

HOW CAN THE GOVERNMENT'S EMPLOYMENT RETENTION PROGRAM ("ERP") AND WAGES SUBSIDY PROGRAM ("WSP") HELP YOU?

(FREQUENTLY ASKED QUESTIONS)

PRIHATIN

ECONOMIC STIMULUS PACKAGE

EMPLOYMENT RETENTION PROGRAM

Q1. What is an Employment Retention Program ("ERP") and the objective of the same?

The ERP is a scheme implemented under Social Security Organisation ("SOCSO") where it is an immediate financial assistance provided for employees who have been instructed to take no pay leave ("NPL") or unpaid leave ("UPL") by their Employers who are economically affected by Covid-19 pandemic. [1]

Q2. How does the scheme works?

The program will help Employers affected by Covid-19 who have to take steps to reduce operating costs with the approach of issuing unpaid leave notice ("UPL notice") to its employees for a period of 1 to 6 months according to the period of the UPL notice from the Employer.

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Q1. WHAT IS AN EMPLOYMENT RETENTION PROGRAM ("ERP") AND THE OBJECTIVE OF THE SAME?

Q2. HOW DOES THE SCHEME WORKS?

FOOTNOTES

[1] Press release dated 16.3.2020 extracted from SOCSO website perkeso.gov.my

The ERP provides temporary financial assistance of RM600 per month at a flat rate for a maximum for 6 months to any employee and Employer who meets the eligibility criteria.

All applications must be submitted by Employers who has met the requirements to SOCSO on behalf of their employees.

The payment rate of financial assistance is subject to the period of the UPL notice. If the UPL notice is one (1) month, a flat rate of RM600 will be paid to each affected employee.

If the period of the UPL notice is two (2) months, a flat rate of RM600 monthly will be paid to each affected employee involving expenses of RM1,200.

Employers should be responsible for channeling financial assistance to the affected employees where the Employers are required to credit a monthly payment of RM600 directly into the affected employees' account.

Q3. How much is the incentive amount?

Fixed rate of RM600 per month (maximum of 6 months) depending on period of UPL notice.

Q4. When will the ERP start?

The effective date of ERP is 1st March, 2020.

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Q3. HOW MUCH IS THE INCENTIVE AMOUNT?

Q4. WHEN WILL THE ERP START?

Q5. How long is the ERP period?

Between 1 to 6 months depending on the UPL notice issued by the Employer.

Q6. How to apply?

Application for ERP must be made by the Employers on behalf of their employees using Form ERPC-19 which can be found in the SOCSO website^[2] with effect from 20th March, 2020. Completed forms should be emailed to erpc19@perkeso.gov.my.

Q7. Are you eligible to apply for ERP?

- i. All private sector employees including temporary/ part-time employees who have registered and are contributing to Employment Insurance System ("EIS"). Both Employer and employee must be existing contributors to EIS.
- ii. Limited to employees earning a monthly salary of RM4,000 and below. (Interpretation of "wage" as per Section 3 of the Employment Insurance System Act 2017 "EIS Act 2017". Excludes travel allowances, bonus and non-fixed income. Overtime is included.)
- iii. Employers who has implemented UPL (minimum 3 days) for a period of 1 to 6 months with the UPL notice issued beginning 1st March, 2020.

Q8. What is the payment method of ERP?

ERP payment shall be credited to the Employers' account for the Employers to credit the payment directly to the affected employees' accounts immediately within seven (7) days upon receipt of payment from SOCSO.

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Q5. HOW LONG IS THE ERP PERIOD?

Q6. HOW TO APPLY?

Q7. ARE YOU ELIGIBLE TO APPLY FOR ERP?

Q8. WHAT IS THE PAYMENT METHOD OF ERP?

FOOTNOTES

[2] <https://www.perkeso.gov.my/index.php/en/76-announcement/741-kenyataan-media-program-pengekalan-pekerjaan-erp-untuk-pekerja-terima-notis-cuti-tanpa-gaji>

WAGE SUBSIDY PROGRAM

Q9. What is Wage Subsidy Program ("WSP") and the objective of the same?

Wage subsidy falls under the government's efforts to encourage Employers to retain their employees. The objective of WSP is to help Employers who are economically impacted by COVID-19 to continue operating the company and prevent employees from losing their jobs and sources of income. [3]

Q10. How does the scheme works?

The program is a form of financial assistance paid to the Employers of each enterprise on each of the local employees earning RM4,000 and below for a period of three (3) months only.

The subsidies range from RM600 to RM1,200 per employee per month up to a maximum of 200 employees for each qualifying Employers (depending on the size of the Employers enterprise) according to the following conditions:-

- (a) Employers with up to 75 employees shall qualify for a monthly wage subsidy of RM1,200 per employee limited to 75 employees;
- (b) If the number of employees employed is between 76 to 200, the monthly subsidy is RM800 per employee limited to 200 employees with the requirement to show loss of revenue;
- (c) If the number employed is 201 and above, the monthly subsidy is RM600 per employee up too the maximum limit of 200 employees with the requirement to show loss of revenue.

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Q9. WHAT IS WAGE SUBSIDY PROGRAM ("WSP") AND THE OBJECTIVE OF THE SAME?

Q10. HOW DOES THE SCHEME WORKS?

FOOTNOTES

[3] Press release dated 6.4.2020 extracted from SOCSO website perkeso.gov.my

For the loss of revenue, the Employers must be able to demonstrate a decrease in revenue of 50% or more from January 2020 compared to the following months.

The Employers must make claims for this program where the subsidy will be credited directly to the Employers' account. The Employers who receive the WSP are not allowed to retrench the employees, reduce the employees' salaries or direct the employees to take UPL for three (3) months after the program is implemented.

During the period the Employers receive the wage subsidy, they shall continue to pay all statutory contributions such as EPF and SOCSO that they are required to do during the normal period.

Q11. When will WSP start?

It will come into effect on 1st April, 2020.

Q12. How long is WSP period?

It will last for three (3) months from 1st April, 2020 until 31st December, 2020 subject to fund availability and government decisions.

Q13. What are the eligibility requirements for WSP?

i. Both Employers and employees need to be registered and have contributed to the Employment Insurance Scheme (EIS).

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Q11. WHEN WILL WSP START?

Q12. HOW LONG IS WSP PERIOD?

Q13. WHAT ARE THE ELIGIBILITY REQUIREMENTS FOR WSP?

i. Employers need to make a declaration that they have suffered 50% decrease in revenue by comparing revenue for January 2020 with the following months (for two larger groups of employees – 76 to 200 employees and above).

ii. Limited to employees with monthly income of RM4,000 and below.

iii. Limited to:-

Size of Enterprise	Number of eligible employees
75 or fewer	75
76 - 200	200
201 and above	200

iv. Employers are not allowed to terminate their employees, instruct the employees to take UPL and reduce the employees' salaries while the Employers are receiving WSP for three (3) months and for three (3) consecutive months after the period ends.

Q14. Who is ineligible for WSP?

i. Employers and employees who did not register or contribute to the EIS from SOCSO.

ii. An employee who is also receiving the ERP assistance in the same month.

iii. Employees with salaries of more than RM4,000 a month.

iv. Public sector employees, employees of statutory bodies and local authorities.

v. Self-employed persons including freelancers.

vi. Foreign workers and traders.

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Q14. WHO IS INELIGIBLE FOR WSP?

Q15. Who should apply for WSP?

Only the Employers can submit the application.

Q16. When to apply?

Employers can submit their application from 1st April, 2020 at <https://prihatin.perkeso.gov.my> and application will be closed by 15th September, 2020.

Q17. How payments are made?

The wage subsidy payment will be credited to the Employers' account based on the number of eligible employees between 7 to 14 days upon approval of application.

Q18. What are the documents needed for WSP application?

- i. list of employees (limited to 200 employees)
- ii. Employers' bank account details (front page of bank statement)
- iii. A copy of the Employers' panel bank registration/MyCOID
- iv. A copy of the Employers' Companies Commission of Malaysia (SSM)/ROS/ROB registration
- v. PSU50 declaration form
- vi. Other supporting documents such as financial statements or sales reports that have been verified by the Management

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Q15. WHO SHOULD APPLY FOR WSP?

Q16. WHEN TO APPLY?

Q17. HOW PAYMENTS ARE MADE?

Q18. WHAT ARE THE DOCUMENTS NEEDED FOR WSP APPLICATION?

Q19. What are the differences between ERP and WSP?

	ERP	WSP
Objective	To provide financial assistance to employees who have mutually agreed to take UPL	To provide financial assistance to Employers to retain their employees
Who benefits	Employee	Employer
Amount	RM600 per month per eligible employee up to 6 months	RM600 or RM800 or RM1,200 per month for each eligible employee for 3 months depending on the numbers of employees of the company
Conditions for application	<ul style="list-style-type: none"> - Eligible employees are from the private sector including part time who have registered and contributing to the EIS. - Limited to employees earning RM4,000 and below. - Implementation of mutually agreed UPL between Employer and employee as per conditions as follow: <ul style="list-style-type: none"> (a) UPL starting 1st March, 2020 (b) Minimum of 30 days (c) UPL between 1 to 6 months 	<ul style="list-style-type: none"> - Limited to employees earning monthly of RM4,000 and below and both Employer and employee are registered and contributing to EIS. - Employer must keep the particular employee for at least 6 months. - Fulfill the terms and conditions as per answer in Q13.
How to apply	The application is made by the Employer on behalf of the employees starting 20th March, 2020 using Form ERPC-19 and submit through erpc19@perkeso.gov.my .	The application is made by the Employer through https://prihatin.gov.my/ starting 1st April, 2020.
Method of payment	The payment is credited to the Employer's account for the Employer to credit the payment directly into the affected employee's account immediately within 7 days upon receipt payment from SOCSO.	The payment is credited to the Employer's account based on the number of eligible employees between 7 to 14 days from the date of approval.
Period of assistance provided	1 to 6 months	3 months

Q20. Can Employers apply for both ERP and WSP at the same time?

Yes, Employers whose application for ERP has been approved can also apply for WSP if their companies meet WSP guidelines. However, Employers cannot apply for ERP and WSP for the same employee for the same month. They can only apply for a different employee.

Q21. Do Employers have to make a new application every month to get the WSP payment?

The Employers need to apply once. However, the Employers need to update SOCSO if there are any changes to the status of the Employers' revenue status or changes to the list of the employees.

Failure to do so will result in legal action against the Employers.

Q22. Is WSP restricted to any particular sectors and/or departments within a company?

WSP is applicable to all sectors and to all departments.

Q23. Can the Employer retrench its employees in July after receiving WSP in April, May and June?

No, the Employers who have received WSP is not allowed to retrench their employees during the period where WSP is provided and three (3) months later after the period of WSP payment has ended.

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Q20. CAN EMPLOYERS APPLY FOR BOTH ERP AND WSP AT THE SAME TIME?

Q21. DO EMPLOYERS HAVE TO MAKE A NEW APPLICATION EVERY MONTH TO GET THE WSP PAYMENT?

Q22. IS WSP RESTRICTED TO ANY PARTICULAR SECTORS AND/OR DEPARTMENTS WITHIN A COMPANY?

Q23. CAN THE EMPLOYER RETRENCH ITS EMPLOYEES IN JULY AFTER RECEIVING WSP IN APRIL, MAY AND JUNE?

Q24. If an Employer did not apply for WSP, can the Employer retrench employees at any time?

The Employers are still bound under the guidelines and labour laws in the country such as Employment Act 1955 and Industrial Relations Act 1967.

Q25. How do Employers define the monthly salary of RM4,000?

Monthly salary is referring to the "wages" as prescribed in the EIS Act 2017[4] where all remunerations payable in money by an employer to an employee but does not include:-

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

Q26. Do Employers still need to pay their employees their full salary if they have been approved for WSP?

Yes, Employers still need to pay their employees (whose names were submitted for WSP) their full salary.

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Q24. IF AN EMPLOYER DID NOT APPLY FOR WSP, CAN THE EMPLOYER RETRENCH EMPLOYEES AT ANY TIME?

Q25. HOW DO EMPLOYERS DEFINE THE MONTHLY SALARY OF RM4,000?

Q26. DO EMPLOYERS STILL NEED TO PAY THEIR EMPLOYEES THEIR FULL SALARY IF THEY HAVE BEEN APPROVED FOR WSP?

FOOTNOTES

[4] Section 3 of Employment Insurance System Act 2017

Q27. Would the Employers still need to contribute to SOCSO and EIS on the full salary paid to the employees whilst receiving WSP?

Yes, SOCSO and EIS contributions based on the full income earned by the employees would still need to continue as per normal.

Q28. If there is an understanding between an Employer and the staff to deduct his/her annual leave, to reduce salary, or to take UPL, can the Employer still apply for WSP so that the business can still operate?

No, this is not allowed under the requirements needed to apply for WSP.

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Q27. WOULD THE EMPLOYERS STILL NEED TO CONTRIBUTE TO SOCSO AND EIS ON THE FULL SALARY PAID TO THE EMPLOYEES WHIST RECEIVING WSP?

Q28. IF THERE IS AN UNDERSTANDING BETWEEN AN EMPLOYER AND THE STAFF TO DEDUCT HIS/HER ANNUAL LEAVE, TO REDUCE SALARY, OR TO TAKE UPL, CAN THE EMPLOYER STILL APPLY FOR WSP SO THAT THE BUSINESS CAN STILL OPERATE?

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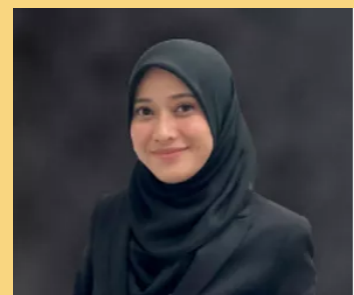
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