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EMPLOYERS CIRCULAR NO. 3/2014

ADOPTION OF NEW DEFINITION FOR THE SMALL AND MEDIUM ENTERPRISES (SME) EMPLOYERS

1.0 PURPOSE

1.1 The purpose of this circular is to inform employers on the adoption of the new definition for Small and Medium Enterprises (SME) employers by PSMB in line with the guideline issued by the SME Corporation (SMECORP).

2.0 BACKGROUND

2.1 Since 2005, a common definition of SMEs endorsed by the National SME Development Council (NSDC) which has been adopted by PSMB was as follows:

2.1.1 Manufacturing - employs full-time employees of less than 150; and

2.1.2 Service - employs full-time employees of less than 50.

3.0 NEW DEFINITION

3.1 Since there have been many developments in the economy since 2005 such as price inflation, structural changes and changes in business trends, a review was undertaken and a new definition later was endorsed at the 14th NSDC Meeting in July 2013.

3.2 The new definition is simplified as follows:

Category	Small	Medium
Manufacturing	Sales turnover from RM300,000 to less than RM15 million OR full-time employees from 5 to less than 75	Sales turnover from RM15 million to not exceeding RM50 million OR full-time employees from 75 to not exceeding 200
Service	Sales turnover from RM300,000 to less than RM3 million OR full-time employees from 5 to less than 30	Sales turnover from RM3 million to not exceeding RM20 million OR full-time employees from 30 to not exceeding 75

3.3 Since the coverage under the PSMB Act, 2001 is mainly focusing on the number of Malaysian employees as well as the amount of paid-up capital for the manufacturing sector, thus, amount of sales turnover is not applicable to PSMB.

4.0 DATE OF IMPLEMENTATION

4.1 This circular is effective from **1 January 2014**.

Thank you.

"HRDF - SHAPING PEOPLE"
"PEKERJA PEMANGKIN TRANSFORMASI NEGARA"

Yours sincerely,

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