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Monday, Mar 23 2020



## PRESS RELEASE

### MINISTRY OF FINANCE MALAYSIA

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Pursuant to the Economic Action Council (EAC) announcement by YAB Prime Minister on 23 March 2020, the Ministry of Finance (MOF) will work closely with the Ministry of Health (MOH) and relevant agencies to ensure the effective delivery of financial resources to combat the COVID-19 outbreak. In addition to the RM500 million allocation provided to the MOH, the MOF has also allowed MOH to use emergency procurement procedures<sup>1</sup>, particularly for critical equipment such as ventilators.

The Employees Provident Fund (EPF), an agency under the MOF, will launch a new facility i-Lestari<sup>2</sup> that allows all EPF members up to 55 years old, to withdraw from their respective Account 2 – subject to a maximum of RM500 per month for a period of 12 months. Applications can be made from 1 April 2020 while withdrawals can be made from 1 May onwards. This initiative is expected to benefit an estimated 12 million EPF members, with an expected withdrawal amount of RM40 billion. This initiative is part of the Government's holistic raft of measures to assist and alleviate the challenges faced by the rakyat in meeting their monthly commitments. The Government hopes that with this facility — coupled with the reduction in the employee contribution of 4 per cent — will help assist EPF members to cope during this challenging period.

In addition, the MOF would like to announce the following measures:

#### **1. TAX DEDUCTION FOR DONATION AND CONTRIBUTIONS TO THE COVID-19 FUND AND MOH**

The Government welcomes the generosity of Malaysians, both the rakyat and the corporate sector, in contributing and donating towards addressing the COVID-19 outbreak. The MOF would like to acknowledge the contributions made by the Government-Linked Companies (GLCs), which to date amounts to RM60 million in the form of medicine, medical equipment and personal protective equipment (PPE) to the MOH. The corporate sector is encouraged to emulate the generosity of GLCs in assisting national efforts to combat the COVID-19 outbreak. In this regard, the MOF has approved a tax deduction for contributions and donations in cash and in kind by individuals and corporates to the COVID-19 Fund and the MOH.

## **2. EXEMPTION OF IMPORT DUTIES AND SALES TAX FOR FACE MASKS**

The Government is cognisant of the difficulties faced by the rakyat in obtaining face masks due to the sharp rise in demand. In this regard, the MOF has approved the import duty and sales tax exemption on face masks for the domestic market. The public is encouraged to avoid excessive purchases to ensure adequate supply for all. In addition, to ensure sufficient supply in the domestic market, the Government has imposed an export ban on face masks.

## **3. UNIT FOR THE IMPLEMENTATION AND COORDINATION OF NATIONAL AGENCIES ON THE ECONOMIC STIMULUS PACKAGE (LAKSANA)**

In conjunction with the implementation of Economic Stimulus Package 2020, the MOF had announced the establishment of a Unit for the Implementation and Coordination of National Agencies on the Economic Stimulus Package (LAKSANA) on 16 March 2020 to monitor the implementation of PRE2020. LAKSANA will regularly report to the EAC to ensure that initiatives under the PRE2020 and subsequent stimulus initiatives are implemented timely and effectively. The MOF would like to announce that up to 23 March 2020, implementation of PRE2020 is progressing smoothly. PRE2020 measures that have been implemented include:

1. Service tax exemption for hotels effective 1 March 2020;
2. Restructuring and Rescheduling (R&R) of loans by financial institutions for impacted borrowers, especially Small and Medium Enterprises (SMEs) and B40 individuals;
3. Soft loan fund worth RM3.3 billion has been provided by Bank Negara Malaysia (BNM) to assist SMEs to sustain their business operations, protect jobs and promote domestic investments. The loan facility will be provided by BNM through domestic financial institutions. This funding includes the RM2 billion Special Relief Facility, the RM1 billion AgroFood fund and the RM300 million Automation and Digitalisation Facility;
4. Payment of RM200 each for 3.8 million Bantuan Sara Hidup (BSH) recipients originally scheduled in May 2020 was brought forward and paid on 16 March 2020;
5. Amendment to Government procurement procedures was made to expedite procurement.

In addition, key measures planned to take effect on 1 April 2020 are on schedule for implementation. These include the proposed deferment of monthly income tax instalments for the tourism industry, the reduction in the EPF employee contribution and the discount on electricity. Up to 23 March 2020, a total of RM1.7 billion has been disbursed to relevant Ministries and agencies, out of the total PRE2020 direct Government allocation of RM3.2 billion.

## **4. SECOND ECONOMIC STIMULUS PACKAGE 2020**

As announced by YAB Prime Minister, the Government will announce the Second Economic Stimulus Package 2020 on 30 March 2020. Preparations for the Second Economic Stimulus Package are underway and will take into account various stakeholders' feedback to ensure the rakyat's wellbeing, sustainability of private sector companies and the nation's economic resilience in facing the challenges of COVID-19 and global uncertainties. The public is also invited to provide feedback and ideas for the Second Economic Stimulus Package through the official MOF portal at <http://pre2020.treasury.gov.my/> (<http://pre2020.treasury.gov.my/>)

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**YB TENGKU DATO' SRI ZAFRUL AZIZ**

Minister of Finance

Putrajaya

23 March 2020

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