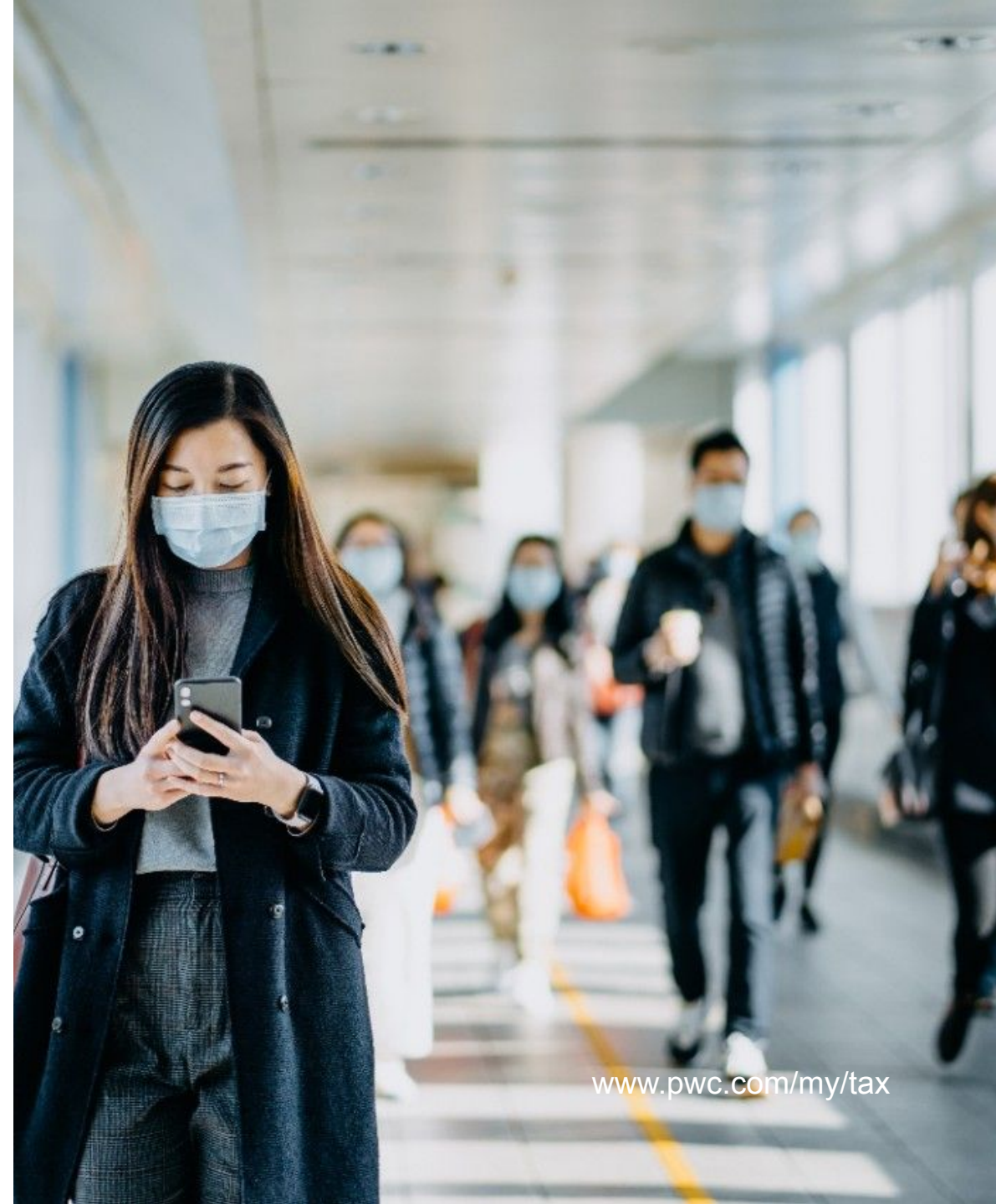




Taxavvy

29 June 2021 | Issue 17-2021

PEMULIH Stimulus Package



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PEMULIH Stimulus Package

PEMULIH has been announced by the Prime Minister on 28 June 2021. Valued at RM150 billion, PEMULIH's objectives are:

- Supporting business continuity
- Continuing the *Prihatin Rakyat* Agenda
- Increasing vaccination

Key tax related measures from PEMULIH

The following tax related measures have been announced by the Prime Minister:

- Tax deduction for employers in relation to vaccination facilities
- Initiatives for the tourism sector
- Wage Subsidy Programme 4.0
- Human Resources Development Fund (HRDF) levy exemption
- PenjanaKerjaya 3.0



Tax deduction for employers in relation to vaccination facilities

To encourage employers to participate in the implementation of PIKAS (*Program Imunisasi Industri COVID-19 Kerjasama Awam-Swasta*) and to reduce their burden, employers are given a tax deduction for expenses incurred on equipment and services for providing their premises as vaccination centres (PPVs).

In addition, the scope of existing tax deduction for approved community and charitable projects in relation to COVID-19 is expanded to include donations to the PPVs.

Comment:

The announcement is silent on the commencement date for incurrence of the expenses which will fall under the scope of the above tax deductions.

In relation to the expansion of the scope of the existing deduction for approved community and charitable projects, it is currently provided under Section 34(6)(h) of the Income Tax Act 1967 (refer TaXavvy 19/2020).

Initiatives for the tourism sector

The following were announced under PEMULIH:

- Deferment of tax instalment payments for companies:

Comment:

Under PEMERKASA, deferment of tax instalment payments due during the period of 1 April 2021 to 31 December 2021 will be given to companies in the tourism sector and selected businesses such as cinemas and spas (refer to [TaXavvy 7/2021](#) and [TaXavvy 15/2021](#)).

Pending further announcement from the authorities, the above announcement under PEMULIH may be referring to the existing deferment given under PEMERKASA and not referring to deferment for companies in other sectors.

- Service tax exemption and tourism tax exemption for hotel operators until end of the year.

Comment:

These measures were previously announced under PEMERKASA (refer to [TaXavvy 7/2021](#))

Wage Subsidy Programme 4.0 (WSP 4.0)

The new WSP 4.0 allows the employers to apply for subsidy of RM600 per employee (up to 500 employees) for the following periods during Phase 2 and Phase 3 of the National Recovery Plan (PPN):

PPN	No. of months	Sector
Phase 2	2	All sectors
Phase 3	2	Sectors listed under the negative list

Unlike WSP 3.0, the condition for employee to earn a monthly salary of not more than RM4,000 is removed under WSP 4.0.

PenjanaKerjaya 3.0

To be renamed as PenjanaKerjaya 3.0, the current PenjanaKerjaya programme under SOCSO which is scheduled to end in June 2021 is to be extended with the following improvements:

- Reduction of qualifying monthly salary from RM1,500 to RM1,200 for the Malaysianisation programme.
- Relaxation of employment contract period from 12 months to 6 months for employment of disabled, ex-convicts and those aged 50 and above.

Human Resources Development Fund (HRDF) levy exemption

Under PEMERKASA+ it is announced that HRDF levy exemption is extended to **all employers** registered with the HRDF for the month of June 2021. Under PEMULIH, a 2-month HRDF levy exemption is provided automatically for all employers that are unable to operate during the MCO.

In addition, employers which have been required to contribute to HRDF under the expanded coverage from 1 March 2021 under the Pembangunan Sumber Manusia Berhad Act 2001 (refer [TaXavvy 8/2021](#)) will continue to be exempted from HRDF levy up to 31 December 2021.



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