

Even with tax relief, bosses say burden to pay staff's PTPTN loans

By Joel Shasitiran - September 24, 2019 9:00 AM



Private companies enjoy tax relief when they spend to pay their employees' PTPTN loans.

PETALING JAYA: The Malaysian Employers Federation (MEF) has offered some insight into the lukewarm response to the government's tax relief programme for bosses who help repay their workers' National Higher Education Fund (PTPTN) loans, saying many companies are not doing well financially.

Under the scheme which will run from August to December, private companies enjoy tax relief ringgit-to-ringgit when they spend to repay their employees' PTPTN loan.

However, the fund's chairman Wan Saiful Wan Jan recently said only six companies had paid about RM98,000 for their workers so far.

MEF executive director Shamsudin Bardan said employers are also not keen on paying their staff's loans as these contracts are signed with PTPTN, not with the companies.

"Asking an employer to pay the student loan may be a burden, especially if the company was not part of the deal at that time," he told FMT.

He said it would be different if an employer had promised to undertake repayment of the loan in the event that the worker passed his or her final exams with flying colours, or was awarded a scholarship.

He suggested that companies instead assist PTPTN to recover the balance of loans by including it in their employees' income tax deductions.

"The employers can deduct a bigger sum to include the PTPTN repayment, and PTPTN can collect it from the Inland Revenue Board (LHDN) instead."

He said this could be done as a one-off payment to LHDN to avoid burdening companies with additional transactions.

"The amount can be remitted with the income tax to LHDN, and PTPTN can deal with LHDN directly on collecting the payment," he said.

For low-income earners, he suggested that a file be opened with LHDN to deduct a "reasonable amount" from their salaries to be credited to LHDN as repayment of the loans.