

MCO extension 'very bad news' for businesses

By **Robin Augustin and Minderjeet Kaur** - February 3, 2021 7:00 AM



Chinese New Year reunion dinners and Valentine's Day dates are big business for restaurant operators but the revenue will be lost this year, hitting the eateries hard. (Bernama pic)

PETALING JAYA: The extension of the second movement control order comes as "very bad news" for small businessmen while bigger businesses and even consumers are fretting over what the next two weeks will hold.

Barbers and restaurant owners, especially, say they are going to be badly hit by the extension.

Selangor and Federal Territories Indian Hairdressers Association vice-president Akilan Anandakrishnan was left asking why they could not operate during the MCO.

"Why aren't we allowed to operate when we follow SOPs. We wear a new glove for each customer and face masks. We follow the SOP. Why can't we open?" he asked.

He said many businesses have spent a lot of money on masks, face shields and gloves yet cannot use them, adding that barbershops were safer than some public transport and workplaces.

People needed to get their hair cut and some are calling barbers to do house calls on the quiet.



Akilan Anandakrishnan.

"That is more dangerous. Barbershops are regulated, subject to SOPs, including using the MySejahtera app."

He said many of their members are worried about paying rent and salaries to their workers because they will effectively go more than a month without revenue.

"We hope the government can give some cash aid to barbershops during this period," he said, adding that many in the industry had yet to recover from the impact of the first MCO.

Ho Su Mong, president of the Malaysia-Singapore Coffee Shop Proprietors' General Association, said it was "very bad news" for the food and beverage industry as the ban on dining-in has greatly affected business.

"We are preparing for the worst. Some of our members, around 150 have closed temporarily as they cannot break even when just relying on take-aways."



Ho Su Mong.

The MCO also comes at a time when restaurants usually get a windfall through Chinese New Year reunion dinners and Valentine's Day dates, which will fall between Feb 11 and Feb 14 this year.

With all that income lost, Ho said he will not be surprised if some even close shop for good.

Ho urged the government to assist restaurant operators, especially with rent which makes up 30% of operating costs.

"Hong Kong subsidises about 75% of the rental for at least seven months, Japan subsidises two-thirds for six months.

"The government must understand the rental in major cities like Penang, KL, Kota Kinabalu are really high, anything between RM8,000 and RM25,000 for one shoplot."

Give us tax relief, moratorium

Malaysian Employers Federation executive director Shamsuddin Bardan said the country lost RM2.8 billion daily in revenue during the first MCO last year.

"This time around, it will be almost the same," he told FMT after the government's announcement of the MCO extension to Feb 18.

He wants the government to reduce corporate and income tax to a maximum of 18% instead of 30% as businesses will face hardship due to the weakening economy during the MCO.

On Employees Provident Fund (EPF) contribution, he hopes Putrajaya will allow the 11% monthly contribution by employers to be reduced with the wage subsidy of RM600 for each employee extended beyond March this year.



Shamsuddin Bardan.

"We are going to face cash flow problems and employers need assistance. Last year we faced losses, negative revenue and are still running at losses," he added.

The Federation of Malaysian Consumers Associations (Fomca) president Marimuthu Nadason wants a blanket loan moratorium after the MCO extension.

He wants the government to give RM5,000 to retrenched workers and offer RM1,200 allowance, or the minimum wage amount for those unemployed.

"The onus is on the government to put food on the table for those facing hardship due to the MCO," said Marimuthu.



Marimuthu Nadason.