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NEWSFLASH MALAYSIA

GROWING STRATEGICALLY

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Latest News on Law, Tax and Business in Malaysia

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## → PEMERKASA Stimulus Package

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The People and Economic Empowerment Strategic Program - PEMERKASA - Stimulus Package valued at MYR 20 billion has been announced by the Malaysian Prime Minister on 17 March 2021, which is aimed at (1) controlling the Covid-19 pandemic; (2) steering economic recovery; (3) strengthening the country's competitiveness; and (4) ensuring inclusivity. Please find the key measures highlighted below.

### Control of Covid-19 pandemic

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- A further tax deduction for rental expenses on premises and hostels for employees will be given to manufacturing companies and service companies related to manufacturing, that participate in the Safe@Work initiative under the Ministry of International Trade and Industry ("MITI"). The qualifying expenditure is restricted to MYR 50,000 for each company registered with MITI for the Safe@Work initiative which has complied with the Safe@Work audit requirement;
- Further tax deduction for employers on expenditure incurred on Covid-19 screening and detection testing of its employees up to 31 December 2021;
- Increase in the allocation for the immunization program from MYR 3 billion to MYR 5 billion to accelerate the herd immunity target to December 2021, compared to the first quarter of 2022;

### Stimulating economic recovery

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- 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 industries such as cinemas and spas;
- Tax exemption on statutory income derived from domestic and group inclusive tours is extended up to YA 2022;
- The scope of personal tax reliefs for tour and travel packages of MYR 1,000 is expanded to include the purchase of tour and travel packages

through travel agents registered with the Ministry of Tourism, Arts and Culture;

- It was previously announced that companies which are unable to operate during the Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") periods would be exempt from the Human Resource Development Fund ("HRDF") Levy. This has now been extended up to June 2021 for affected companies in the tourism and retail sectors;
- Exemption of service tax and tourism tax for hotel and other accommodation operators is extended until 31 December 2021;
- Exemption of entertainment duty for entertainment premises (e.g. theme parks, performance stages, sport & competition events and cinemas) in the Federal Territories. The period of exemption, is not specified in the announcement;
- Employers providing short term employment opportunities or gig service provider platforms that are registered with SOCSO, will receive MYR 200 for each employee placed;
- Allocation of MYR300 million to expand PenjanaKerja 2.0, where each employee will receive MYR 600 per month for a maximum period of 6 months;
- Extension of the Wage Subsidy Program for another 3 months in a more targeted manner, i.e. for the tourism, wholesale and retail traders, and other business sectors which were closed during the MCO (e.g. gymnasiums and spas);
- To encourage companies to raise funds through the stock market, listing fees will be waived for a period of 12 months for companies applying for listing on the MAIN, LEAP or ACE markets;
- Rebate for annual listing fees for 2021 to listed companies that have reported losses based on their quarterly reports;
- To reduce the burden of companies facing financial problems and at the risk of winding up, the Companies Commission of Malaysia ("CCM") has agreed to increase the indebtedness threshold from MYR 10,000 to MYR 50,000.

## Strengthening the country's competitiveness

- To encourage reinvestment of domestic businesses, the National Authorized Economic Operator program provides a green lane to eligible companies for exports and imports, and a shortened processing time for investment applications;
- To assist SMEs in obtaining loans, the Central Bank of Malaysia has increased the Targeted Assistance & Rehabilitation Facility by MYR 2 billion and the Automation & Digitalization Facility by MYR 700 million;
- Additional MYR 50 million funding provided by the Malaysian Investment Development Authority ("MIDAs") Smart Automation Grant to encourage SMEs & mid-tier companies to improve operational and manufacturing efficiencies through high technology;
- To support IR4.0, an allocation of MYR 50 million will be given to the Industry4WRD program under MITI;
- To encourage SMEs to increase automation and reduce dependence on foreign workers, SME Bank will provide a loan fund of MYR 200 million to finance the purchase of machinery with a grant incentive of up to 20 per cent of the value of the machine;
- MITI will continue to explore new export opportunities and encourage the usage of

automation and mechanization among industry players.

## Ensuring inclusivity

- One-off payment of MYR 500 to B40 group that have lost income; and additional payment of MYR 500 to Bantuan Prihatin Rakyat recipients earning MYR1,000 and below;
- The Government has agreed to extend the effective period of protection for inability to perform contractual obligations until 30 June 2021. The type of contracts involved will also be expanded to help affected parties who fail to meet their contractual obligations;
- Introduction of ceiling price of MYR 2.05 for RON95 fuel, MYR 2.15 for diesel, and MYR26 for Liquefied Petroleum Gas ("LPG").

## Contact for further information



Priya Selvanathan

T +60 3 2276 2755  
[priya.selvanathan@roedl.com](mailto:priya.selvanathan@roedl.com)

## → Corporate Liability: First Case Prosecuted in Malaysia

### First prosecution under Section 17A of the Malaysian Anti-Corruption Commission Act 2009

The Malaysian Anti-Corruption Commission (MACC) has prosecuted their first case under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Section 17A) – causing a wake-up call for companies doing business in Malaysia. Section 17A came into force on 1 June 2020. The effect of Section 17A is that a commercial organization becomes liable if any person associated (which includes employees, directors and even its service providers) with the organization commits an act of corruption for the purpose to obtain/retain business or advantage for the company.

As reported in the media, an offshore maintenance company has been charged under

the Section 17A ON 18 March 2021 after the MACC found that between 29 June and 14 October 2020, its former director had allegedly given a bribe of RM 321,350.00 as a reward to secure a subcontract.

If convicted for the offence under Section 17A, the organization will face a penalty comprising a fine of not less than 10 times the value of the bribe or RM 1 million, whichever higher, and/or maximum imprisonment of 20 years. Additionally, if the organization is found liable under Section 17A, the directors, controllers and management of the commercial organization will be presumed guilty unless proven otherwise.

The only statutory defense available for the organization under Section 17A is to prove that the company has adopted "Adequate Procedures" within the organization to prevent any associated

person from committing corruption. The Malaysian Anti-Corruption Commission Act 2009 has provided Guidelines on 'adequate procedures'.

Commercial organization are strongly encouraged and reminded to immediately take steps to adopt an adequate procedures within their company structures to ensure compliance with Section 17A of the MACC Act 2009.

## Contact for further information

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Geetha Salva  
Advocate & Solicitor  
Geetha Salva & Associates in  
Association with Rödl &  
Partner

[geetha.salva@gsa-law.com](mailto:geetha.salva@gsa-law.com)

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### Publisher:

Roedl Consulting Sdn Bhd  
Unit 18-12, Menara Q Sentral  
No. 2A, Jalan Stesen Sentral 2  
Kuala Lumpur Sentral 50470  
Rödl & Partner

### Responsible for the content:

Christian Swoboda  
[christian.swoboda@roedl.com](mailto:christian.swoboda@roedl.com)

### Layout:

Christian Swoboda  
[christian.swoboda@roedl.com](mailto:christian.swoboda@roedl.com)

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