



MINISTRY OF FINANCE

penjana

Pelan Jana Semula Ekonomi Negara

BUILDING THE ECONOMY TOGETHER

Short-Term Economic Recovery Plan
June - December 2020



Towards a Better Future

Assalamualaikum and greetings to my fellow Malaysians

We are now living in unprecedented times of a global pandemic due to COVID-19. During this ongoing crisis, the Government recognizes the challenges faced by individuals, businesses and the economy at large. We have taken and will continue to take swift and proactive action to protect lives, support businesses and strengthen the nation's economy.

The Government has steered the country through these challenging times by taking an approach focused on 6 key steps: Resolve, Resilience, Restart, Recovery, Revitalize and Reform. We have now passed the first 3 stages: Resolve entailed addressing and containing COVID-19 by implementing the MCO; Resilience focused on protecting lives and livelihoods through the PRIHATIN Economic Stimulus packages while recently in May, the country stepped into the Restart phase which witnessed the reopening of economic sectors in an orderly and controlled manner.

On the verge of entering the 4th phase, Recovery, we remain focused on completing the nation's current journey from Restart to Recovery by rolling out a set of strategic initiatives to propel forward the nation's economic growth.

The Government now unveils PENJANA (Pelan Jana Semula Ekonomi Negara) or the National Economic Recovery Plan. This Government is committed to taking an inclusive and holistic approach to Malaysia's economic recovery, and it is important to us that everyone is part of this journey. Towards this end, PENJANA will focus on 3 key thrusts - Empower People, Propel Businesses and Stimulate the Economy.

This booklet outlines the details of PENJANA's initiatives. God willing, may we find much blessing in this journey together towards a secure future for Malaysia.

YAB Tan Sri Muhyiddin Yassin
Prime Minister of Malaysia

penjana

Pelan Jana Semula Ekonomi Negara

Building the Economy Together



Supporting the economy to operate in the New Normal via 3 thrusts



**EMPOWER
PEOPLE**



**PROPEL
BUSINESSES**



**STIMULATE
THE
ECONOMY**

40 Key Initiatives

i Empower People

i-1	Wage Subsidy Programme	pg 8
i-2	National Employment Services Job Portal Upgrade	pg 9
i-3	Hiring and Training Assistance for Businesses	pg 10
i-4	Reskilling and Upskilling Programmes	pg 11
i-5	Gig Economy Social Protection and Skilling	pg 13
i-6	Flexible Work Arrangement Incentives	pg 14
i-7	Child Care Subsidy	pg 15
i-8	My30 Public Transport Subsidy	pg 16
i-9	Social Assistance Support for Vulnerable Groups	pg 17
i-10	PEKA B40 Healthcare Support	pg 18
i-11	Internet Connectivity for Education & Productivity	pg 19

ii Propel Businesses

ii-12	Micros and SMEs E-commerce Campaign	pg 23
ii-13	"Shop Malaysia Online" for Online Consumption	pg 24
ii-14	Technical and Digital Adoption for SMEs and MTCs	pg 25
ii-15	MyAssist MSME One Stop Shop	pg 26
ii-16	PENJANA SME Financing (PSF)	pg 27
ii-17	PENJANA Tourism Financing (PTF)	pg 28
ii-18	PENJANA Microfinancing	pg 29
ii-19	Bumiputera Relief Financing	pg 30
ii-20	SME Go-scheme for Liquidity Support	pg 31
ii-21	Accelerated Payment Terms for GLC and Large Corporates' Supply Chain	pg 32
ii-22	Tax Relief for COVID-19 Related Expenses	pg 33
ii-23	Financial Stress Support for Businesses	pg 34
ii-24	Social Enterprises Elevation	pg 35
ii-25	Spur Set Up of New Businesses	pg 36

iii Stimulate the Economy

iii-26	Dana Penjana Nasional	pg 39
iii-27	Technology Innovation Sandbox	pg 40
iii-28	Digitalisation of Government Service Delivery	pg 41
iii-29	National "Buy Malaysia" Campaign	pg 42
iii-30	ePenjana Credits in e-wallet	pg 43
iii-31	Incentives for Property Sector	pg 44
iii-32	Tax Incentives for Purchase of Passenger Cars	pg 45
iii-33	Extended Service Hours in the New Normal	pg 46
iii-34	Malaysia as Attractive Horizon for Businesses	pg 47
iii-35	Tourism Sector Support	pg 48
iii-36	Arts, Culture, Entertainment, Events and Exhibitions Sector Support	pg 49
iii-37	Agriculture and Food Sector Support	pg 50
iii-38	Commodity Sector Support	pg 51
iii-39	Proposed COVID-19 Temporary Measures Act	pg 52
iii-40	Sukuk Prihatin	pg 53

Empower People



EMBARGO SEHINGGA 5 JUN 2020

The COVID-19 pandemic is a crisis like no other. It has led to one of history's most challenging global humanitarian and health crises. To contain the virus and flatten the curve, Malaysia implemented the Movement Control Order (MCO) for almost two months, followed by the Conditional Movement Control Order (CMCO) which marked the reopening of our economy.

The repercussions brought about by COVID-19 in the past three months have impacted Malaysian lives and livelihoods, with up to 2 million jobs (~8% of the workforce) estimated to be at risk by end-2020. With potentially higher unemployment levels compared to the Global Financial Crisis 2008/09 and the Asian Financial Crisis 1997/98, it is imperative for Malaysia to take bold measures to protect and empower our people over the short term.

Under the PRIHATIN Economic Stimulus Packages announced in March and April 2020, the Government has helped save over 2.4 million jobs, while easing cashflow concerns for about 11 million Malaysians from the B40 and M40 income groups. In addition, with Standard Operating Procedures (SOPs) crafted for various sectors, the gradual and careful restart of the economy from 4 May 2020 has since enabled over 12.7 million people (~83.5%) to return to work. Nevertheless, more efforts are required to enable other economic sectors, particularly those in the negative list, to reopen, while also ensuring the safety and health of workers and the Rakyat.

Under the new norm, striking a balance between protecting lives and promoting livelihoods is neither easy nor simple. That balance is a pre-requisite to restoring consumer confidence which, in turn, is crucial to stimulate consumption and generate growth.

In empowering our people, the Government's measures under Penjana aim to save jobs and promote employment, while ensuring the people have enough to live on. Apart from hiring incentives and expanded wage subsidy, reskilling and training are equally crucial to ensure workers maintain or upgrade their skills for when the economy recovers.

Additionally, COVID-induced new norm has also forced a dramatic change in how we work and interact. Hence, it is equally important for the Government to provide an enabling ecosystem to help workers' return to work, and adapt to new ways of working. These include incentivising technology adoption to facilitate remote learning and working from home. To that end, vulnerable members of society, such as the elderly, the differently-abled, students in rural areas, the B40 community and the urban poor continue to be supported to ensure their general welfare is taken care of.

It is the Government's hope that these measures will help empower Malaysians to navigate through these unprecedented times, as we begin to nurture the nation's economic recovery.

Wage Subsidy Programme

OBJECTIVE

To promote employee retention and reduce layoffs by extending the wage subsidy programme

BENEFICIARIES

2.7 million workers

QUANTUM

RM5.3 billion

TIMELINE

Mid June to end September 2020

The wage subsidy programme will be **extended for a further three months** with **subsidy of RM600** per employee for all eligible employers

The current wage subsidy program will also be enhanced as follows:

- ▶ Allow employers receiving wage subsidy to **implement reduced work week** (e.g. 4-day work week with a reduced pay of 20%) and reduced pay (the maximum allowable reduced pay is 30%)
- ▶ Allow employers to **receive wage subsidy for employees on unpaid leave**, subject to employees receiving the subsidy directly (only applicable for tourism sector and businesses which are prohibited from operating during CMCO)



For more information: www.perkeso.gov.my

Lead agencies:



National Employment Services Job Portal Upgrade

BENEFICIARIES

50,000 unemployed

TIMELINE

Long-term

OBJECTIVE

To improve employment by enhancing the PERKESO job portal

The National Employment Services under PERKESO will be upgraded as follows:

- ▶ **Enhancement of the job portal** and employment placement services
- ▶ **Collaboration with the private job sites** for employment matching



For more information: www.perkeso.gov.my

Lead agencies:



MINISTRY OF HUMAN RESOURCES



PERKESO

Hiring and Training Assistance for Businesses

OBJECTIVE

To encourage hiring of employees by providing financial incentives to employers

BENEFICIARIES

300,000 job seekers

QUANTUM

RM1.5 billion

TIMELINE

Applications open from mid June to end December 2020

The Government will introduce **incentives to encourage the hiring** of the unemployed as follows:

- ▶ Youth
 - **RM600** per month for apprenticeships for school leavers and graduates for up to 6 months
- ▶ Unemployed Workers
 - Below 40 years old: RM 800 per month for employment of unemployed for up to 6 months
 - 40 years old and above: RM 1,000 per month for employment of unemployed for up to 6 months
 - Training allowance of **RM4,000** per individual will also be extended to those retrenched but not covered under the Employment Insurance System (EIS)



For more information: www.perkeso.gov.my

Lead agencies:



MINISTRY OF HUMAN RESOURCES



HRDF



PERKESO

Reskilling and Upskilling Programmes

OBJECTIVE

To enhance employability of the unemployed through reskilling and upskilling programmes

BENEFICIARIES

200,000 youth and unemployed workers

QUANTUM

RM2 billion

TIMELINE

Mid June to end December 2020

A **RM2 billion fund** will be dedicated to reskilling and upskilling programmes for Youth and Unemployed Workers.

To **enhance employability of youth** particularly school leavers and fresh graduates, the Government will:

- ▶ Provide a **1-to-1 matching fund of RM250 million** to co-fund place-and-train in addition to other upskilling programmes with HRDF
- ▶ **Optimise Government training facilities** such as those under MARA, Community Colleges, IKBN and ILP
- ▶ Support Securities Industry Development Corporation (SIDC) programs such as Capital Market Graduate Apprenticeship program, Islamic Capital Market Graduate Training Scheme (ICM GTS) and **training subsidy of up to RM 3,500** over the next 6 months
- ▶ Relax conditions for **PROTÉGÉ Ready to Work (RTW)** programme

For more information: www.penjana.treasury.gov.my

Participating agencies:



MINISTRY OF HUMAN RESOURCES



KEMENTERIAN PEMBANGUNAN
ISUAWAN DAN KOPERASI
MALAYSIA



MINISTRY OF AGRICULTURE



MINISTRY OF HIGHER EDUCATION



KORIDOR
UTARA
MALAYSIA



Suruhanjaya Sekuriti
Securities Commission
Malaysia



EAST
COAST
ECONOMIC
REGION



Reskilling and Upskilling Programmes (cont'd)

To provide upskilling for unemployed workers, the Government will undertake:

- ▶ **Public private collaboration** on upskilling in sectors such as E&E and ICT for key investors (MIDA, corridor authorities)
- ▶ Incentivise further studies, focused on **short courses in local universities**
- ▶ Leverage **entrepreneurship programs** delivered by MOA, MARA, MEDAC
- ▶ Provide **training subsidy of up to RM 800** per month for 6 months through the Securities Industry Development Corporation (SIDC)



For more information: www.penjana.treasury.gov.my

Participating agencies:



MINISTRY OF HUMAN RESOURCES



KEMENTERIAN PEMBANGUNAN
USAHAWAN DAN KOPERASI
MALAYSIA



MINISTRY OF AGRICULTURE



HRDF



UNIVERSITI
UTARA
MALAYSIA



KORIDOR
UTARA
MALAYSIA



Suruhanjaya Sekuriti
Securities Commission
Malaysia



EAST
COAST
ECONOMIC
REGION



MEDAC



KPT



KHAZANAH
NASIONAL



SIDC



MIDA

Gig Economy Social Protection and Skilling

OBJECTIVE

To promote the gig economy and provide a social safety net system for the gig economy and informal sector workforce

BENEFICIARIES

30,000 gig economy employees

QUANTUM

RM75 million

TIMELINE

Beginning August 2020

The Government will facilitate policies to **support the growth of the gig economy and the welfare** of gig economy workers through:

- ▶ A matching grant of up to **RM50 million** for gig economy platforms who contribute for their gig workers towards **PERKESO's employment injury scheme** of up to RM162 and **EPF's i-Saraan contribution** of up to RM250 yearly
- ▶ Provide MDEC with **RM25 million** for the Global Online Workforce (GLOW) program which will train Malaysians to earn income from serving international clients while working online from home



For more information: www.perkeso.gov.my • www.kwsp.gov.my • <https://glowmalaysia.com/>

Lead agencies:



Flexible Work Arrangement Incentives

OBJECTIVE

To encourage work-from-home arrangements by providing support to both employers and employees

BENEFICIARIES

All employees working from home

QUANTUM

RM800 million

TIMELINE

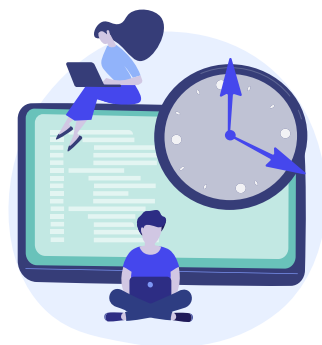
Beginning June 2020

To **sustain the new normal of work-from-home**, the Government will support employers and employees with the following:

- ▶ Further **tax deduction for employers** which implement Flexible Work Arrangements (FWAs) or undertake enhancement of their existing FWAs (effective 1st July 2020)
- ▶ Individual **income tax exemption of up to RM5,000** to employees who receive a handphone, notebook & tablet from their employer (effective 1st July 2020)
- ▶ Special **individual income tax relief of up to RM2,500** on the purchase of handphone, notebook & tablet (effective 1st June 2020)

With the increasing number of Malaysians working from home, SOCSO will also provide:

- ▶ Coverage for workers involved in accidents while working at home under the Employment Injury Scheme



For more information: www.hasil.gov.my • www.perkeso.gov.my

Lead agencies:



Child Care Subsidy

OBJECTIVE

To support working parents during the Conditional Movement Control Order (CMCO) period by subsidising child care expenses

BENEFICIARIES

Approximately 8,000 childcare centres, 5,000 households and estimated 10,000 new early education practitioners

QUANTUM

RM200 million

TIMELINE

Beginning June 2020

To ease the transition to the new normal of working-from-home, the Government will support working parents through the **subsidy of child care expenses**:

- ▶ **eVouchers of RM 800** per household for mobile childcare services, to be utilised from now till end of August 2020
- ▶ Increase in **income tax relief** for parents on childcare services expenses, from RM 2,000 to **RM 3,000** for Year of Assessment (YA) 2020 and 2021

There will also be incentives to encourage **child care centres to comply with the new normal** and to incentivise certification of early education practitioners:

- ▶ One-off **grant of up to RM5,000 per childcare centre** registered with the Ministry of Women, Family and Community Development (up to 31st December 2020) to comply with new healthcare SOPs
- ▶ Incentive to **train new practitioners** for child nursing and early education course under Ministry of Women, Family and Community Development

For more information: <http://ezi2care.jkm.gov.my>

Lead agencies:



MINISTRY OF FINANCE



MINISTRY OF WOMEN, FAMILY AND COMMUNITY DEVELOPMENT

Jabatan
KEBAJIKAN
Masyarakat



My30 Public Transport Subsidy

OBJECTIVE

To reduce the cost of daily public transportation

BENEFICIARIES

200,000 Malaysian public transport users

QUANTUM

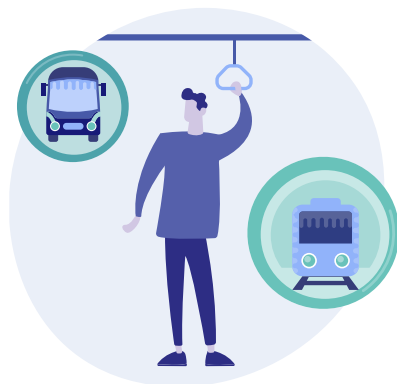
RM200 million

TIMELINE

Mid June to end December 2020

To encourage mobility and reduce the burden of costs of transportation, the Government will:

- ▶ Introduce an **unlimited monthly travel pass** costing RM30 for use on all rail services (MRT, LRT, Monorail), BRT, RapidKL buses and MRT feeder buses



For more information: www.myrapid.com.my

Lead agencies:



MINISTRY OF TRANSPORT



LAND PUBLIC TRANSPORT AGENCY



Social Assistance Support for Vulnerable Groups

OBJECTIVE

To provide social assistance to vulnerable groups such as OKUs and Single Mothers

BENEFICIARIES

OKUs, single mothers and related NGOs

QUANTUM

RM108 million

TIMELINE

Beginning June 2020

Social assistance support will be provided to identified **vulnerable groups**:

- ▶ **One-off financial assistance RM300 to:**
 - 190,000 registered OKUs; and
 - 150,000 single mothers (income below the poverty line) registered under KPWKM (unregistered single mothers can start to register until December 2020)
 - 2,000 volunteer Home Help Services
- ▶ **Grant for relevant registered NGOs** which support vulnerable groups
- ▶ **PENJANA GLC Community** - GLCs encouraged to adopt one community and will implement a social economic development project with the community



For more information: <http://ezi2care.jkm.gov.my>

Lead agencies:



MINISTRY OF FINANCE



MINISTRY OF WOMEN, FAMILY
AND COMMUNITY DEVELOPMENT

Participating agency:

Jabatan
KEBAJIKAN
Masyarakat



PEKA B40 Healthcare Support

OBJECTIVE

To support the the healthcare needs of low-income groups

BENEFICIARIES

B40 aged 40 and above

QUANTUM

RM50 million

TIMELINE

To begin immediately

The government will double the existing allocation for the **PEKA B40 Programme to a total of RM 100 million** in order to fund four benefits for the B40 group;

- ▶ Health screening
- ▶ Medical device assistance
- ▶ Cancer treatment incentives
- ▶ Subsidy for transportation for health



For more information: www.pekab40.com.my

Lead agency:



Participating agency:



Internet Connectivity for Education & Productivity

OBJECTIVE

To support e-learning and productivity activities by providing free internet connectivity

BENEFICIARIES

All

QUANTUM

RM3 billion

TIMELINE

Mid June to end December 2020

To enable the transition to the new normal of remote learning and work, support will be provided to **increase internet connectivity** through the following:

- ▶ **Free 1Gb per day between 8am to 6pm** for education, productivity (video conference applications) and news by participating telecommunication companies
- ▶ Free unlimited use of Government's COVID-19 applications and access to Ministry of Health and other Government websites



For more information: www.penjana.treasury.gov.my

Lead agencies:



MINISTRY OF COMMUNICATION
AND MULTIMEDIA



Participating agencies:



EMBARGO SEHINGGA 5 JUN 2020

Propel Businesses





Businesses – large, SMEs and micro – were impacted during the MCO as efforts to combat COVID-19 intensified. With most economic sectors closed for nearly two months, businesses were unable to operate, affecting revenue and income streams. Consequently, many businesses, especially SMEs and micro-enterprises, faced cashflow challenges with the payment of salaries and premise rentals cited as the two biggest costs.

Under the PRIHATIN Economic Stimulus Packages, the Government supported businesses through a raft of measures aimed at saving jobs and easing cashflow challenges. This included the Wage Subsidy Programme, waivers for rental of business premises, as well as facilities such as the Special Relief Facility (SRF) and various micro-credit schemes. Many of these measures are still ongoing.

The reopening of the economy in May has seen an uptick in commercial activity as more workers gradually returned to the workforce. As at 2 June, this amount involved just over 12.7 million or 83.5% workers. Nevertheless, certain sectors such as tourism, entertainment and sports will require a longer recovery period as

both consumers and operators adjust to the new norm.

With demand concerns rising due to low consumer confidence, it is imperative to stimulate consumption which contributes over 60% to Malaysia's economy. During MCO alone, 66% of businesses experienced a drastic drop in demand that made it difficult to sustain a business. On the flipside, e-commerce was increasingly becoming a preferred medium compared to brick-and-mortar. Unfortunately, 25% of businesses still lacked the e-commerce infrastructure to take advantage of the growth in online shopping.

Under PENJANA, measures will be introduced to enable workers and businesses to sustain operations and gradually enhance productivity. Support will be given to social enterprises to diversify economic activity. Targeted assistance will be put in place to regenerate the most affected economic sectors, while initiatives to increase consumer confidence and consumption will be launched. In addition, enabling businesses to go through training and digital adoption will be key as businesses equip themselves for the new norm.

Micros and SMEs E-commerce Campaign

OBJECTIVE

To encourage adoption of e-commerce by micro enterprises and SMEs in order to widen their market reach

BENEFICIARIES

Malaysian MSMEs

QUANTUM

RM70 million

TIMELINE

June to September 2020

Eligible Micro enterprises and SMEs will be **onboarded to shift towards business digitalisation** through a co-funded programme with MDEC and e-commerce platforms. Participating e-commerce platforms will provide the following to eligible MSMEs:

- ▶ On-boarding training
- ▶ Seller subsidy
- ▶ Sales support

Fresh food producers such as farmers and fishermen are encouraged to join the campaign.



For more information: www.penjana.treasury.gov.my

Lead agencies:



Participating agencies:



"Shop Malaysia Online" for Online Consumption

OBJECTIVE

To encourage online consumer consumption through e-commerce vouchers

BENEFICIARIES

Malaysian MSMEs with e-commerce footprint and consumers

QUANTUM

RM70 million

TIMELINE

August to September 2020

The Government will **collaborate with e-commerce** platforms to:

- ▶ **Co-fund digital discount vouchers** to encourage online spending on products from local retailers



For more information: www.penjana.treasury.gov.my

Lead agencies:



Participating agencies:



Technical and Digital Adoption for SMEs and MTCs

OBJECTIVE

To assist as well as incentivise SMEs and MTCs to digitalise operations and trade channels

BENEFICIARIES

SMEs and MTCs

QUANTUM

RM700 million

TIMELINE

Beginning June 2020

The Government will continue to **provide grants and loans to eligible enterprises** for adoption or subscription of digitalisation services under the following programmes:

- ▶ SME Digitalisation Matching Grant totalling **RM100 million**, in partnership with telecommunication companies
- ▶ SME Technology Transformation Fund totalling **RM500 million loan** (application opens from July 2020)
- ▶ Smart Automation Grant totalling **RM100 million**, capped at up to **RM1 million per company**



For more information: www.mida.gov.my • <https://mdec.my> • <https://smebank.com.my>

Lead agencies:



Participating agencies:



MyAssist MSME One Stop shop

OBJECTIVE

To provide guidance and facilitate the recovery process for Micro enterprises and SMEs

BENEFICIARIES

Micro enterprises and SMEs

QUANTUM

RM5 million

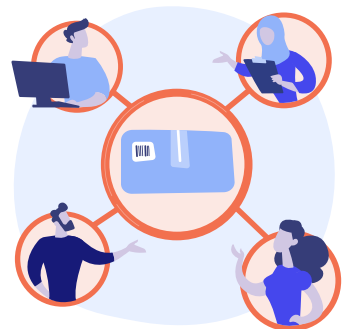
TIMELINE

Beginning June 2020

An **online one-stop business advisory platform** for the Micro enterprises and SMEs will be set up to enhance the outreach of the existing physical SME Hub.

The services offered include **guidance** for:

- ▶ Funding facility
- ▶ Trade facilitation
- ▶ Branding and promotion
- ▶ Technology support
- ▶ Legal



For more information: www.smecorp.gov.my

Lead agency:



Participating agency:



PENJANA SME Financing (PSF)

OBJECTIVE

To assist SMEs adversely impacted by COVID-19 in order to sustain business operations

BENEFICIARIES

Businesses in the critically affected sectors

QUANTUM

RM2 billion

TIMELINE

Mid June 2020

Additional financing facility to eligible SMEs:

- ▶ The banking sector will offer an additional RM2 billion of funding to assist SMEs adversely impacted by COVID-19 sustain business operations at a concession rate of 3.5%. This financing facility will be made available in mid-June 2020 with a maximum loan size of RM500,000 per SME.



For more information, please refer to respective banks' websites

Lead agency:



MINISTRY OF FINANCE

PENJANA Tourism Financing (PTF)

OBJECTIVE

To finance transformation initiatives by SMEs in the tourism sector to remain viable and competitive in the new normal

BENEFICIARIES

Tourism sector

QUANTUM

RM1 billion

TIMELINE

Beginning July 2020

Provision of **funding facility** for the tourism sector:

- ▶ To aid the tourism sector, a RM1 billion PENJANA Tourism Financing (PTF) facility will be made available to finance transformation initiatives by SMEs in the tourism sector to enable them to remain viable and competitive in the new normal. Details of this fund will be announced in July 2020.



For more information: www.bnm.gov.my

Lead agency:



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

PENJANA Microfinancing

OBJECTIVE

To support micro enterprises through funding programmes

BENEFICIARIES

Micro enterprises and SMEs

QUANTUM

RM400 million

TIMELINE

Beginning June 2020

Dedicated **funding support for micro enterprises** via:

- ▶ New funding program for SMEs and micro enterprises at a **subsidised interest rate of 3.5%**
- ▶ Aggregated approved financing will be capped at **RM50,000 per enterprise**
- ▶ **RM50 million is earmarked for women entrepreneurs**

A dedicated amount of the funding will be carved out e.g. for **women, youth entrepreneurs and social enterprises**



For more information: <https://www.tekun.gov.my> • <https://www.mybsn.com.my>

Lead agencies:



Bumiputera Relief Financing

OBJECTIVE

To ensure sustainability of shariah compliant Bumiputera entrepreneurs through financial support

BENEFICIARIES

Bumiputera businesses

QUANTUM

RM500 million

TIMELINE

Beginning June 2020

PUNB will provide **RM200 million dedicated financial assistance for Bumiputera** owned shariah compliant businesses in the form of:

- ▶ Working capital
- ▶ Operational expenditure
- ▶ System automation
- ▶ Equipment and expenditure to implement social distancing practices (eg. on PPEs)
- ▶ Financing of RM 100,000 – RM 1 million for up to 5 years at 3.5% p.a. profit rates. Moratorium of up to 6 months from disbursement

Through MARA, the Government will also allocate:

- ▶ **RM300 million working capital loans** to assist affected Bumiputera entrepreneurs including training colleges
- ▶ **Maximum loan amount of RM1 million** with 3.5% p.a interest rate



For more information: <https://www.punb.com.my> • <https://www.mara.gov.my/en/index/>

Lead agencies:



SME Go-Scheme for Liquidity Support

OBJECTIVE

To provide liquidity for SME contractors to start delivering on Government projects

BENEFICIARIES

SME contractors

QUANTUM

RM1.6 billion

TIMELINE

To begin in July 2020

SME Bank will provide financing support to contractors and vendors who were awarded with **small government projects (aggregate value of RM 4 billion)** under the Pakej Rangsangan Ekonomi (PRE) 2020 and the PRIHATIN stimulus package.

- ▶ The scheme will benefit 16,000 G2 & G3 contractors
- ▶ No deposits or collateral needed
- ▶ SME Bank shall pay directly to the contractors and vendors based on the presentation of invoices/claims



For more information: <https://www.smebank.com.my>

Lead agencies:



Accelerated Payment Terms for GLC and Large Corporates' Supply Chain

OBJECTIVE

To provide relief cashflow to SMEs who are part of the supply chain of GLCs and large corporates by accelerating payment terms

BENEFICIARIES

Companies in supply chains of selected GLC and large corporates

TIMELINE

Beginning July 2020

To provide relief to **SMEs' cash flows**, the Government is encouraging GLCs and large corporations to **accelerate their vendors' payment terms**.

Selected GLCs and large companies have already committed to accelerate payment terms to their vendors:

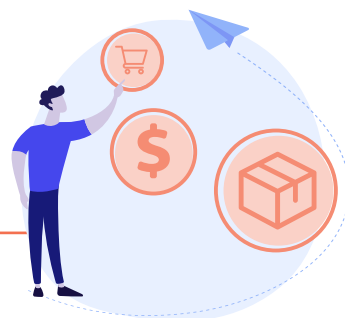
- ▶ Axiata and TM have reduced payment terms for selected vendors from 45 days to 14 days
- ▶ TNB has a 7-days payment process
- ▶ PETRONAS launched the Vendor Financing Programme in collaboration with nine banks, to facilitate vendor verification and reduce approval time. In the past few months in particular, PETRONAS has accommodated payment arrangements that have enabled vendors to stay afloat

For more information: www.penjana.treasury.gov.my

Lead agency:



MINISTRY OF FINANCE



Tax Relief for COVID-19 Related Expenses

OBJECTIVE

To encourage businesses to adapt to new norms and adhere to SOPs through tax relief

BENEFICIARIES

All businesses

QUANTUM

RM600 million

TIMELINE

Immediately

Extend the period and expand the scope of **expenses allowed as tax deduction or capital allowance for COVID-19's prevention**, including:

- ▶ Covid-19 testing
- ▶ Purchase of PPE and thermal scanners



For more information: www.hasil.gov.my

Lead agencies:



Financial Stress Support for Businesses

OBJECTIVE

To ease financial stress on businesses through remissions of penalties related to late tax payments

BENEFICIARIES

All businesses

QUANTUM

RM2.4 billion

TIMELINE

Beginning March 2020

Ease financial stress of business through:

- ▶ **50% remission of penalty** for late payment of sales tax & service tax due and payable from 1st July 2020 to 30th September 2020
- ▶ **Extension of special tax deduction** for renovation and refurbishment of business premises to 31st December 2021
- ▶ Extension of **Accelerated Capital Allowance** on eligible capital expenses including ICT equipment to 31st December 2021
- ▶ Extension of special deduction equivalent to **30% reduction in rental** for SMEs to 30th September 2020



For more information: www.hasil.gov.my

Lead agencies:



MINISTRY OF INTERNATIONAL
TRADE AND INDUSTRY



DIRAJA

Social Enterprises Elevation

OBJECTIVE

To encourage social enterprise related activity through contribution matching

BENEFICIARIES

Relevant social enterprises

QUANTUM

RM10 million

TIMELINE

Beginning August 2020

To encourage and sustain the **role of social enterprise** in promoting responsible business, the Government will:

- ▶ Provide a **matching grant** through Malaysian Global Innovation & Creativity Centre (MaGIC) totaling **RM10 million** to social enterprises who are able to crowdsource contributions and donations to undertake social projects that will address the challenges faced by targeted communities through innovative ways



For more information: <https://mymagic.my/>

Lead agency:



Spur Set Up of New Businesses

OBJECTIVE

To encourage the establishment of new businesses and transactions such as mergers and acquisitions

BENEFICIARIES

New businesses and SMEs involved in M&A

QUANTUM

RM300 million

TIMELINE

Beginning July 2020

To catalyse **establishment of new businesses**, financial relief will be provided in the form of:

- ▶ Income tax rebate up to **RM20,000 per year** for 3 years of assessment for newly established SME between 1st July 2020 to 31st December 2021
- ▶ **Stamp duty exemption** for SMEs on any instruments executed for Mergers and Acquisitions (M&As), for period between 1st July 2020 to 30th June 2021



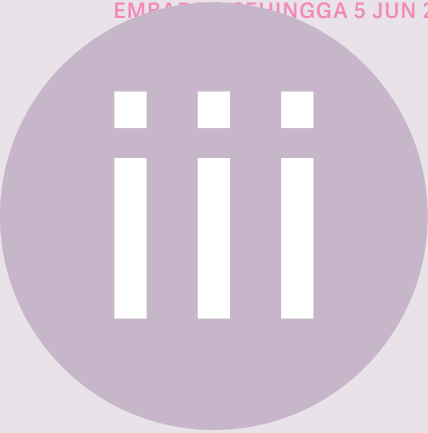
For more information: www.hasil.gov.my

Lead agencies:



Stimulate the Economy





COVID-19 has forever changed the way the Malaysian economy operates. With disruptions to the global supply chain, changes in consumption habits, and new operating procedures impacting business processes, participants of the Malaysian economy need to recalibrate and realign within this new norm.

While the first quarter of 2020 saw the Malaysian economy grow at 0.7%, however, it is expected that overall GDP growth for 2020 could be as low as -4.7%. The Government has taken proactive steps to stem the economic slowdown and the PRIHATIN Economic Stimulus Packages are expected to contribute an estimated 2.8% to GDP growth. Nevertheless, more is required to stimulate the economy, and to enable its recovery by 2021 and beyond. With international agencies forecasting Malaysia's GDP growth to be between 4.7% and 9%, the outlook is positive, subject to the public health situation being under control.

PENJANA is our signal to the world that we are open for business. Economic recovery is dependent on public and private consumption which are dynamically intertwined, feeding into a virtuous cycle of social and economic benefit. Malaysia must find and capitalise on opportunities in the new norm, especially in the digital space, in order to develop its competitive advantage. Investors need to be reminded why Malaysia is ranked 12th globally, and 3rd within Asia Pacific, on ease of doing business. Now, more than ever, it becomes more critical for Malaysia to promote itself as a business destination.

With certain sectors of the economy more severely affected others – including tourism, arts, culture, entertainment and agriculture – PENJANA will provide targeted sectoral and systemic support to help them adapt and grow in the new norm operating landscape. Additionally, with initiatives to encourage consumption of local products and services, PENJANA is set to enable the Malaysian economy recalibrate, rebound and recover.

Dana Penjana Nasional

OBJECTIVE

To support digitalisation of Malaysian businesses by channelling funding from international investors into the local venture capital space

BENEFICIARIES

Start-ups and Local private sector Venture Capital funds

QUANTUM

RM1.2 billion (RM600 million from domestic source)

TIMELINE

Beginning July 2020

An investment fund will be established, which will match institutional private capital investment with selected venture capital and early stage tech fund managers for the following funds:

- ▶ Seed Stage / Co-creation Funds
- ▶ Series A/B Funds
- ▶ Growth Stage Tech Funds
- ▶ Venture Debt Funds
- ▶ Opportunistic Funds (e.g. e-sports, healthcare)

International investors and venture capital funds that have expressed interest include SK Group, Hanwha Asset Management, KB Investment Co. Ltd, Provident Growth, 500 Startups and The Hive.



For more information: www.penjana.treasury.gov.my

Lead agency:



MINISTRY OF FINANCE

Technology Innovation Sandbox

OBJECTIVE

To encourage innovation and creativity that can propel the digitalisation of service delivery

BENEFICIARIES

Start-ups

QUANTUM

RM80 million

TIMELINE

Beginning June 2020

An **innovation sandbox** will be developed to :

- ▶ Pilot new **technology solutions**
- ▶ Provide **relaxation of regulations** in order to test new technology solutions (e.g. drone delivery, autonomous vehicles)



For more information: <https://mymagic.my>

Participating agencies:



MINISTRY OF SCIENCE,
TECHNOLOGY AND INNOVATION



MAGIC
MALAYSIAN GLOBAL INNOVATION AND CREATIVITY CENTRE



Digitalisation of Government Service Delivery

OBJECTIVE

To enhance efficiency of government services delivery in light of new social distancing norms

BENEFICIARIES

Public

QUANTUM

RM20 million

TIMELINE

Beginning June 2020

Accelerate the **digitalisation of government services** to reduce face-to-face transactions. This includes, but not limited to:

- ▶ Stamp assessment & stamp duties
- ▶ Unclaimed money
- ▶ Online interviews for Government scholarships

Hackathons to **crowdsource solutions** for future digitalisations



For more information: www.penjana.treasury.gov.my

Lead agencies:



Participating agency:



National “Buy Malaysia” Campaign

OBJECTIVE

To encourage the consumption of Malaysian-made products and services

BENEFICIARIES

Local businesses

QUANTUM

RM20 million

TIMELINE

Beginning June 2020

Push for **consumption of local products and services** through:

- ▶ Promoting the **“Buy Malaysia” campaign** by the Government and relevant agencies
- ▶ Ensuring local product tagging or identification is compulsory for big supermarket chains
- ▶ Create dedicated Malaysian products channels on major digital platforms



For more information: <http://kpdnhep.gov.my/>

Lead agency:



MINISTRY OF DOMESTIC TRADE
AND CONSUMER AFFAIRS

ePenjana Credits in e-wallet

OBJECTIVE

To encourage e-wallet usage for safe, contact-free payment experience and to boost consumer spending

BENEFICIARIES

Approximately 15 million Malaysians

QUANTUM

RM750 million

TIMELINE

July to September 2020

Encourage contact-free payment through the provision of:

- ▶ **RM 50** worth of e-wallet credits
- ▶ Additional RM50 in value through vouchers, cashback and discounts by e-wallets
- ▶ Only for offline/physical purchases

This is applicable to all Malaysians **aged 18 and above**; and earning less than **RM100,000** annually



For more information: www.penjana.treasury.gov.my

Lead agency:



MINISTRY OF FINANCE

Incentives for Property Sector

OBJECTIVE

To stimulate the property market and provide financial relief to home buyers

BENEFICIARIES

Homeowners, Prospective homebuyers

QUANTUM

RM1 billion

TIMELINE

Beginning June 2020

Tax exemption for purchase of properties:

- ▶ **Home Ownership Campaign (HOC)** to be reintroduced:
 - Stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 to RM2.5 million subject to at least 10% discounts provided by the developer. The exemption on the instrument of transfer is limited to the first RM 1 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1st June 2020 to 31st May 2021.
- ▶ **RPGT exemption** for disposal of residential homes from 1st June 2020 to 31st December 2021 (This exemption is limited to the disposal of three units of residential homes per individual)
- ▶ In addition, the current **70% margin of financing limit** applicable for the third housing loan onwards for property valued at RM600,000 and above, **will be uplifted** during the period of the HOC, subject to internal risk management practices of financial institutions.



For more information: www.hasil.gov.my

Lead agencies:



MINISTRY OF HOUSING AND
LOCAL GOVERNMENT



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA



Tax Incentives for Purchase of Passenger Cars

OBJECTIVE

To stimulate the automotive sector and provide financial relief to car buyers

BENEFICIARIES

Automotive Sector,
Consumer

QUANTUM

RM897 million

TIMELINE

Mid June to end December
2020

Tax exemption for purchase of passenger cars:

- ▶ **Full sales tax exemption** on locally assembled cars
- ▶ **50% sales tax exemption** on imported cars



For more information: www.penjana.treasury.gov.my

Lead agency:



Extended Service Hours in the New Normal

OBJECTIVE

To maximise productive capacity while maintaining SOPs & new normal workplace best practices

BENEFICIARIES

Public

QUANTUM

RM20 million

TIMELINE

Beginning mid June 2020

Encourage transition away from the traditional working hours concept of 9am to 5pm towards **extended working hours on shifts-basis** through the following:

- ▶ Government to lead the way beginning with **new operating hours** for the Urban Transformation Centres (UTC) and Klinik Kesihatan. This initiative will involve 5 key agencies and over 22 UTCs.
- ▶ UTCs operating hours:
 - **Peninsular**
Weekday: 8 am - 9 pm
Weekend: 8 am - 5 pm
 - **Sabah/Sarawak**
Weekday: 8 am - 5 pm
Weekend: 10 am - 7 pm
- ▶ Extended hours will also be encouraged for other business-facing Government departments



For more information: www.utc.my

Lead agency:



GOVERNMENT OF
MALAYSIA

Malaysia as Attractive Horizon for Businesses

OBJECTIVE

To attract foreign companies to relocate their business into Malaysia by addressing the risk of re-shoring

BENEFICIARIES

Foreign Direct Investments

QUANTUM

RM50 million

TIMELINE

July 2020 to December 2021

Tax incentives for **company relocating into Malaysia**:

- ▶ 0% tax rate for 10 years for new investment in manufacturing sectors with capital investment between **RM300 - RM500 million**
- ▶ 0% tax rate for 15 years for new investment in manufacturing sectors with capital investment above **RM500 million**
- ▶ 100% Investment Tax Allowance for 5 years for existing company in Malaysia relocating overseas facilities into Malaysia with capital investment above **RM300 million**
- ▶ Special Reinvestment Allowance for manufacturing and selected agriculture activity, from YA 2020 to YA 2021.
- ▶ Additional operating expenditure for Malaysian Investment Development Authority (MIDA) to undertake marketing and promotional activities
- ▶ Establishment of Project Acceleration & Coordination Unit (PACU) at MIDA
- ▶ Enhancement of Domestic Investment Strategic Fund
- ▶ Manufacturing License approval for non-sensitive industry within 2 working days

For more information: www.hasil.gov.my

Lead agencies:



Tourism Sector Support

OBJECTIVE

To support the tourism sector during the COVID-19 period through tax incentives

BENEFICIARIES

Tourism sector

QUANTUM

RM1.8 billion

TIMELINE

Beginning July 2020

Tax incentives for the tourism sector:

- ▶ **Tourism tax exemption** from 1st July 2020 to 30th June 2021
- ▶ **Extension of service tax exemption** for hotels to 30th June 2021
- ▶ Extension of period for income **tax relief of RM1,000** for tourism expenses to 31st December 2021
- ▶ Extension of period for deferment of tax instalment payment for tourism industry to 31st December 2020



Lead agencies:



MINISTRY OF FINANCE



MINISTRY OF HEALTH



Arts, Culture & Entertainment, Sector Support

OBJECTIVE

To support the arts, culture, entertainment and event industries adapt to the new normal

BENEFICIARIES

Arts, culture, entertainment, events and exhibitions sector

QUANTUM

RM225 million

TIMELINE

Beginning June 2020

Dedicated funding and support for the arts, culture, entertainment, events and exhibitions sector as follows:

- ▶ **RM100 million** in soft loans with interest rate of 3.5% and **RM30 million** in grants for the creative, events and exhibitions industries under MyCreative Ventures and **RM10 million** for CENDANA
- ▶ **RM50 million** worth of digital marketing obtained from RM10 million Digital Marketing and Promotions Grant under MyCreative Ventures with a cap of RM5,000 per event. This can benefit 2000 events, exhibitions, and productions
- ▶ **RM35 million** Dana Kandungan Digital under MDEC for projects in the creative sector with a focus on animation and visual effects
- ▶ Collaboration between **MyCreative and the private sector to help players adapt to new normal** through training in digital distribution methods and promotion, development of new business models, and connectivity



For more information: www.kkmm.gov.my/

Lead agencies:



Participating agencies:



FACEBOOK



DIGITAL



Agriculture and Food Sector Support

OBJECTIVE

To provide financial relief for agriculture and food players affected by COVID-19 and MCO

BENEFICIARIES

Agriculture and food sector

QUANTUM

RM400 million

TIMELINE

Beginning June 2020

Dedicated support for the Agriculture and Food sector as follows:

- ▶ Micro credit financing under Agrobank for agropreneurs totalling of **RM350 million with interest rate of 3.5%**
 - Maximum loan size: RM50,000
 - Tenure of loan: 5 years
- ▶ Agrofood workforce mobility via incentives for pioneer companies to train and educate workforce
- ▶ In-kind benefits for Urban Farming (e.g. Fertilisers, Seeds, Infrastructure, Equipment, Advisory and Training) worth RM500 per person and RM 50,000 per community



For more information: <http://www.moa.gov.my> • <https://www.agrobank.com.my>

Lead agencies:



MINISTRY OF AGRICULTURE



Commodity Sector Support

OBJECTIVE

To provide financial relief for commodity players

BENEFICIARIES

Commodity sector

QUANTUM

RM200 million

TIMELINE

Beginning July 2020

Support the commodity sector through **100% export duty exemption** from 1 July 2020 to 31 December 2020:

- ▶ Crude Palm Oil
- ▶ Crude Palm Kernel Oil
- ▶ Refined Bleached Deodorized Palm Kernel Oil



For more information: www.penjana.treasury.gov.my

Lead agency:



Proposed COVID-19 Temporary Measures Act

OBJECTIVE

To mitigate potential negative impact to economic activities caused by contractual breaches and enforcement of insolvency actions on groups affected by COVID-19 and MCO

BENEFICIARIES

Relevant parties such a manufacturer, renters etc

TIMELINE

To be tabled during July 2020 Parliament session

Introduction of **COVID-19 Temporary Measures Act** to minimise disruption to social and economic well-being:

- ▶ Temporary **legislative measure** to minimise the impact of this pandemic
- ▶ Designed to provide sufficient runway for businesses to recover their operations. This Bill will provide **relief from certain contractual obligations and financial distress** for the revival of the economy



For more information: www.bheuu.gov.my

Lead agency:



BAHAGIAN HAL ELWAL
UNDANG-UNDANG

Sukuk PRIHATIN

OBJECTIVE

To facilitate the Rakyat's participation in supporting post-recovery economic measures

BENEFICIARIES

Connectivity in schools, eligible micro enterprises (focusing on women entrepreneurs) and sectors such as healthcare sectors

QUANTUM

Issuance in Quarter 3 2020

TIMELINE

To be determined upon issuance

To **enable the Rakyat** to join the Government in supporting post recovery measures, MOF will issue an **Islamic debt instrument, the Sukuk Prihatin**. Details as follows:

- ▶ Scheduled to be issued in Quarter 3, 2020 with a fully digital subscription process
- ▶ Proceeds from the sukuk issuance will be **utilised for specific development programmes** such as connectivity of schools (especially in rural areas), funding for micro enterprises (focused on women entrepreneurs) and research grants for infectious diseases



For more information: www.penjana.treasury.gov.my

Lead agencies:



MINISTRY OF FINANCE



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA



www.treasury.gov.my