



TaXavvy

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Enhanced Wage Subsidy Programme



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The Wage Subsidy Programme (WSP) announced on 6 April 2020 is an enhancement to the WSP announced on 27 March 2020. Further to the announcement, a revised FAQs on the WSP has been published on SOCSO's website. The key changes in the enhanced WSP are:

- Increased subsidies per employee for micro or small, and medium sized businesses
- Increased maximum number of employees to be claimed from 100 to 200 employees
- Simplified claim procedures for micro or small businesses by removal of the 50% decline in revenue condition.
- Flexibility in comparison month for determining the decline in revenue.



Implementation of Wage Subsidy Programme

Employers can start to apply for the enhanced WSP from 9 April 2020 until 15 September 2020. Employers are required to meet the following conditions based on the size of the company.

	Micro or Small	Medium	Large
<i>Number of employees</i>	Below 75	76 - 200	Above 200
<i>Amount (per month per employee)</i>	RM1,200	RM800	RM600
<i>Maximum number of employees to be subsidised</i>	75	200	200
<i>Period of assistance provided</i>	3 months	3 months	3 months
Conditions for application			
<i>Rate of decline in revenue</i>	No condition set	Decline in revenue of 50% or more compared to January 2020 or subsequent months.	
		Note: Previously, the revenue for January 2020 was used as the basis to determine the rate of decline.	
<i>Employer/employee</i>	<ol style="list-style-type: none"> 1. Employer and employee(s) are registered with and are contributing to SOCSO. 2. Company has registered with Companies Commission of Malaysia (CCM) or local authorities before 1 January 2020. 3. Company has already commenced operations before 1 January 2020. 		
<i>Monthly salary of employee</i>	RM4,000 and below		
<i>Retention of employees</i>	Employer is required to retain the eligible employees for at least 6 months (WSP period of 3 months and 3 consecutive months thereafter)		

	Micro or Small	Medium	Large
<i>Effective date</i>	1 April 2020 for all companies		
<i>How to apply</i>	The application is made by employers through http://prihatin.perkeso.gov.my starting 9 April 2020.		
<i>Last day of application</i>	The earlier of 15 September 2020 or full disbursement of funds		
<i>Method of payment</i>	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 approval.		

Supporting documents

1. List of employees (according to the size of company);
2. Bank account details of employer (front page of bank statement only);
3. Business registration number that is registered with the bank upon opening the bank account in 2 above
4. A copy of certificate of registration with CCM, Registrar of Societies, statutory bodies for professional, scientific or technical service providers, or business license
5. PSU50 declaration form; and
6. **Financial statements or sales reports verified by the Management or other relevant documents.

** Supporting document applicable for medium and large companies only.

The onus to declare the reduction in revenue lies with the employer. Legal action can be taken against the employer for incorrect declaration.



Non-qualifying employer / employee

The following are not eligible for WSP:

- Employer or company who has registered and is in operation on or after 1 January 2020;
- Employer or employee who has yet to register and contributes to SOCSO;
- Employee who has already received financial assistance from Employment Retention Programme (ERP);
- Employee earning monthly salary more than RM4,000;
- Terminated employees;
- Employee who works in public sector, statutory body, local authority, and self-employed; and
- Expatriate and foreign worker.

Comparison between Employment Retention Programme and Wage Subsidy Programme

	Employment Retention Programme	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 wage subsidy to employers who faced business impact due to COVID-19, to help the employer to continue with their operations and to retain their employees without losing their jobs especially for micro, small and medium companies.
<i>Who benefits</i>	Employee	Employer
<i>Amount (per month per employee)</i>	RM600 up to 6 months.	RM600, RM800 or RM1,200 depending the size of the company for 3 months.
<i>Effective date</i>	1 March 2020	1 April 2020
<i>Date of application</i>	20 March 2020	<ol style="list-style-type: none"> 1 April 2020 (initial WSP announced on 27 March 2020) 9 April 2020 to 15 September 2020 (enhanced WSP announced on 6 April 2020)

	Employment Retention Programme	Wage Subsidy Programme
<i>Conditions for application</i>	<ul style="list-style-type: none"> Eligible employees are from the private sector including part-time employees who have registered and are contributing to Employment Insurance System (EIS). Employee earning monthly salary of RM4,000 and below. Implementation of mutually agreed UPL between employer and employee as per conditions set out below: <ol style="list-style-type: none"> UPL starting 1 March 2020 Minimum of 30 days UPL UPL between 1 to 6 months 	<ul style="list-style-type: none"> Decline in revenue of more than 50% since 1 January 2020 for medium and large companies (not applicable for small and micro companies). The employer and employee are registered and contributing to EIS. Employee earning monthly salary of RM4,000 and below. Company has registered with CCM or local authorities before 1 January 2020. Company has already commenced operations before 1 January 2020. Employer is required to retain the eligible employees for at least 6 months (WSP period of 3 months and 3 consecutive months thereafter)
<i>Supporting documents for application</i>	<ol style="list-style-type: none"> A copy of bank statement of the company together with the company registration number UPL notice provided to the employee ERPC-19 form 	<ol style="list-style-type: none"> List of employees (according to the size of company); Bank account details of employer (front page of bank statement only); Business registration number that is registered with the bank upon opening the bank account in 2 above; A copy of certificate of registration with CCM, Registrar of Societies, statutory bodies for professional, scientific or technical service providers, or business license; PSU50 declaration form; and **Financial statements or sales reports verified by the Management or any other supporting documents to proof the revenue status of the company.

** Supporting document applicable for medium and big size companies only.

	Employment Retention Program	Wage Subsidy Programme
<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 http://erpc19@perkeso.gov.my	The application is made by employers through http://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 approval.
<i>Period of assistance provided</i>	1 to 6 months	3 months

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 not required to re submit the application for the second and third payments of WSP. However, the employer is required to update the authority if there are any changes to the status of business or number of eligible employees.

3) Is an employer who has submitted an application prior to 6 April 2020 required to resubmit its application?

A: An employer who wish to apply for more than 100 employees is required to submit an application to take into account the number of employees exceeding the first 100 employees (up to a maximum of 200 employees).

4) What is the definition of monthly salary?

A: Monthly salary refers to wages as prescribed under Social Security Organization (SOCSO) Act 1969. This includes gross salary, overtime, commission, leave, extra work on holidays, incentive, service charge and etc.

5) Would the employer still need to contribute to SOCSO and EIS on the full salary paid to the employees whilst receiving the wage subsidy?

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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