

Malaysia	
Policy responses	
Containment	<ul style="list-style-type: none"> <li>• 27 Jan <ul style="list-style-type: none"> <li>– increasing travel ban on visitors from high-risk areas</li> <li>– mobilization of hospital capacity for Covid screening &amp; treatment</li> </ul> </li> <li>• 18 Mar <ul style="list-style-type: none"> <li>– Movement Control Order (extended 4 times till 9 June) <ol style="list-style-type: none"> <li>1) mass gathering prohibited</li> <li>2) closure of all non-essential businesses &amp; public places</li> <li>3) restricted international travel &amp; compulsory self-quarantine on Malaysians returning from abroad</li> <li>4) armed forces mobilized for detection &amp; enforcement</li> </ol> </li> </ul> </li> <li>• 8 Apr <ul style="list-style-type: none"> <li>– COVID-19 collection and testing programme by a consortium of associated laboratories, with support from university labs</li> <li>– joint initiative to support the Health Ministry in conducting 16,500 coronavirus tests daily (although encountering implementation difficulties)</li> </ul> </li> <li>• 14 Apr - <ul style="list-style-type: none"> <li>– gradual easing on travel ban to selected ASEAN countries (SGP, Thailand)</li> </ul> </li> <li>• 4 May <ul style="list-style-type: none"> <li>– allow for reopening of most businesses under strict conditions, but 7 states out of 14 have opted for a more delayed approach</li> <li>– except for entertainment, hospital, schools (tentatively reopening from 24 June) &amp; religious gatherings</li> <li>– universities remain closed till end of 2020</li> </ul> </li> <li>• 10 June <ul style="list-style-type: none"> <li>– Recovery Movement Control Order (RMCO) replacing Conditional Movement Control Order to ease the lockdown. RMCO will be in place till 31 Aug. <ol style="list-style-type: none"> <li>1) commercial, social, educational and religious activities return to normal in stages, &amp; domestic travel allowed with with safeguarding conditions</li> <li>2) secondary schools reopened (24 Jun)</li> <li>3) conventions, fairs, some recreation &amp; tourism places reopened with restrictions (1 July)</li> <li>4) pre-schools, kindergartens, nurseries and day care centres reopened (1 July)</li> <li>5) family entertainment centers reopened with restrictions (15 July)</li> <li>6) borders will remain closed and overseas travel restricted until at least August 31</li> </ol> </li> </ul> </li> <li>• 30 June <ul style="list-style-type: none"> <li>– restaurants and eateries resumed full operations on June 30</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• 22 July <ul style="list-style-type: none"> <li>– schools reopened for the remaining remaining grade 1-4 after initial reopening for secondary schools on 24 Jun</li> <li>– mandatory face mask starting from 1 Aug</li> </ul> </li> <li>• 17 Aug <ul style="list-style-type: none"> <li>– Malaysia-Singapore border reopens</li> </ul> </li> <li>• Sep-Oct new &amp; extended movement &amp; entry restrictions, &amp; temporary partial travel ban</li> </ul> <p>Dec 2020-Mar2021</p> <ul style="list-style-type: none"> <li>– Movement control order ended &amp; lockdown policies eased (Dec 2020)</li> <li>– Nationwide movement control order (MCO) reintroduced to all states and federal territories (13 Jan 2021 &amp; further extended later)</li> <li>– Conditional approval of COVID vaccines &amp; kicking off vaccine rollout (Feb-Mar 2021)</li> <li>– Gradual easing on lockdowns &amp; control of movement (mid-Feb to Mar 2021)</li> <li>– Reopening schools (Mar 2021)</li> </ul>
Fiscal	<ul style="list-style-type: none"> <li>• 27-Feb, 0.4% GDP (US\$1.37 bn, RM 6 bn) <ol style="list-style-type: none"> <li>1) increased health spending</li> <li>2) temporary tax relief</li> <li>3) temporary reduction of the Employer Provident Fund (EPF) minimum statutory contribution rate from employees from 11 to 7 percent</li> <li>4) cash transfers to affected sectors</li> <li>5) rural infrastructure spending.</li> </ol> </li> <li>• 16-Mar, &lt;0.1% of GDP (RM 0.62 bn) <ol style="list-style-type: none"> <li>1) electricity discounts, temporary pay leave</li> </ol> </li> <li>• 27-Mar, 1.7% GDP (US\$5.72 bn, RM 25 bn) <ol style="list-style-type: none"> <li>1) additional health spending</li> <li>2) cash transfers to low income households</li> <li>3) wage subsidies for retaining workers</li> <li>4) infrastructure spending in East Malaysia</li> <li>5) employees will be allowed special withdrawals from their Employment Provident Fund (EPF) account for a 12-month period and businesses will be allowed to reschedule their EPF payments</li> </ol> </li> <li>• 6-Apr, 0.7% GDP (US\$2.29 bn, RM 10 bn) <ol style="list-style-type: none"> <li>1) grants for micro SMEs</li> <li>2) scaled-up wage subsidies</li> <li>3) 25% discount on foreign workers' fee</li> </ol> </li> <li>• 9-Jun (5-Jun announce), 1.4% GDP (US\$4.8 bn, RM 21 bn) <ol style="list-style-type: none"> <li>1) extension of the wage subsidies scheme</li> <li>2) hiring and training subsidies</li> </ol> </li> </ul>

	<ul style="list-style-type: none"> <li>3) support for business digitalization</li> <li>4) additional tax relief</li> </ul> <ul style="list-style-type: none"> <li>• 22-Sep <ul style="list-style-type: none"> <li>1) temporarily raise gov debt ceiling by 5 percentage points to 60% of GDP</li> </ul> </li> <li>• 23-Sep (5-Jun announce), 0.7% GDP (US\$2.3 bn, RM 10 bn) <ul style="list-style-type: none"> <li>1) further extension of the wage subsidies scheme and microgrants for entrepreneurs</li> <li>2) a new round of cash transfer to lower income households</li> </ul> </li> <li>• Increase gov debt ceiling by 5 percentage points to 60% of GDP temporarily through the Temporary Measures for Government Financing (COVID-19) Act (26 Oct)</li> <li>• 6 Nov, 1.2% GDP (US\$4.1 bn, RM 17 bn) on COVID-related measures in the 2021 budget <ul style="list-style-type: none"> <li>– Part of the fiscal injection envisaged in five stimulus plans over 2020-2021: total RM 55 bn (around RM38 billion spent in 2020, the remainder of RM17 bn allocated to 2021)</li> </ul> </li> <li>• 18 Jan, new package of 1.0% GDP (US\$3.6 bn, RM 15 bn) <ul style="list-style-type: none"> <li>– accelerated social security payments under the existing programs</li> <li>– accelerated withdrawals from the Employment Provident Fund (EPF)</li> <li>– relaxation of the unemployment benefits eligibility criteria and extension of terms</li> <li>– extended tax relief on communication equipment and locally produced cars</li> <li>– expansion of the wage subsidy program</li> <li>– additional grants for microenterprises</li> </ul> </li> </ul>
Monetary/Financial	<ul style="list-style-type: none"> <li>• Policy rate cuts <ul style="list-style-type: none"> <li>1) 22 Jan, 25bps to 2.75%</li> <li>2) 3 Mar, 25bps to 2.5%</li> <li>3) 5 May, 50bps to 2.0%</li> <li>4) 7 Jul, 25bps to 1.75%</li> </ul> </li> <li>• banking regulations: <ul style="list-style-type: none"> <li>1) Statutory Reserve Requirement (SRR) cut by 100 bps to 2% (20-Mar)</li> <li>2) allowing each Principal Dealer to recognize MGS and MGII of up to RM1 bn as part of the SRR compliance until March 2021 (20-Mar)</li> <li>3) temporary regulatory and supervisory easing on banks to support loan deferment and restructuring (25 Mar)</li> <li>4) banking institutions may use Malaysian Government Securities (MGS) and Malaysian Government Investment Issues (MGII) to meet statutory reserve requirements (SRR) till May 2021 (5 May, 16 May effective)</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>capital market regulations:             <ol style="list-style-type: none"> <li>suspending short-selling until 30 June (23 Mar, extended on 28 Apr)</li> <li>waiving annual licensing fees</li> <li>regulatory relief measures for public listed companies (16 Apr)</li> </ol> </li> <li>increasing allocation of BNM Financing Facilities under BNM's Fund for SMEs by RM4 bn to 0.9% GDP, or RM13.1 bn (27-Mar)</li> <li>a social finance program (iTEKAD) to be introduced (tentatively May 2020) by Islamic bank for B40 micro-entrepreneurs (27 Mar)</li> <li>relief measures for life insurance holders and family takaful participants, mostly until 31 Dec 2020(27-Mar)</li> <li>measures by Companies Commission of Malaysia to enhance liquidation for distressed companies (10 Apr)</li> <li>measures to help business financing by both the private sector and public banks worth about RM 6 bn (0.4% of GDP) (9-Jun)</li> <li>targeted loan payment moratorium extension (till 30 Sep 2020) (29 Jul)</li> <li>BNM repayment flexibility to borrowers affected by COVID-19:             <ol style="list-style-type: none"> <li>workers laid-off in 2020 &amp; still unemployed will be offered an extension of the loan moratorium for a further 3 months by their bank</li> <li>workers with salary cuts due to Covid-19 will be offered a reduction in loan instalment in proportion to their salary reduction, with also flexibility for at least six months</li> </ol> </li> <li>3.4% GDP (US\$11.44 bn, RM 50 bn) fund for working capital loan guarantees for all COVID-19 affected businesses</li> </ul> <p>6 Nov, additional support for SMEs:</p> <ol style="list-style-type: none"> <li>RM2 bn Targeted Relief and Recovery Facility (TRRF)</li> <li>RM 500 mn High Tech Facility (HTF)</li> <li>RM 110 mn enhancement to the existing Micro Enterprise Facility</li> </ol> <p>Feb 2021, an additional allocation of RM 2bn for the TTRF &amp; RM200 million Disaster Relief Facility.</p>
Trade measures <sup>1</sup>	<p><b>Restrictive:</b></p> <ul style="list-style-type: none"> <li>The government imposes a temporary ban on the export of face masks to meet local demand.</li> </ul> <p><b>Liberalizing:</b></p> <ul style="list-style-type: none"> <li>Face masks will be exempted from import duties and sales taxes.</li> <li>Elimination of import duties and sales tax on medical and personal protective equipment.</li> </ul>
SME measures(last update 22 January 2021)	<p><b>Tax reduction:</b></p> <ul style="list-style-type: none"> <li>50 per cent remission of penalty will be granted for late payment of sales and service tax due and payable during the period commencing</li> </ul>

<sup>1</sup> <https://www.macmap.org/covid19>

	<p>from 1 July 2020 to 30 September 2020.<sup>2</sup></p> <ul style="list-style-type: none"> <li>• SMEs established during the period commencing from 1 July 2020 to 31 December 2021 will be eligible for income tax rebate of up to RM 20,000 per year for 3 years of assessment.<sup>3</sup></li> <li>• Special tax deduction equivalent to 30 per cent reduction in rental for SMEs will be extended until 30 September 2020.<sup>4</sup></li> </ul> <p><b>Tax exemption:</b></p> <ul style="list-style-type: none"> <li>• Stamp duty exemption will be granted to SMEs for any instruments executed for mergers and acquisitions within 1 July 2020 to 30 June 2021.<sup>5</sup></li> </ul> <p><b>Deferral of tax payment:</b></p> <ul style="list-style-type: none"> <li>• Businesses will be allowed to reschedule their Employment Provident Fund (EPF) payments.</li> <li>• A deferment of monthly tax installment payments is granted (i) to SMEs from April 2020 through June 2020 and (ii) to companies in the tourism industry from April 2020 to September 2020<sup>6</sup>. The period for deferment of corporate tax instalment payment for tourism industry is extended to 31 December 2020.<sup>7</sup></li> <li>• Withholding tax payments are deferred and can be made between 29 April 2020 and 31 May 2020.<sup>8</sup></li> </ul> <p><b>Other fiscal support:</b></p> <ul style="list-style-type: none"> <li>• The government reduced foreign workers' fees of SMEs by 25 per cent.</li> <li>• On February 27, a fiscal stimulus package of RM 6 billion was approved, including temporary tax and social security relief.</li> <li>• On June 5, 2020, the authorities announced a fourth stimulus package of RM 21 billion, which includes additional tax relief.</li> </ul> <p><b>Subsidy:</b></p> <ul style="list-style-type: none"> <li>• To encourage e-commerce, eligible MSMEs will obtain on-boarding training, seller subsidy and sales support. This will be implemented through a co-funded program with Malaysia Digital Economy Corporation (MDEC) and participating e-commerce platforms from June 2020 to September 2020.<sup>9</sup></li> <li>• On September 23, 2020, the authorities announced a fifth stimulus package of RM 10 billion, which includes a further extension of the wage subsidies scheme.</li> </ul> <p><b>Loan support:</b><sup>10</sup></p>
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<sup>2</sup> <https://www.lexology.com/library/detail.aspx?g=ec12216d-dc25-40b8-8e25-de0f040ad684>

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> <https://home.kpmg/xx/en/home/insights/2020/04/malaysia-tax-developments-in-response-to-covid-19.html>

<sup>7</sup> <https://www.lexology.com/library/detail.aspx?g=ec12216d-dc25-40b8-8e25-de0f040ad684>

<sup>8</sup> Ibid.

<sup>9</sup> <https://www.lexology.com/library/detail.aspx?g=ec12216d-dc25-40b8-8e25-de0f040ad684>

<sup>10</sup> <https://www.worldbank.org/en/data/interactive/2020/04/14/map-of-sme-support-measures-in-response-to-covid-19>

	<ul style="list-style-type: none"> <li>• The Central Bank of Malaysia provided a total of RM 1 billion loan to support the food production industry and a total of RM 300 million to SMEs wishing to conduct digital business or automation technology transformation.</li> <li>• The Central Bank also provided a total of RM 2 billion loan to support operations of SMEs. Each SME is eligible for a loan of up to RM 500,000 with an interest rate capped at 3.75 per cent per annum. It is available since June 2020.<sup>11</sup></li> <li>• A total of RM 400 million has been allocated towards the PENJANA Microfinancing initiative to offer further funding support to microenterprises at an interest rate of 3.5 per cent. Each microenterprise is eligible for a loan of up to RM 50,000. RM 50 million have been specifically dedicated to women entrepreneurs. This scheme is available since June 2020.<sup>12</sup></li> <li>• To assist the tourism sector, the PENJANA Tourism Financing (RM 1 billion) will help finance transformation initiatives by SMEs. This scheme is available since July 2020.<sup>13</sup></li> <li>• Government provided a RM 50 billion guarantee scheme with a guarantee of up to 80 per cent of the loan amount for the purpose of financing working capital requirements for applications by businesses in all sectors from May 1 to December 31, 2020. The minimum guarantee is RM 20 million per business.</li> <li>• A six-month moratorium will be granted on all consumer loans from April 2020 to September 2020.</li> </ul> <p><b>Deferral of loan repayment:</b></p> <ul style="list-style-type: none"> <li>• On March 27, the Central Bank deferred loan repayments for retailers and SMEs for six months from 1 April 2020.</li> <li>• On July 29, the BNM announced that the banking industry will provide a targeted loan payment moratorium extension (currently scheduled to expire on September 30, 2020) and provision of repayment flexibility to borrowers (individuals and SMEs) affected by COVID-19.</li> </ul> <p><b>Other financial support:<sup>14</sup></b></p> <ul style="list-style-type: none"> <li>• On April 6, 2020, the authorities announced a third stimulus package of RM 10 billion, including grants for micro SMEs. Among these grants, the RM 2.1 billion PRIHATIN Special Grant has been established to provide RM 3,000 to each company.<sup>15</sup></li> <li>• On April 10, 2020, the Companies Commission of Malaysia announced measures to enhance protection of distressed companies against liquidation.</li> <li>• The government allocated (i) RM 500 million for a 15 per cent discount on monthly electricity bills for six categories of businesses (hotel operators, travel agencies, local airlines offices, shopping malls,</li> </ul>
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<sup>11</sup> <https://mypf.my/2020/06/21/3-ways-the-penjana-incentive-is-helping-smes-and-the-economy-bounce-back/>

<sup>12</sup> Ibid.

<sup>13</sup> <https://www.lexology.com/library/detail.aspx?g=ec12216d-dc25-40b8-8e25-de0f040ad684>

<sup>14</sup> <https://www.worldbank.org/en/data/interactive/2020/04/14/map-of-sme-support-measures-in-response-to-covid-19>

<sup>15</sup> <https://www.malaymail.com/news/malaysia/2020/04/06/pm-announces-rm10b-more-to-help-keep-smes-afloat-wage-subsidy-now-worth-rm11854037>

	<p>convention centers and theme parks) from April to September 2020, and 2 per cent for commercial, industrial, agricultural sectors and (ii) extra RM 530 million to provide a gradual discount of 15 per cent to 50 per cent on electricity usage with a maximum limit of 600 kilowatts per month starting from April 2020.</p> <ul style="list-style-type: none"> <li>• The government allocated RM 40 million to help SMEs in the agriculture sector to sell their products on e-commerce platforms.<sup>16</sup></li> <li>• The government provided grants and loans to eligible enterprises to assist with technological advancement and adoption. Such support has been provided under the SME Digitalization Matching Grant (RM 100 million), the SME Technology Transformation Fund (RM 500 million) and the Smart Automation Grant (RM 100 million).<sup>17</sup></li> <li>• On June 5, the authorities announced measures to help business financing by both the private sector and public banks worth about RM 6 billion.</li> <li>• On June 30, the SME Bank announced that it will allocate up to RM 2.1 billion for the SME Go scheme and SME Technology Transformation Fund (STTF). It aims to provide liquidity support for SME contractors and vendors awarded small government projects under Pakej Ransangan Ekonomi (PRE) 2020 and PRIHATIN. This scheme is available since July 2020.<sup>18</sup></li> <li>• On September 23, the authorities announced a fifth stimulus package of RM 10 billion, which includes microgrants for entrepreneurs.</li> </ul> <p><b>Employment support:</b></p> <ul style="list-style-type: none"> <li>• On March 16, temporary pay leave was provided under the fiscal stimulus package of RM 6 billion.</li> <li>• On March 27, a second stimulus package of RM 25 billion was released, including wage subsidies to help employers retain workers.</li> <li>• The government set up a RM 50 billion fund for working capital loan guarantees for all COVID-19 affected businesses.</li> <li>• Employees will be allowed special withdrawals from their Employment Provident Fund (EPF) account for a 12-month period and businesses will be allowed to reschedule their EPF payments.</li> <li>• On April 6, 2020, the authorities announced a third stimulus package of RM 10 billion, including scaled-up wage subsidies.</li> <li>• The government provided RM 100 million to support worker training programs in enterprises.</li> <li>• Wage Subsidy program's funding increased from RM 5.9 billion to RM 13.8 billion. Monthly subsidy per employee is RM 1,200 for firms with less than 75 employees, RM 800 for firms with 76-200 workers and RM 600 for firms with over 200 workers (and maximum number of eligible workers supported by firms increased from 100 to 200).</li> <li>• On 5 June 2020, the authorities announced a fourth stimulus package of RM 21 billion, which includes an extension of the wage subsidies scheme and hiring and training subsidies.</li> <li>• On July 29, the BNM announced that Individuals who are still in employment but whose salaries have been affected due to COVID-19</li> </ul>
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<sup>16</sup> Ibid.

<sup>17</sup> <https://www.lexology.com/library/detail.aspx?g=ec12216d-dc25-40b8-8e25-de0f040ad684>

<sup>18</sup> <https://mypf.my/2020/06/21/3-ways-the-penjara-incentive-is-helping-smes-and-the-economy-bounce-back/>

	<p>will be offered a reduction in loan instalment in proportion to their salary reduction, depending on the type of financing. Banks will offer the flexibility for a period of at least six months.</p> <ul style="list-style-type: none"> <li>On September 23, the authorities announced a fifth stimulus package of RM 10 billion, which includes a further extension of the wage subsidies scheme.</li> </ul>
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