



Our Ref : (15) PSMB/1/14/13 Kulit 3
Date : 25 January 2021

TRAINING PROVIDERS' CIRCULAR NO. 2/2021 IMPLEMENTATION OF THE SERVICE FEE

1. PURPOSE

The purpose of this circular is to inform the Human Resources Development Fund (HRDF) registered Training Providers on the implementation of the service fee starting from 1 February 2021.

2. BACKGROUND

- 2.1 Since our inception in 1993, HRDF has strived to catalyse the development of the current and future Malaysian workforce to support Malaysia's vision of becoming a high-income nation.
- 2.2 As 2020 ends, there are 33,300 employers registered with HRDF which covers nearly 2.6 million Malaysian workers. In 2020 alone, HRDF has provided more than RM850 million financial assistance to these employers through its various schemes.

3. SERVICE FEE

- 3.1 HRDF will be introducing a service fee that will be imposed to all its registered training providers in phases starting from 1 February 2021.
- 3.2 This service fee is important as it will allow HRDF to fund many initiatives to continuously support the upskilling and reskilling efforts of the Malaysian workforce. This will allow HRDF to continue to offer value added services for HRDF registered employers and training providers.



4. IMPLEMENTATION MECHANISM

- 4.1 The service fee will be set at four per cent (4%) and will be imposed on all **claims made by HRDF registered training providers** for the following schemes:
- 4.1.1 Levy based schemes;
 - 4.1.2 Strategic Initiatives;
 - 4.1.3 Courses under the HRDF Trainer Development Framework (HRDF-TDF);
 - 4.1.4 Other future schemes/initiatives that involve direct payment to training providers.
- 4.2 The service fee will be charged during claim disbursement and the charges are only applicable for completed training.

Levy Based Schemes

- 4.3 The implementation of the service fee for **levy based schemes** will be as follows:
- 4.3.1 The service fee will be imposed on all training grants approved starting from **1 April 2021**;
 - 4.3.2 Any training grants approved prior to **1 April 2021** but **claims have been approved** from the date (1 April 2021) will also be charged with the service fee;
 - 4.3.3 The service fee will not be imposed on all claims approved prior to 1 April 2021;
 - 4.3.4 This is summarised in the table below:

Training Grant Approved Date	Claims Submitted Date	Claims Approved Date	Will Service Fee be charged?
1 April 2021 onwards	1 April 2021 onwards	1 April 2021 onwards	YES
Before 1 April 2021	1 April 2021 onwards	1 April 2021 onwards	YES
	Before 1 April 2021	1 April 2021 onwards	YES
	Before 1 April 2021	Before 1 April 2021	NO

- 4.3.5 With this, we urge all HRDF registered training providers who have completed their training for grants approved under the SBL KHAS scheme to submit their claims to HRDF as soon as possible;

- 4.3.6 In line with the implementation of the service fee, there will also be a revision of the terms and conditions for courses under the levy based schemes. This is detailed in Training Providers' Circular No. 3/2021.

Strategic Initiatives

- 4.4 The implementation of the service fee for all **Strategic Initiatives schemes** will be based on the Service Agreement and will be as follows:

4.4.1 The service fee will be imposed on **all service agreements dated from 1 February 2021** regardless of the date of claim submissions;

4.4.2 The service fee will not be imposed on all service agreements dated prior to 1 February 2021 regardless of the date of claims submission.

Courses Under The HRDF-TDF

- 4.5 The implementation of the service fee for **courses under the HRDF Trainer Development Framework** will be the same as for levy based courses. (Please refer to section 4.3 above)

5. IMPLEMENTATION DATE

- 5.1 This circular will be effective from 1 February 2021.

6. CLOSING

- 6.1 For further clarification and assistance, kindly contact our Call Centre at 1-800-88-4800 or email to support@hrdf.com.my.

Thank you.

PEOPLE, PROWESS, PROGRESS
PEKERJA DAN CABARAN BUDAYA NORMA BAHARU



DATUK SHAHUL HAMEED DAWOOD
Chief Executive
Human Resources Development Fund (HRDF)



FREQUENTLY ASKED QUESTIONS (FAQ) IMPLEMENTATION OF SERVICE FEE

GENERAL

1. What is HRDF service fee?

HRDF will be introducing a service fee that will be imposed on HRDF registered training providers for the services provided.

2. How does HRDF impose the service fee?

The service fee will be imposed on all **claims made by the registered training providers** in phases starting from 1 February 2021. Service fee will be charged for:

- all claims related to levy based schemes approved from 1 April 2021 onwards;
- all claims related to **Strategic Initiatives** programmes with service agreement dated from 1 February 2021 onwards;
- all claims related to courses under the Trainers' Development Framework approved from 1 April 2021 onwards.

3. How about claims submitted by registered employers?

The service charge will NOT be imposed on employers. It only involves the registered training providers. .

IMPLEMENTATION OF THE SERVICE FEE

(Referring to Employers' Circular no. 2/2021 and Training Providers' Circular no. 2/2021)

4. [Levy-based] I am a HRDF registered training provider and my training was approved under the SBL KHAS scheme. The training was completed and the claim was submitted and approved prior to 1 April 2021. Will my claim be subjected to the service fee?

Since the claim was approved prior to 1 April 2021, this claim WILL NOT be subjected to the service fee.

5. [Levy-based] I am a HRDF registered training provider and my training was approved under the SBL KHAS scheme. The training was completed prior to 1 April 2021 but the claim was approved on or after 1 April 2021. Will my claim be subjected to the service fee?

Yes, all claims submitted by the training providers approved on and from 1 April 2021 onwards will be subjected to the service fee.

6. **[Levy-based] I am a HRDF registered training provider and my training was approved under the SBL scheme. The training was completed prior to 1 April 2021 but the claim was approved on or after 1 April 2021. Will the claim be subjected to the service fee?**

No. The service fee is only imposed on HRDF registered training providers. Since the claims for the SBL scheme is done by the HRDF registered employers, this claim will not be subjected to the service fee.

7. **[Strategic Initiatives] I am a HRDF registered training provider and has received approval for my proposal previously. Do I need to sign a new service agreement as stated?**

The service fee will be imposed on all service agreements dated 1 February 2021 onwards regardless of the date of claims submission. For on-going agreements (prior to 1 February 2021), the service fee will not be imposed and new agreement is not required.

8. **[Strategic Initiatives] I am a HRDF registered training provider and has an approved training under Strategic Initiatives. The programme was approved prior to 1 February 2021 but the training was completed and claim was submitted on or after 1 February 2021. Will the claim be subjected to the service fee?**

The service fee will be imposed on all service agreements dated 1 February 2021 onwards regardless of the date of claims submission. As such, the service fee will not be imposed on this claim.

9. **[Strategic Initiatives] Based on the charges, can the employer or training provider mark up the course fee in future due to the implementation of service fee?**

Mark up of the course fee is NOT allowable; HRDF will continue the evaluation process as per current practices and final approval will be based on the given guidelines.

10. **[Strategic Initiatives] How will the service fee be imposed for staggered payments (e.g. 30%-70%)**

The service fee will be imposed on all claims submitted by HRDF registered training providers. Hence both stages will be subject to the service fee and for any other modes of payment to the training providers.

11. **[Strategic Initiatives] If the trainees' allowance was approved by HRDF during the proposal stage, are we allowed to deduct the 4% service fee and pay the balance to the trainees?**

No. The trainees' allowance is a fixed amount as per HRDF's approval. Training providers are not allowed to deduct the service fee from this amount.

12. [Strategic Initiatives] Do I need to show the 4% service fee in my cost structure during the proposal submission to HRDF?

No. The 4% service fee will be charged from the overall course fee approved. Training providers are not required to spell out the 4% service fee in the cost structure.

13. [Strategic Initiatives] Do I need to state the 4% service fee in the invoice during my claim submission to HRDF?

No. HRDF will automatically deduct from the total claim approved and pay the remaining balance to the training providers.

14. Based on the cost structure, which items will be subject to the service fee? E.g. 4% service fee is only applicable for the trainer fee or overall course fee?

The 4% service fee will be charged from the overall total claim approved, which is inclusive of all the itemised costs.

15. Is the 4% service fee charged from the total amount inclusive of SST?

The 4% service fee is exclusive of SST charges. The 4% service fee will be deducted from the total claim amount which has been approved by HRDF exclusive of SST.

For example, training provider ABC is **NOT** an SST registered company. If they submit a claim for RM 10,000, the net payable to them would be:

<u>Item</u>	<u>Total, RM</u>
Total Course Fees & other fees	10,000
- Less 4% service fee	- 400
Net payable to TP ABC	9,600

Training provider XYZ is an SST registered company. If they submit a claim for RM 10,600 inclusive SST, the net payable to them would be:

<u>Item</u>	<u>Total, RM</u>
Total Course Fees & other fees	10,000
SST (from invoice)	600
Total Claim	10,600
- Less 4% service fee	- 400
Net payable to TP XYZ	10,200

16. In the event that my claim submission is lesser than the approval given due to the attendance requirements as per HRDF's regulations, will the 4% service fee be charged based on the total approval amount or total approved claim amount?

The 4% service fee will be charged based on the total approved claim amount.

REVISED TERMS AND CONDITIONS FOR LEVY BASED SCHEMES

(Referring to Employers' circular no. 3/2021 and TP circular no. 3/2021)

17. What are the revisions made by HRDF to the terms & conditions for levy based schemes?

Effective from 1 April 2021, courses that only meet the following requirements will be considered to be claimable under HRDF:

- The courses must be offered by a HRDF registered training provider;
- The courses must be registered with HRDF under the SBL KHAS scheme.

18. My association had previously conducted HRDF claimable training. Do we need to register now in order to claim our future training programmes with HRDF?

Yes, in line with the Training Providers' Circular no. 3/2021, you need to register as a training provider with HRDF to claim your training programmes as of 1 April 2021.

19. I am a HRDF certified trainer who has previously conducted training for registered employers as an individual. Can I still do so after 1st April 2021?

Unfortunately, we will no longer allow any training carried out by individual trainers to be claimable starting from 1 April 2021. In order for your training to be claimable, it must be offered by a HRDF registered training provider.

20. How will this affect the training courses offered by the HRDF registered training providers?

Starting from 1 April 2021, ONLY courses/programmes that are registered under SBL KHAS can be claimable by the registered training providers. The current SBL mechanism will no longer be available for registered training providers. As such, we urge all registered training providers to register your courses with HRDF before the stipulated date.

21. I have registered some courses in HRDF LATiH. If I want to offer these courses to registered employers, will I need to register the courses again under the SBL KHAS scheme?

Yes, you will have to register these programmes under SBL KHAS scheme if you want to offer them to the registered employers.

22. This will be my first time registering my course under SBL KHAS. Is there a guide that I can refer to?

We have uploaded the guide on HRDF Website. You can access at:

Service > Training Provider > Forms and guideline > Guideline for SBL Khas Training Programme Registration

We also encourage training providers to register your courses at least 10 working days before the course commencement date, 15 working days before if

you are registering for the first time. This is to avoid from getting your courses not approved on time.

23. In Training Providers' Circular no. 9/2020, it was mentioned that the SBL KHAS scheme will be discontinued on 31 December 2021. What happens after that?

HRDF is currently developing the HRDF Learning and Training Hub (LATiH) platform which is a learning marketplace with the objective of increasing visibility on training providers, trainers and courses being offered under HRDF. As such, we will also introduce a new scheme to replace SBL KHAS in line with the full implementation of LATiH.

We will continue to update all relevant stakeholders on this and other related developments.

24. For more information and/or enquiries on the service fee implementation, who can we reach out to?

For more information on this or any other related matter, kindly contact:

- Call Centre (Toll Free): 1800 88 4800
- Email: support@hrdf.com.my / ymdsupport@hrdf.com.my

Additionally, HRDF will announce and share updated information on the service fee implementation via the following methods of communication:

- Training Providers' Circular.
- FAQs
- HRDF website.