

EMPLOYERS CIRCULAR NO. 3/2011

TRAINING INCENTIVE FOR SMALL AND MEDIUM EMPLOYERS

1.0 PURPOSE

1.0 The purpose of this circular is to inform employers and training providers on the implementation of Training Incentive Scheme for Small and Medium Employers (SMEs) with an allocation of RM6 million under the Tenth Malaysia Plan.

2.0 BACKGROUND

2.1 The objective of the Training Incentive Scheme is to assist SMEs that have insufficient levy to continuously retrain and upgrade the skills of their employees.

2.2 The rate of the human resources development (HRD) levy was reduced by 50% from 1% to 0.5% for the period 1 April 2009 until 31 March 2011. As for small employers in the manufacturing sector, they were exempted from the HRD levy for the same period.

2.3 SMEs represent an important segment of the nation's economy and they constitute 99.2% of the business establishments in Malaysia. They form an integral part of the value chain as downstream suppliers or service providers to the larger corporations in the overall business network. Competitive and resilient SMEs are important to the growth and development of the Malaysian economy. Of the total number employers registered with PSMB, 73.1% are SMEs.

2.4 SMEs need to build their organisational capability by acquiring the latest knowledge, expertise and technology through continuous retraining and upgrading of their workforce. In the present working environment, a well trained and capable workforce is the ultimate resource of any SMEs. Through systematic training and development activities, they will contribute towards enhanced productivity and competitiveness when faced with mounting business challenges domestically and abroad.

3.0 IMPLEMENTATION MECHANISM

3.1 The Training Incentive Scheme is based on reimbursement or claim basis. PSMB will disburse training incentive equivalent to the cost of training for course fee or internal trainer's allowance. Other Allowable Costs are not eligible for training incentive but are still claimable from employers' levy accounts.

3.2 The quantum of training incentive eligible for each SME depends on the category of the employer. Small employers in the manufacturing and service sectors are eligible for training incentive up to a maximum of 2 claims per month and limited to a total of 6 claims per employer. For public programmes, the training incentive is limited to 2 participants per employer per session.

3.3 As for medium-sized employers, they are only eligible for training incentive for 1 claim per month and limited to a total of 3 claims per employer. For public programmes, the training incentive is also limited to 2 participants per employer per session.

3.4 Employers who are eligible for this incentive are SMEs who fall under the following definitions:

Definition of Small and Medium Employers by Sector and Category

Sector	Small	Medium
Manufacturing	≤ 50 employees	51 – 150 employees
Service	≤ 19 employees	20 – 50 employees
Eligibility	<ul style="list-style-type: none"> · 2 claims per month · Maximum of 6 claims per employer · Maximum of 2 participants per employer for public programme 	<ul style="list-style-type: none"> · 1 claim per month · Maximum of 3 claims per employer · Maximum of 2 participants per employer for public programme

3.5 Employers may login to the Employers Information System (EIS) at www.hrdf.com.my to check their eligibility status. Employers are required to check their eligibility from time to time as they may not be eligible upon exceeding the number of employees in a particular month. PSMB shall not be held responsible if employer lose their eligibility status even though they have not fully utilise their maximum number of claims.

3.6 Notwithstanding the above, SMEs with arrears of levy and/or unpaid interests are not eligible for the Training Incentive Scheme.

3.7 The training incentive shall also be allocated according to the number of SMEs in each state. However, the disbursements of the training incentive shall be based on claims received and processed on "first come, first served" basis for training which commences on or after 1 April 2011. This scheme will end until the allocation is fully utilised.

3.8 Training incentive will be provided for the following schemes or programmes:

- (a) SBL using Internal Trainer;
- (b) SBL-Khas;
- (c) PROLUS;
- (d) PERLA;
- (e) SMETAP;
- (f) SME OJT;
- (g) Recognition of Prior Learning (RPL);
- (h) Future Workers; and
- (i) HRDF Workshops.

3.9 SME employers with **insufficient** levy balance are encouraged to attend training under the PROLUS Scheme.

3.10 Training incentive will not be provided for the following schemes or programmes:

- (a) SBL using External Trainer;
- (b) Purchase of Training Equipment and Setting-Up of Training Room;
- (c) Information Technology and Computer Based Training;
- (d) Juruplan;
- (e) SME TNA Consultancy;
- (f) Industrial Training;
- (g) Apprenticeship; and
- (h) Motivational/Teambuilding programmes.

3.11 Training incentive will only be disbursed through the E-Disbursement system. In order to receive the training incentives, SMEs and training providers must register their bank accounts with PSMB using the [PSMB/e-disbursement/1/10](#) and [PSMB/e-disbursement/2/08](#) forms that can be downloaded from www.hrdf.com.my.

3.12 PSMB reserves the right to improve the terms and conditions in meeting the objective of the scheme and employers will be duly informed of the improvements through employers' circular.

4.0 RESPONSIBILITIES OF TRAINING PROVIDERS

4.1 Training providers are required to conduct training in accordance to the current terms and conditions. To avoid abuses, PSMB will conduct periodic audits.

4.2 Training Providers are also required to keep evidence of training in the form of digital photographs or video clips (i.e. showing faces of all participants, trainers, training manuals/handouts and backdrops) on each training day. The photographs or video clips shall be made available to PSMB upon request.

5.0 DATE OF IMPLEMENTATION

5.1 The effective date of this circular is 1 April 2011.

Thank you.

"PSMB - SHAPING PEOPLE"

"Pekerja Berinovasi Pemacu Transformasi"

Yours sincerely,

(AMIRNUDDIN BIN MAZLAN)

Chief Executive

Pembangunan Sumber Manusia Berhad