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Second Economic Stimulus Package: Tax and Construction-Related Measures

This update is in addition to the LHAG update "[Economic Stimulus Package 2020: Tax Measures](#)" published on 25 March 2020.

In light of the government's extension of the Movement Control Order to flatten the curve, last Friday, the Prime Minister announced a second economic stimulus package which attempts to further mitigate the impact of the COVID-19 pandemic to our country's economy, going with the tagline, "No one will be left behind".

In total, the economic stimulus package amounts to RM250 billion or approximately 17% of Malaysia's GDP, one of the largest economic stimulus packages announced in the nation to date. The package includes approximately RM100 billion which will be used to support businesses including small and medium-sized enterprises (**SMEs**). The crux of the announcements made is as follows:

Companies and SMEs

Deferment of instalment payment of income tax

- The government has allowed the deferment of instalment payment of income tax to all SMEs for three months, starting from 1 April 2020 to 30 June 2020.
- This is in addition to the measures previously announced in relation to the deferment of instalment payment of income tax for companies in the tourism industry.

Revision of income tax estimation

- Companies that are affected by COVID-19 may apply to revise their estimation of income tax payable for the third, sixth and ninth month of their income tax instalment payment for the relevant basis period of business.

Provision of funds

- The government and Bank Negara Malaysia will provide funding of a total of RM4.5 billion for SMEs and micro-

businesses in accordance to the following five main initiatives:

- (a) To increase the funds in the Special Relief Facilities by RM3 billion, making it a total of RM5 billion. Interest rates for the entire fund will be decreased from 3.75% to 3.5%.
- (b) To increase the size of the fund under *Kemudahan Semua Sektor Ekonomi* to improve the availability to access funding for SME, of RM1 billion to a total of RM6.8 billion.
- (c) To prepare additional funds of RM500 million to a total of RM700 million under the Micro Credit Scheme for easy financing.
- (d) SMEs with a business record of less than four years may also take advantage of BizMulai-i and BizWanita-i schemes by Credit Guarantee Corporation Malaysia Berhad for financing of up to RM300,000.
- (e) *Syarikat Jaminan Pembiayaan Perniagaan* (SJPP) will provide RM5 billion worth of guarantee facilities as well as the increase of guarantee rate from 70% to 80% for SME that have financing difficulties.

Constructions, infrastructure and projects

Small-scale projects nationwide

- In the earlier Economic Stimulus Package announced on 27 February 2020, a sum of RM2 billion has been allocated for projects that will be carried out at the federal, state and local government level. These projects, which are aimed at assisting small-scale contractors and spurring economic activities, include:
 - (a) Public infrastructure maintenance and basic infrastructure projects, as well as rural basic infrastructure projects;
 - (b) Federal road maintenance jobs to be carried out by new contractors via open tender called by concessionaires and government agencies; and
 - (c) Repair and maintenance of housing and public amenities in the FELDA areas.
- The government has now allocated an additional sum of RM2 billion for small-scale projects involving, for example, roads improvement, upgrading of schools in Sabah and Sarawak, cleaning of places of worship and police stations, and improvement of tourism facilities that will benefit contractors in the G1 to G4 classes.

Implementation of existing projects

- Consistent with its long-term objective of ensuring sustainable economic growth, the government will also continue with the implementation of all projects allocated under Budget 2020, including the East Coast Rail Link (ECRL), Mass Rapid Transit

2 (MRT2) and National Fiberisation and Connectivity Plan (NFCP).

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