

Wong & Partners.

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The People's Economic Stimulus Package

Statement attributable to Jason Liang and Krystal Ng, Partners in the Tax, Trade and Wealth Management Practice Group of Wong & Partners, member firm of Baker McKenzie International.

Kuala Lumpur, 27 Mar 2020, 6.30 pm - The Malaysian Prime Minister Tan Sri Muhyiddin Yassin has announced a RM 250 billion stimulus package this evening. The measures in the stimulus package are intended to address the impact of COVID-19 on Malaysians and to help businesses and individuals weather the crisis caused by the COVID-19 outbreak.

The stimulus package is themed "People's Economic Stimulus Package" or "PRIHATIN", and aims to benefit all segments of society who have been affected by the COVID-19 pandemic. In the Prime Minister's words, "no one will be left behind". This announcement comes as Malaysia enters its 10th day of the Movement Control Order and as other countries impose similar restrictions necessary to contain the spread of the virus, but which impacted the lives of individuals and businesses around the world. The stimulus package demonstrates the Government's empathy and compassion towards Malaysians in this challenging time.

The second round of the stimulus package focuses on measures to both shore up the country's response to the pandemic and provide economic support to people and businesses affected by the pandemic. The RM 250 billion worth of measures announced today include RM 128 billion to protect public welfare, RM 100 billion to support local businesses and RM 2 billion to strengthen the country's economy. In addition to relief measures and cash allocations to the lower segment groups, other measures announced include deferring the payment of taxes and levies, extending the moratorium on loans, and allocating funds to various sectors and schemes to ensure cash flow and encourage borrowing.

The stimulus package also supports the growth of the economy by confirming that all projects under Budget 2020 will proceed, including the East Coast Rail, MRT 2 and the National Fibreisation and Connectivity plan. The Government also intends to focus on domestic investments which will be executed from April 2020. Such investments include infrastructure projects of Felda settlements, repairs and upgrades of schools in East Malaysia and repairs for housing for the lower income segment.

The intent of PRIHATIN is clear: protect the most vulnerable segments of our society from the impending short-term global economic trough attributable to COVID-19 by ensuring that everyone has the economic means to weather the storm. In addition, it seeks to maximize national employment and minimize disruption to the workforce, ahead of and in preparation for the recovery period.

The sheer size of PRIHATIN signals the seriousness and sincerity in the Government's approach. These measures ought to be far-reaching and should provide a source of encouragement and relief, and demonstrates the Government's commitment to protecting the people and the economy against the challenges brought by the COVID-19 pandemic.

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