

FAQ: Wage Subsidy Programme

for LexisNexis Resource Hub – COVID-19



INTRODUCTION

A wage subsidy programme ('WSP') was first announced by the Government of Malaysia on 27 March 2020 as an initiative to protect job security and assist employers in these difficult economic times. Here is a list of frequently asked questions about the WSP.

DETAILS OF THE WAGE SUBSIDY PROGRAMME

1. What are the criteria for the WSP and how does it apply?

The criteria and amount of subsidy depends on the size of the workforce of the business:

	Employers with 75 workers or less	Employers with 76 to 200 workers	Employers with more than 200 workers
Amount of subsidy received	RM 1,200.00	RM 800.00	RM 600.00
Applicable employees	(a) Employees with monthly wages of RM 4,000 and below (b) Employer and employee must be registered with and contributing to PERKESO		
Maximum number of applicable employees	75	200	
Employer criteria	(a) Employer must be registered with Companies Commission of Malaysia ('CCM') or the applicable local authorities before 1 January 2020 (b) Employer must have commenced operations before 1 January 2020		
Requirement to show loss of revenue	No requirement	The employer must be able to demonstrate a decrease in revenue of at least 50% from January 2020 compared to the following months.	

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Related information may be accessed [here](#)¹.

2. When does the WSP take effect?

Employers can start making applications through the new Prihatin PERKESO [website](#) from 9 April 2020. The closing date is 15 September 2020, or subject to balance of allocated funds, or decision of the Government.

3. Is the WSP the same as the Employment Retention Programme ('ERP')?

No, both are different incentives. The incentive under the ERP is paid to the employee, whereas the wage subsidy is paid to the employer. However, employers should note that an application for ERP and the wage subsidy cannot be made during the same months for the same employees.

4. Can an employer apply for the wage subsidy if they haven't registered for the Employment Insurance Scheme ('EIS') yet?

Yes, but subject to the following conditions:

- (a) The employer must have been registered with the CCM or Local Authorities before 1 January 2020, and has commenced operations before 1 January 2020;
- (b) The employer must have at least 1 employee; and
- (c) The employer must be registered with PERKESO.

5. Which employers/employees are excluded from the WSP?

The WSP does not cover:

- (a) Employers who began operations after 1 January 2020;
- (b) Employers and employees who have not registered with or are not contributing to PERKESO;
- (c) Employees who have received the financial aid under the ERP for the same period as the WSP;
- (d) Employees who are earning above RM 4,000 a month;
- (e) Employees who have already been dismissed;
- (f) Civil servants or employees of statutory bodies and local authorities;
- (g) Foreign employees and trade officers; and
- (h) Those who are self-employed, including freelancers.

¹ For further information:

https://www.perkeso.gov.my/images/pengumuman/psu/FAQ_PSU_-_14_April_2020_4.00pm.pdf
https://www.perkeso.gov.my/images/pengumuman/psu/FAQ_PSU_Wage_Subsidy_-_18April2020.pdf

6. How is the amount of salary that is being earned by an employee calculated in order to assess whether they qualify for the WSP?

The definition of 'wages' under the Employment Insurance System Act 2017 will be applicable. As such, what is to be included are all remunerations payable in money by an employer to an employee, but the following need not be included:

- (a) any contributions payable by the employer to any pension fund, social security fund or provident fund;
- (b) any traveling allowance or the value of any traveling concession;
- (c) any sum paid to the employee to pay for special expenses incurred as a result of his employment;
- (d) any gratuity payable on discharge or retirement;
- (e) any annual bonus;
- (f) any benefit under any other written law administered by SOCSO; and
- (g) any other remuneration as prescribed

Examples:

- 1. An employee is earning a basic salary of RM3,800.00, but also receives a car allowance of RM500.00 every month – this employee will be deemed to be earning more than RM4,000.00 a month and will not qualify for the WSP.
- 2. An employee is earning a basic salary of RM3,800.00, but also receives a travelling allowance of RM350.00 every month – this employee will be deemed to be earning below RM4,000.00 because travelling allowance is excluded from the definition of wages. This employee would therefore qualify under the WSP.

7. Can the employer reduce the employees' salary (with consent) to below RM4,000.00 and then apply for the WSP?

Although the PERKESO guidelines do not seem to address this issue, informal inquiries with PERKESO indicate that employers should not reduce their employees' salary in order to apply for the WSP. This is contrary to the objective of the WSP.

8. Can the employer apply for the WSP for only some of its employees?

Yes. The employer may choose which employees they wish to include in the application for the WSP. There is no requirement to apply for the wage subsidy for all employees to qualify for this. The conditions of the WSP will only apply to employees over which an application was made and approved.

9. **What are the conditions attached to the WSP?**

The employer is not allowed to retrench, force the employees to take annual leave, or decrease the employee's salary during the wage subsidy period (3 months), and for an additional period of 3 months after.

10. **Can an employer retrench its employees after the wage subsidy period?**

Under the WSP, an employer who receives the wage subsidy cannot retrench that employee throughout the period of the WSP and for a period of 3 months after. For example, if the employer receives the wage subsidy for an employee in April, May and June 2020, he cannot retrench that employee in the period of April to September 2020. After September 2020, the employer may retrench these employees provided they comply with the required labour law principles for retrenchment.

11. **If the employer does not apply for the wage subsidy, can the employer still retrench their employees?**

Yes, provided the employer complies with the required labour law principles for retrenchment.

12. **How soon will the employers receive the wage subsidy?**

The wage subsidy will be paid directly to the employer's bank account within 7 to 14 days from the date of approval.

APPLICATION PROCESS

13. **What supporting documents are required to apply for the WSP?**

- (a) List of employees
- (b) Employer's bank account statement (front page only)
- (c) The Business Registration Number ('BRN') details used when opening the bank account
- (d) Company or business registration or business license registration document
- (e) Declaration Form PSU50
- (f) If applicable, proof of loss of revenue such as financial statements or sales reports that are certified by management, or any other related document

14. **What are the BRN details required?**

The [BRN Form](#) can be downloaded from the Prihatin PERKESO website. It is to assist the employer in providing the relevant banking details to enable direct payment to the employer's account through Electronic Fund Transfer ('EFT').

15. What is the Declaration Form PSU50?

The [PSU50](#) can be downloaded from the PERKESO website. It is a declaration by the employer that the employer:

- (a) has suffered a loss of revenue of at least 50% since 1 January 2020 (if applicable);
- (b) has and will pay the salaries of employees involved in the WSP without any reduction;
- (c) will inform PERKESO within 14 days of any change in the status of the business and/or the number of employees earning RM4,000 and below throughout the wage subsidy period;
- (d) has or will register under EIS and PERKESO during the WSP;
- (e) will produce any documents requested by PERKESO in connection with the above.

The PSU50 requires the employer to confirm that the information provided to PERKESO is true and accurate.

16. How does an employer prove or calculate the loss of revenue of at least 50%?

The loss of revenue is calculated by comparing the revenue or sales in January 2020 compared to the subsequent months.

The employer must produce the declaration form in PSU50, which declares that the employer has suffered this loss of revenue, together with supporting documents such as financial statements or sales reports that have been certified by management. Employers who make false declarations may be subject to legal action.

17. Does an employer have to apply for the wage subsidy every month?

No. The employer only needs to submit the application for the first month. However, the employer has an obligation to notify PERKESO if there are any changes in their status that would affect their applicability or qualification under the WSP (eg: if there is a resignation of one of the employees who is subject to the WSP).

WSP & EMPLOYEES' TAKE-HOME PAY

18. Are employees' statutory contributions affected by the WSP?

The employer must continue to make the statutory contributions for the affected employee's salary without change, even though the employer is receiving the wage subsidy.

19. How does the WSP affect the salary that is paid to employees?

The employer must continue to pay the affected employee's salary as usual without deduction. The subsidy is credited into the employer's bank account for the employer's use, and will not be paid directly to the employee.

20. Does the WSP have any bearing on the employees' take-home pay?

The WSP should have no bearing on the employee's take-home pay since the wage subsidy is paid directly to the employer (not the employee) and the employer is not allowed to make any changes or deductions to the employee's salary or contributions as a result of the wage subsidy.

Therefore, the employee's take-home pay should remain the same even though the employer has received a wage subsidy.

In light of the constantly changing circumstances, this is a general overview and should not be treated as legal advice. The information presented is correct to the date of its publication.

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