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# ***2020 Economic Stimulus Package***

## ***R.M 20 Billion***





# Economic Stimulus Packages – Covid19

Stimulus Packages	RM Billion
2020 Economic Stimulus	20
PRE-Stimulus	230
Prihatin SME+	10
<b>Total</b>	<b>260</b>

Allocation	RM Billion
2020 Economic Stimulus	20
Preserve Rakyat's welfare	128
Support businesses	110
Strengthen economy	2
<b>Total</b>	<b>260</b>

	RM Billion	RM Billion
<b>2020 Economic Stimulus</b>		
Direct fiscal injection	3.5	
Reduction in EPF contribution	10	
Additional bank loans	3.5	
Other sources	3	
Prihatin SME+	10	30
<b>PRE Stimulus</b>		
Direct fiscal injection	22	
Loans moratorium	100	
Government guarantees	55	
EPF withdrawals	40	
Other sources	13	230
<b>TOTAL</b>		<b>260</b>



# 2020 ECONOMIC STIMULUS PACKAGE



On 27 February 2020, the Malaysian Government announced the 2020 Economic Stimulus Package valued at RM20 billion and anchored on three strategies, to ensure economic risks associated with the Covid19 outbreak is effectively addressed.

## Strategy 1

- Mitigating impact of Covid-19

## Strategy 2

- Spurring rakyat centric economic growth

## Strategy 3

- Promoting quality investment

# Strategy 1 : Mitigating Impact Covid-19

## First - To Ease the Cash Flow of Affected Businesses



Period from April till September 2020

- 1) Deferment of monthly income tax instalment payments for businesses in the tourism sector.
- 2) Allow affected companies to revise their profit estimates for 2020 with respect to monthly income tax instalment payments without penalty.
- 3) Provide 15% discount in monthly electricity bills to hotels, travel agencies, airlines, shopping malls, convention and exhibition centres.
- 4) Exempt Human Resource Development Fund levies for hotels and travel related companies.
- 5) Exempt the 6% service tax for hotels effective from March to August 2020.

The Government will provide financing facilities

- 1) Bank Negara Malaysia will provide Special Relief facility of RM2 billion for working capital for Small Medium Enterprises at interest rate of 3.75%.
- 2) Bank Simpanan Nasional will allocate RM200 million as microcredit facility at interest rate of 4%.
- 3) All banks will provide moratorium comprising restructuring and rescheduling loans for affected businesses and individuals.
- 4) Government calls on hotels to offer discounts and shopping malls to reduce rentals to their tenants.
- 5) Malaysia Airport Holdings Berhad will provide rebates on rental for premises at the airport as well as landing and parking charges.

# Strategy 1 : Mitigating Impact Covid-19

## Second - To Assist Affected Individuals - Human Capital Development



- 1) Government will give a one-off payment of RM600 each to taxi drivers, tourist bus drivers, tourist guides and registered trishaw drivers.
- 2) Critical allowance of RM400 for medical doctors and other medical personnel.
- 3) RM200 for immigration and related frontline staff commencing February 2020 until the end of pandemic.
- 4) RM150 million allocated to purchase the relevant equipment, medicine and consumables in the effort to contain Covid19 outbreak.
- 5) Double deduction on expenses incurred on approved tourism-related training.
- 6) RM100 million on a matching grant basis to Human Resource Development Fund to fund 40,000 employees from the tourism and other affected sectors.
- 7) RM50 million to subsidise short courses in digital skills and highly skilled courses.
- 8) The Employment Insurance System (EIS) will increase the EIS claimable training cost from RM4,000 to RM6,000 and a daily training allowance of RM30 for trainees under EIS.

# Strategy 1 : Mitigating Impact Covid-19

## Third - To Assist Affected Individuals - Stimulate Tourism Sector



- 1) Personal income tax relief of up to RM1,000 on expenditure related to domestic tourism.
- 2) RM500 million allocated for digital vouchers for domestic tourism RM100 per person for domestic flights, rails and hotel accommodation for all Malaysians and matching grants for tourism promotion.
- 3) Relaxation of existing guidelines limiting use of hotels by Government agencies as part of mitigating the reduced demand.



## Strategy 2 : Spurring Rakyat Centric Economic Growth

### Rakyat Assistance



#### Boost local consumption growth

- 1) Employees Provident Fund contribution by employees will be reduced by 4% from 11% to 7%, with effect from 1 April 2020 to 31 December 2020. Malaysian workers have the option to opt out from the scheme and maintain their contribution rate.
- 2) Payment of RM200 to all Bantuan Sara Hidup recipients scheduled for May 2020 will be brought forward to March 2020.
- 3) An additional RM100 will be paid in May 2020.
- 4) An additional RM50 will be channeled in the form of e-tunai.

#### Enhance rakyat's income and reduce cost of living

- 1) Bank Negara Malaysia will provide Agrofood facility of RM1 billion at interest rate of 3.75% to promote food production activities to meet domestic and export demand.
- 2) RM10 million allocation to Federal Agricultural Marketing Authority to provide food storage facilities to help reduce food prices.
- 3) Grants of RM1,000 to RM10,000 for local entrepreneurs to promote sale of their products on e-commerce platforms.
- 4) RM20 million allocation to Malaysian Digital Economy Corporation for Perkhidmatan e-Dagang Setempat programme to transform Pusat Internet Desa into e-commerce hubs.

## Strategy 2 : Spurring Rakyat Centric Economic Growth

### Rural Stimulus



RM2 billion for the immediate implementation of small infrastructure repair and upgrading projects nationwide especially in rural areas. The allocations will be channelled in partnership with State Governments, local authorities, Non-Governmental Organisations and local communities.

Ministry of Finance (MoF) will provide special relaxation on financial procedures for the year 2020 as follows:

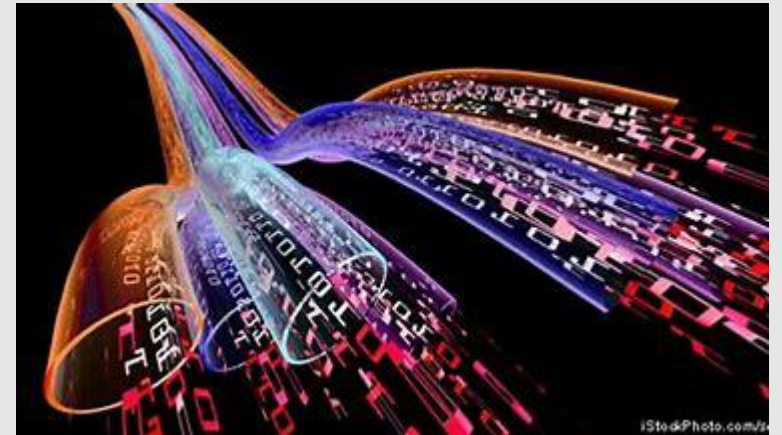
- 1) Increase procurement threshold value for balloting from RM50,000 to RM100,000 and for quotations from RM500,000 to RM800,000.
- 2) MoF will oversee the compliance to procurement schedule to ensure projects are undertaken on a timely basis.



## Strategy 3 : Promoting Quality Investment To Bolster Business Confidence



- 1) Ministry of Energy, Science, Technology, Environment and Climate Change will open for bids quota of 1,400MW for solar power generation. This is expected to involve RM5 billion of private investments and generate 25,000 jobs.
- 2) Malaysian Communications and Multimedia Commission will implement up to RM3 billion on works related to the National Fiberisation and Connectivity Plan.
- 3) Tenaga Nasional Berhad will invest RM13 billion in 2020, including accelerating projects such as LED streetlights, transmission lines and rooftop.



## Strategy 3 : Promoting Quality Investment To Enhance Greater National Competitiveness



- 1) A Co-Investment Fund of RM500 million to be co- invested and matched by private investors on a ratio of at least 1 to 3 which will result in total funds of RM2 billion for investment in early-stage and growth-stage Malaysian companies.
- 2) Waiving of the listing fees by Securities Commission and Bursa Malaysia for one year, for companies seeking listing on Leading Entrepreneur Accelerator Platform (LEAP) or Access, Certainty, Efficiency (ACE) markets, as well as companies with market capitalisation of less than RM500 million seeking listing on the Main Market.
- 3) Bank Negara Malaysia will provide an SME Automation & Digitalization Facility of RM300 million at an interest cost of 3.75%.
- 4) Accelerated capital allowances over a two-year period on expenses incurred on machinery and equipment including ICT.
- 5) Tax deduction of up to RM300,000 on renovation and refurbishment cost.
- 6) Import duty and sales tax exemption on importation or local purchase of machinery and equipment used in port operations for 3 years commencing 1 April 2020.