

Extension of lower EPF contribution rate positive for M'sian economy — MEF

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KUALA LUMPUR (Nov 2): The federal government's move to extend the period for the reduction in the Employees Provident Fund (EPF) contribution rate from 11% to 9% in the recently announced Budget 2022 is seen as positive for economic development, according to the Malaysian Employers Federation (MEF) executive director Datuk Shamsuddin Bardan.

Speaking in the virtual UOB KayHian's post-Budget 2022 discussion on Tuesday (Nov 2), Shamsuddin said with more cash in

employees' hands, workers in general could stimulate the domestic economy through robust consumption.

“This (reduced EPF contribution) is very much required for the time being due to the Covid-19 pandemic.

“Of course we need to talk about the long-term effect of this reduction, but addressing the immediate situation is also critical,” he stressed.

On Friday (Oct 29), Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz, when presenting Budget 2022 in Parliament, said the initiative (EPF reduction) would involve about RM2 billion.

“The government understands the financial constraints faced by the people as a result of the protracted Movement Control Orders, especially in terms of cash flow management.

"To increase money in the hands of the people, the EPF will extend the period to reduce the EPF minimum contribution rate from 11% to 9% until June 2022," Tengku Zafrul said during the Budget 2022 speech.

Meanwhile, Shamsuddin also touched on the contribution from the employers' side and encouraged employers to give more contribution to the EPF as a form of additional savings for the old age retirement of employees.

“Employees also should be encouraged to save more, especially after the economy goes back to normal,” he stressed.