Bernama - SMEs Can Postpone Income Tax Installment Payments For Three Months -- Muhyiddin

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KUALA LUMPUR, 27 March -- Small and medium enterprises (SMEs) are allowed to postpone payment of income tax installments for three months beginning April 1, 2020, Tan Sri Muhyiddin Yasin said.

The Prime Minister said the measure was taken to help alleviate the cash flow burden of some 750,000 SMEs due to COVID-19.

"This is in addition to the previously announced measures in which the government postponed tax installment payments for businesses affected in the tourism sector for six months beginning April 1, 2020.

"For other affected sectors, they are allowed to amend the tax installments of 16 incomes payable in the third, sixth and ninth installments of the basis period for the year of assessment of the business," he said when presenting the Prihatin Rakyat Economic Stimulus Package (PRIHATIN), which was aired live, today.

Muhyiddin said the Employees Provident Fund (EPF) would conduct the Employer Consultation Service on April 15, 2020, as part of the efforts, to facilitate the cash flow of companies.

He said the service includes providing options to employers either to delay, restructure or reschedule the payment of the employer's contribution to EPF, which is expected to provide cash flow savings of about RM10 billion to employers.

"The initiative will benefit more than 480,000 SMEs and affected companies, while saving over eight million jobs," he said.

In addition, the Human Resources Development Fund's levy for all sectors will be exempted for a period of six months beginning April 2020 to ease the cash flow of companies which could be equated to total savings of RM440 million, he said.

Muhyiddin said the government agreed to impose tax only on the bank's income derived from the interest or profit on loans or financing involved in the repayment deferment of loans/ financing, only when the income is received after the moratorium period.

This follows the willingness of the banking institution to offer a six-month deferment or loan repayment moratorium, conversion of credit card balances to term loans and restructuring of corporate loans announced by the Prime Minister yesterday.

"This initiative is important as it will enable companies to continue retaining employment and business activities. This involves a total sum of at least RM100 billion.

"I am sure that those who borrowed from banks to buy cars, houses and others can breathe a sigh of relief with this initiative," he said.

Muhyiddin said the moratorium would also be extended to loans taken from the National Entrepreneur Group Economic Fund (Tekun Nasional) and Majlis Amanah Rakyat and cooperatives, as well as funding from any government agencies to SMEs, starting April 1, 2020.

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