

EMPLOYERS CIRCULAR NO. 7/2014

**GRACE PERIOD AND MATCHING GRANT FOR NEWLY REGISTERED
EMPLOYERS UNDER THE 19 NEW SUB-SECTORS**

1. PURPOSE

- 1.1 The purpose of this circular is to inform that the Honourable Minister of Human Resources, in line with Section 19 of the PSMB Act, 2001 has agreed to grant a grace period for a duration of six (6) months, effective from 1 June 2014 to 30 November 2014 for the newly registered employers from the 19 new sub-sectors.
- 1.2 Notwithstanding that, the Board of Directors of PSMB also has approved a matching grant with an allocation amounting to RM2 million for newly registered employers from the 19 new sub-sectors. The disbursing mechanism of the RM2 million matching grant is RM1 will be credited into employers' individual accounts for every RM1 Human Resources Development (HRD) levy reimbursed to the employer, subject to a maximum of RM5,000 per employer.

2. MECHANISM FOR IMPLEMENTATION OF GRACE PERIOD

- 2.1 Every employers to whom this Act applies shall register with PSMB within such time and in such manner as prescribed in Section 13(1) of the PSMB Act, 2001 and are required under Section 14(1) of the same act to pay the HRD levy in respect of each of his employees at the rate of one per centum of the monthly wages of the employee. The payment of the HRD

levy starts from its liability date as stipulated under Regulations 7, Pembangunan Sumber Manusia Berhad (Registration of Employers and Payment of Levy) Regulations 2001:

“An employer who is liable to pay the levy in respect of each of his employee shall pay those levies for the first and subsequent months’ wages commencing from the date the employer becomes liable”

- 2.2 The effective date of the new expansion of the PSMB Act, 2001 to additional 19 new sub-sectors takes effect on 1 June 2014. Thus, employers to whom the act applies shall submit the Registration Form (Form 1) not later than thirty days after the date of coming into operation of this act. **However, with the implementation of the grace period, employers are given special waiver to register anytime within the 6 months period, starting from 1 June 2014 to 30 November 2014, without incurring any levy arrears or interest. Only registration made on 1 December 2014 and onwards, arrears of levy and interest will be imposed from 1 June 2014.**

3. MECHANISM FOR IMPLEMENTATION OF MATCHING GRANT

- 3.1 Notwithstanding of the grace period, it is hope that with the simultaneous implementation of the matching grant, employers are more enticed to register immediately starting from 1 June 2014 since the first 400 registration of employers, a matching grant amounting to RM5,000 for every employer is allocated for training purposes.
- 3.2 Currently, registered employers with PSMB are only eligible to utilise their levy up to their respective levy payments. For employers who employ a small number of workers which indirectly constitutes to a small amount of

wages, their monthly HRD levy payments to the fund would be very minimal as well. Thus, they have to wait until the fund accumulates to a sufficient amount to enable them to send their employees for training. Likewise, employers in the optional category whereby they only have to pay 0.5% from their monthly wages, they have to wait even longer to be able to utilise the fund.

3.3 The terms and conditions for the newly registered employers from the 19 new sub-sectors to be eligible to receive the matching grant are as follows:

3.3.1 Matching grant is applicable on a first-come-first-serve basis for the first 400 employers from the new sub-sectors which registered with PSMB on 1 June 2014 and onwards;

3.3.2 Matching grant can cover multiple training programmes but subject to a maximum of RM5,000 and for payment of course fee only;

3.3.3 Matching grant cannot be used for reimbursement of training which were conducted prior to registration with PSMB;

3.3.4 PSMB will recover matching grant from employer which deregistered due to their activity is not covered under the PSMB Act, 2001;

3.3.5 Employer able to enjoy the matching grant if claims are made prior to 30 June 2015;

3.3.6 Excess from unutilised matching grant from the first 400 employers after the 30 June 2015 will be extended to the subsequent early registrations; and

3.3.7 Employers must not have any levy arrears or interests.

3.4 This is to enable the newly registered employers to accumulate sufficient amount of money to implement more training for their employees in a timely manner and also to create the momentum of retraining and skills upgrading of workers upon registration with PSMB.

4.0 EFFECTIVE DATE

The **effective date** for grace period and matching grant is running **simultaneously for 6 months**, which is from **1 June 2014**.

5.0 ENQUIRIES

For any enquiries or assistance pertaining to the expansion of the PSMB Act, 2001 to the 19 new sub-sectors, grace period and matching grant, please refer to **PSMB Contact Centre** at **1 800 88 4800** or visit **www.hrdf.com.my**.

Thank You,

“HRDF-SHAPING PEOPLE”

“PEKERJA BERINOVASI PEMACU TRANSFORMASI”

Yours Sincerely,

t.t.

(DATO' HAJI OMAR BIN HAJI AWANG)

Chief Executive

Pembangunan Sumber Manusia Berhad