

Law &amp; Policy Group

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# Malaysia: 2021 budget expands wage subsidy, training

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Malaysia's 2021 budget includes increased funding and revised eligibility criteria for the wage subsidy program that took effect on 1 July 2020. "PenjanaanKerjaya 2.0" also features expanded hiring incentives for certain categories of workers. Funding for training programs devised in collaboration with private sector employers was also announced.

## Highlights

- The amount of funding for the wage subsidy program increased to MYR 2 billion. Companies in the tourism and retail sectors with up to 500 employees will be eligible for the program (eligibility was previously capped at 200 employees).
- The wage subsidy for employers hiring employees who earn MYR 1,500 has increased to 40% of the monthly salary — previously it was a flat rate of MYR 800.
- Employers hiring a person with disabilities, individuals who are unemployed on a long-term basis, single mothers, and retrenched workers will receive 20% of the employee's monthly salary.
- Employers hiring a local person to replace a foreign worker will receive an additional 20% incentive calculated on the employee's monthly wage.
- The maximum training rate that employers can claim for highly skilled training and professional certification increased to MYR 7,000 — up from MYR 4,000.
- Employers will receive an incentive of MYR 1,000 for hiring apprentices for a three-month period, and will be awarded a training grant of up to MYR 4,000 for participants in the Apprenticeship Programme for Graduates.

- Upskilling and Reskilling Programmes implemented with private sector employers will be funded up to MYR 100 million. Employers in the tourism sector will have a six-month exemption from paying the Human Resources and Development Fund levy, starting in January 2020.

## Related resources

### Non-Mercer resource

- [Budget 2021](#) (Government of Malaysia, 6 Nov 2020)

### Mercer resource

- [Malaysia implements hiring incentive program for employers](#) (3 Sep 2020)

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