

ECONOMIC STIMULUS PACKAGE 2020

**“Bolstering Confidence, Stimulating
Growth, Protecting Jobs”**

**27 FEBRUARY 2020
PUTRAJAYA**



PRIME MINISTER OF MALAYSIA

FOREWORD

The global economic prospect which was weakened by the prolonged trade conflict between the United States and China, was further dampened following the outbreak of the Coronavirus Disease 2019 (COVID-19) in early 2020. With China being a leading trading partner of Malaysia, our economy has been adversely affected by COVID-19. Consequently, Malaysia experienced a sharp decline in tourists particularly from China which impacted the tourism industry as well as tourism related sectors. This situation if not mitigated could undermine our economic performance.

The Government has therefore proactively introduced an Economic Stimulus Package to cushion the impact of COVID-19 and reinvigorate the economic growth. The stimulus package comprises of three main strategies, first, mitigating the impact of the COVID-19 outbreak; second, catalysing economic growth for the rakyat and third, promoting quality investment. Among the specific measures includes improve the cashflow of affected businesses, stimulating private consumption as well as accelerating domestic investment activities. With these measures, the Government is confident that the affected businesses will be able to continue its operations, domestic economic activities will become more vibrant and subsequently preserve employment in the affected sectors.

To ensure the effectiveness of the stimulus package, the private sector must be equally responsible and play their part in re-energizing the economy. These measures will sustain the momentum of economic growth and position the Malaysian economy on a stronger trajectory. I believe through the collective effort between the Government with the private sectors, we will prevail over current challenges and emerge a stronger, more resilient and competitive nation.

DR MAHATHIR BIN MOHAMAD
PUTRAJAYA
27 FEBRUARY 2020

“BOLSTERING CONFIDENCE, STIMULATING GROWTH, PROTECTING JOBS”

INTRODUCTION

The Global economic outlook is currently dampened by various uncertainties lingering since 2018, brought about by many disruptions, particularly the prolonged trade conflict between the United States (US) and People’s Republic of China (China), which has depressed trade performance since 2018. This challenging situation is made worse with the COVID-19 outbreak starting in early of 2020 that has affected various countries, especially in this region.

2. This situation has resulted in Malaysia recording an economic growth of 4.3% in 2019, the weakest growth since global financial crisis of 2009. The result was also compounded by slower trade performance and disruption of commodities supplies.

3. In 2003, Malaysia had faced a similar situation with the outbreak another coronavirus – Severe Acute Respiratory Syndrome (SARS). SARS had adversely impacted the tourism industry in Malaysia which had seen a sharp decline of tourist arrivals resulting in a fall in tourist receipts. Consequently, the Government had announced an economic stimulus package in 2003 amounting to RM7.3 billion to mitigate the impact of SARS outbreak. However, the impact of COVID-19 outbreak is expected to be more severe as the role of China in the global economy in 2003 was not as significant compared to the current situation. China is now currently the largest economy in the world based on purchasing power parity and controls 20% of the global GDP in 2019 as well as comprised 12.8% of global goods export in 2018. Thus, any disruptions to China’s economic activities caused by COVID-19 would significantly affect the global supply chain in the manufacturing sector.

4. Today, Malaysia has a closer economic relationship with China compared to 18 years ago with the country’s export to China contributing 14.2% of total export. In addition, tourists

from China represent the second largest source of tourists after Singapore. This new economic strategy package focuses on 3 main strategies, which aims to accelerate the economic activities through utilising strategic domestic resources in order to generate assured Malaysia, as follows:

**STRATEGY I:
MITIGATING IMPACT OF COVID-19 (18 MEASURES);**

**STRATEGY II:
SPURRING RAKYAT CENTRIC ECONOMIC GROWTH
(5 MEASURES); AND**

**STRATEGY III:
PROMOTING QUALITY INVESTMENTS (9 MEASURES)**

STRATEGY I: MITIGATING IMPACT OF COVID-19

5. Due to the outbreak of COVID-19, arrival of inbound foreign tourist has declined significantly. This has resulted in a weaker financial performance and cashflow for local players in the tourism and retail related industry. Therefore, to reduce the impact of COVID-19 outbreak, proposed measures will focus on improving the cash flow of affected business, stimulating demand for tourism and assisting affected individuals.

MEASURE 1: RESTRUCTURING AND RESCHEDULING OF LOANS

6. To ease the financial strain of borrowers in tourism and other affected businesses, all financial institutions will provide financial relief to viable borrowers by restructuring or rescheduling loans, including potentially payment moratoriums. The rescheduling will also be extended to individuals, such as those with mortgages, whose employment income have been affected. Bank Negara Malaysia (BNM) has been tasked to ensure all financial institutions provide due assistance to genuinely impacted businesses.

7. Stamp duty exemption of 100% will be given on loan agreements arising from such restructuring and rescheduling of business loans between borrowers and financial institutions subject to the terms that the original loan agreement has been duly stamped. Exemption is given from 1 March 2020 to 31 December 2020.

MEASURE 2: SPECIAL RELIEF FACILITY (SRF) FOR COVID-19

8. To assist the cashflow of affected Small Medium Enterprises (SMEs), BNM will establish a RM2 billion Special Relief Facility, which will be offered through commercial

banks as loans for working capital at an interest rate of 3.75% per annum to borrowers. To further facilitate lending by banks, the Government through Syarikat Jaminan Pembiayaan Perniagaan (SJPP) will provide banks, an 80% guarantee on loans under this facility at a concessionary fee of 0.5% per annum. Under the SRF, the loan tenure offered will be up to 5.5 years including a 6 months payment moratorium and with a maximum loan size of RM1 million per SME.

MEASURE 3: BANK SIMPANAN NASIONAL (BSN) MICRO CREDIT FACILITY

9. In order to cushion the impact of COVID-19 on small businesses, BSN will offer a RM200 million micro-credit scheme for companies in the tourism and other affected sectors at an interest rate of 4%. Repayment of instalments only begins after 6 months of disbursement of the loan.

MEASURE 4: DEFERMENT AND REVISION OF INCOME TAX ESTIMATION

10. Businesses in the tourism industry such as travel agencies, hoteliers and airlines will be given a deferment of their monthly tax instalments for six (6) months from 1 April 2020 to 30 September 2020. Other businesses affected by current economic developments, will be allowed to revise their monthly tax instalments earlier, on taxable amount due in the third month of instalments, should the third instalment falls in the year of 2020.

MEASURE 5: SERVICE TAX EXEMPTION FOR HOTELS

11. Service tax on accommodation services provided by hotels, defined as operators of accommodation premises as prescribed under Group A, First Schedule of the Service Tax Regulations 2018 are exempted from levying service tax on taxable services provided for a period of six (6) months from 1 March 2020 until 31 August 2020.

MEASURE 6: TAX DEDUCTION ON EQUIPMENT PROVIDED TO EMPLOYEES (PPE only)

12. Expenses incurred by companies to provide employees with disposable Personal Protective Equipment (PPE) such as face masks are eligible for tax deduction under subsection 33(1) of ITA 1967. Whereas, expenses for non-disposable PPE products can be claimed as capital allowance.

MEASURE 7: FURTHER DEDUCTION TO HOTEL OPERATORS FOR TRAINING EXPENSES

13. Companies are encouraged to send employees for training in courses relating to tourism industry, hotel operators or tour operating business approved by the Ministry of Tourism, Arts and Culture (MOTAC) and to claim existing double tax deduction.

MEASURE 8: EXEMPTION FROM HUMAN RESOURCES DEVELOPMENT FUND (HRDF) LEVY

14. To help reduce costs for companies affected by COVID-19, an exemption from HRDF levies for a period of six (6) months effective 1 April 2020 to 30 September 2020 will be given. The eight (8) categories of businesses covered by this exemption are air travel, domestic ground transport, convention centres, shopping malls, travel tour operators, hotels, franchises & hypermarkets.

MEASURE 9: ELECTRICITY DISCOUNT OF 15% AND MAHB REBATE

1. 15. To further cushion the adverse impact of COVID-19 to businesses, for a period of six (6) months from 1 April 2020 to 30 September 2020, a special discount of 15% on monthly electricity bills will be given to six categories of businesses, namely hotel operators, travel agencies, local airlines offices, shopping malls, convention centres and theme parks. Malaysia Airport Holdings Berhad (MAHB) will also provide rebates on rental for premises at the airport as well as landing and parking charges.

MEASURE 10: REVIEW ON CONDITION FOR PURCHASE OF DUTY-FREE GOODS FOR PERSONS ENTERING MALAYSIA

16. The COVID-19 has particularly affected retail businesses in international airports due to the lower number of tourists. Thus, the eligibility period for the purchase of duty-free goods by tourists or individuals entering Malaysia is reduced from 72 hours to 48 hours and the threshold for duty-free goods is increased from RM500 to RM1,000 from 1 April 2020. The threshold value is for items other than goods which are already eligible for exemption under the specified limit such as liquor, cigarettes, clothes, shoes, food and personal electrical appliances. This measure is only applicable at duty free shops located at the international airports.

MEASURE 11: SPECIAL INCOME TAX RELIEF ON DOMESTIC TRAVEL

17. To promote domestic tourism, a special income tax relief of up to RM1,000 will be provided to individuals for expenses on domestic tourism made from 1 March 2020 to 31 August 2020, but limited to:

- i) Accommodation expenses at premises registered with Ministry of Tourism, Arts and Culture Malaysia (MOTAC); and
- ii) Entrance fees to tourist attractions.

MEASURE 12: STIMULATING DEMAND FOR TOURISM THROUGH DISCOUNT VOUCHERS AND TOURISM PROMOTION

18. To stimulate demand for tourism, the Government will allocate RM500 million for the following measures:

- i) **Travel discount vouchers**
The Government will collaborate with operators of air travel, hotel and resort accommodation booking sites to offer discount vouchers up to RM100 per person. These discount vouchers are intended to mainly stimulate domestic tourists. The companies participating are encouraged to leverage on Government's incentives and offer additional rewards for their customers. This voucher will be introduced by phases starting March 2020.
- ii) **Galakan Melancong Malaysia (GAMELAN) matching grant**
GAMELAN was implemented in 2019 with the objective to increase tourist arrivals, through public private collaboration on tourism promotion. To optimise on the approved allocation RM60 million, Tourism Malaysia will provide greater flexibility in terms of utilising the matching grant for Visit Malaysia Year 2020 promotion activities.
- iii) **Tourism promotion**
With the expected decline of tourists especially from China, Tourism Malaysia will step up promotions to key markets including ASEAN, Middle East, Europe and South Asia. Towards this, an additional allocation of RM30 million will be

provided to Tourism Malaysia, over and above the existing Visit Malaysia Year 2020 tourism promotion allocation of RM90 million.

MEASURE 13: GOVERNMENT USE OF HOTELS

19. Currently, Circular PB 3.1 “Garis Panduan Langkah-langkah Mengoptimumkan Perbelanjaan Kerajaan” stipulates that the use of hotels for official government functions should be minimised, instead priority is given to use existing Government buildings and training centres. For the year 2020, the Government will now relax Circular PB 3.1 with regards to use of hotels but subject to ministries and agencies using their existing allocation without requiring additional funds.

MEASURE 14: EMPLOYMENT INSURANCE SYSTEM (EIS)

20. In the event of job losses, the Employment Insurance System (EIS) fund is well positioned to assist retrenched workers, with the fund amounting to RM1.1 billion. To further assist, EIS will relax the eligibility criteria for retrenched workers from affected sectors, such as waiving the minimum requirement of three (3) months contribution. In addition, for 2020, EIS will be enhanced by increasing the training fee ceiling from RM4,000 to RM6,000 and provide trainees with a training allowance of RM30 per day.

MEASURE 15: SKILLS TRAINING FUND

21. The current lull in tourism arising from COVID-19 provides an opportunity to train and upskill Malaysian workers especially from affected sectors, in order to be well placed to reap opportunities arising from the recovery post COVID-19. Towards this, the Government will provide HRDF with a matching grant of RM100 million on a one to one basis. The combined fund of RM200 million is expected to benefit 40,000 workers. The fund will prioritise training for sectors affected by COVID-19, which include hotels, tourism and retail, in addition to those indirectly affected such as electrical and electronic and automotive manufacturing.

22. The Government will provide a further RM50 million to provide a subsidy towards financing short courses, particularly in digital skills. Such courses, include those provided through online means in fields such as coding, digital marketing and data science. This will benefits 100,000 people.

23. The Government will provide an allocation of RM20 million to fund short courses conducted by the 13 state skills development centres (SSDC). The funding will focus on TVET skills training and benefit more than 1,600 trainees working with manufacturing companies.

24. In addition, to promote greater industry partnerships, between Institusi Latihan Kemahiran Awam (ILKA/public training institution) and industry, ILKAs will be encouraged to conduct short courses in collaboration with industry. The ILKA trust accounts can be utilised to collect revenue on such courses and for related expenses such as material consumables and also where relevant to enable recruitment of trainers from industry.

MEASURE 16: ONE-OFF CASH INCENTIVE OF RM600 FOR TAXI & TOUR BUS DRIVERS, TOUR GUIDES

25. Government will provide a one-off cash incentive of RM600 in April 2020 to taxi drivers, tour bus drivers, tour guides and trishaw drivers who are active and registered since 31 December 2019. The incentive will benefit almost 29,000 taxi drivers, 6,000 tour bus drivers and 17,000 tour guides and trishaw drivers.

MEASURE 17: SPECIAL ALLOWANCE OF CIVIL SERVANTS DIRECTLY INVOLVED COVID-19

26. Government servant who are directly exposed to coronavirus risk in performing duty will be given a special allowance of RM400 per month for doctors and other medical personnel and RM200 for frontline personnel, namely Immigration officers at entry points directly involved in the management and containment of this outbreak. The allowance is payable effective from 1 February 2020 until the outbreak is contained. This is estimated to benefit 17,000 workers of healthcare and frontline personnel.

MEASURE 18: MINISTRY OF HEALTH (MOH) – COVID-19 HOSPITAL EQUIPMENT OUTBREAK

27. The Government will ensure sufficient resources are provided to meet health and safety considerations in the management and containment of the COVID-19 outbreak. An allocation of RM150 million was approved in providing thermal scanners at point of entries and all other equipment and consumables identified by the Ministry of Health.

STRATEGY II: SPURRING RAKYAT CENTRIC ECONOMIC GROWTH

28. The second strategy will be focusing on 2 main objectives: boosting household spending and people centric projects throughout Malaysia.

MEASURE 19: EMPLOYEES PROVIDENT FUND (EPF) EMPLOYEE CONTRIBUTION

29. For the period of nine months from 1 April to 31 December 2020, the minimum employee contribution to the Employees Provident Fund (EPF) will be reduced by 4% percent from 11% to 7%. However, EPF members have the option to elect to continue deduction at a higher rate. This measure will potentially increase cash in the hands of households by approximately RM10 billion.

MEASURE 20: BANTUAN SARA HIDUP (BSH) ENHANCEMENTS

30. In the spirit of shared prosperity, the Government will enhance BSH as follows:

- i) bring forward BSH payment of RM200 scheduled by May 2020 to be paid in March 2020;
- ii) additional one-off cash payment of RM100 will be made to all BSH recipients in May 2020; and
- iii) a further RM50 will be subsequently channelled through e-tunai.

MEASURE 21: AGROFOOD

31. BNM expanded fund utilisation specifically for SMEs involved in food production at the size of RM1 billion that can be used not only for working capital but also for capital expenditure. Fund will be offered at maximum 8 years tenure, financing rate at 3.75% and RM5 million per SMEs.

32. In addition, the Government will allocate RM40 million towards helping small and medium enterprises involved in agriculture and food production enhance their incomes, through the following initiatives:

- i) Establish wider network of storage facilities for food by FAMA to stabilise fluctuation of food items due to disruption of supplies;

- ii) Grant to small enterprises to sell and market products on e-commerce platforms, such as enabling fishermen to sell directly to consumers; and
- iii) Scaling up eUsahawan programs, particularly to facilitate Pusat Internet Desa as a hub for facilitating e-commerce, providing small scaled entrepreneurs to access wider pool of customers.

MEASURE 22: SMALL SCALE PROJECTS NATIONWIDE

33. Government continues to prioritise the wellbeing of the *rakyat* in urban, sub-urban and rural areas and ensure access to well-maintained public amenities and basic infrastructures such as roads, bridges, streetlights, drainage and rural water supply. Government will allocate close to RM2 billion worth of projects which will be carried out at various levels including Federal, State and Local Governments. The small-scale projects will benefit Bumiputera and small-scale contractors in which it will spur economic activities with fast implementation of projects. The small-scale projects to be implemented are as follows:

- i) Government will allocate RM350 million through state governments to undertake public infrastructure maintenance (PIA) and basic infrastructure (PIAS) projects as well as Rural Basic Infrastructures (RBI) projects;
- ii) An additional allocation amounting to RM250 million will be provided to the Ministry of Works for federal road maintenance jobs, implemented by new contractors via open tender called by concessionaires and government agencies where the cost of project will be based on standard rate agreed in the concessionaire's agreement. On top of that, another RM50 million also will be allocated for slope maintenance;
- iii) Special allocation to Ministry of Education amounting to RM100 million to ensure the cleanliness of schools and promote health and personal hygiene of students. The allocation will include initiatives undertaken in partnership with Parent Teacher Association (PTA) involvements through gotong royong concept. Another RM100 million to be allocate for school's hostel facilities include furniture and equipment;

- iv) The Government will allocate RM150 million to the Ministry of Housing and Local Authorities, to be channelled to all local authorities to undertake maintenance of local public infrastructure, including ensuring upkeep of tourist sites;
- v) Repair and maintenance of housing and public amenities in FELDA areas with an allocation amounting to RM200 million;
- vi) The Government will allocate an additional RM150 million to the Ministry of Rural Development to undertake repair of rural connection roads and also maintenance of rural infrastructure relating to alternative water and electricity supply;
- vii) The Government will allocate RM100 million to undertake repair and maintenance works at low cost flats, including repainting and maintenance of lifts. This is to help ensure residents of low-cost housing enjoy a clean and safe environment;
- viii) The Government will allocate RM50 million to MARA to undertake refurbishment of business premises which will benefit business facilities for Bumiputera Entrepreneur, particularly for rural small traders. The upkeep for business premises includes replacing pipes, electrical and repainting jobs;
- ix) The Government will allocate RM25 million to undertake social projects to improve the quality of life for poor families and disadvantaged communities. The allocation will be also utilised on a matching grant basis to undertake projects such as improving livelihoods through income generation programmes and enhancing quality of life such as providing alternative water projects. This is to promote volunteerism and collaboration with NGOs and social enterprises;
- x) The Government will allocate RM25 million to undertake maintenance of facilities at KEMAS centres to ensure that our children have a comfortable environment to learn;

- xi) Allocation amounting to RM50 million for repair and maintenance of jetties, irrigation feeder/plantation roads and MAQIS equipment;
- xii) Total allocation of RM50 million to maintain retention pond, upgrade and maintenance of bund, riverbanks and rivers nationwide;
- xiii) Total allocation of RM50 million for maintenance of Armed Forces Family Housing (RKAT)/ government quarters and government buildings;
- xiv) Allocation of RM75 million to organise sport events, upgrade and maintenance of sports facilities nationwide;
- xv) Allocation of RM40 million for maintenance of buildings under the Asset Management Division of Prime Minister's Department; and
- xvi) Allocation of RM185 million for Mesra Rakyat projects.

MEASURE 23: TO FACILITATE PROCUREMENT PROCESS

34. Government is revising the limit of procurement to speed up procurement process and increase business activities through enhancing current procurement process by increasing the threshold for:

- i) Ballots from currently from RM50,000 increased to RM100,000; and
- ii) Quotation from RM500,000 increased to RM800,000.

35. Government will also optimize the allocation under the Malaysian Road Records System (MARRIS) by allowing state governments extend utilisation of the grants to cover scope such as maintenance of federal roads and other improvements identified. It is expected that this will potentially provide flexibility for up to RM500 million of MARRIS allocation for 2020.

STRATEGY III: PROMOTING QUALITY INVESTMENT

36. To sustain the momentum of economic growth, private consumption needs to be complemented by investment growth. Towards this, the Government will play its part in leveraging on public investments and in addition, provide incentives to encourage quality private investments.

MEASURE 24: ACCELERATING PUBLIC INVESTMENT

37. To optimise and accelerate on public investments, the Government will:

- i) on development expenditure projects, ensure that allocations are channelled to implementing agencies by the 1st quarter and in addition, Ministry of Finance will oversee the procurement plans of ministries to ensure timely implementation;
- ii) similarly, statutory bodies will accelerate planned investments. In this context, MCMC will spend in 2020 an estimated RM3 billion on works relating to the National Fiberisation and Connective Programme;
- iii) regulatory agencies will promote public private partnership and private investments. In this respect, MESTECC will open for bids in 2020, a quota of 1,400 MW of solar power generation, which is expected to translate to RM5 billions of investments; and
- iv) Government linked companies will focus on accelerating capital expenditure particularly works with higher local content. For example, TNB has planned capital expenditure of RM13 billion and will accelerate the implementation of works relating to the installation of LED street lighting, transmission lines and rooftop solar installations.

MEASURE 25: SME AUTOMATION AND DIGITALIZATION FACILITY (ADF)

38. BNM to establish RM300 million SME Automation and Digitalisation Facility for SMEs to upgrade, modernise and rejuvenate their productive assets. Financing can be used for purchasing equipment, machinery, ICTs (hardware, software, IT solutions and services) and other intangible asset to enhance productivity and efficiency. Tenure offered will be up until

10 years and RM3 million per SME. Financing will be offered at up to 3.75% interest p.a. To facilitate lending by banks, the Government will provide through SJPP an 80% guarantee of loan amounts with a concessionary guarantee fee of 0.5%.

MEASURE 26: SECURITIES COMMISSION CO-INVESTMENT FUND OF RM500 MILLION

39. To promote private sector investments particularly in innovation and new growth opportunities, the Government through Government Linked Investment Companies (GLIC) will co-invest up to RM500 million alongside private investors in early state and growth stage Malaysian companies. The funds will be provided on a matching basis involving at least RM1.5 billion of private funds. Through this co-investment, the Government wants to help realise the potential of home-grown start-ups as well as to crowd-in further private sector funds to fuel high growth companies.

MEASURE 27: THE SECURITIES COMMISSION AND BURSA MALAYSIA WILL WAIVE THEIR LISTING FEES FOR COMPANIES SEEKING LISTING ON LEAP OR ACE

40. In order to continue to encourage successful growth companies to fundraise through our stock market, both the Securities Commission and Bursa Malaysia will waive for a period of 12 months, their listing fees for companies seeking listing on LEAP or ACE Market, as well as companies with market capitalisation of less than RM500 million seeking listing on the Main Market.

MEASURE 28: ACCELERATED CAPITAL ALLOWANCE FOR MACHINERY AND EQUIPMENT INCLUDING ICT EQUIPMENT

41. To incentivise businesses to undertake investments in 2020, qualifying capital expenditures on machinery and equipment including ICT equipment are given Accelerated Capital Allowance which can be claimed within a two year period for expenses incurred from 1 March 2020 to 31 December 2020.

MEASURE 29: SPECIAL TAX DEDUCTION ON COSTS OF RENOVATION & REFURBISHMENT

42. To promote businesses to undertake renovation and refurbishment in readiness of the subsequent upturn. Such costs for business premises up to RM300,000 will be given tax deduction limited to qualifying expenditures incurred from 1 March 2020 to 31 December 2020.

MEASURE 30: IMPORT DUTY AND SALES TAX EXEMPTION ON EQUIPMENT AND MACHINERY FOR PORT OPERATORS

43. Port operators will be given import duty and sales tax exemption on imported or locally purchased of equipment and machinery used directly in port operation from 1 April 2020 to 31 March 2023.

MEASURE 31: VALUE ADDED ACTIVITIES CARRIED OUT IN LICENSED MANUFACTURING WAREHOUSE (LMW) AND FREE INDUSTRIAL ZONE (FIZ)

44. The approval and facilitation process of LMW and FIZ in conducting value-added activities to be improved and simplified at the RMCD level and the list of approved activities to be expanded. This approval is effective from 1 April 2020.

MEASURE 32: DOUBLE DEDUCTION FOR ESTABLISHMENT OF REGIONAL OFFICE BY INTERNATIONAL SHIPPING COMPANIES

45. International shipping companies that established and operate business in Malaysia be given double deduction on pre-commencement expenditure for setting up regional offices in Malaysia. The incentive is applicable for applications received by MIDA not later than 31 December 2021.

FINANCIAL IMPLICATIONS

46. The 2020 Economic Stimulus Package involves a RM20 billion injection into the economy from the following sources:

Fund	RM billion
Federal Government	
Small scale projects	2.0
Other initiatives (including tax measures)	1.5
	<hr/>
	3.5
Loan funds	3.5
Other sources	13.0
Total	20.0

47. The 2020 Economic Stimulus Package involves expenditure by the Federal Government amounting to RM3.5 billion. The loan funds of RM3.5 billion refer principally to funds provided by Bank Negara Malaysia to provide soft loans, mainly to SMEs. Other sources amounting to RM13.0 billion relate mainly to the contribution arising from the reduction in the EPF minimum employee contribution rate.

CONCLUSION

48. As a whole, this economic package has been formulated to stimulate economic growth by driving higher private consumption, increase import substitution with local products, assistance to help industries to weather the COVID-19 and safeguard the wellbeing of our *rakyat*. With this stimulus package, Malaysia's GDP growth in 2020 is estimated to be in the range of 3.2% to 4.2%. As a result, fiscal deficit is estimated to slightly increase to 3.4%. Measures in the stimulus package would not have been possible without the joint efforts by private sectors and other government institutions to strategically do play their role in this nation building campaign during period of overwhelming challenges caused by virus outbreak and volatile global trade outlook.

49. As stimulus consist of short, medium to long term measures, a dedicated website has been set up to provide periodic updates on the implementation of these measures. More information can be found at www.treasury.gov.my/pre2020.