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