TARIKH : 7 /10/2022
SURAT KHABAR : THE STAR
MUKA SURAT : 4

Empower women to return to the workforce

Budget 2023 would be a good platform for the government to activate strategies that optimise Malaysia's potential workforce and increase the income of the rakyat by looking at a gender responsive budgeting approach.

By LONG YEN PING and SOH YUEEN SAN

WITHOUT question, women's involvement in the economic sector should be increased.

According to the International Labour Organisation (ILO), increased participation of women in the economy has been linked to economic growth which contributes to poverty reduction, particularly in emerging economies.

Women's participation in the workforce also increases productivity across industries and provides additional sources of critical skills in competitive economic sectors. At the same time, while contributing towards increasing household incomes.

As Malaysia is moving towards the endemic phase of the Covid-19 pandemic, it is imperative for the country to optimise its workforce to get the economy back on anticipated growth trajectories.

Although the working-age females and males are both around 11 million, the female workforce participation rate in 2020 was only 55% while the workforce participation rate for men was 80%.

Hence, there is a need to focus on harnessing the latent productivity of the female workforce, especially on the re-employment of women who have left the labour market.

During the pandemic, many may have left the workforce to focus on taking care of their families.

Budget 2023 would be a good platform for the government to activate strategies that optimise Malaysia's potential workforce and increase the income of the rakyat by looking at a gender responsive budgeting approach.

One of the focuses can be in facilitating employment or re-employment of women who have left the labour market.

We anticipate there will be tax measures announced for women who have left the labour market to incentivise them to return to the workforce.

Hopefully, there will include relaxation of existing tax incentives. Currently there is a career break tax exemption for one year which is valid until 2024.

However, this tax exemption only applies to women who have ceased employment months prior to or as of Oct 27, 2017.

The eligible women returnees must have minimum three years full time work experience prior to taking a career break.

Further, to be eligible for this tax exemption, they must have signed a full-time employment contract with gross employment income of above RM5,000 per month with an employer in Malaysia for a period of at least 24 months and have worked for at least 12 consecutive months with the same employer.

This tax exemption must be applied only via an application to Talent Corp Malaysia Berhad.

To motivate more women to return, these conditions that need to be fulfilled should be relaxed – such as reduce the period of unemployment, number of years of full-time working experience prior to taking a career break.

As employment of individuals were greatly affected during Covid-19, the period of unemployment should no longer be based on Oct 27, 2017.

Administrative wise, it may also be more efficient for the exemption to be

Childcare

To ease the financial burden of parents in providing early education for children, currently, a tax relief on fees paid to registered childcare centre or kindergartens for children aged six years and below is RM3,000 and is claimable up to 2023.

It is noted that this current relief is only applicable for children below six years old. Generally, for working couples who have school going children especially those in primary school, these children will also be placed in day care centres since there is no one at home.

As such, consideration should be given to increase the age limit of the child and also for the amount of relief claimable.

Further, where the husband and wife are filing separate assessments, the existing tax relief of up to RM3,000 can only be claimed either by the husband or the wife even though they have more than one child.

The government should consider expanding the relief on per child basis and allowing the husband or the wife who incurs the expense to claim the tax relief for fees paid to childcare centres on a different child.

It is interesting to note that in Singapore,

Mother's Child relief" which aims to encourage married women to remain in the workforce after having children.

The relief claimable is based on the percentage of the mother's earned income with a cap of up to S$50,000 (RM162,500), including the qualifying child relief per child.

The quantum of relief is 15% for the first child, 20% for the second child and 25% for each child after the third and subsequent child.

If Malaysia were to provide similar incentives for working mothers, this should entice women to remain in the workforce or return to the workforce sooner.

Upskilling and reskilling

For reintroduction to work effectively, it's important to upskill or reskill returning women with the relevant knowledge and skills to resume their roles after a long career break.

To encourage employers to do so, the government should consider giving incentives such as double deductions for the provision of training to women returnees.

The options to empower women to return to the workforce are plenty so it's anyone's guess what the government will announce in today's budget.

But one thing is for sure: to skip this group of the society in the 2023 budget proposals would be a missed opportunity to leverage on a ready group of talents who have the potential to make impactful changes for the betterment of the country.

Long Yen Ping is executive director of Global Mobility Services and Soh Yueen San is manager of Global Mobility Services for KPMG Tax Services. The views expressed