



KEMENTERIAN KEWANGAN



# *Belanjawan 2023* **MALAYSIA MADANI**

## **BUDGET 2023 SPEECH**





# Budget 2023 Speech

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“Kindness and grace are essential  
in upholding social justice to  
ensure the well-being of ALL”

YAB Dato' Seri Anwar Ibrahim  
PRIME MINISTER AND MINISTER OF FINANCE



“This Belanjawan

**M A D A N I**

reflects the principles of accountability  
and pure value system that can address  
the current challenges including the  
highly uncertain global economic  
challenge”

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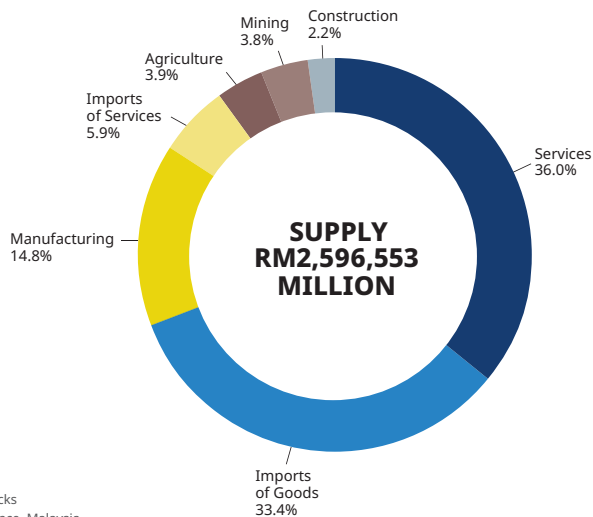
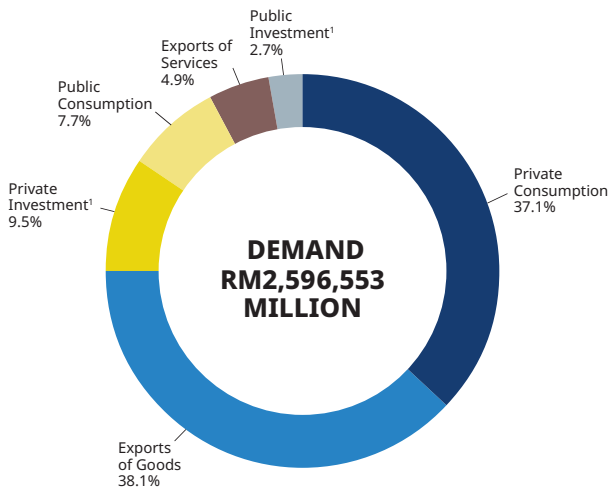
YAB Dato' Seri Anwar Ibrahim  
PRIME MINISTER AND MINISTER OF FINANCE





## THE ECONOMY 2023

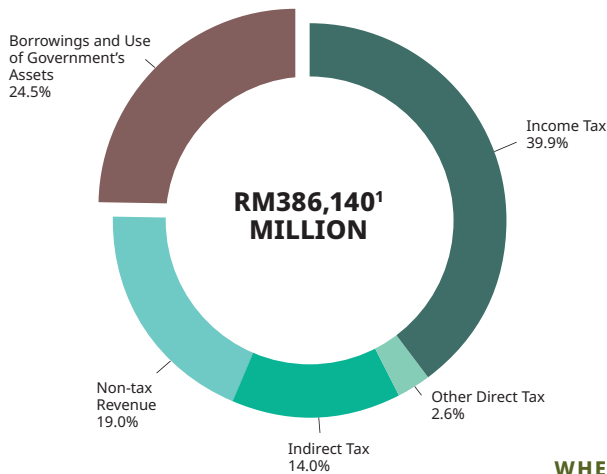
in constant 2015 prices  
(share to total in %)



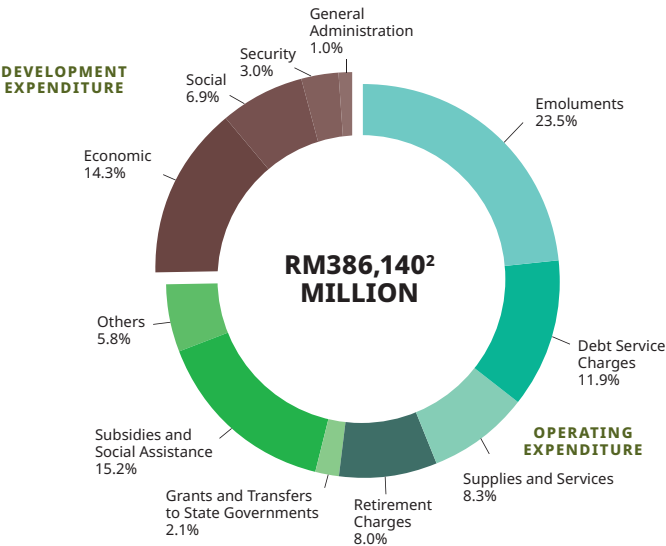
<sup>1</sup>Includes change in stocks  
Source: Ministry of Finance, Malaysia

# THE FEDERAL GOVERNMENT BUDGET 2023

## WHERE IT COMES FROM



## WHERE IT GOES



<sup>1</sup> Consists of revenue and borrowings

<sup>2</sup> Excludes contingency reserves

Source: Ministry of Finance, Malaysia





# Budget 2023 Speech

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by:  
YAB Dato' Seri Anwar Ibrahim  
Prime Minister and Minister of Finance

Introducing  
The Supply Bill (2023)

In  
Dewan Rakyat  
Friday, 24 February 2023

Theme:  
Budget 2023: Building Malaysia Madani

Dato' Speaker Sir,

**I beg to move the Bill intituled “An Act to apply a sum from the Consolidated Fund for the service of the year 2023 and to appropriate that sum for the service of that year” be read a second time.**

# Preamble

---

*Bismillahirrahmanirrahim*

*Assalamualaikum Warahmatullahi Wabarakatuh* and good afternoon.

1. Allah decreed in Surah Yusuf, verse 55:

قَالَ أَجْعَلْنِي عَلَى خَزَائِنِ الْأَرْضِ إِنِّي حَفِيظٌ عَلِيمٌ

*Nabi Yusuf said, "Put me in charge of the store-houses of the land (Egypt), for I am truly reliable and adept."*

2. This story was recorded when the King of Egypt Raja Al-Aziz was worried about the seven years of economic downturn that was forecasted for the land, after many years of prosperity.

3. According to the great scholar Muhammad al-Tahir Ibn Ashur, this verse describes the situation when the Prophet Yusuf AS offered his service for the benefit of the ummah and the nation.

4. In an expected economic downturn, two major features become prerequisite to the success of budget management.

**First:** Trustworthiness, honesty, transparency in savings and spending. During this chaotic time, the question that needs to be raised is how many are stricken with poverty and impoverishment. Are the funds channelled in the right manner to avoid leakages and wastage?

**Second:** Quick actions based on knowledge; will there be swift, smart and sensible actions in planning and organising the framework of the national budget.

5. Therefore, **Budget 2023, which I formulate as Belanjawan MADANI**, reflects the principle of accountability and pure value system that can confront the current challenges including the highly uncertain global economic challenge.

# Economic Performance and Challenges

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6. After listening to the rakyat's grievances and your booming voices in this August Hall, I choose to lay before you a Budget that presents the actual facts and figures and does not attempt to delude the rakyat with beguiling facts.

7. Therefore, I will begin by laying out the facts and real challenges that strangles the economy and the challenges we and the country need to face. Is there political will to make the necessary leap and changes that can drive growth and eradicate greed among those in power?

## **First: The Government inherited a high debt burden**

- **The national debt is projected to reach RM1.2 trillion or more than 60% of GDP for the year 2023.** If debt and liabilities are calculated, it will reach RM1.5 trillion or 81% GDP. This year's debt service ratio is RM46 billion or 16% of revenue, which has exceeded the maximum threshold of 15% that has been practised all this while.
- **The payment of RM46 billion is only for the payment of interest and not to service the principal.** This August House needs to be reminded that the Government has been in deficit for the past 25 years and our debt has been on the rise. We have borrowed to develop FELDA land; that should not be fretted. But taking on loans to fund mega projects that have no benefit invites the question of whether we are betraying the trust given to us when the youths are then saddled with this debt.

## **Second: Malaysia is experiencing a decline in governance**

- Corruption and embezzlement appear to have become systemic to the point of damaging the Government's ability to govern effectively, tarnishing the country's reputation. As a result:
  - **Malaysia's Corruption Perception Index (CPI) 2022 ranking has plummeted to rank 61 when compared to rank 29 in 1998.** Transparency International Malaysia attributed this decline to a failure in curbing political corruption.
  - **The Auditor General's report for 2020 and 2021 recorded leakage of almost RM3 billion, which covers loss of public money, wastage, and irregular payments.** For example, regarding the under collection of import duties for vehicles, the Government suffered a loss of RM72 million due to weak duty import collection processes.
  - In addition, there exists **leakages in the diesel subsidy implementation with almost RM10 billion worth of diesel subsidy estimated to being misappropriated last year.**
  - These are proof of the various transgressions that have badly impacted the country. They must be stopped if we want this country to stride forward with strength and glory. We are the ones who determine whether the country's future will stagnate, surge, or subjugate.

## **Third: The country needs to navigate the global economic uncertainty**

- The inflation rate continues to see pressure against global commodity prices that are still too high, and the food supply chain disruption due to the Russia-Ukraine war.



- The International Monetary Fund (IMF) projects a slower global economic growth of 2.9% for 2023, compared to 3.4% in the previous year. Global trade is also projected to slow down at a rate of 2.4%, compared to 5.4% in 2022.
- Malaysia's 2022 GDP recorded a growth of 8.7% owing to the low base of 2021 GDP following the effects of COVID-19. However, to portray a full picture of the country's economic performance, it needs to be considered alongside the quarterly growth rates, which showed a decrease in the first quarter (3.8%), the second quarter (3.5%), the third quarter (1.9%), and the fourth quarter (-2.6%).

**Fourth: Investments have not recovered to pre-pandemic levels**

- Malaysia recorded investments of RM297.5 billion last year, which was 9.4% lower compared to RM328.5 billion in 2019. **Malaysia's position in the World Competitiveness Ranking by the International Institute for Management Development (IMD) has also fallen to rank 32.** We once were ranked 12 when investors had faith in our economic capabilities and the efficiency of our public service delivery.

**Fifth: Economic challenges that affect the rakyat**

- Inflation rate in 2022 stood at 3.3% with a high food inflation rate of 5.8%. **The inflation rate this year is expected to remain the same.** However, this will rise if the global supply chain uncertainty is not resolved.
- The unemployment rate in 2022 was 3.6% compared to 3.3% pre-pandemic in 2019. **Youth unemployment rate for those aged 25 years and below is still above 10%. Their average income is also low, around RM1,700 in 2021.**

8. The aforementioned are honest and clear snapshot of the economic situation that we inherited together. Therefore, **Belanjawan MADANI needs to have the capability to muster the strength and energy to forge a new direction.**

9. Ergo, I would like to use this opportunity to call upon political leaders, ministry leaders, civil servants, in addition to businesses and the ordinary citizens to believe that our country is capable to make that leap and be an example not only to our neighbouring countries in the region but the whole world too, and at the same time instil confidence among the Rakyat.

10. As affirmed in the Al Quran, when Allah SWT proclaimed in Surah Hud, verse 88:

إِنْ أُرِيدُ إِلَّا الْإِصْلَاحَ مَا اسْتَطَعْتُ وَمَا تَوْفِيقِي إِلَّا بِاللَّهِ عَلَيْهِ تَوَكَّلْتُ وَإِلَيْهِ أُنِيبُ

*I only intend to reform to the best of my ability. My success comes only through Allah. In Him I trust and to Him I turn.*

11. We must admit that the culture of waste and corruption needs to be eradicated. Therefore, I choose to present a Budget framework that is based on the spirit of reform to cultivate a new and fresh policy direction, thus burying the perception that we still tend to defend the status quo and the interests of the super-rich.

*"The night has ended. Put out the lamp in the narrow corner stained with soot. A new morning dawns for everyone in the East, let its light illuminate our meaningful path."*  
(Rabindranath Tagore)

12. **The 2023 Budget will be the first step in laying the Malaysia MADANI Development framework. Today's presentation will focus on 12 main measures based on three pillars namely:**

**First:** Inclusive and sustainable economic growth

**Second:** Institutional reforms and good governance to restore confidence

**Third:** Combating inequality through social justice

# I. Inclusive and Sustainable Economic Growth

---

## Measure 1: Fiscal Sustainability

13. We are at a critical juncture in history. This administration is determined, based on the principle of accountability, to manage the fiscal position including the debt issues and at the same time continue to support inclusive and sustainable economic growth.

### First: Expansionary Fiscal Policy

14. World Bank and Fitch analyses expect the country's GDP to grow by 4% in 2023, factoring in the challenging global economic outlook.

15. **The Government projects a moderate economic growth of around 4.5%** based on a confidence of a strengthening domestic economy.

16. In fact, taking into the account the efforts to implement improvements and reforms under this administration, I am confident that the country will exceed the projected GDP growth of 4.5%. This will certainly be driven by the comprehensive measures in Budget 2023 that will drive stronger sustainable growth as well as renew international investors' confidence to stimulate the national economy.

17. The Government expects **revenue collection for 2023 to total RM291.5 billion compared to RM294.4 billion last year**. This, however, does not consider additional revenue streams which will increase our yearly revenue to a higher level.

18. This administration takes an **expansionary fiscal approach** in an effort to support economic growth so that the spill over effects can be enjoyed by everyone.

19. Budget 2023 will **allocate RM388.1 billion with RM289.1 billion for operating expenditure, RM99 billion for development expenditure**, which includes RM2 billion as contingency savings.

**20.** In line with the expansionary fiscal policy, **development expenditure will be increased to RM97 billion compared to RM71.6 billion last year.** This increase is to focus on programs to eradicate poverty as well as improve public infrastructure and rural facilities. Through changed Government procurement processes, we will ensure that this additional expenditure is fully utilised for the Rakyat's interests.

## **Second: Managing Debt Levels**

**21.** Based on the principle of accountability, **the Government will reduce the fiscal deficit in 2023 to 5% compared to 5.6% in 2022.**

**22.** The Government is determined to achieve a sustainable fiscal deficit in the medium term with a target of **3.2% of GDP by 2025** subject to continued strong economic growth.

**23.** To curb the increase in debt, new loans must be lower and only for the purpose of development that bring benefit and impact to the Rakyat.

**24. The Fiscal Responsibility Act will be presented to Parliament this year.** This Bill is to ensure greater transparency and accountable management of the economy to prevent any possibility of continued transgressions in the future.

## **Third: Expanding the Government Revenue Base**

**25.** Part of Allah SWT decree in surah Al-Hasyr, verse 7:

كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ

*"...to the orphans, and to the needy, and to the wayfarer so that it may not merely circulate between the rich among you."*



**26.** Taking lessons from this verse, the Government is committed to upholding social justice. Fair revenue distribution does not mean equal treatment across the board but instead based on needs.

**27.** The Department of Statistics reported that the top 20% group (T20) own 47% or nearly half of total household income. Whereas from the angle of EPF savings, the T20 group owns 80% of total EPF savings.

**28.** Considering that the income and wealth of the nation is concentrated amongst the elite and the super-wealthy, it would be reasonable for the distribution of national resources to prioritise the low- and middle-income groups.

**29.** **The government will therefore take a progressive approach** in the **context of targeted subsidy or tax structure**, to protect the less fortunate and seek the understanding of the more affluent rakyat to share the responsibility together.

**30.** Among the measures that have been introduced include:

- **Distribution of ASB dividends that prioritises those in need.** 87% of members with units held below RM30,000 were given a dividend of 5.1 cent per unit, while units held above RM30,000 received a distribution of 4.6 cent per unit.
- In addition, **electricity tariffs have been maintained for all domestic users and SME businesses** but increased for all large companies except for those in the food and agriculture sectors.

**31.** The Government has no plans to implement wide based consumption taxes, such as Goods and Services Tax (GST). Given the current situation where the majority of the rakyat are still struggling, food inflation exceeding 5%, and low wages, it is evident that now is not a suitable time to introduce and implement such a tax.

**32.** The Government is taking **a more progressive approach as a new step to expand the tax base to those with means.**

- The Government plans **to introduce a Luxury Tax** beginning this year with a certain limit according to the type of luxury good. Among others include luxury watches and luxury fashion items.
- In line with international best practices, the Government will study the introduction of a **Capital Gains Tax for the disposal of unlisted shares by companies beginning 2024** at a lower rate. The Government will hold consultation sessions with relevant parties to examine the details of this proposal.

**33.** The Government plans to impose **an excise duty on liquid or gel products containing nicotine used for electronic cigarettes and vapes.** Although nicotine-containing vape products are still illegal under the law, in reality they are widely sold and estimated to be worth over RM2 billion. It would be better if its use is regulated and taxed.

**34.** The Government supports the **Generational Endgame (GEG)** initiative and agrees that **half of the excise duty collected from this will be reallocated to the Ministry of Health** to improve the quality of health services.

**35.** To reduce leakages, **Government enforcement agencies in collaboration with the industry will intensify enforcements efforts to curb the leakage of proceeds and subsidies** due to smuggling syndicates such as diesel, alcohol, and cigarettes.

**36.** The Inland Revenue Board (LHDN) and Royal Malaysian Customs Department (JKDM) will reintroduce a voluntary disclosure programme. Through this programme, **a 100% penalty waiver will be granted for voluntary disclosures from 1 June 2023 to 31 May 2024.**

## Measure 2: Fulfilling The Rakyat's Economic Needs

Dato' Speaker Sir,

37. I share an excerpt of the letter sent by Saidina Ali Abi Talib to the Governor candidate for Egypt, Malik Ashtar, as a lesson for all of us:

فربما حدث من الأمور ما اذا عولت فيه عليهم من بعد احتملوه طيبة أنفسهم به فإن العمران محتمل ما حملته، وإنما يؤتى خراب الأرض من إعواز أهلها وإنما يعوز أهلها لإشراف أنفس الولاة على الجمع وسوء ظنهم بالبقاء وقلة انتفاعهم بالعير

*"...and the circumstances may so be that you may have to ask for their assistance, and they will bear it happily. With their prosperity, they will certainly be able to bear whatever you load on it. Yet the ruin of the land is caused by rulers who are bent feverishly on accumulating wealth at all costs"*

38. The Government is cognisant that there are still businesses that have been affected by the pandemic especially micro, small and medium enterprises (MSMEs). Belanjawan MADANI will ensure local MSMEs are again competitive and able to increase their business capacity. Various facilities including tax reduction and financing are made available to support these businesses.

### First: Reduction in Tax Rate

39. I am pleased to announce that the Government agrees that from assessment year 2023, the **MSMEs' rate on taxable income for the first RM150,000 will be reduced from 17% to 15%**. This reduction in tax rate is expected to provide savings of up to RM3,000 to 150,000 MSME taxpayers.

### Second: Facilitating Hawkers and Small Traders

40. I often emphasize the futility of having large buildings, while the plight of the rakyat living off small scale business are ignored. The rakyat's economy must be dignified, their needs met. The nation

is already famous for its mega projects and landmarks, but I also want the nation to be known for small business facilities that are excellent, clean and visually appealing.

**41.** To manifest this intention, the Government will provide **RM50 million to build and upgrade 3,000 stalls and kiosks as facilities for small hawkers at key locations across the country.**

**42.** In addition, RM176 million will be provided to upgrade and improve business premises and facilities among others those under MARA, DBKL, Perbadanan Usahawan Nasional Berhad (PUNB) and Urban Development Authority (UDA).

### **Third: Providing Financing and Guarantee Facilities**

**43.** Government agencies will continue to provide **various financing facilities and guarantees for the benefit of MSMEs entrepreneurs with a total value of up to RM40 billion.**

**44.** Micro entrepreneurs and small businesses will be provided with **access to financing through agencies such as Bank Negara Malaysia (BNM), BSN, and TEKUN with available fund totalling RM1.7 billion.**

- **Of that, RM300 million is specified to support micro businesses owned by women and youth entrepreneurs.**
- BSN is providing more than RM1 billion with a focus on MSMEs and hawkers
- TEKUN also provides RM330 million, including RM10 million to **support youth from underprivileged background to generate income through business.** They will be given capital to venture into delivery services using motorcycles.
- The Government will also **fund the driving test fee for B40 youth for class B2 motorcycle licences as well as taxi, buses, and e-hailing licences.**

**45.** For small and medium enterprises (SMEs), **almost RM10 billion is provided by BNM**, among others to reduce SMEs' financial burden and to encourage their business development.

**46.** Syarikat Jaminan Pembiayaan Perniagaan (SJPP) will guarantee up to RM20 billion in SME loans where key sectors such as high technology, agriculture, and manufacturing are provided with Government guarantee up to 90%. Guarantees will also be expanded to financing by non-banking financial institutions such as credit leasing companies and cooperatives to specifically benefit small businesses.

### **Measure 3:** Facing Disasters

#### **First: Readiness in Facing Disasters**

**47.** I have stressed that direct procurements done in haste without proper scrutiny will only waste the rakyat's money especially in relation to the Flood Mitigation Projects. Particularly when these projects are of utmost importance and will incur huge costs. The reckless approval done by the past government has been cancelled and is currently under the investigation and action of the Malaysia Anti-Corruption Commission (MACC) and Attorney General Chamber.

**48.** To ensure that the Flood Mitigation Projects really achieve their goals, projects that are **rakyat centric and have high impact must go through the tender process to ensure the best value and provide savings to the Government.**

**49.** For example, the country is **expected to save RM2 billion from the RM15 billion allocated previously for flood mitigation project.** Therefore, procurements must undergo the tender process.

**50.** This year, **six flood mitigation projects will be retendered without delay latest by June 2023**, including:

- Flood Mitigation Plan at Sungai Johor, Kota Tinggi, Johor;

- Construction of dual-function reservoirs for flood mitigation and to serve as a raw water storage at Sungai Rasau and Sungai Klang, Selangor; and
- Sungai Golok Integrated River Basin Management Project Phase 3, Kelantan.

**51.** The performance of our rescue team in Turkiye was outstanding and brought us pride. We hope this achievement can be translated into better disaster management and disaster readiness at the national level. As **preparation for natural disasters:**

- NADMA will be provided with RM150 million among others for required assets, warning systems and disaster relief to affected rakyat.
- Malaysian Armed Forces, Fire and Rescue Department and RELA will also be provided RM50 million for asset and equipment for natural disaster preparation.
- The role of community will also be strengthened as they are amongst the first front liners when disasters occur. The Government will allocate RM20 million under Pertubuhan Prihatin Komuniti Grant to benefit 2,000 resident associations.

## **Second: Instilling Green Practices**

**52.** Allah SWT decreed in Surah Ar-Rum, verse 41:

ظَهَرَ الْفَسَادُ فِي الْبَرِّ وَالْبَحْرِ بِمَا كَسَبَتْ أَيْدِي النَّاسِ لِيُذِيقَهُمْ بَعْضَ الَّذِي عَمِلُوا لَعَلَّهُمْ يَرْجِعُونَ

*Corruption has spread on land and sea as a result of what people's hands have done; so that Allah may cause them to taste (the consequences of) some of their deeds and perhaps they might return (to the Right Path).*

*Surah Ar-Rum (Verse 41)*

**53.** Unbridled greed that plunders the earth's riches and illegal logging are amongst the main culprits leading to major natural disasters. Aside from pursuing economic development, it is important to shape a quality of life that is sustainable and balances the relationship between human and nature.

**54.** The Administration's promise is to join hands with all parties to protect the country's natural treasure, towards a greener future for all. This includes **preserving nature's biodiversity and forest management while at the same time reducing the State Government's dependence on timber revenue.**

- **Ecological Fiscal Transfer for Biodiversity Conservation (EFT) allocation to State Governments will be increased to RM150 million per year compared to RM70 million last year.** EFT allocation to States will take into consideration new addition of gazetted protected areas including for tiger habitats and reforestation efforts of degraded areas.
- At the same time, **RM38 million is allocated to protect wildlife such as tigers and elephants along with their forest habitats.**
- The Government will increase the number of rangers who patrol these forest areas to 1,500 rangers with priority given to the local **Orang Asli community as well as police and army veterans**, through an allocation of RM50 million.

**55.** **The Government will continue to encourage green practices in business operations.**

- BNM will provide up to RM2 billion financing facility to support sustainable technology startups and help SMEs implement low carbon practices.
- Khazanah will provide RM150 million to spur the development of environmentally friendly projects including supporting the carbon market and reforestation.



- In addition, the Green Technology Financing Scheme (GTFS) will also be enhanced with the guarantee value increased to RM3 billion until 2025.

## **Measure 4:** Achieving High Impact Investments

### **First: Facilitating Investments**

**56.** It is worrying to note that the country's innovation level is still low while investment value has yet to recover to pre-pandemic levels. New initiatives are needed to boost the ecosystem as well as attract more meaningful investments that will catalyse economic growth and job opportunities with respectable wage.

**57.** To **stimulate investment in high-impact and high-technology sectors, in line with the New Investment Policy:**

- Invest Malaysia Council and National Committee on Investment (NCI) will oversee the efforts to expedite approvals for high potential investment projects. Meanwhile, PEMUDAH's role will be empowered as a national unit to facilitate the investment climate and business landscape.
- The Government will improve the ease of doing business by reducing bureaucracy including **incentivising Local Councils that facilitate the implementation of approved investments to ensure investment processes can be accelerated.**

**58.** A Bank Negara Malaysia study shows that the benefits from foreign direct investments (FDI) have been narrowing following higher incentives against low value-added investments. Malaysia has more than 100 types of incentives and more than 30 investment promotion agencies (IPAs). With changes in global trends following technological advancements and climate change, an evolution of Malaysia's incentives is needed to support economic activities.

**59.** Advancing forward, **the New Industrial Master Plan (NIMP) 2030 will be announced in the third quarter of 2023** to outline the future development of the industrial sector, focused on high quality activities and the employment of local talents.

- In line with the Plan, investment promotion agencies and **investment incentives will be restructured towards tiered tax rates based on outcomes** such as creating high-value jobs, embedding local firms into the supply chains, and creating new industrial clusters.
- Incentive monitoring for investments will also be strengthened to ensure the country and rakyat will fully reap the expected benefits from the investments.

**60.** Among the main issues facing foreign investors is the lack of local talent that enable them to invest and operate in Malaysia. At the same time, we are providing scholarships to more than 1,000 engineering students every year to study in Japan, Korea, France, and Germany.

- To solve this, **the Government will coordinate an international cooperation with foreign multinationals to provide internship opportunities in the students' countries of study. These students are also allowed to serve their scholarship bonds with the said companies.**

## **Second: Investments in Key Sectors**

**61.** Malaysia has a huge potential in Electrical and Electronics (E&E) and aerospace sectors. The Government therefore plans to:

- **Extend the tax incentive given to manufacturing companies that relocate to Malaysia and the tax rate of 15% for C-Suite until 2024** to attract companies that were affected by COVID-19 to operate in Malaysia; and

- Extend the income tax incentives and investment tax allowances for the aerospace sector until 31 December 2025 to encourage the expansion of existing companies and attract new investments.

**62. Bank Pembangunan Malaysia Berhad will allocate up to RM6 billion for strategic financing** specifically to encourage the sustainable agenda and automation, aside from equity support and revolving working capital for high-potential companies that are still affected by COVID-19.

**63.** The Government will **mandate Tun Razak Exchange (TRX) as Malaysia's global financial hub**. TRX needs to attract the global financial industry to become the main destination for high-value FDI that will strengthen our business ecosystem.

**64.** The Government also plans to **boost the growth of Iskandar Malaysia in Johor through the introduction of special financial zone** with a competitive incentive package to attract international investors and knowledge workers to be based in Malaysia.

**65.** To support and attract inbound investors, business owners as well as tourists, the Government plans to **expand and increase the capacity of Penang International Airport and Subang International Airport**. This expansion plan that will be led by MAHB is expected to translate into economic benefits at a much lower costs compared to the previous proposal to build a new airport in Kulim which was expected to cost RM7 billion.

**66.** Focus will also be given to **support the development of Sanglang Port in Perlis** to handle petroleum cargo and bulk cargo which will give value add to the Perlis local economy. At the same time, the Government will build new coastal erosion structures between Kuala Sanglang, Perlis to Kuala Jerlun in Kubang Pasu, Kedah.

**67.** To support the growth of international trade, **the Government supports the proposal to develop a new mega-port in Carey Island by the private sector**. The project is expected to bolster Klang Port as a major shipping hub for the Asia Pacific region.

### Third: Economy and Islamic Finance

**68.** Plenty of our family members used to save money under their pillows. From there I realised the importance of an Islamic bank that operates on the principle of social justice, zero interest to convince not only Muslims but also non-Muslims to invest and save in this banking system that is now used globally.

**69.** *Alhamdulillah*, Malaysia continues to lead the global Islamic finance sector since it was introduced four decades ago with the operationalisation of Bank Islam in 1983. We also maintained our top ranking in the global sukuk market and lead in Islamic finance expertise.

**70.** Despite these grand achievements, **the Islamic finance sector has still not reached its full potential based on values to fulfil contemporary economic and social needs.**

- Today's Islamic finance ecosystem has yet to match the idealism of Islamic finance vanguards such as Professor Dr. Muhammad Nejatullah Siddiqi who emphasised the concept of justice and morality, in accordance to *maqasid al-syariah*. He for example said, *"More than anything else, Islamic banking and finance, a sub-culture of Islamic economics, has been a quest for justice and morality into the ordinary business of life."*
- The late Sheikh Yusuf al-Qaradhawi during his visit to Malaysia in 2009 also expressed his interest that the implementation of Islamic finance to instead be drafted with new initiatives that are more impactful towards the rakyat's socioeconomic growth based on social justice.
- Therefore, new initiatives are needed to empower the Islamic finance system by emphasising on the principle of driving growth, wider participation, and equitable wealth distribution, as well as not only focused on company and conglomerate profits.

- This is clearly stated by Sir Ronald Cohen in his work *Impact: Reshaping Capitalism to Drive Real Change* that showcases successful companies that run on the basis of social impact and not purely on profit.

**71.** The Ministry of Finance, Bank Negara Malaysia and Securities Commission Malaysia continuously emphasise on **improving Islamic financing offerings that are based on equity with risk-sharing concepts such as *Mudarabah* and *Musarakah*.**

**72.** BNM has also introduced the *Climate Risk Management and Scenario Analysis, Towards A Greener Financial System and Financial Inclusion Framework 2023-2026*. At the global level, the General Council for Islamic Banks and Financial Institutions (CIBAFI) have also published the *Sustainability Guide for Islamic Financial Institutions*.

**73.** With regards to EPF syariah savings, which has been introduced since 2017, syariah savings assets are currently invested alongside syariah compliant assets in conventional savings. **From 2024, syariah savings assets will be fully separated to give competitive returns to the 1.25 million members who own syariah accounts.**

**74.** In line with the MADANI framework, **waqf method is one of the redistributive mechanisms that contribute to universal prosperity.**

- The success of the Bank Islam Tower development in Kuala Lumpur's golden triangle on the waqf of Ahmad Dawjee Dadabhoy, which is of high value, indicates the waqf sector's real potential towards the development agenda.
- Similarly, Waqf Seetee Aisyah and Waqf Simpang Enam in Penang can be used as reference points in developing local socioeconomic centers.
- In fact, Wakaf FELDA proves that there is a paradigm shift on the part of settlers whereby they are no longer simply aid recipients but have started sharing their *rizq*

with the accumulated waqf exceeding RM27 million despite the waqf fund being recently launched in 2021.

**75.** So far, only around 3,500 hectares or 12% of registered waqf land have been successfully developed. Fresh efforts in developing waqf land and assets need to be continuously explored.

**76.** I am pleased to inform that **the Government has received a private commitment to establish Wakaf MADANI comprising assets worth more than RM1 billion.** These assets, which comprise land, mosque, building, health and education facilities, will be optimised for the benefit of the poor, low income earners, and other vulnerable groups.

## **II. Institutional Reforms and Good Governance to Restore Confidence**

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### **Measure 5: Public Sector Reform**

Dato' Speaker Sir,

**77.** I want to prove that there is a Malay who uses his power to protect and fight for the rakyat of this country. I want to prove that a Muslim will be respected and trusted because his principles uphold justice and truth.

**78.** The Unity Government will resolutely implement institutional reforms and good governance to eliminate the chances of creating systemic corruption and malpractices.

**79.** All Government agencies, including IRB, MACC, and the Royal Malaysian Police (RMP), are actively investigating corruption, including names linked to the Pandora Papers. These agencies will also continue to probe extraordinary wealth to stop the ills of corruption from spreading.

**80. The rakyat is impatient for change; I too am impatient to implement reforms to ensure Government services are expedited, simplified, and transparent.**

#### **First: Transparency In Government Procurement**

**81.** Implementation of Government procurement for example, must be transparent and open, based on good governance practices. There should be no waste of public money and flouting of laws using the direct negotiation method.

**82.** The fact is, **the RM15 billion flood mitigation projects, the RM7 billion Janawibawa and other projects made through direct negotiations have been cancelled.**

**83.** **Once some of them are retendered transparently, the country is expected to save up to RM3 billion.** These major savings can be reallocated for projects that benefit the rakyat.

**84.** The Government in 2019 had proposed to table the **Government Procurement Act** in this August House, however it was postponed during the previous administration. This Unity Government intends to expedite the tabling of this Act.

**85.** All this while, there have been people who become suspicious, afraid, and feel pressured when asked to disclose information. The Government intends to amend and table the Whistleblower Protection Act this year to provide protection to informants, in order to ensure that the effort to combat corruption and misconduct becomes effective.

#### **Second: Accelerating Rakyat's Infrastructure Projects**

**86.** **It is unthinkable that the rakyat continues to face the issue of dilapidated schools and clinics in this day. I do not want this to persist. If the project is delayed due to adherence to procedures, what is the point of being the Government if we cannot facilitate. This needs to be resolved this year.**



- The Government aims to **urgently repair 400 dilapidated clinics and 380 dilapidated schools with an allocation of RM1.2 billion.**
- To expedite the project implementation, the **quotation threshold for the procurement of repair works for dilapidated schools and clinics will be increased to RM1 million compared to RM500,000 previously, while procurement ballot be increased to RM200,000 from RM100,000 previously.**

**87.** On the same topic, the **issue of increasing road accidents must** also be addressed immediately. Especially if they are caused by weaknesses in Government procedures in resolving road safety issues.

- The Government is providing **RM2.7 billion to maintain and upgrade Federal roads.** At the same time, a budget of RM300 million has been allocated exclusively for G1 to G4 contractors to carry out minor maintenance works.
- **RM1.5 billion has been allocated for the upgrading and construction of inter-village roads and rural roads.**
- On the issue of potholes, **District Engineers' service will be mobilised to expedite paving of federal roads in disrepair and other immediate repairs** based on complaints received from the rakyat. The Government will allocate RM100,000 for each district.
- **RM50 million will be provided for the immediate installation of streetlights,** particularly in areas which are accident-prone.
- The Government will **increase the MARRIS grant to RM5.2 billion, which is meant for maintaining state roads.** The Federal Government has provided the flexibility of including the usage of MARRIS for the repair and replacement of roads, bridges, and drains that have been damaged by disasters.

### Third: Encourage Innovation Among Ministries and Agencies

**88.** We can no longer tolerate outdated work cultures, unreasonable regulations, and procedures that delay. There are still many Government services that utilise agents, which has led to the systemic practice of corruption.

**89.** Government services must be agile in adapting to technology and digital means to reduce bureaucracy. A mindset shift is also required to enable the public service to better serve the rakyat, without being confined to each respective ministries or agencies.

- A **Special Task Force on Agency Reform (STAR) chaired by the Chief Secretary to the Government has been established** to drive this aspiration.
- Funds will be provided to implement **pilot projects that can improve the delivery of Government services to the rakyat under STAR**. Successful ministries will be given full allocation for project implementation at the national level.
- To ensure effective cloud computing services in the public sector, MAMPU has taken a **strategic step by upgrading the MyGovCloud service**. This service is able to function in a hybrid mode, combining public cloud services by cloud service providers appointed by the Government.
- The Government will ensure that more data centres can be set up in Malaysia by providing suitable tax incentives, security infrastructure, green energy facilities, and locations for these centres.

### Fourth: Dealing with Rakyat's Issues

**90.** The issue of online fraud or scams have become critical. In 2022 alone, more than 25,000 of such crimes were recorded with a loss of RM850 million. Although the Government has established the National Scam Response Center (NSRC), there is a lack of consistent policy in managing this issue due to differing guidelines amongst

the banking institutions. In order to **strengthen the role of NSRC, a total of RM10 million will be allocated as an operational grant.**

**91.** Bank Negara will also enforce a **kill switch** policy to all banking institutions, **to enable users to freeze their accounts immediately**, including ATM cards, to prevent unauthorised use.

**92.** **People who are declared bankrupt** are entitled to a second chance. As of January, more than 260,000 bankruptcy cases have been recorded involving majority of Malay youths, who have the potential to contribute back to the national economy.

- The Government will **amend the Insolvency Act 1967 in order for bankruptcy cases to be automatically discharged quickly.**
- While waiting for the amendment of the Act, **minor cases involving debts of less than RM50,000 that fulfil the criteria will be immediately discharged beginning 1 March 2023.**
- The Government expects 130,000 rakyat to be released from their bankruptcy status with the passing of this amendment.

**93.** **Prisoners** also deserve a new lease in life. To ensure their successful reintegration into society, **prisoners will continue to receive adequate training through the Skill for Inmate Programme.** Employers are also encouraged to employ prisoners, including former residents of Henry Gurney School and JKM protection and rehabilitation institutions, and are eligible for additional tax deductions. The Agro Penjara program, which involves prisoners in agricultural activities on a 70-hectare prison land, will be further strengthened with an allocation of RM10 million.

**94.** The Unity Government is proactive about the safety of our society, especially **women and children**. However, problems involving women and children are still at a worrying level.

- D11 of the Royal Malaysian Police will be more aggressive in investigating sexual abuse cases, women and children. A **special team under Unit D11 will be established exclusively to combat child pornography** and will cooperate with various agencies to apprehend the perpetrators involved.
- The Ministry of Women, Family, and Community Development will also **establish a Children Development Department** under the Social Welfare Department to provide more comprehensive support to children.

**95.** Companies that provide consumer credit services such as factoring companies and Buy Now Pay Later services need to be regulated to protect the rights of consumers. To ensure fair treatment and protect the rights of the rakyat and businesses, the Government will **task the Consumer Credit Act that is** expected to be tabled this year, **and establish a Consumer Credit Monitoring Board to regulate credit businesses.**

**96.** To help the underprivileged **in obtaining fair and impartial representation**, the Legal Aid Department will **raise the eligibility limit for total legal aid** from RM30,000 to RM50,000. The scope of the Legal Aid Department will also be expanded to cover civil and Syariah cases. Moving forward, the Government will study the policy to enact a **special Act to provide free legal aid for criminal cases** so that the underprivileged too have access to justice.

## **Fifth: Institutional Reform**

**97.** The Government is pursuing efforts to **reform public service institutions that are seen to have overlapping jurisdictions and almost similar functions.** This effort also includes the possibility of **full independence and separation from remuneration for Federal Statutory Bodies that are self-sustaining.** This effort is important to reduce dependency on the Federal Government.

**98.** Streamlining Government bodies with similar functions aims to make them more effective in carrying out their mandates.

- For example, the Government proposes the restructuring of Bumiputera investment institutions by **streamlining Yayasan Pelaburan Bumiputera, Yayasan Amanah Hartanah Bumiputera as well as Yayasan Ekuiti Nasional in the near future.**
- The Government is also studying the need to **restructure all agencies that oversee and coordinate the startup and innovation ecosystem.** This is important to effectively coordinate efforts to develop local startup companies, from the seed stage to successful listing on Bursa Malaysia.
- One main agenda that should be paid attention to is that **Government agencies should return to their raison d'être.** A new holistic direction is necessary to examine the possibility of winding up any unprofitable subsidiary company that are not aligned with their original purpose of establishment, such as the setting up of travel agencies, security guards, and IT companies. The Government is considering the possibility of prohibiting companies and federal statutory bodies from continuing such practices.
- A review needs to also be done on **the remuneration package of chief executives and top management of companies and statutory bodies to a more reasonable rate.**

#### **Measure 6:** Empowering Public-Private Partnership

**99.** We must forge partnerships that leverage on each other's strengths, where the Government facilitates, while the private sector drives economic growth, invests, and creates jobs.

## **First: Insuring TVET Supports National Development**

**100.** Not only is youth unemployment high, in fact we are also trapped in an underemployment situation whereby people are not paid salaries that commensurate with their qualifications.

**101.** The data indicates that 90% of TVET graduates get a job, but 90% earn a low income of only around RM2,000 per month. **This is despite the Government spending up to RM6.7 billion for TVET.** This is unacceptable and reforms must be implemented to ensure that 90% of TVET graduates receive a salary of more than RM2,000.

**102.** An initiative that should be emulated is the collaboration between the Penang State Government and the Electrical & Electronic industry players that successfully provide jobs with respectable wages for TVET graduates. Companies such as Intel, Motorola, and Inari have benefitted from the Penang Skills Development Centre to organise training programs based on their needs.

**103.** The Government intends to emulate and **pilot this model involving Federal TVET institutions with a target involvement of 50 companies, especially among GLCs.**

- These leading companies will **partially or fully manage the operations of TVET institutions such as community colleges, industrial training institutes (ILP), and National Youth Skills Institutes (IKBN) to provide training programmes that meet their needs.** For example:
  - PETRONAS to lead the oil & gas cluster in Pengerang, Kimanis, Batu Rakit, and Miri;
  - DRB Hicom for the automotive cluster in Pekan;
  - Sunway for the hospitality cluster; and
  - MRCB for the construction cluster.

- This reform can harness the Government resources more effectively to produce TVET graduates that are industry-ready. Public-private partnership through new approach like this will continue to be explored for other areas or Government services.

**104.** To strengthen industry cooperation, the National Dual Training Scheme (SLDN) was bolstered with an allocation of RM50 million to benefit more than 8,000 trainees. The Academy in Factory programme will be carried out to provide on-the-job training opportunities to more than 50,000 trainees.

## **Second: Incentives to Provide Jobs with Meaningful Income**

**105.** The Government will continue to **encourage the private sector to pay higher wages.**

- SOCSO will provide an **incentive of RM600 monthly for three months** as an addition to the salary offered to **employers who hire TVET graduates. This is estimated to help 17,000 graduates.** RM45 million is provided for this purpose.
- SOCSO will also provide **incentives for employers to employ vulnerable groups such as persons with disabilities, ex-convicts, the homeless, and chronically unemployed for up to RM600 monthly for up to three months.**

**106.** The Government also **encourages the youth to improve their capability and skills to earn a more meaningful salary.**

- The Government will **cover up to RM4,000 in training fees for gig workers to undergo micro credentials upskilling programme.** SOCSO also provides an allowance of RM300 for three months as a replacement income for active gig workers undergoing training programmes. Overall, RM40 million is allocated to benefit 30,000 gig workers.



- The Human Resource Development Corporation (HRDCorp) with a fund of RM1 billion will be utilised to implement skills training programmes for employees of registered employers who have accumulated levies.

**107.** To help address youth unemployment, GLCs will offer **35,000 career opportunities to school leaver and graduates.**

**108.** The palm oil sector suffered RM20 billion in revenue loss due to policy that limits the employment of workers, especially foreign workers. With the recent amnesty drive, this issue has been almost resolved without involving agents who take high profits.

**109.** Most high-risk sectors are still reliant on foreign workers. This is due to these sectors offering low wages and worker welfare is not the emphasised.

**110.** Sime Darby Plantation's experience has shown that, locals are willing to work in oil palm plantations if the salary is at least RM3,000 and there is an agile working environment, assisted by mechanisation and automation. They target to employ 100% local workers by the end of 2027.

**111.** Therefore, the Government will provide RM50 million in matching grants to encourage automation in the plantation sector through the use of robotics and Artificial Intelligence (AI) that can employ skilled local workers.

**112.** Regarding the issue of the oil palm industry, we hold the anti-palm oil movement in contempt, which is still actively perpetrated by international NGOs. It is important for us to act consistently to defend and expand the country's palm industry market. **RM80 million is provided to improve the sustainability of the oil palm industry and intensify efforts to counter Anti-Palm Oil Campaigns.**

Dato' Speaker Sir,

**113.** The Unity Government is **sensitive to women's needs especially those who have to stop working after their maternity leave to look after their children** because the cost of childcare is high.

- To support women to return to work, SOCSO will amend its Act to **allow for a grant equal to 80% of the insured employee's salary**. It is estimated that over 130,000 women returning to work after childbirth will benefit from this grant, involving a total fund of RM290 million per year.
- **I urge employers to play their role to establish childcare facilities within their offices.** The Government will also streamline the guidelines for childcare centres in the workplace, including permitting them to be set up on higher office floors.
- The government is proposing to extend the tax relief for childcare centres fees. With this extension, employers are also encouraged to utilise the existing tax incentive on the cost of providing childcare centre in offices. If the response is lacklustre, the Government will examine the need to mandate the establishment of such facilities to support working mothers.
- At the same time, the Government will facilitate the registration process and restart the legalisation program of unregistered nurseries and childcare centres nationwide. A total of RM15 million is provided as a soft loan to help entrepreneurs.
- For civil servants, the Government will provide a monthly childcare fee subsidy of RM180 and raise the eligibility monthly income limit for eligible households from RM5,000 to RM7,000.

- To expand access to early childhood education, the Government will continue to build 80 KEMAS nurseries and childcare centres, including 13 new projects.

### **Third: Matching Fund to Boost the Tourism Sector**

**114. Our country is rich with an abundance of natural treasures, mesmerising beaches, and diverse flora and fauna.** These advantages have the potential to generate significant income through tourism activities on resort islands or heritage areas. To boost this sector, the year 2025 has been announced as Visit Malaysia Year with a target of 23.5 million international tourist arrivals and projected revenue of up to RM76.8 billion.

**115.** The Government will **allocate RM250 million to promote tourism** including providing RM115 million matching grant fund to collaborate with the tourism and culture industry.

- These matching grants are, among others, to **encourage tourism promotional activities and organisation of major events** such as international sports and cultural events.
- These matching grants will also be used to **promote charter flights to Malaysia.**

**116.** In relation to tourism, traffic congestion has adversely impacted numerous prominent tourist destinations. The Government will implement the following projects:

- build new roads from Habu to Tanah Rata, Cameron Highlands with a cost of RM480 million.
- upgrade Jalan Tun Hamzah up to the intersection of Semabok Lebu AMJ Central Melaka District with a cost of RM300 million; and

- Build Sungai Sepang road and bridge to connect Bukit Pelandok, Port Dickson and Sungai Pelek, Sepang with a project cost of RM160 million; and
- Improve the highway facilities to Pengerang by constructing an overtaking lane on the Senai Desaru Expressway. The Government also agreed to execute in phases the upgrading project of North-South Highway from Yong Peng Utara to Senai Utara – Fasa 1, Johor Bahru, from four to six lanes with the cost of RM525 million.

## **Measure 7: Prioritising The Digital Agenda**

### **First: Internet Connectivity for the People**

**117.** The rakyat have the right to stable Internet access, because it has become a basic necessity in daily life.

**118.** The Government will **accelerate the implementation of the JENDELA project as a national effort to provide access to the Internet.** For the year 2023, RM725 million is provided to implement digital connectivity projects at 47 industrial areas and around 3,700 schools.

**119.** The previous administration has spearheaded **the 5G initiative through Digital Nasional Berhad (DNB).** By the end of 2022, DNB had achieved 50% coverage of populated areas and is expected to reach 80% coverage by the end of 2023. **The Unity Government is now taking an approach where DNB is managed with transparency and inclusivity so that all the industry players will participate.** Ultimately, what is important is to achieve comprehensive 5G coverage at an affordable price for the rakyat.

### **Second: Digitalisation of Business**

**120.** Rakyat's businesses should also quickly adapt to digital technology so that they can expand the market for their products and services.

- The Government will **strengthen the role of the Digital Economy Centre (PEDI) to help small entrepreneurs with ICT and e-commerce knowledge**. Before the end of 2023, the Government will ensure that there is at least one PEDI facility in each DUN (1DUN 1PEDI).
- To support business automation and digitalisation activities, a total of RM100 million is allocated under the **SME Digitalisation Grant Scheme, which includes small hawkers**. A matching grant of up to RM5,000 will be paid to SMEs that subscribe to business digitalisation applications such as POS sales systems, accounting, or inventory management.
- A financing fund of RM1 billion is allocated under BNM to support MSMEs in automating their business processes and digitising their operations.

#### **Measure 8:** Strengthening the Role of Government Linked Companies and Agencies

**121.** GLC and GLICs play a huge role as the driving force behind the country's economy. This year, **the cumulative investment value of Government Linked Companies is estimated to reach RM50 billion**. The investment focus includes venture capital in highly innovative startup companies.

#### **First: Highly Innovative Start-ups**

**122.** I had the opportunity to meet several high-growth innovative companies, some of which have successfully listed on Bursa Malaysia and penetrated the global market.

- To replicate this success, **GLCs such as Khazanah and EPF will invest up to RM1.5 billion in innovative and high-growth local startup companies with investment value of RM1.5 billion**.

- The Government plans to extend the tax deduction of up to RM1.5 million on expenses incurred for listings on the ACE and LEAP Markets until the year of assessment 2025. The tax deduction is also expanded to include the cost of listing technology-based companies on Bursa Malaysia's Main Market.

**123. Government agencies will continue to **expand capital funding opportunities and attract local talents in highly innovative sectors.****

- RM40 million is allocated under the Malaysia Coinvestment Fund (MyCIF) as a matching fund **to support alternative funding methods**. This will make the available accumulated funds under MyCIF amount to RM300 million.
- The Securities Commission Malaysia will also **facilitate the creation of more secondary markets for private market instruments** to increase liquidity and enable better price discovery. To encourage the listing of local high-growth technology companies, the Government will allow the issuance of dual-class shares.

**Second: Corporate Social Responsibility**

**124. GLC and GLIC companies also **contribute to the implementation of various programmes for the welfare of the rakyat and the country.** These include:**

- **a corporate social contribution of up to RM250 million to focus on helping the hardcore poor in every possible way**, to improve their quality of life.
- In addition, to preserve our national heritage, **Khazanah Nasional Berhad will lead the formation of the National Heritage Fund**, which has an estimated cost of RM700 million and aims to attract private participation in restoring national heritage buildings. This includes the **redevelopment of Bangunan Sultan Abdul Samad and Carcosa Sri Negara, in collaboration with ThinkCity.**

- ThinkCity will also work with DBKL to participate in efforts to give **meaning to life in the city through beautification projects of focal locations, as well as raising the potential of historical and cultural assets.** RM30 million is also provided to increase the liveability of public housing in Kuala Lumpur.
- On the same matter, the Government will also **channel an allocation of RM50 million each to the states of Melaka and Penang** to continue to preserve world heritage sites recognised by UNESCO.

### III. Combating Inequality Through Social Justice

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**125.** This country longs for a Malaysia that **respects and cares for each other. Kindness and grace** are essential in upholding social justice to ensure the well-being of ALL the rakyat.

**Measure 9:** Eradicating Hardcore Poor

**First:** Cash Assistance and Livelihood Initiatives

**126.** The Government is determined to eradicate hardcore poverty. About 130,000 hardcore poor rakyat, regardless of race, will be immediately helped to lift them out of poverty through more holistic measures.

**127.** The Government will **implement the People's Income Initiative (IPR), which will focus on empowering the poor to increase their income potential.** A total of RM750 million is allocated to the Ministry of Economy in 2023 to make IPR successful.

**128.** Several new approaches will be implemented to overcome the weaknesses of former practices, to increase the ability of hardcore poor households to earn an income, among others:



- Assistance and facilities to participants are no longer given in a single tranche but on a monthly basis and will be monitored for sale and lease back of equipment or employment subsidies for employers who employ hardcore poor participants.
- Participants involved in economic activities must meet the needs of the local community, especially the agricultural and food sectors, to ensure consistent market demand.
- This programme aims for the participants to earn between RM2,000 to RM2,500 within a 24-month monitoring period and, after that, enable them to generate their own income through the revenue obtained.

**129.** For the same purpose, the Government is currently **providing welfare aid worth RM2.5 billion to over 400,000 recipients.** To expedite data updates and ensure that no one is left out of receiving this aid, the Government will carry out a whitelisting of recipients of the Government monthly assistance between ICU and JKM in one database.

## **Second: Role of the State Governments**

**130.** Welcoming the efforts of the Federal Government, both the Premier of Sarawak and the Chief Minister of Sabah have agreed to use part of the petroleum revenue proceeds to Sarawak and Sabah for hardcore poverty-eradication programs.

**131.** In line with this, the Ministry of Finance will also allocate a portion of the Kelantan and Terengganu Wang Ehsan to be channelled directly and especially to help the poor.

**132.** In support of the same goal, the Government has allocated RM30 million to support the efforts made by UNDP and the All Party Parliamentary Group Malaysia to enhance activities related to the Sustainable Development Goals (SDGs). This includes RM10 million

for the community garden programme at the parliamentary level, which will help support the food security agenda.

#### **Measure 10:** Minimising Cost Of Living

**133.** Since steering the country's administration, the main issue that has given attention is the rakyat's cost of living. This year the Government will **provide up to RM64 billion through subsidies, assistance, and incentives. A large amount of this fund is to minimise the cost of living through price control of essential goods, financial assistance, and providing services to the rakyat.**

#### **First: Payung Rahmah Concept**

**134.** In our efforts to deal with the increase in the costs of living, the Unity Government has introduced the **Payung Rahmah Concept** as the overarching pillar for its efforts to help the poor and vulnerable.

**135.** One of such efforts is the Menu Rahmah initiative, which offers lunch and dinner sets at only RM5. Alhamdulillah, it is expected that the Menu Rahmah initiative will continue to receive a positive response from entrepreneurs and the rakyat.

**136.** The Government is very grateful to all entrepreneurs who contributed, even with a small profit, in supporting the rakyat. May this serve as an example for all.

**137.** The Government also implemented the **Jualan Rahmah**, which offers essential goods that are up to 30% cheaper than the market. The Government will provide **RM100 million to make this programme a success in each of the parliamentary constituencies.**

**138.** The Government will also increase the allocation from **RM200 million to RM225 million to expand the essential goods distribution programme to 25 new zones** including Paloh and Passin, Sarawak, Pasir Raja, Terengganu, and Kuala Krai, Kelantan.

## **Second: Rahmah Cash Assistance**

**139.** The Government has channelled cash assistance to the B40 group under the **Sumbangan Tunai Rahmah (STR)** Phase 1 program. Several reforms have been considered so that affected households benefit more from STR, among others:

- **Households with a monthly income of less than RM2,500 is eligible to receive assistance of up to RM2,500, depending on the number of children.**
- The Government will also provide an **additional assistance of RM600 to STR recipients from the hardcore poor household based on the e-Kasih database. This assistance will be channelled through food baskets or vouchers** for essential items worth RM600.
- This means that families in the **hardcore poor group are eligible to receive assistance up to a maximum of RM3,100.**

**140.** Overall, **STR will help ease the burden of living costs for almost 9 million recipients with an allocation of nearly RM8 billion.** Although STR is associated with assistance to B40, considering the number of recipients, STR has benefited more than 60% of Malaysian adults.

**141.** Finally, not forgetting the 2 million youths aged 18 to 20, the Government will offer an **e-Tunai Belia Rahmah credit amounting RM200 with an allocation of RM400 million.**

## **Third: Assistance for the Paddy Farmers and Rubber Smallholders**

**142.** People who earn income as paddy farmers, and smallholders will continue to be given appropriate assistance. During the monsoon season, these poor rakyat struggle to earn a living due to the unpredictable weather conditions.

**143.** To the paddy farmers:

- The Government will continue to channel **various subsidies and incentives, including the price of rice, rice fertiliser, certified paddy seeds, and upland rice paddy fertilizer, with an allocation of RM1.6 billion.**
- **Cash assistance will also be given to paddy farmers amounting to RM200 per month for three months or per season** involving 240,000 paddy farmers with an allocation of RM228 million.
- I would like to again express my gratitude and appreciation to BERNAS for their willingness to contribute funds to help poor paddy farmers. This will certainly help with the paddy farmers basic needs. **In addition to the RM60 million contribution, BERNAS has also agreed to share the profits from rice imports by contributing 30% of their net profit to paddy farmers.**

**144.** The Government is aware of the increased production costs and the decrease in rubber prices which have become a burden to rubber smallholders:

- In order to increase the minimum income of rubber smallholders, the Government agrees to **increase the activation pricing level for the Rubber Production Incentive (IPG) from RM2.50 to RM2.70 per kilogram** with an allocation of RM350 million.
- Through this increase, I urge the Malaysian Rubber Board (LGM) to streamline the process for claiming the incentive, particularly for smallholders who have to travel long distances to claim it. This practice is no longer acceptable as it inconveniences the rakyat. **I want to see LGM and other relevant Agencies be more responsive on the field in managing the claims of smallholders, and take**

**proactive steps to facilitate the rakyat's interactions with the Government.**

- Furthermore, the Government also agrees to increase the **Monsoon Season Aid from RM600 to RM800 for four months**. This can help ease the burden of 320,000 of smallholders with an allocation of RM256 million.
- To increase the demand for rubber and thus increase the income of smallholders, the Government will **provide RM50 million to use Cuplump Modified Bitumen (CMB) for road maintenance**, which is said to increase the road's durability.

**Fourth: M40 Disposable Income**

**145.** All this while, the B40 group has been given various forms of aid while the middle-income group, M40, remained patient despite being tightly squeezed by the increase in the costs of living. I am pleased to announce that the Government has agreed to increase the M40's disposable income by reducing individual income tax rates which will benefit them more.

- Starting in 2023, the income tax rates for **resident individual will be reduced by 2% for income ranges from RM35,000 to RM100,000**.
- These reductions are **expected to provide approximately 2.4 million taxpayers with excess disposable income of up to RM1,300, yearly**.

**146.** As I have explained, the Government will take a progressive approach. While the M40 will benefit from a reduction in tax rates, the Government will **raise tax rates for those with higher incomes between 0.5% and 2%, for income range of RM100,000 to RM1 million. However, it is expected that fewer than 150,000 taxpayers will be affected by increased tax.**

**147.** Through this approach, this step involves reducing the Government's **net tax revenue by up to RM900 million for the benefit of the rakyat, especially the M40 group.**

#### **Fifth: Food Security**

**148.** In facing the challenge of rising commodity prices and food supply disruptions, **the agro-food sector needs to be revamped by prioritizing the sustainability of local food production through automation and digitalisation.**

- BNM, for example, provides funds of up to RM1 billion under the Agrofood Financing Scheme to help agro-food entrepreneurs increase production productivity.
- In terms of training and guidance, MDEC will expand the organization of the Digital AgTech programme to train more smallholders to adapt to technology. This initiative is expected to benefit 100 Regional Farmer Organizations nationwide with an allocation of RM10 million.
- To increase efficiency with the use of technology in the agricultural sector, the Government plans to provide Accelerated Capital Allowance and exempt 100% income tax on capital expenditure.
- At the same time, tax incentives for food production projects are extended until the end of 2025 with an expanded scope of incentives to include modern agricultural projects-based on Controlled Environment Agriculture.
- **To ensure affordable and sustainable food supply, food production needs to be increased to a large and competitive scale.** Through government support, Farm Fresh has emerged as the leading producer of fresh milk in Malaysia. Therefore, **the Government will encourage large-scale private sector investment**

**in agriculture, including providing incentives, land, financing, and technology grants.**

**149.** Only 1.2 million hectares of national land is used for food crops compared to 7 million hectares for palm oil and rubber crops.

- **The Government proposes that FELDA, FELCRA, RISDA, and agencies under the Ministry of Agriculture and Food Security (MAFS) fertilize their idle lands with an area of up to 800 acres for food agriculture projects.**
- The Ministry of Defence, LTAT and other companies will implement a project to improve domestic corn grain cultivation, with the aim of improving food security and providing job opportunities for military veterans. **LTAT has committed to providing 70 acres of plantation land for this project.**
- The Government will also allocate **RM30 million to collaborate with several State Governments to implement agro-food projects.**

#### **Measure 11:** Ensuring Harmony And Unity

**150.** **The harmony and unity of our nation must always be preserved, regardless of region or race.** Social justice must be upheld to close the development gap among the States and income gap of the rakyat.

**151.** Unity must remain important and intact, especially in our efforts to resolve the main issues plaguing the nation. The issues faced by the rakyat, who struggle daily with the increased cost of living, are now being thoroughly tackled. We are not trying to implement policies that are half-baked or that favour the elite group, but to ensure that the policies benefit all rakyat.

**152.** I would like to remind everyone to not ever try to fish in troubled waters by inciting racial hate. This country will not allow this hateful sentiment to grow. I assure you here that not only will the perpetrators be arrested, but also the purveyors who abuse the right to free expression.

**153.** In a hadith narrated by Muslim, Prophet Muhamad (Peace Be Upon Him) said:

هَٰكَ الْمُنْتَطِعُونَ قَالَهَا ثَلَاثًا

“Those who go to extremes are doomed,” he (prophet) said it three times.”

**154.** To celebrate diversity and bridge divides, **a total of RM50 million has been allocated to support various programmes, including ‘Kembara Perpaduan Malaysia Madani’ and ‘Ini Warisan Kita’.** These program will encompass various activities focused on promoting unity and social integration among communities, such as unity sports leagues, cultural competitions, festive celebrations, and culinary events.

**155.** To promote unity as well as acknowledge the role of parents, communities, and NGOs in the development of school children, the Government agrees to **allocate RM20 million to implement the ‘gotong-royong’ programme in all schools nationwide.**

**156.** In addition, an allocation of **RM50 million is provided for the maintenance and repair work of non-Muslim houses of worship throughout the country.**

#### **First: Development of Sabah and Sarawak**

**157.** Sabah and Sarawak will continue to benefit greatly from the **development allocation of RM 6.5 billion and RM5.6 billion respectively.**



- These include the masterplan **to develop towns bordering Kalimantan, Indonesia such as Kalabakan, Sabah as well as Ba'kelalan, Sarawak** with a cost of RM1 billion as a step towards relocating the capital of Indonesia to Kalimantan.

**158.** Furthermore, more than **RM2.5 billion is provided to implement public infrastructure projects, primarily benefitting Sabah and Sarawak. These projects include road and street lighting, as well as water and electricity supply.**

**159.** The Government is committed to continue and **expedite the implementation of the Sabah Pan Borneo Highway and Sarawak-Sabah Link Road, which spans a distance of more than 1,000 kilometres with an estimated total cost of RM20 billion.**

**160.** To ease the lives of rakyat living in the rural areas of Sabah and Sarawak, the Government will **increase clinic facilities, banks and mobile courts** with a total allocation of RM30 million.

**161.** I have also previously announced the Government's commitment to **delegate approval authority for federal project procurement to the Technical Department in Sabah and Sarawak for amounts of up to RM50 million** to expedite project implementation.

**162.** Last year, the Federal Government and Sabah State Government reached an interim agreement for a special grant subject to the negotiations for a new formula. The Administration is committed to improve the rate of the special grant compared to what was previously agreed and will expedite the negotiation for a new formula for Sabah and Sarawak. For a long time since 1970s, Sarawak only received special grant of RM16 million per year. The Government will increase the amount to at least RM300 million.

## **Second: Domestic Security and Defense**

**163.** National security will continue to be maintained to ensure peace and harmony. **Past weaknesses in procurement governance have affected the nation's defence readiness.** The procurement

of LCS ships has costed more than RM6 billion, yet none have been completed. Such transgressions cannot be repeated. From now on, the use of middleman should be eliminated and all dealings should be conducted directly with the Government of relevant countries.

**164.** For 2023, **The Ministry of Home Affairs (KDN) and the Ministry of Defence (KEMENTAH)** are allocated RM18.5 billion and RM17.7 billion respectively.

- The priority of this allocation is to **maintain and purchase ATM assets to increase defence readiness with an allocation of around RM4.1 billion.**
- To strengthen the country's defence and maritime control capabilities, the Government will also **procure Littoral Mission Ship (LMS)** this year.
- Meanwhile, **agencies under the KDN will be allocated close to RM1 billion to strengthen domestic security.** These include the procurement of **over 2,100 units of Body Worn Camera for PDRM.** In addition, the Perak Contingent Police New Headquarter dan police quarters will be constructed with a total cost of RM450 million.
- The Government will **increase 42 border control posts of PGA, Immigration, ESSCOM, and APMM** to tighten the national border control in addition to maintaining all APMM ships and boats.

**165.** The **welfare aspects of the national armed forces** will continue to be maintained.

- More than RM500 million will be allocated for the maintenance of **the Rumah Keluarga Angkatan Tentera (RKAT)** and **renovation of residential quarters and institutions under KDN.**

- To help with the ownership of affordable housing for the Royal Armed Forces (ATM) in phases, the Government will **build more than 7,000 units of affordable houses in Kuala Lumpur under the program Satu Anggota Satu Rumah (SASaR) Program.**
- Under current rules, ATM members who quit the service or retire without a pension are required to fully settle their LPPSA loans. Acknowledging the worries and burden that need to be borne, the Government has agreed for **LPPSA to allow eligible ATM borrowers to continue repaying the loan balances as usual until fully settled.** This effort will enable 4,000 eligible LPPSA borrowers to restructure their loans and 700 retiring borrowers without pensions to continue repaying their loans as usual.
- **The Government understands the challenges faced by ATM veterans who struggle to get a job after retirement. I am determined to ensure that ATM veterans are provided with jobs and training facilities.**
  - This Administration will implement the **ATM Veteran Second Career Programme in collaboration with LTAT.** Under this initiative, a total of **5,000 ATM veterans who are retiring this year will be offered job opportunities or enrolled in skills training for better income generation.**
  - To increase the skills of 1,250 veterans, the Veteran Affairs Department, together with other Government agencies, will **offer five courses, including drone operation, cyber security and aircraft maintenance for three months.**

### Third: Syiar Islam

**166.** The Government has **provided allocation related to Islamic affairs totalling RM1.5 billion** and we want the Islamic Institutions in this country to become a shining example of administrative

efficiency. The most effective management should start here, and this place must become a powerful da'wah hub that promotes the true understanding of Islam.

**167.** In line with this, I also understand the crucial role played by imams, bilal and teachers in improving the function of the mosque as Allah SWT says in Surah At-Taubah, Verse 18:

إِنَّمَا يَعْمُرُ مَسَاجِدَ اللَّهِ مَنْ آمَنَ بِاللَّهِ وَالْيَوْمِ الْآخِرِ وَأَقَامَ الصَّلَاةَ وَآتَى الزَّكَاةَ وَلَمْ يَخْشَ إِلَّا اللَّهَ فَعَسَىٰ أُولَٰئِكَ أَنْ يَكُونُوا مِنَ الْمُهْتَدِينَ

*The mosques of Allah are only to be maintained by those who believe in Allah and the Last Day and establish prayer and give zakah and do not fear except Allah, for it is expected that those will be of the [rightly] guided.*

**168.** In appreciation of their services and efforts, the Government agrees to:

- **increase the allowance of 35,000 KAFA teachers by RM100 to RM1,100 with an additional allocation of more than RM40 million;** and
- **provide a special payment of RM600 to Imam, Bilal, Tok Siak, Noja, Marbut, KAFA teachers, and Takmir teachers.** A total of 70,000 people will receive this payment, which involves an allocation of more than RM40 million.

#### **Fourth: Sports and Culture**

##### **Sports**

**169.** Certainly, sports and culture play a crucial role in the spiritual development of society. Beyond being a platform for competition, they also serve as powerful tools for promoting diversity among the rakyat of various races and religions.

**170.** This Administration will focus on unity programmes that are based on universal virtues. **Priority is given to sports, culture, and arts programmes at both school and community levels by ensuring the involvement of youth and different types of schools.** A total of RM20 million is allocated for the program.

**171.** To ensure the success of these programs, the Government will **provide a matching grant of RM50 million to encourage private sector's sponsorship of sports, particularly sports that promote unity,** national-level sport tournaments, and sports reality programmes.

**172.** With regard to national athletes, the Government will continue to **enhance the training programmes and sports facilities to benefit all athletes including para-athletes with a total allocation of RM324 million.** This allocation will be used to develop a comprehensive sports ecosystem, from talent search to podium events; as well as to maintain and upgrade sports facilities throughout the country.

**173.** The Government has also agreed to provide **tax deduction of up to 10% of aggregate income for individuals or companies that contribute to non-profit organizations that implement sports development programme at the grassroots level.**

**174.** To maintain and **protect the welfare of national athletes, a fund of RM5 million is provided to the National Athlete Welfare Foundation (YAKEB) starting 2023.** At the same time, the Government has also proposed a tax deduction for employers who hire former national athletes.

### **Cultural Arts, Creative Works and Language**

**175.** The Government continues to support the efforts of creative artists in promoting arts and culture. **RM102 million has been allocated as Digital Content Fund** to encourage the marketing of local art and drive the production of more creative works.

**176.** The Government proposes a **tax deduction for contributions made to the Tabung Komuniti Film and National Film Development under FINAS**. In addition, import duty and sales tax exemptions will be given on studio and filming production equipment.

**177.** Cultural activities play a major role in creating a united and respectful madani society. It is also crucial to enrich the diverse art that we have inherited over time. **The Government will provide an allocation of RM25 million to stimulate cultural and artistic activities at the community level.**

**178.** The cultural empowerment begins with the reading culture that cultivates an interest in classical literature and works of art that encompass the knowledge and heritage of the Malay, Islamic, and Western worlds. The Government supports efforts to enrich and translate great works such as the works of Imam Al-Ghazali, the originator of Maqasid syariah, Abu Ishaq al-Shatibi, Sheikh Daud Abdullah al-Fatani, and Nuruddin Ali ar-Raniri, as well as the thinker, writer, and philosopher Muhammad Iqbal.

**179.** **Dewan Bahasa dan Pustaka, together with the Institut Terjemahan & Buku Malaysia (ITBM) and Yayasan Karyawan, have been mandated to intensify translation activities and make them popular reading materials. High quality publishing by local writers will also be increased. A total allocation of RM20 million is provided for this purpose.**

**180.** On 27 January 2023, I announced that we will print **1 million copies of the Al-Quran** as a symbol of wisdom and maturity, in response to recent attacks against Islam, such as the burning the Al-Quran in Sweden. **For this purpose, RM10 million will be made to Yayasan Restu for the immediate distribution of 20,000 copies of Al-Quran translation in Swedish, as well as other major foreign languages.**

#### **Measure 12:** Providing Quality Basic Amenities

**181.** When it comes to the rakyat's well-being, what needs to be enhanced is the effort to improve essential services, such as public transportation, education, healthcare, and housing.

**182.** Through the Federal Grant to the State Governments based on Tahap Pembangunan Ekonomi, Infrastruktur dan Kesejahteraan Hidup (TAHAP), this year the Government has agreed to **increase the amount to RM400 million compared to RM330 million last year**. This grant can be especially helpful for less developed states, including Kedah and Perlis.

**183.** In a related matter, I want to touch on the issue of allocation to the Members of Parliament as some parties try to question why it needs to be reduced, as it seems to ignore the welfare of the rakyat. I want to stress here that such assumption is totally wrong. The approach is not important, whether the allocation is channelled through the state government or the Members of Parliament, as the value remains the same. What is more important is that it gets into the hands of the rakyat.

#### **First: Transportation**

**184. Rail and bus transportation services** are recognised as important and of great benefit, especially for urban communities to commute to work.

- Under Prasarana, the Government will continue the **My50 monthly pass initiative**, which benefits around 180,000 commuters.
- Prasarana will also **pilot the introduction of myBAS50 Unlimited Travel Pass to benefit the rakyat of Johor Bahru** who use the stage bus service under the SBST Programme.
- The Government will also provide **RM150 million to expand the implementation of the SBST Programme to Malacca town, Kuching, and Kota Kinabalu**.

**185.** Regarding the **MRT3 Project**, the cost was originally estimated at RM68 billion in 2018. Last year, the project procurement process started and the cost was estimated at RM50 billion. The Government will now **review the details of the project to ensure the best value**

**for money and is confident of achieving additional savings to bring the total cost to under RM45 billion.** This effort is in line with governance reforms to reduce procurement costs to achieve savings that can be redistributed for the benefit of the rakyat.

**186. Air service** is the primary mode of transportation for the rakyat of Sabah dan Sarawak living in rural areas.

- The Government will provide **RM209 million to subsidise air transportation for this group.**
- In addition, **wheelchair ramp facilities at seven airports in Sabah and Sarawak will benefit thousands of wheelchair users who use MASWings.**

## **Second: Education**

**187.** Za'ba comprehensively analysed that the destitution of a nation's fate with regards to poverty is divided into four categories, namely, poverty in terms of intellect, material possessions, ambition, and knowledge.

**188. The Ministry of Education will continue to receive the highest allocation of RM55.2 billion compared to RM52.6 billion in 2022.**

- A total of RM2.3 billion is provided to ensure that all schools have the best infrastructure and learning facilities for children.
  - This covers RM920 million for the **upgrading of buildings and infrastructure in 380 dilapidated schools**, primarily in Sabah and Sarawak through a special procurement process for urgency.
  - RM900 million allocation is also provided for **maintenance works for all types of national schools, religious schools, and vernacular schools.**



- In addition, **schools with special needs students will have disabled-friendly facilities.**
- The Government will also construct an open hall to provide a comfortable place for children to gather.

**189.** A total of **seven new schools will be built with a cost of RM560 million**, including SK Paya Dusun in Terengganu, SMK Denai Alam in Selangor, SMK Nabalu in Sabah and SMK Dudong in Sarawak.

**190.** To cover the cost of providing nutritious food to students, **the rate for cooked meals under Rancangan Makanan Tambahan (RMT) has been increased from RM625 million to RM777 million this year, which will benefit 700,000 students.**

- In addition, **the allocation for the Ministry of Education's Preschool Food Programme has increased from RM89 million to RM108 million to benefit more than 240,000 MOE preschool students.**
- Monitoring will be done on food providers to ensure that the food provided is of good quality and nutritious.

**191.** **The role of teachers** is critical in holistically educating children. In line with the current trend of modernisation, teachers' teaching and learning equipment need to quickly adapt to the digital technology. Hence, for the year 2023, **the Government will supply MOE schools and educational institutions with 50,000 laptops, *Insya-Allah.***

Dato' Speaker Sir,

**192.** I often emphasise the importance of a culture of knowledge and intellectualism. One lesson learnt is from the report on the deterioration of higher education in the United States entitled '*A Nation at Risk: The Imperative for Educational Reform*'. It expressed concerns about the level of intellectual, moral, and spiritual strength among Americans.

**193.** For 2023, the **Ministry of Higher Education will be allocated RM15.3 billion compared to RM14.5 billion in 2022.**

- Among them, **RM436 million is provided to repair infrastructure and replace outdated equipment that are no longer economical at Public Institutions of Higher Learning.**
- **RM35 million is also provided as fund to improve the internet connectivity in higher education institutions in Malaysia under the Malaysian Research and Education Network (MYREN).**

**194.** Regarding **R&D activities** which are recognised as important, **a total of RM428 million is provided to implement R&D activities under the Ministry of Higher Education and the Ministry of Science, Technology, and Innovation.**

- Among them is an additional allocation of RM50 million for MOHE to promote translational R&D that is more beneficial to solving community and industry issues.
- In addition, MOSTI is also provided with RM15 million R&D grants specifically for the production of national vaccines.

**195.** In relation to PTPTN loans, **the Government agrees to offer a discount up to 20% on PTPTN loan repayments for a period of three months starting from 1 March 2023.**

**196.** In order to ease the financial burden of affected borrowers, **the Government agrees to defer repayment for a period of 6 months to borrowers with a monthly income of RM1,800 and below.** Applications for this postponement can be made starting from **1 March 2023.**

### Third: Healthcare

**197.** The Ministry of Health received the second largest allocation of **RM36.3 billion compared to RM32.4 billion last year**. The main components of this allocation involve procurement of medicines, reagents, vaccines, and consumables, and include an allocation of **RM3 billion to offer permanent and contract appointments to over 1,500 medical officers, dentists, and pharmacists**.

**198.** Regarding the **issue of overcrowding in public health facilities**, several measures will be undertaken.

- The nation's health capacity will be optimised by **outsourcing patients from overcrowded hospitals to other hospitals**, including university hospitals, military hospitals and to private hospitals.
- The Government will introduce the **Madani Healthcare Scheme** specifically for the poor to get health treatment at **private clinics** as implemented by the Selangor Government. A total of RM120 million is provided for this purpose.
- The Government proposes that **charitable hospitals registered as Company Limited by Guarantee be given income tax exemption equivalent to the amount of charitable expenditure incurred**. Donors will also be given a tax deduction of up to 10%.
- To reduce overcrowding at Melaka Hospital, the Government will build a women and children's block with a capacity of 476 beds at a cost of almost RM700 million.
- The Government will also start preliminary work to upgrade 26 hospitals including the expansion of Kuala Kangsar Hospital, Perak; Jelebu, Negeri Sembilan, as well as Pontian Hospital, Johor that is now near a century old.

**199.** Since 2019, the Government has introduced **the Peduli Kesehatan Scheme (PEKA B40)** to provide health check-up or special early screening for the B40 group. The Government will allocate RM80 million to enhance this Scheme by including diabetes screenings.

**200.** Starting from the assessment year 2023, **the tax relief limit for medical treatment expenditures will be raised from RM8,000 to RM10,000.** In addition, the scope of this relief will also be expanded to cover the cost of intervention treatment for children with developmental disabilities such as **Autism, Down Syndrome, and Specific Learning Disabilities.**

#### **Fourth: Housing**

**201.** **People's Housing Project (PPR)** has been implemented for decades to benefit the low-income rakyat. Collaborative endeavour of the Unity Government is now directed towards ensuring the PPR environment is more humane with facilities that benefit the community.

- The Ministry of Local Government Development is provided with an allocation of **RM50 million to ensure a safe environment in PPRs with the priority of replacing dilapidated elevators. To expedite the procurement process, the quotation limit for lift repairs and maintenance procurement is increased from RM500,000 to RM1.2 million;**
- RM15 million is allocated to **support NGOs' efforts in providing remedial classes for children who are falling behind in their studies;**
- RM30 million is also allocated to **intensify rakyat's economic activities, for instance, food businesses using the Cloud Kitchen platform under the supervision of Yayasan Hasanah; and**
- **To provide free internet access at 56 selected PPRs.**

**202.** Several new PPR projects are currently being developed involving an allocation of RM367 million to benefit 12,400 potential new residents. In addition, the Rumah Mesra Rakyat program under SPNB also involves the construction of 4,250 housing units with an allocation of RM358 million.

**203.** Syarikat Jaminan Kredit Perumahan (SJKP) all this while has been **providing Government Guarantees to assist borrowers who do not have a fixed income**. In 2023, the SJKP is ready to guarantee up to RM5 billion in loan value to benefit 20,000 borrowers.

**204.** To further encourage home ownership, the Government will continue to exempt stamp duty for first-time home ownership, with a **full exemption of stamp duty for homes valued at RM500,000 and below, and a 75% exemption for homes valued more than RM500,000 to RM1 million**.

#### **Fifth: Social Protection**

**205.** Currently, young people who work as gig riders are exposed to the risk of road accidents, and even worse if they have no job protection. The Government is determined to **improve the sustainability of the social safety system by making it mandatory for all self-employed workers to gradually contribute to the Self-Employment Social Security Scheme (SKSPS)**. This is to protect them from any unwanted incidents. Social protection facilities must continue to be given attention.

**206.** In relation to that, during the transition period, **the Government will bear 80% of the SOCSO contribution value to reduce the burden and to encourage self-employed workers to make contribution to the Self-Employment SOSCO Scheme, RM100 million is allocated to benefit the self-employed individuals**.

**207.** To encourage voluntary savings for retirement, the Government intends to expand the **scope of tax relief for life insurance premiums or takaful contributions to include voluntary contributions to EPF of up to RM3,000**.

**208.** To encourage more self-employed individuals to save in EPF, the Government is increasing the value of the i-Saraan matching contribution to RM300 compared to RM250 previously. RM30 million is allocated to benefit more than 100,000 contributors.

**209.** The Government supports the increase in equity ownership among Bumiputeras. The individual investment limit for **Amanah Saham Bumiputera (ASB) and Amanah Saham Bumiputera 2 (ASB2)** will be increased to **RM300,000, from RM200,000** previously. The administration has also agreed to increase the size of the **Amanah Saham Malaysia (ASM) fund by RM5 billion.**

**210.** Finally, regarding the issue of EPF savings. After the country was hit by the COVID-19 pandemic, the rakyat had to sacrifice their retirement savings several times to meet their daily needs during the pandemic. Now, as people gradually rebuild their lives, most of them use their income to sustain their current lives while their retirement savings are still low.

**211.** The Government is committed to assisting the rakyat in rebuilding their retirement savings to ensure that the existing savings will be sufficient to finance their retirement days.

**212.** For members aged between 40 to 54 years old with EPF savings of less than RM10,000, the Government agreed to contribute an additional RM500 to their EPF Account 1 savings. This programme will benefit nearly 2 million EPF members involving an allocation of nearly RM1 billion.

**213.** At the same time, the Government hopes rakyat who have sufficient retirement savings will continue to contribute so that all contributors can benefit.

# Civil Servants

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Dato' Speaker Sir,

**214.** Continuing from the Prime Minister's briefing session in Parliament after my visit to Turkiye, **the Government agreed to provide a special allowance of RM100 per day to all members of the national search and rescue team involved in missions in Turkiye and Syria.** This allowance is a sign of the Government's appreciation for the great service provided on behalf of humanity.

**215.** Following the increase of the maximum replacement leave (GCR) from 160 to 180 days, this administration intends to **continue the proposal to increase the maximum early redemption of GCR up to 50%, equivalent to a maximum of 90 days. This effort is hoped to assist civil servants in need.**

**216.** Governments may alternate, national leaders often change, but civil servants, as the backbone of the Government, remain loyal in upholding the nation's trust. In line with Malaysia Madani's direction, civil servants need to bring about change, implement reforms with the ultimate goal of delivering the best service to the rakyat and the country.

**217.** As we enter the month of Ramadan and to appreciate the services and sacrifices of civil servants, the Government agreed to channel **Aidilfitri Special Financial Assistance of RM700 to all civil servants who are Grade 56 and below, including contract appointments. Additionally, RM350 will be given to the Government retirees.** *Insyaa-Allah*, payment is expected to be made in April 2023.

# Closing

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Dato' Speaker Sir,

**218.** As a conclusion to Budget 2023, it is emphasized that the Unity Government is committed to fulfilling the rakyat's mandate to achieve economic prosperity in the country.

**219.** Indeed, the COVID-19 outbreak has passed, and the economy is now recovering. However, we should not be complacent in facing other upcoming challenges. Sustainable economic development is essential as a future-proofing element that is ready to serve as a shield against any potential risks that may arise.

**220.** Our responsibility is significant, requiring us to combine all of our strength and energy to move forward in unison and achieve the objectives of MADANI Development. Leaders, in particular, can no longer afford to comfortably continue with the wrong practices inherited from the past. A significant shift must be forged. A shift towards combating corruption that deprives people of the opportunity to enjoy a more meaningful life, towards good governance that reflects our principles in spending, which leads to empowerment and socio-economic mobility for all segments of society.

**221.** Even if there are different political views, let's not let those differences prevent us from making meaningful changes. If we compete, we shouldn't race to the bottom but should focus on the principle of *fastabiqul khairat*, that is, to be competitive in doing good deeds.



**222.** In conclusion, I end my speech with the words of Allah SWT in Surah An-Nisa, verse 58:

إِنَّ اللَّهَ يَأْمُرُكُمْ أَنْ تُؤَدُّوا الْأَمَانَاتِ إِلَىٰ أَهْلِهَا وَإِذَا حَكَمْتُمْ بَيْنَ النَّاسِ أَنْ تَحْكُمُوا بِالْعَدْلِ ۚ إِنَّ اللَّهَ نِعِمَّا  
يُعِظُكُمْ بِهِ ۚ إِنَّ اللَّهَ كَانَ سَمِيعًا بَصِيرًا ٥٨

“Indeed, Allah commands you to render trusts to whom they are due and when you judge between people to judge with justice. Excellent is that which Allah instructs you. Indeed, Allah is ever Hearing and Seeing.”

With that, (*Wassalamualaikum Warahmatullahi Wabarakatuh.*)

Dato’ Speaker Sir, I beg to propose.



# **Appendix I**

## ***Touchpoints***

### **Budget 2023**



“An incredible amount of strength and energy are needed to ensure the MADANI Development agenda is successful. Leaders can no longer be comfortable continuing the wrong practices. A major shift is a must. A shift towards a norm of fighting corruption that has denied the *rakyat* a meaningful life, towards good governance that reflects a principle in spending that leads to the empowerment and socioeconomic mobility for all layers of the *rakyat*”

YAB DATO' SERI ANWAR IBRAHIM  
PRIME MINISTER AND FINANCE MINISTER



## BELANJAWAN 2023 PILLARS

M	A	D	A	N	I
Mampan	Aman Makmur (Kesejahteraan)	Daya Cipta	Amanah (Keyakinan)	Nilai Hormat	Ihsan
<b>First</b> Inclusive and Sustainable Economic Growth		<b>Second</b> Restoring Confidence in Institutions and Governance		<b>Third</b> Combating Inequality Through Social Justice	

**12**  
**MAIN  
MEASURES**

- Fiscal Sustainability
- Fulfilling the Rakyat's Economic Needs
- Readiness in Facing Disasters
- Achieving High Impact Investments
- Public Sector Reform
- Empowering Public-Private Partnership
- Prioritising Digital Agenda
- Strengthening the Role of Government-Linked Companies and Agencies
- Eradicating Hardcore Poor
- Minimising Cost of Living
- Ensuring Harmony and Unity
- Providing Quality Basic Amenities





## Inclusive and Sustainable **ECONOMIC GROWTH**

### Measure 1: Fiscal Sustainability

1. Expansionary Fiscal Policy
  - Projected Malaysia GDP growth of 4.5%
  - Expected revenue collection of RM291.5 b
  - Total allocation of RM388.1 b  
(Operating Expenditure: RM289.1 b; Development Expenditure: RM99 b, (including contingency reserves of RM2 b))
2. Managing Debt Levels
  - Fiscal deficit of 2023 is projected to decline to 5% of GDP, compared to 5.6% in 2022
  - Fiscal deficit is targeted at 3.2% of GDP by 2025
3. Fiscal Responsibility Act (FRA)
  - Fiscal Responsibility Bill will be tabled in Parliament in 2023
  - To ensure macroeconomic stability, debt management, sustainable budgeting and fiscal risk management
4. To Increase the Revenue Collection
  - Introduce the Luxury Tax
  - Study the introduction of Capital Gain Tax for unlisted shares by companies in 2024
  - Introduce the global minimum effective tax rate under Pillar 2 of the BEPS Action Plan 1 Tax Challenges Arising from Digitalisation and implement the Qualified Domestic Minimum Top-up Tax (QDMTT)
  - Impose an excise duty on liquid or gel products containing nicotine used for electronic cigarettes and vapes
  - Intensify enforcement efforts to curb the leakage of proceeds and subsidies due to smuggling syndicates such as diesel, alcohol, and cigarettes

- The voluntary disclosure program by JKDM and LHDN will offer a 100% penalty waiver for voluntary disclosure made from 1 January 2023 until 31 May 2024

## Measure 2: Fulfilling the Rakyat's Economic Needs

1. Reduction in Tax Rate
  - MSMEs' rate on taxable income for the first RM150,000 will be reduced from **17% to 15%**
2. Facilitating Hawkers and Small Traders
  - Build and upgrade MyKiosk@KPKT stalls and kiosks across the country
  - Upgrade MARA's business premises and facilities as well as increasing number of businesses (**project cost RM5 m**)
  - MARA's Program Transformasi Premis Usahawan Luar Bandar (TRENT) (**project cost RM32.8 m**)
  - Provide strategic business space for SME entrepreneurs and hawkers under the Malaysia Entrepreneur Hub Program by UDA (**RM30 m**)
  - Upgrade food courts, markets and *tamu* market under the supervision of PBTs nationwide (**RM28.6 m**)
  - Business premises under Dewan Bandaraya Kuala Lumpur (DBKL) (**RM30 m**)
  - Assistance for Bumiputera property ownership in prime locations and rental strategies for Bumiputera entrepreneurs by Perbadanan Usahawan Nasional Berhad (PUNB) (**RM50 m**)
3. Extension of stamp duty exemption for restructuring or rescheduling of loan/financing agreements executed from 1 January 2023 to 31 December 2024
4. Financing and Guarantee Facilities
  - Various MSME financing facilities, including direct loans, alternative financing, and guarantees (**RM40 b**)



## Microcredit Scheme

Agency	Program/ Scheme	Fund Size (RM mil)	Terms of Financing
BSN	Micro Kasih Scheme	600	<ul style="list-style-type: none"> <li>Financing Rate: 0% for first 6 months, 4% thereafter</li> <li>Size: Up to RM50,000</li> <li>Tenure: up to 5.5 years</li> <li>Moratorium: 6 months</li> </ul>
	Micro Kasih Hawkers Scheme	350	<ul style="list-style-type: none"> <li>Financing Rate: 0% for first 6 months, 4% thereafter</li> <li>Size: Up to RM20,000</li> <li>Tenure: Up to 5.5 years</li> <li>Moratorium: 6 months</li> </ul>
	Micro Credit Scheme	200	<ul style="list-style-type: none"> <li>Financing Rate: 4%</li> <li>Size: Up to RM150,000</li> <li>Tenure: Up to 5 years</li> </ul>
TEKUN	Various Microcredit Scheme	330	<ul style="list-style-type: none"> <li>Financing Rate: 3-4%</li> <li>Size: Up to RM100,000</li> <li>Tenure: Up to 10 years</li> </ul>
BNM	Micro Enterprises Facility (MEF)	200	<ul style="list-style-type: none"> <li>Financing Rate: to be determined by financial institution</li> <li>Size: MSMEs (including part-time workers (gig workers) on digital platforms and self-employed workers): Up to RM50,000</li> <li>Tenure: up to 5 years</li> </ul>
	i-TEKAD	4	<ul style="list-style-type: none"> <li>Starting Capital: Matching Grant</li> <li>Microfinance supported by MEF</li> <li>Rate, size, tenure: to be determined by financial institution</li> </ul>

## Bank Negara Malaysia Funds for MSMEs

Total funds available: RM9.7 b from RM32.4 b

- This includes additional funds of RM300 mil for HTG, RM500 mil for AF and RM500 mil for ADF under Budget 2023

Agency	Program/ Scheme	Fund Size (RM mil)	Terms of Financing
BNM	Targeted Relief and Recovery Facility (TRRF)	500	<ul style="list-style-type: none"> <li>• Financing Rate: up to 3.5% per annum (including guarantee fee)</li> <li>• Size: up to RM500,000 for SME and up to RM75,000 for micro</li> <li>• Tenure: up to 7 years (including moratorium period)</li> <li>• Moratorium: at least 6 months</li> </ul>
	Low Carbon Transition Facility (LCTF)	1,000	<ul style="list-style-type: none"> <li>• Financing Rate: up to 5% per annum (including guarantee fee)</li> <li>• Size: up to RM10 mil</li> <li>• Tenure: up to 10 years</li> </ul>
	Business Recapitalisation Facility (BRF)	1,000	<ul style="list-style-type: none"> <li>• Financing Rate : up to 3.5% per annum (not inclusive of guarantee fee); up to 5% per annum (including guarantee fee); no profit rate limit for equity investments</li> <li>• Size: up to RM5 mil</li> <li>• Tenure: up to 10 years</li> </ul>
	Agrofood Facility (AF)	1,000	<ul style="list-style-type: none"> <li>• Financing Rate: up to 3.75% per annum (including guarantee fee)</li> <li>• Size: up to RM5 mil</li> <li>• Tenure: up to 8 years</li> </ul>
	SME Automation and Digitalisation Facility (ADF)	1,000	<ul style="list-style-type: none"> <li>• Financing Rate: up to 4% per annum (including guarantee fee)</li> <li>• Size: up to RM3 mil</li> <li>• Tenure: up to 10 years</li> </ul>

Agency	Program/ Scheme	Fund Size (RM mil)	Terms of Financing
BNM	PENJANA Tourism Financing (PTF)	500	<ul style="list-style-type: none"> <li>Financing Rate: up to 3.5% per annum (including guarantee fee)</li> <li>Size: up to RM500,000 for SME and up to RM75,000 for micro</li> <li>Tenure: up to 7 years (including moratorium period)</li> </ul>
	All Economy Sectors Facility (AES)	3,200	<ul style="list-style-type: none"> <li>Financing Rate: up to 7% per annum (including guarantee fee)</li> <li>Size: up to RM5 mil</li> <li>Tenure: up to 5 years</li> </ul>
	High Tech and Green Facility (HTG)	1,000	<ul style="list-style-type: none"> <li>Financing Rate: up to 3.5% per annum (not inclusive guarantee fee); up to 5% per annum (including guarantee fee)</li> <li>Size: up to RM10 mil</li> <li>Tenure: up to 10 years</li> </ul>
	Disaster Relief Facility (DRF)	300	<ul style="list-style-type: none"> <li>Financing Rate: up to 3.5% per annum (including guarantee fee)</li> <li>Size: up to RM700,000 for SME and up to RM150,000 for micro</li> <li>Tenure: up to 7 years (including moratorium period)</li> </ul>

Note: \*Balance of RM200 mil will be allocated to Micro Entrepreneur Financing

### SME Financing Facilities

Agency	Program/Scheme	Fund Size (RM mil)	Terms of Financing
TERAJU	Various Financing Programmes	135	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
PUNB	Various Financing Programmes	200	<ul style="list-style-type: none"> <li>Financing Rate: 0% for the first 6 months, 5.0%- 8.0% thereafter</li> <li>Size: up to RM10 mil</li> <li>Tenure: up to 7 years</li> <li>Moratorium: 6months</li> </ul>

Agency	Program/Scheme	Fund Size (RM mil)	Terms of Financing
MARA	Various Financing Programmes	80	<ul style="list-style-type: none"> <li>Financing Rate: 0% to 6%</li> <li>Size: up to RM1 mil</li> <li>Tenure: up to 10 years</li> </ul>
Agrobank	Various Agrofood Financing Programmes	550	<ul style="list-style-type: none"> <li>Financing Rate: 0% for the first 6 months, 3.0% thereafter</li> <li>Size: up to RM5 mil</li> <li>Tenure: up to 8 years</li> <li>Moratorium: 6 months</li> </ul>
	Agrofood Value Chain Modernisation Programme	60	<ul style="list-style-type: none"> <li>Financing Rate 3.5%</li> <li>Size: up to RM1 mil</li> <li>Tenure: up to 10 years</li> <li>Moratorium: 12 months</li> </ul>
Bank Rakyat	<i>BR Plus-i Biz Lady</i>	100	<ul style="list-style-type: none"> <li>Financing Rate: BFR + 0% (excluding guarantee fee)</li> <li>Size: up to RM1 mil</li> <li>Tenure: up to 7 years</li> </ul>
MIDF	Various Financing Programmes	51.5	<ul style="list-style-type: none"> <li>Financing Rate: 2-5%</li> <li>Size: up to RM10 mil</li> <li>Tenure: up to 20 years</li> </ul>
EXIM Bank	Exporter Development Incentive Scheme (SIP2)	1,000	<ul style="list-style-type: none"> <li>Financing Rate: COF - Subsidy 1.5%</li> <li>Size: up to RM10 mil</li> <li>Tenure: up to 7 years</li> </ul>
SME Bank	Social Enterprise Funding Scheme	20	<ul style="list-style-type: none"> <li>Financing Rate: 4%</li> <li>Size: up to RM500,000</li> <li>Tenure: up to 7 years</li> </ul>

Agency	Program/Scheme	Fund Size (RM mil)	Terms of Financing
SME Bank	IBS Promotion Fund (IBS 2.0)	165	<ul style="list-style-type: none"> <li>Financing Rate: based on risk</li> <li>Size: up to RM10 mil</li> <li>Tenure: up to 15 years</li> </ul>
	Young Entrepreneur Fund (YEF) 2.0	90	<ul style="list-style-type: none"> <li>Financing Rate: 5% for the first 7 years, 6.5% thereafter</li> <li>Size: up to RM1 mil</li> <li>Tenure: up to 10 years</li> </ul>
	SME Recapitalisation Fund	600	<ul style="list-style-type: none"> <li>Dividend rate: 6%</li> <li>Size: up to RM5 mil</li> <li>Tenure: up to 5 years</li> </ul>
	Jaguh Serantau	165	<ul style="list-style-type: none"> <li>Financing Rate: based on risk</li> <li>Size: up to RM20 mil</li> <li>Tenure: up to 20 years</li> </ul>
	Bumiputera MSME Sustainability Fund	160	<ul style="list-style-type: none"> <li>Financing Rate: 5%</li> <li>Size: up to RM750,000</li> <li>Tenure: up to 7 years</li> <li>Moratorium: 6 months</li> </ul>
	PEMERKASA Matching Grant	160	<ul style="list-style-type: none"> <li>Financing Rate: 4-5%</li> <li>Size: up to RM3 mil</li> <li>Tenure: up to 10 years</li> </ul>
	Juara Lestari Scheme	1	<ul style="list-style-type: none"> <li>Size: up to RM25,000</li> <li>Tenure: up to 12 months</li> </ul>
	Sustainability Incentive Scheme	10	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
Malaysia Co-operative Societies Comission	Co-operative Societies Commission Revolving Fund	100	<ul style="list-style-type: none"> <li>To be confirmed</li> </ul>

## Guarantee Financing Scheme for Businesses

1. Green Technology Financing Scheme (GTFS 4.0) **(RM3 b)**
2. Syarikat Jaminan Pembiayaan Perniagaan (SJPP)'s guarantee will be extended to financing by non-banking financial institutions **(RM20 b)**
  - Credit financing companies **(RM1 b)**
  - Co-operative and others **(RM500 mil)**

SJPP Guarantee	All Sectors	Focus Sectors*
<b>Guarantee Coverage</b>	Up to 80%	Up to 90%
<b>Financing limit</b>	Up to RM20 mil	Up to RM30 mil
<b>Guarantee Fee</b>	Up to 1% per annum	0.5%-0.75% per annum
<b>Tenure</b>	Up to 10 years	Up to 10 years

\*Refer to manufacturing, agriculture, tourism and high technology sectors.

### 5. Entrepreneurship Program

- Various entrepreneurship schemes under Companies Commission of Malaysia (SSM)
  - 1 OKU 1 Business Scheme – Free SSM license registration and renewal for OKU, limited to 1 business only
  - Skim Pendaftaran Perniagaan Prihatin (SPPP) – Free business registration for B40 entrepreneurs and IPT full-time students
  - Free registration for SSM Biz Trust is extended until 31 December 2023
- Institut Keusahawanan Malaysia (INSKEN) entrepreneurship training and mentoring program **(RM10 m)**
- Business Exports Program for 50 potential SME Bumiputera entrepreneurs **(RM4 m)**
- Business Development Program via Co-operative 2.0 under Malaysia Co-operative Societies Commission (SKM) **(RM5 m)**
- SME Capability and Competitiveness Performance Improvement Program **(RM5 m)**
- Programme for Enhancement of Strategic Industry and High Growth Enterprise (PROTÉGÉ) **(RM5 m)**
- **Various Entrepreneurship Program by SME Corp (RM88.0 m)**
  - Tunas Usahawan Belia Bumiputera (TUBE) **(RM10 m)**
  - Micro Entrepreneur Business Development Program **(RM5 m)**
  - Strategic industry improvement programs and high-performance companies (PRESTIGE) **(RM3 m)**

- SME Competitiveness Rating for Enhancement **(RM1 m)**
- Inclusive SME Ecosystem (I-SEE) **(RM1 m)**
- MSME Capacity and Capability Improvement Scheme **(RM25 m)**
- Galakan Eksport Bumiputera (GEB) Program **(RM10 m)**
- Bumiputera Enterprise Enhancement Program 2.0 **(RM30 m)**
- SMEs Go Global **(RM3 m)**
- **Various Franchise Entrepreneurship Program (RM21.5 m)**
  - Vendor Capacity Development Program 2.0 **(RM5 m)**
  - Vendor Research and Commercialisation Grants 2.0 **(RM10 m)**
  - Capacity development program for halal industry entrepreneurs **(RM1.5 m)**
  - Halal product capacity development program **(RM1.5 m)**
  - Innovation and halal technology program **(RM2.5 m)**
  - Halal Entrepreneur Go Global Program **(RM1 m)**
- Halal industry development allocation **(RM92 m)**
- Halal industry development along with Malaysia Services and Halal Go Global program **(RM10 m)**
- Tanjung Manis Halal Hub Center Development Project in Sarawak Corridor of Renewable Energy (SCORE) **(RM59 m)**

### Measure 3: Facing Disasters

1. Readiness in Facing Disasters
  - Procurement of PDRM disaster tents and post-flood operational equipment **(RM11 m)**
  - Procurement of equipments and assets under Ministry of Defence (KEMENTAH) **(RM10 m)**
  - Procurement of equipments and disaster assets under Bomba **(RM34.5 m)**
  - National Disaster Fund **(RM100 m)**
  - Strengthen the functions of National Disaster Management Agency (NADMA) **(RM50 j)**
  - Flood Hazard Control and Signaling Plan **(RM93.2 m)**
  - Disaster management related to Geology **(RM24.1 m)**
  - Pertubuhan Prihatin Komuniti Grant (GPPK) in empowering the role of the community associations in facing disasters **(RM20 m)**
2. Flood Mitigation
  - Out of RM15 b approved for flood mitigation, RM2 b is expected to be saved after cancelling the approval of direct negotiation
  - Six flood mitigation projects will be re-tendered as soon as possible, no later than June 2023, including:

- Flood Mitigation Plan in Sungai Johor, Kota Tinggi, Johor
  - Construction of a dual-purpose reservoir for flood mitigation and raw water supply in Sungai Rasau and Sungai Klang, Selangor
  - Integrated River Basin Development of Golok River Phase 3, Kelantan
  - Upgrade urban infrastructure and drainage **(RM117.7 m)**
  - Maintenance of flood reservoirs under PBT **(RM100 m)**
  - Drainage and Sewer Maintenance involves contractors G1-G4 under PBT **(RM30 m)**
3. Special Allowance of RM100 per day for Rescue Missions in Turkiye **(RM1 m)**
4. Green Practices
- Ecological Fiscal Transfer for Biodiversity Conservation (EFT) including the gazettement of new protected areas and the replanting of trees in degraded areas **(RM150 m)**
  - Malayan Tigers, Elephants and other Wildlife Species Protection Program **(RM38 m)**
  - Increasing the number of rangers who guard the forest to 1,500 people nationwide, prioritising Orang Asli, military veterans and police **(RM50 m)**
  - Mesra Alam River Drainage Management Plan **(RM68.8 m)**
  - Repair, clean, maintain and treat rivers and Manual Saliran Mesra Alam infrastructure **(RM140.4 m)**
  - Environmental Regulation **(RM86.9 m)**
  - Putrajaya Green City initiative through waste separation and recycling initiatives to catalyze circular economy **(RM30 m)**
  - Precise Technology Management and Agricultural Sustainability **(RM9.4 m)**
  - SDG Localisation: Zero Waste Community Development Among Selected PPR Communities **(RM1.3 m)**
  - Green Technology Project **(RM3.2 m)**
  - Ecotourism Program **(RM1.5 m)**
  - Tax exemptions on the issuance costs of SRI-linked Sukuk approved or permitted or lodged with the Securities Commission from the assessment year 2023 to the assessment year 2027
5. Financing Facility BNM
- High Tech and Green Facility **(RM1 b)**
  - Low Carbon Transition Facility **(RM1 b)**
6. Dana Impak Khazanah Nasional **(RM150 m)**
- Environmentally friendly development project includes supporting carbon markets and the restoration of degraded forests



7. Green Technology Financing Scheme (GTFS) **(RM3 b)**
  - Guarantee value increases to RM3 b until 2025
  - Financing scope is extended specifically to the EV sector with a guarantee by government up to 60%
  - Waste management sector's financing guarantee will be increased up to 80%
8. Sustainable Development Financing Scheme – Bank Pembangunan Malaysia Berhad (BPMB) **(RM1 b)**
9. Study and enhance the Green Investment Tax Allowance (GITA) Package and Green Income Tax Exemption (GITE)
10. GENTARI Initiatives
  - Solar panels installation at Government and commercial facilities by 2024
  - 500 units of EV charging facilities throughout the country
11. TNB Initiatives
  - Solar rooftop installation at Government buildings in Putrajaya **(RM75 m)**
  - Installation of EV charging facilities at 70 key locations **(RM90 m)**
12. Tax incentives to support EV adoption
  - Full import duty exemption on components for locally assembled EV until 31 December 2027
  - Full excise duty and sales tax exemption on locally assembled CKD EV until 31 December 2027
  - Full import duty and excise duty exemption on imported CBU EV until 31 December 2025
  - Income tax exemption of 100% on statutory income of EV charging equipment manufacturers from the year of assessment 2023 to the year of assessment 2032 and the Investment Tax Allowance of 100% for a period of 5 years
  - Tax deductions for companies that rent EVs with a maximum amount of eligible rental amount limited to no more than 300,000

#### **Measure 4: Achieving High Impact Investments**

1. Facilitating Investment
  - Invest Malaysia Council and National Committee on Investment (NCI) will oversee the efforts to expedite approvals of high-potential investment projects
  - PEMUDAH empowered as a unit to facilitate the investment climate and business environment
  - Establishment of the New Industrial Master Plan (NIMP) 2030

- The investment promotion and tax incentives agency will be restructured based on outcomes – High-value jobs, local firms in supply chain and the establishment of new industrial clusters
- Strengthen monitoring on investments that receive incentives to ensure that guaranteed expected benefits

## 2. Investment in Selected Sectors

- Extension of the current tax incentives and a 15% tax rate for C-Suite executives in companies that make new strategic investments
- Pioneer Status with income tax exemption and Investment Tax Allowance to companies that carry out ship building and repair activities
- Income tax exemption and Investment Tax Allowance for aerospace sector
- Tun Razak Exchange (TRX) as Malaysia's global financial hub
- Special Financial Zone in Iskandar Malaysia with a competitive incentive package
- Expansion and capability enhancement project of Penang International Airport and Subang International Airport
- Development support of Sanglang Port, Perlis and build new coastal erosion structures between Kuala Sanglang, Perlis to Kuala Jerlun in Kubang Pasu, Kedah
- Bank Pembangunan Malaysia Berhad strategic financing to promote sustainable agenda and automation **(RM6 b)**
- Development of the main port on Pulau Carey, Klang by private sector

## BPMB Strategic Financing

Type	Program/ Scheme	Fund Size (RM mil)	Terms of Financing
<b>Financing Subsidy*</b>	Tourism Infrastructure Scheme	1,000	<ul style="list-style-type: none"> <li>Financing Rate: <b>Government:</b> COF + Margin – Subsidy 1.5% <b>Commercial:</b> BFR + Margin – Subsidy 1.5%, <b>Sukuk/Bon:</b> Guarantee Fee– Subsidy 1.5%</li> <li>Size: Up to RM100 m</li> <li>Tenure: Up to 5-20 years</li> </ul>
	Maritime & Logistic Scheme	800	
	National Development Scheme	1,000	
	Sustainable Development Scheme	1,000	
	Industrial Digitization Transformation Scheme	1,000	
<b>Loan/ equity financing</b>	Rehabilitation and Support through Equity (RESET)	500	<ul style="list-style-type: none"> <li>Financing Rate: 8-15% IRR</li> <li>Size: RM5 m – RM20 m</li> <li>Tenure: Up to 3 years</li> </ul>
	Modal Kerja Scheme*	500	<ul style="list-style-type: none"> <li>Financing Rate: 5%</li> <li>Size: minimum RM5 m</li> <li>Tenure: Up to 3 years</li> </ul>
	Matching Funding Platform	100	<ul style="list-style-type: none"> <li>Will be finalized</li> </ul>

Note: \*Extend to 2025

### 3. Economy and Islamic Finance

- Starting in 2024, EPF syariah savings assets will be fully separated to provide competitive returns to 1.25 m members who own syariah accounts

### 4. Waqf Land Development

- The Government has received commitments from the private sector with assets worth over RM1 b, including land, mosques, health and education facilities



# INSTITUTIONAL REFORMS AND GOOD GOVERNANCE TO RESTORE CONFIDENCE

## Measure 5: Public Sector Reform

1. Transparency in Government Procurement
  - Delegate the approval authority for Government procurement to the respective *Pegawai Pengawal* of Ministries and Departments to improve the effectiveness of procurement processes and level of accountability in line with the concept of 'Let Managers Manage'
  - Enact the Government Procurement Act
  - Amend Whistleblower Protection Act to combat corruption and misconduct
2. Accelerating Public Infrastructure Projects
  - Dilapidated Schools and Clinics
    - Increase the procurement quotation limit from RM500,000 to RM1 m and ballot procurement from RM100,000 to RM200,000
    - Supply procurement must be carried out entirely by the main contractor through the appointed panel contractor
    - Exemption for the Ministry of Education and the Ministry of Health from the use of the IBS model and the requirement to obtain the technical department services
    - Establishing a special team to accelerate the repair projects of school/ dilapidated school and clinics (400 dilapidated clinics, 380 schools)
      - Repair of dilapidated school in Semenanjung, Sabah and Sarawak **(RM920.4 m)**
      - Repair of dilapidated clinics and hospitals **(RM340 m)**
  - Road Safety
    - Services from District Engineers to expedite road paving of federal roads and other immediate repairs **(RM20 m)**
    - Minor maintenance works for federal roads by G1 to G4 contractors **(RM300 m)**

- Immediate installation of street lights at accident-prone areas **(RM50 m)**
  - Cost of operating and maintaining village street lights and new street lights installation in rural areas **(RM123 m)**
  - Rural roads and inter-village roads projects **(RM1.5 b)**
  - Expanding the scope of MARRIS to allow for the repair and replacement of bridges and drains
  - Increase MARRIS allocation for the maintenance of the state roads **(RM5.2 b)**
  - Upgrading and maintaining the paved and unpaved federal roads **(RM1 b)**
  - Repairing, replacing and upgrading roads and bridges **(RM1.7 b)**
  - Upgrade of roads and paths **(RM1.56 m)**
  - Slope repair throughout Malaysia **(RM317.5 m)**
3. Encourage Ministries and Agencies to Innovate
- Upgrading public sector cloud computing services through MyGovCloud, which operates on a hybrid basis
  - Establish key performance indices (KPI) for all ministries and departments based on the MADANI framework
  - Research grants and equipment procurement under the national vaccine development program **(RM56 m)**
  - Various research by Ministries **(RM366 m)**
  - Innovation program across ministries **(RM68 m)**
  - Malaysia Research & Education Network (MYREN) **(RM35 m)**
4. Dealing with Rakyat's Issues
- Strengthening the role of the National Scam Response Centre (NSRC) in handling online fraud or scams **(RM10 m)**
  - Enforcement of 'kill switch' policy by BNM
  - Amendment of Insolvency Act 1967 to automatically discharged minor bankruptcy cases involving debts of less than RM50,000 beginning from 1 March 2023 **(RM2 m)**
  - Enactment of the Consumer Credit Act and establish the Consumer Credit Monitoring Board to regulate companies such as licensed moneylenders, pawnbrokers and Buy Now Pay Later credit providers
  - Increasing the eligibility limit for full legal aid assistance from the Legal Aid Department from RM30,000 to RM50,000
  - Expanded scope of the Legal Aid Department to cover civil and sharia cases
  - A study to enact special Act to provide free legal aid
  - Expanding the operation of Mobile Courts particularly in rural Sabah and Sarawak **(RM12 m)**

- To facilitate Rakyat living in the rural areas of Sabah and Sarawak to obtain their birth certificates **(RM12 m)**
  - Strengthening the Children's Sexual Crimes Court **(RM3 m)**
5. Institutional Reform
- Reformation and streamlining Government agencies and institutions that are seen to have overlapping power and almost similar functions
    - Fully exempt and separate remuneration of self-sustaining Federal Statutory Body
    - Restructuring of Bumiputera investment institutions by combining Yayasan Pelaburan Bumiputera, Yayasan Amanah Hartanah Bumiputera as well as Yayasan Ekuiti Nasional
    - Merging all agencies that regulate and coordinate the startup and innovation ecosystem
  - Establishment of the Special Task Force on Agency Reform (STAR) chaired by the Chief Secretary to the Government to lead public delivery system to best serve the rakyat without being confined to each respective ministries or agencies
    - Fund for pilot project implementation
  - Performance Acceleration Coordination Unit (PACU) is responsible for planning, implementing, monitoring and evaluating MADANI programs by Government
  - Prohibition for companies and Federal Statutory Bodies to engage in activities that are not aligned with their original purpose of establishment
  - A review on the remuneration package of Chief Executives and top management of companies and statutory bodies

## Measure 6: Empowering Public-Private Partnership

1. Partnership with Industry for TVET implementation
- 90% TVET graduates earn <RM2,000 monthly. Reforms must be implemented to ensure 90% TVET graduates earn >RM2,000 monthly
  - The partial or full acquisition of TVET institution operations, including the Institut Kemahiran Belia Negara (IKBN), community colleges, and Institut Latihan Kemahiran Awam (ILA), by 50 selected companies
  - The National Dual Training System (SLDN) which benefits over 8 thousand trainees **(RM50 m)**
  - Academy in Factory Program **(RM5.3 m)**
    - On-the-job training at the factory
    - Targeting more than 50 thousand trainees a year

## 2. Incentives to Provide Jobs with Meaningful Income

- Encouraging the palm oil sector to emulate Sime Darby by employing local workers with a minimum salary of RM3,000 monthly and improving the working environment through mechanization and automation, including the use of robotics and artificial intelligence
- 35 thousand career opportunities for youth, TVET graduates, vulnerable groups and veterans by GLC
- Skills training under HRD Corp **(RM1 b)**
  - Training to increase productivity and income opportunities
  - Benefits 800 thousand workers
- Capital Market Graduate Program **(RM30 m)**
  - Collaboration between the Securities Commission (SC) and the Capital Market Development Fund
  - Increase the marketability of 9 thousand graduates in capital market
- Formulation of Gig Workers Policy to protect the rights and welfare of gig workers
- Encourage the private sector to pay higher wages
  - Incentives by SOCSO to employers who employ TVET graduates for RM600 monthly for three months as an addition to the salary offered **(RM45 m)**
  - Incentives by SOCSO for employers who employ vulnerable groups such as persons with disabilities, ex-convicts, the homeless, and chronically unemployed for up to RM600 monthly for up to 3 months **(RM130 m)**
  - Providing a grant equal to 80% of monthly salary to encourage women to return to work **(RM292 m)**
- Encouraging youth to enhance their abilities and skills **(RM60 m)**
  - Microcredentials upskilling program for gig workers through provision of up to RM4,000 training fees and RM300 allowance for 3 months as a replacement income for gig workers undergoing training programs **(RM40 m)**
  - Training fees of up to RM2,500 to 30 thousand gig workers for microcredential trainings
- Mobility assistance for job seekers
  - RM500 to job seekers who find employment outside of their state of residence
  - RM1,000 to job seekers who find employment and involve long-distance migration from Sabah or Sarawak to the Peninsula and vice versa
- Encourages automation in the plantation sector through the use of robotics and artificial intelligence - AI that can employ skilled local workers

- Matching grant to implement pilot project with oil palm companies **(RM50 m)**
  - Impose a higher levy rate to companies with high numbers of foreign workers, additional levy collection will be used to support employers in financing automation initiatives
3. Programs to Boost the Tourism Sector
- Allocation to promote tourism **(RM 250 m)**
  - Matching grant of up to RM115 m to collaborate with the tourism and culture industry
  - Malaysia Airport Holdings Berhad and international airlines collaborative efforts to promote chartered flights to Malaysia **(RM40 m)**
  - Special tax deductions for limited hoteliers on eligible craft products purchased from local craft entrepreneurs amounting to RM150,000 and above, from 1 January 2023 to 30 December 2025
  - Reduce traffic congestion that affects tourist destination, among others:
    - build new roads from Habu to Tanah Rata, Cameron Highlands **(project cost of RM480 m)**
    - upgrade Jalan Tun Hamzah up to the intersection of Semabok Lebu AMJ Central Melaka District **(project cost of RM300 m)**
    - build Sungai Sepang road and bridge to connect Bukit Pelandok, Port Dickson and Sungai Pelek, Sepang **(project cost of RM160 m)**
    - Improve the highway network facilities to Pengerang by constructing an overtaking lane on the Senai Desaru Expressway
    - upgrading project of North-South Highway at Senai Utara-Sedenak, Johor Bahru from 4 to 6 lanes **(project cost of RM525 m)**

## Measure 7: Prioritising the Digital Agenda

1. Internet Connectivity for the Rakyat
  - Accelerating the implementation of Jalinan Digital Negara project (JENDELA)
  - Rural internet project (matching grant of RM25 m by TNB) **(RM50 m)**
  - National Fiberisation & Connectivity Plan (NFCP) **(RM700 m)**
2. Digitalisation of Business
  - 1DUN 1PEDi Program involving at least one PEDi in each DUN before end of 2023 and the role of the Digital Economy Center (PEDi) will be strengthened to help small entrepreneurs with ICT and e-commerce knowledge
  - Matching grant of **up to RM5,000 under the SME Digitalisation Grant Scheme (RM100 m)** – SMEs (RM90 m); small hawkers **(RM10 m)**



- Automation and Digital facilities for SMEs (ADF) by BNM **(RM1b)**
- 3. e-commerce **(RM53.5 m)**
  - eTRADE 2.0 **(RM1.5 m)**
  - Automation and Digitalisation: MARA's Business Digitalisation Program **(RM5 m)**
  - e-commerce ecosystem preparation program **(RM15 m)**
  - e-commerce adoption program **(RM12 m)**
- 4. Automation and Digitalisation: Digital Agriculture: DE AgTech **(RM10 m)**
- 5. MSME Digitalisation
  - e-Trans Phase II **(RM6 m)**
  - Second Chance Fund **(RM20 m)**
  - Industrial Digitalisation Transformation Scheme **(RM1 b)**
  - Sustainability and Green Business Financing Scheme (SGBF) **(RM16.5 m)**
  - Research Incentive Scheme for Entrepreneurship (RISE) **(RM5 m)**
  - MSC Malaysia Special Incentive (MCI) **(RM20 m)**
  - MSME Digitalisation Transformation Program **(RM1.2 m)**
- 6. Cybersecurity
  - Advanced cyber technology security assessment and testing capabilities development (CENTREACT) **(RM15 m)**
  - Malaysian cybersecurity empowerment program for SMEs **(RM8 m)**
  - Digital security and privacy certification **(RM8 m)**
  - Strengthening, monitoring, detection and reporting of cyber threats **(RM8 m)**
  - PPKS public sector cyber security assessment program implementation plan **(RM0.5 m)**
  - Strengthening cyber forensic systems capabilities **(RM15 m)**
  - Malaysia as a global data center hub **(RM15 m)**
  - Development of Modul Etika Siber Nasional (ESN) at school level and Cyber Ethics Readiness Index application (CERI) **(RM4 m)**
- 7. Funds and Grants
  - Khazanah National Impact Fund for digitization and high technology field, to focus on supporting startups and local human capital **(RM230 m)**
  - DE Rantau - Digital Adoption Matching Grant **(RM10 m)**
  - Technology Innovation Globalization Fund (TIG) **(RM15 m)**
  - Digital Content Fund to intensify the marketing of local art products and encourage the production of more creative works **(RM102 m)**

8. Human Capital
  - Empower Human Capital Creative Industry 2.0 **(RM3 m)**
  - Digital Freelancer and GIG Workers Training Program **(RM3 m)**
  - Digital Economy Human Capital Development **(RM15 m)**

## **Measure 8: Strengthening the Role of Government-Linked Companies and Agencies**

1. Cumulative investment value of Government Linked Companies **(RM50 b)**
2. Investment in local startups by GLIC such as Khazanah and EPF **(RM1.5 b)**
3. Investment by GLC in food security projects **(RM1.3 b)**
4. Tax deduction of up to RM1.5 m for listing expenses on the ACE or LEAP market extended up to the assessment year 2025
5. Expand tax deduction to include the cost of listing technology-based companies on Bursa Malaysia Main Market
6. Expand capital funding opportunities and attract local talents in highly innovative sectors
  - Malaysia Coinvestment Fund (MyCIF) Matching Fund **(RM40 m)**
  - Facilitate the creation of more secondary markets for private market instruments
  - Allow the issuance of dual-class shares and guideline will be issued by the SC
  - Venture Capital Fund through MAVCAP, Kumpulan Modal Perdana and Ekuinas **(RM136 m)**
  - Cradle Fund **(RM50 m)**
7. Corporate Social Responsibility by GLC and GLIC
  - Corporate social contribution for the hardcore poor **(RM250 m)**
  - Kuala Lumpur Green Belt and Heritage - Sultan Abdul Samad Building and Carcosa Sri Negara
  - Establishment of National Heritage Fund by Khazanah Nasional Berhad **(RM700 m)**
  - Local – focused gentrification projects to raise the potential of historical and cultural assets by ThinkCity and to increase the habitability of public housing in Kuala Lumpur **(RM30 m)**
  - To preserve world heritage sites recognised by UNESCO at the states of Melaka and Penang **(RM50 m)**



## Combating Inequality through **SOCIAL JUSTICE**

### Measure 9: Eradicating Hardcore Poor

1. Cash Assistance and People's Income Initiative
  - Implementing People's Income Initiative (IPR) **(RM750 m)**
  - Monthly assistance for hardcore poor under the Social Welfare Department **(RM400 m)**
  - Whitelisting of recipients is expedited for the Government monthly assistance by combining the efforts and databases of e-Kasih ICU and JKM
2. Role of the State Governments
  - Sabah and Sarawak to use part of the petroleum revenue proceeds for hardcore poverty-eradicating programs
  - Kelantan and Terengganu Wang Ehsan will be channelled to help the poor
3. UNDP **(RM10 m)** and the All Party Parliamentary Group Malaysia (APPGM) **(RM20 m)** includes the community garden program
4. Rural development projects and poverty eradication programs **(RM3.9 b)**
5. Child Assistance **(RM408 m)**
6. General assistance (Kuala Lumpur, Putrajaya & Labuan) **(RM11.2 m)**

### Measure 10: Minimising Cost of Living

1. Government will provide up to RM64 b through subsidies, assistance and incentives
2. Payung Rahmah Concept
  - Rahmah Menu Campaign with lunch and dinner sets at RM5
  - Jualan Rahmah offers essential goods that are up to 30% cheaper than the market price involving 222 parliamentary constituency **(RM100 m)**

- Community Drumming Program's allocation increased from RM25 m to **RM225 m**
    - Subsidise the cost of transportation and distribution for basic necessities namely rice, cooking oil, liquefied petroleum gas, petrol and diesel
    - Expand the essential goods distribution program to 25 new zones including Paloh and Passin, Sarawak; Pasir Raja, Terengganu, and Kuala Krai, Kelantan
  - Cooking Oil Stabilisation Scheme (COSS) program and upgrading the eCOSS system (**RM502 m**)
  - Price Standardisation Program in Sabah, Sarawak and Labuan (**RM40 m**)
  - RM200 e-Tunai Belia Rahmah credit to 2 million youth aged 18 to 20 (**RM400 m**)
3. Rahmah Cash Assistance (STR) benefiting almost 9 million recipients through an allocation of almost **RM8 b**
- Improvements:
    - New category: Households with over 5 children.
    - Special assistance for single senior citizens (RM600) and single (RM350)
    - Bakul Rahmah Assistance consists of basic items such as rice, sugar, cooking oil, flour, condensed milk, mihun and eggs **or** voucher worth RM100 every month for a period of 6 months to each head of the hardcore poor household
  - Family classified as the hardcore poor are eligible to receive assistance up to a maximum of RM3,100

Basic Rate Household	No. of Recipients	Number of Children			
		0	1-2	3-4	≥5
<RM2,500	3.3 m	RM1,000	RM1,500	RM2,000	RM2,500
RM2,501 – RM5,000	0.9 m	RM500	RM750	RM1,000	RM1,250
Special Assistance					
Single Senior Citizen	1.1 m	RM600			
Single (<60 tahun)	3.4 m	RM350			
Additional Rate					
Hardcore Poor	0.4 m	RM600			

4. Aid for Paddy Farmers and Rubber Smallholders
- Subsidy and incentives on the price of rice, rice fertilizer, upland rice paddy fertilizer (**RM1.6 b**)
  - Cash assistance of RM200 per month for 3 months to paddy farmers (**RM228 m**)

- Benefits 240,000 paddy farmers.
  - BERNAS
    - **RM60 m** contribution to help poor paddy farmers
    - To share **30%** of their net profit from rice imports to paddy farmers
  - Rubber Production Incentive (IPG) – activation pricing level is increased from RM2.50 to RM2.70 per kilogram (**RM350 m**)
  - Smallholder Rubber Cultivation Area Development Program (**RM315.5 m**)
    - Rubber tree replanting
    - Benefits 380,000 rubber smallholders
  - Monsoon Season Aid (**RM256 m**)
    - The rate increased from RM600 to RM800 for 4 months (November, December, January and February)
    - Benefit 320,000 rubber smallholders
  - Cuplump Modified Bitumen (CMB) for road maintenance (**RM50 m**)
  - Fishermen productivity improvement program and fishermen facility project (**RM18.3 m**)
  - Continuation of the Rubber Industry Transformation Project (TARGET) (**RM15 m**)
  - Allocation to FELDA, FELCRA and RISDA (**RM2.6 b**)
5. M40 Disposable Income
- Income tax rates reduction (**RM900 m**)
  - Income tax rate revision for 3 chargeable income bands
  - Benefits approximately 2.4 million taxpayers with excess disposable income of up to RM1,300 per year
  - Individuals earning between RM100,000 to RM1 million will be subject to a tax rate increase ranging from 0.5% to 2%. However, under the restructuring of this tax rate, only those with an income of more than RM230,000 will pay higher tax, which involves less than 150,000 taxpayers.

Taxable Income	Tax Rate
RM35,001 – RM50,000	8% to 6%
RM50,001 – RM70,000	13% to 11%
RM70,001 – RM100,000	21% to 19%
RM100,001 – RM250,000	24% to 25%
RM250,001 – RM400,000	24.5% to 25%
RM400,001 – RM600,000	25% to 26%
RM600,001 – RM1,000,000	26% to 28%

## 6. Food Security

- BNM's Agrofood Financing Scheme (AF) offers loans of up to RM5 m at a rate of 3.75%, which includes guarantee fees, with a repayment period of up to 8 years **(RM1 b)**
- Co-operative Societies Commission Revolving Fund for basic necessities supply, empowerment of co-operative supply chains, business development programs by the Malaysian Cooperative Commission **(RM100 m)**
- Accelerated Capital Allowance claim and income tax exemption of 100% on qualifying capital expenditure for equipment automation
  - Scope of automation includes the adaptation of Industry 4.0 elements;
  - Targeted to the manufacturing, services, and agriculture sectors; and
  - The limit of capital expenditure is coordinated and increased up to RM10 m
- Precision Farming and agricultural sustainability **(RM9.4 m)**
- Intergrated Agriculture Development Areas (IADA) by the Perak Agriculture Department **(RM17.3 m)**
- Agricultural pilot project: High Value Herbal Product Research Scheme Grant **(RM21.4 m)**
- Rubber Cluster Planting Project (Sabah) – Phase 2 **(RM50 m)**
- *Program Pembangunan Semula Hasil Baharu* **(RM40 m)**
  - Supplementary sources of income through short-term food crops and livestock
  - Benefit 4,000 farmers
- Oil palm plantations
  - Malaysian Sustainable Palm Oil Certification Program (MSPO) for Independent Oil Palm Smallholders **(RM40 m)**
  - MSPO Incentives **(RM30 m)**
  - Intensify the efforts to promote and counter anti-palm oil campaigns at a global level **(RM10 m)**
- The implementation of multi-tiered levy for foreign workers and additional levy proceeds to employers who undertake automation initiative.
- Latex Production Incentives and development of a more efficient latex supply business model **(RM23.4 m)**
- Cocoa Development Program **(RM22.6 m)**
- Domestic corn grain farming involves 70 acres of LTAT's land

## 7. Tax Incentives

- Tax incentives for food production projects is expanded to include agricultural projects based on Controlled Environment Agriculture and the incentives application period is extended

- Income tax exemption rate on statutory income of BioNexus status company be increased to 100% and the incentives application period is extended
- 8. Accelerated Capital Allowance and income tax exemption for chicken farmers who adopt the closed coop system from assessment year 2023 to assessment year 2025
- 9. AgTech Digital Program by MDEC - Expanded to 264 Regional Farmer Organizations nationwide **(RM20 m)**
- 10. Idle lands of up to 800 acres owned by FELDA, FELCRA, RISDA, and other Ministry of Agriculture and Food Security (MAFS) agencies will be used for food agriculture projects
- 11. Collaborations with several State Governments to implement agro-food projects **(RM30 m)**
- 12. Upgrade irrigation and drainage **(RM126.8 m)**
- 13. Investment Fund and Financing by Agrobank
  - Agrofood Financing Fund – Working capital financing facilities for agricultural SMEs **(RM550 m)**
  - Agrofood Value Chain Modernisation Programme **(RM60 m)**
- 14. Khazanah Nasional Berhad's Dana Impak – Increasing the income and productivity of smallholders **(RM200 m)**
- 15. Modernization and Empowerment of the Pineapple Industry **(RM29 m)**
- 16. Incentives to farmers for integrated crop pest management (IPM) and GAP certification –non-chemical pesticide free **(RM5 m)**
- 17. MAFS will pioneer a sustainable agriculture project that utilises organic fertilizers **(RM5 m)**

## **Measure 11: Ensuring Harmony and Unity**

1. Development of Sabah and Sarawak
  - Benefit greatly from development allocation - Sabah **(RM6.5 b)** and Sarawak **(RM5.6 b)**
  - Accelerate the implementation of Sabah Pan Borneo highway and Sarawak- Sabah Link Road **(RM20 b)**
  - Develop cities bordering Kalimantan, Indonesia **(RM1 b)**
  - Implement public infrastructure projects, including projects for road, street lighting, water and electricity supply **(RM2.6 b)**
  - Increase clinic facilities, bank and mobile courts **(RM30 m)**
  - Expedite the implementation of projects by delegating approval authority for Federal project procurement to the Technical Department in Sabah and Sarawak up to RM50 m
2. Home Affairs & Defense – The Ministry of Home Affairs (KDN) **(RM18.5 b)** and KEMANTAH **(RM17.7 b)**

- To enhance the country's level of defense and maritime control, the Government agreed to approve the acquisition of 3 Littoral Mission Ships (LMS) at a cost of RM2.4 b
  - Maintaining and purchasing ATM assets **(RM4.1 b)**
  - Sabah, Sarawak & Semenanjung Border Control Development **(RM1.1 b)**
  - Additional 36 PGA police border control posts, 3 Immigration posts and 3 ESSCOM posts
  - Procurement of over 2,100 units of Body Worn Camera for PDRM
  - Construction of Perak Contingent Police New Headquarter and police quarters **(RM450 m)**
  - Maintenance of Rumah Keluarga Angkatan Tentera (RKAT) **(RM317 m)**
  - Build more than 7,000 affordable housing under the Satu Anggota Satu Rumah Program in KL
  - Repair the residential quarters and institutions under PDRM **(RM232 m)**
  - Empower local communities for border control **(RM20 m)**
  - Uniform assistance for Uniform Bodies **(RM7.9 m)**
  - Second Career Program for ATM veterans through collaboration with LTAT involves a guarantee for 5,000 retired ATM veterans this year to be matched with jobs or given skills training to generate income
  - The Veteran Affairs Department together with other Government agencies to offer 5 courses, including drone operation, cyber security, and aircraft maintenance of 3 months
  - Maintenance of prison facilities **(RM18.5 m)**
  - Program Menyemai Kasih Sayang (MEKAR) **(RM5 m)**
3. Syiar Islam
- Allocation related to Islamic affairs **(RM1.5 b)**
  - Repair rakyat Islamic school, Tahfiz school and registered pondok institutions **(RM150 m)**
  - Increase allowance for 35,000 KAFA teachers by RM100 to RM1,100 **(RM40 m)**
  - RM600 special payment to iman, bilal, tok siak, noja, marbut, KAFA teachers and takmir teachers **(RM40 m)**
4. Sports and Culture
- Sports*
- Matching grant to encourage private sector's sponsorship of sports, particularly sports that promote unity, national-level sport tournaments and sports reality programmes **(RM50 m)**



- Funds to improve training programs and sports facilities **(RM324 m)**
  - Develop a comprehensive sports ecosystem from talent search to podium events
  - Maintenance and upgrading of sports facilities throughout the country
- Support sports events such as Healthy Malaysia National Agenda, National Sports Day and Jelajah Fit Malaysia **(RM25 m)**
- Organizing leisure and healthy lifestyle Fit@Komuniti Rakyat Housing Project involves various age groups **(RM1.5 m)**
- Funds for the National Athlete Welfare Foundation (YAKEB) starting 2023 **(RM5 m)**
- Tax deduction of up to 10% of aggregate income for individuals or companies that contribute to non-profit organizations that implement sports development programme at the grassroots level.

*Cultural Arts, Creative Works and Language*

- Tax deductions for contributions made to the Tabung Komuniti Filem and National Film Development under FINAS
- Exemption from import duty and sales tax on studio and filming production equipment
- Translation of Masterpieces and high quality publications by Dewan Bahasa dan Pustaka **(RM20 j)**
- Print 1 mil copies of the Al-Quran by Yayasan Restu **(RM10m)**

5. Unity

- Various Unity Programs **(RM10 m)**
- Ini Warisan Kita **(RM10 m)**
- Nusa Citra @ Muzium **(RM5 m)**
- Funds to stimulate cultural and artistic activities at the community level **(RM25 m)**
- Gotong-royong Program in schools nationwide **(RM20 m)**

6. Community and Religion

- Monthly allowance for imams, KAFA teachers and Takmir teachers **(RM724.2 m)**
- RM600 one-off special payment to 70 thousand KAFA teachers, Takmir teachers, imams, bilals, siak, Noja and Marbut **(RM40 m)**
- Allowance to the Head of the Kampung Baru **(RM12.8 m)**
- Rukun Tetangga Grant **(RM50 m)**
- Maintenance and repair of non-Muslim houses of worship nationwide **(RM50 m)**

## Measure 12: Providing Quality Basic Amenities

1. Federal Grant to the State Governments based on Tahap Pembangunan Ekonomi, Infrastruktur dan Kesejahteraan Hidup (TAHAP) allocation increased by RM70 m **(RM400 m)**
2. Transportation sector
  - My50 monthly pass initiative to benefit around 180,000 commuters **(RM115 m)**
  - Introduction of MYBAS50 Unlimited Travel Pass to benefit the Rakyat of Johor Bahru who use the stage bus service under the Stage Bus Service Transformation Program (SBST)
  - Expand the implementation of the SBST Program including Malacca town, Kuching, Kota Kinabalu and Kuala Terengganu (Phase 2) **(RM150 m)**
  - Wheelchair ramp facilities at 7 airports in Sabah and Sarawak and benefit 2,300 wheelchair users who fly with MASWings **(RM0.75 m)**
  - Review the details and costs of the Mass Rapid Transit 3 (MRT3) Project
  - Air transportation subsidy for Sabahan and Sarawakian **(RM209 m)**
  - Subsidy for operating cost of less economical train services in the eastern region **(RM33 m)**
  - New ferry between Pekan Pengkalan Kubor and Pekan Takbai, Narathiwat, Thailand **(RM9 m)**
  - Transformation Fund Program and stage bus service transformation **(RM230 m)**
  - Free driver's license test fee for B2 class motorcycles, taxi, bus and e-hailing licenses fee **(RM4.7 j)**
  - Expansion and review of excise duty and sales tax exemption on sale/transfer /private use/disposal of individually owned taxis and hired cars
3. Education – Allocation for Ministry of Education **(2023: RM55.2 b; 2022: RM52.6 b)**
  - Conducive and safe school learning space **(RM2.3 b)**
    - School maintenance and repair work **(RM900 m)**
    - Upgrade buildings and infrastructure in 380 dilapidated schools, primarily in Sabah and Sarawak **(RM920 m)**
    - Replace worn-out dormitory and classroom furniture and equipment
  - Construction of seven new schools **(RM560 m)**
    - SMK Nabalu, Sabah
    - SMK Dudong, Sarawak

- SK Paya Dusun, Terengganu
- SK Cyberjaya 2, Selangor
- SMK Denai Alam, Selangor
- SMK Johan Setia, Selangor
- SK Setia Alam 2, Selangor
- Increase the rate of Rancangan Makanan Tambahan (RMT) from RM2.50 to RM3.50 (Peninsular Malaysia) and from RM3.00 to RM4.00 (Sabah and Sarawak) which benefits 700,000 students, increased from RM625 m to **RM777 m**
- The rate of Bantuan Makan Prasekolah (BMP) under the Ministry of Education has been raised from RM2 to RM3 for Peninsular Malaysia and from RM2.25 to RM3.25 for Sabah, Sarawak, and Labuan (**RM108 m**)
- Supply 50,000 laptops to MOE's schools and educational institutions (**RM38 m**)
- RM10 stamp duty is extended to cover educational loan/scholarship agreements for employment for all levels in educational and training institutions completed from 1 June 2023
- Extension of tax relief of up to RM3,000 for sending children to TASKA or TADIKa until assessment year 2024
- 4. Higher Education Sector – Allocation for Ministry of Higher Education (**2023: RM15.3 b; 2022: RM14.5 b**)
  - Repair infrastructure and replace outdated equipment that is no longer economical at IPTAs (**RM436 m**)
  - Fund to improve the internet connectivity in higher education institutions in Malaysia under the Malaysian Research & Education Network program (MYREN) (**RM35 m**)
  - Promote R&D activities under the Ministry of Higher Education and the Ministry of Science, Technology and Innovation (MOSTI) (**RM428 m**)
    - Additional allocation for MOHE to promote translational R&D that is more beneficial to solving community and industry issues (**RM50 m**)
    - R&D grants specifically for the production of national vaccines to MOSTI (**RM15 m**)
  - Educational facilities for Bumiputera children (**RM6.6 b**)
    - Through Majlis Amanah Rakyat (MARA), Yayasan Peneraju and Universiti Teknologi MARA
    - Access to education loans and opportunities to pursue professional fields
  - Upgrade and maintain public university facilities (**RM300 m**)
  - Government will coordinate with MNCs to provide internship opportunities and students are allowed to serve their scholarship bonds with the said companies

- Standardization of stamp duty rates for education loan agreements
  - RM10 for educational loan agreement at certificate or professional level as charged to diploma students and above
- PTPTN
  - Discount up to 20% on PTPTN loan repayments for a period of three months starting from 1 March 2023
  - Defer repayment for a period of 6 months to borrowers with a monthly income of RM1,800 and below. Applications for this postponement can be made starting from 1 March 2023.
- Agenda to empower TVET through 7 main Ministries **(RM6.7 b)**
- Skills Development Fund Corporation (PTPK) **(RM180 m)**
- 5. Healthcare – Allocation for Ministry of Health **(2023: RM36.3 b; 2022: RM32.4 b)**
  - Medicines, reagents, vaccines and consumables procurements **(RM4.9 b)**
  - New permanent and contract appointments for over 1,500 medical officers, dentists, and pharmacists **(RM3 b)**
  - Procurement of generators to 10 hospitals **(RM10 m)**
  - Procurement procedures for public infrastructure
    - Replacement of obsolete medical equipment **(RM100 m)**
    - Procurement and maintenance of medical equipment in all Government clinics under the Medical Equipment Enhancement Tenure (MEET) – QMSSB **(RM160 m)**
  - Mobile Health Clinics
    - Mobile health clinics with an extension to cancer screening - Teaching Hospital **(RM10 m)**
    - Dental **(RM10.6 m)**
  - Madani Medical Scheme and Health Card for the B40 Group **(RM120 m)**
  - Peduli Kesihatan Scheme for the B40 group (PEKA B40) including diabetes screenings **(RM80 m)**
- Rare Disease
  - Allocation for rare disease treatment cost **(RM25 m)**
  - Establish Trust Account for Rare Disease Treatment
    - Tax deduction equals to the amount of contribution to the fund
- Mamogram subsidy and Cervical Cancer Screening Program **(RM11.5 m)**
- Pilot project for cervical cancer screening using a new method (PCR) under the ROSE Foundation in collaboration with the University of Malaya and the University of Malaysia Sarawak.
- Construction of women and children's block with a capacity of 476 beds to reduce overcrowding at Melaka Hospital **(RM700 m)**

- Upgrading of 26 hospitals including expansion of
  - Kuala Kangsar Hospital, Perak
  - Jelebu Hospital, Negeri Sembilan
  - Pontian Hospital, Johor
- Tax relief limit on medical treatment expenditure is increased from RM8,000 to RM10,000 from assessment year 2023
  - The scope of relief also covers rehabilitation treatment costs for children with learning disabilities such as Autism, Down Syndrome, and Specific Learning Disabilities, up to a limit of RM4k
- Procurement of 10 units of 3D denture printing machines to reduce the frequency of a patient's visit to Government dental clinics from 5 times to only 2 times **(RM10 m)**
- The implementation of diagnostic studies and clinical trials of cervical and colon cancer through the use of artesunate to the University of Malaya towards production of affordable medicine and treatment for all **(RM5 m)**
- Establishment of a National Centre of Excellence for Mental Health (NCEMH) **(RM34.5 m)**
- Mental health wellness improvement program through MyMYNDA
- Import duty exemption and sales tax on nicotine replacement therapy
- Charitable hospitals registered as Company Limited by Guarantee be given income tax exemption equivalent to the amount of charitable expenditure incurred.
- Tax deduction of up to 10% of aggregate income to the donor to charitable hospitals

## 6. Housing Sector

- Public Housing Maintenance
  - WPKL Low Cost Public Housing Maintenance **(RM200 m)**
  - Malaysian Housing Maintenance Fund (TPPM) **(RM44.4 m)**
  - State Low Cost Public Housing Maintenance (PPP) **(RM46 m)**
  - Upgrading and maintenance work of Kampung Baru Cina **(RM25 m)**
  - Maintenance work of PPR Lift **(RM50 m)**
    - Quotation limit for elevator maintenance and repair work has been raised to RM1.2 million instead of RM500,000
  - Free internet access in 56 selected PPRs
- Stamp duty exemption for first-time home ownership
  - Full stamp duty exemption for houses valued at RM500,000 and below until the end of 2025
  - The stamp duty exemption rate will be increased from 50% to 75% for houses valued from RM500,001 to RM1 m until 31 December 2023

- Rakyat Housing Program and Rakyat Rental Housing Program **(RM389.5 m)**
- Mesra Rakyat Housing Program **(RM358 m)**
- Malaysia Public Housing Project **(RM463 m)**
  - Construction of 23k units
- Renovate rural houses **(RM460.2 m)**
  - Increase in the ceiling price of new home building assistance from RM56,000 to RM66,000 per unit (Peninsular Malaysia) and from RM68,000 to RM79,000 per unit (Sabah, Sarawak and Labuan).
  - Increase in the ceiling price of home repair assistance from RM13,000 to RM15,000 per unit (Peninsular Malaysia) and from RM15,000 to RM17,000 per unit (Sabah, Sarawak and Labuan).
- Collaborative projects with civil society/NGOs through matching grants **(RM100 m)**
  - Rural Water Project **(RM15 m)**
  - Rural Electrification Project **(RM15 m)**
  - Health and Nutrition Screening Project **(RM10 m)**
  - Education Project **(RM15 m)**
  - Income-generating Project **(RM30 m)**
  - Conservation of Flora and Fauna Project **(RM5 m)**
  - Social Enterprise Development Program **(RM10 m)**
- Duty stamp on the instruments of transfer of property be fully exempted, limited to the first RM1 million of the property's value and given 50% remission on the stamp duty imposed. For instrument of transfer of property executed from 1 April 2023.
- Syarikat Jaminan Kredit Perumahan (SJKP) - The value of the guarantee is increased up to **RM5 b** with the following improvements:

Guarantee Terms	
Guarantee Limit	<ul style="list-style-type: none"> <li>• Up to RM500,000</li> </ul>
Tiered Guarantee Fees	<ul style="list-style-type: none"> <li>• 0.25% per annum up to RM300,000 and</li> <li>• 0.5% per annum for amounts exceeding RM300,000 up to RM500,000</li> </ul>

## 7. Social Protection

- The Government will require all its own employees to contribute under Self-Employment Social Security Scheme (SKSPS) in stages and will also apply to platform providers who have operating licences under MOT and KKD.

- PERKESO
  - 80% of the SOCSO contribution value will be borne by the Government to protect and to encourage self-employed to contribute **(RM100 m)**
    - Benefit more than 731 thousand employees
  - SOCSO Health Screening Program on matching grant basis **(RM70 m)**
  - TVET apprenticeship & Graduate Employment Program **(RM50 m)**
  - Career Building Program for informal gig workers **(RM60 m)**
  - MYFutureJobs, Satellite Centre and Career Fairs **(RM10 m)**
  - Creation of additional protection through LINDUNG+ Program
    - Collaboration with private insurance providers
    - Provides additional social security protection plans beyond the scope of protection under SOCSO such as income protection above RM5,000, medical treatment as well as protection for chronic diseases that are not considered infirmities
- KWSP
  - Review of tax relief for mandatory/voluntary contributions to approved schemes/EPF and life insurance premiums or life takaful or additional voluntary contributions to EPF
  - Raise the EPF voluntary contribution limit from RM60k to RM100k
  - Extension of i-Saraan in 2023 **(RM30 m)**
    - The Government contributes 15% on top of voluntary contributions
    - Limited to maximum RM300 per year
    - Benefit more than 100 thousand contributors
  - Scope of tax relief for life insurance premiums or life takaful contributions is expanded to include voluntary contributions to EPF up to RM3,000
  - Government's Contribution to EPF Account 1 **(RM1 b)**
    - The Government will contribute RM500 to EPF members aged between 40 to 54 years old with EPF saving of less than RM10,000
    - Benefits almost 2 million EPF members
- 8. Increase the maximum investment limit of Amanah Saham Bumiputera (ASB) and ASB2 from RM200k to RM300k
- 9. Increase the size of Amanah Saham Malaysia (ASM) fund to RM5 b
- 10. Enhance Program Menyemai Kasih Rakyat (MEKAR) **(RM5 m)**
- 11. Civil servants
  - Maintain the proposal to increase the early redemption of GCR up to 50%, equivalent to a maximum of 90 days
  - Aidilfitri Special Financial Assistance of RM700 to all civil servants Grade 56 and below, including contract appointments

- Aidilfitri Special Financial Assistance of RM350 to Government pensioners
- Childcare fee subsidy of RM180 per month and eligibility limit increased from RM5,000 to RM7,000

## 12. Key Communities

- Women and Children
  - Gender Focal Team will be established in each Ministry and Agency to ensure that budget preparation is formulated based on gender's need
  - Women leadership - Special training program by the SC to enhance skills, identify and increase the number of qualified women to be appointed as Board Members
  - Local Social Support Center **(RM8.3 m)**
  - Women Empowerment: Implementation of the Sexual Harassment Act through the establishment of a Tribunal and Advocacy Program **(RM10 m)**
  - Training and Professional Certification for Postnatal Maternal Caregivers – **MamaCare (RM5 m)**
  - 2-Year Exit Policy Program that will benefit 300 women entrepreneurs **(RM1 m)**
  - Women Business Financing Fund **(RM235 m)**

Agency	Program/ Scheme	Fund Size (RM m)	Financing Terms
BSN	Mikro Kasih: MikroNita	100	Interest: 4% Size: Up to RM50,000 Duration: Up to 5.5 years (including moratorium for the first 6 months)
TEKUN	Tekunita	20	Interest: 4% Size: Up to RM100,000 Duration: Up to 10 years
MARA	DanaNITA	15	Interest: 3.5% Size: Up to RM150,000 Duration: Up to 10 years
Bank Rakyat	BR Plus: i-Biz Lady	100	Interest: BFR + 1% Size: Up to RM1 m Duration: Up to 7 years

- Diversion Program: Community-Based Rehabilitation for Juvenile Offenders **(RM1 m)**
- Establish a Children Development Department under JKM to provide more comprehensive support services to children



- Children Financial Assistance **(RM1.8 m)**
- Operating grant for Rumah Tunas Harapan (RTH) **(RM1.6 m)**
- Operating grant for Jawatankuasa Kebajikan Kanak-Kanak (PKKK) **(RM0.6 m)**
- Operating grant for Child Protection Teams (PPKK) **(RM0.7 m)**
- Operating grant for Children Activity Center (PAKK) **(RM1.8 m)**
- Community childcare centres subsidy **(RM0.5 m)**
- Private childcare centres fee assistance subsidy **(RM3.2 m)**
- Subsidy for childcare fees for households with a per capita income of less than RM800 who send their children to registered childcare centres **(RM3.6 m)**
- The Government encourages employers to provide childcare facilities in their offices by streamlining the guidelines for childcare centres
- Extension of tax incentives for childcare allowances and the cost of setting up childcare centres in the workplace
- Facilitate the registration process and start the legalization program of unregistered nurseries and childcare centres nationwide **(RM15 m)**
- Build 80 KEMAS nurseries and childcare centres, including 13 new projects
- Exemption of excise duty on infant and children's formula milk to ensure reasonable prices in the market
- Community Feeding Program specifically for Orang Asli's children to address malnutrition problem **(RM3 m)**
- Senior Citizens
  - Socioeconomic Assistance for Senior Citizens and Senior Citizens Financial Assistance **(RM900 m)**
  - Implementation of Senior Citizens Activity Centres (PAWE) and Older Person Care Unit (UPWE) **(RM8.7 m)**
  - Operating grant for private care institutions for senior citizens, children and persons with disabilities handled by NGOs **(RM21.2 m)**
- Orang Asli
  - Allocation for Orang Asli **(RM305 m)**
  - Orang Asli commercial replanting project **(RM15 m)**
    - Involves 19 areas of rubber and oil palm plantations and skill training
    - Benefits 2,100 Orang Asli, including those in Kemaman, Terengganu; Bera, Pahang; and Gua Musang, Kelantan
  - Orang Asli Entrepreneurship Development Program **(RM2 m)**
    - Business equipment assistance and entrepreneurship guidance for 550 Orang Asli

- Sponsorship of at least 10 Orang Asli children by Yayasan under a Government-Linked Investment Companies to study abroad
- Persons with Disabilities
  - Assistance for persons with disabilities **(RM1 b)**
    - Allowance for disabled workers **(RM542 m)**
    - Allowance for persons with disabilities who are incapable of work **(RM346 m)**
    - Assistance for carers of bed-ridden disabled and chronically ill (BPKT) **(RM170 m)**
  - Financial Assistance for Persons with Disabilities **(RM0.63 m)**
  - Special Allowance for Children in Community-based Rehabilitation Centers (PDK) **(RM109 m)**
  - 1 OKU 1 Business Scheme is enhanced through fee exemption for registration and business license renewals with SSM
  - Free fare for train services for persons with disabilities and students from Standard 1 to Form 6 **(RM4 m)**
  - Special incentives for the establishment of 50 new nurseries for the disabled compared to the existing 13 nurseries **(RM5 m)**
  - Supply of teaching equipment and improvement of facilities in schools with special needs **(RM20 m)**
- National Healthy Malaysia Agenda **(RM15 m)**
- National Sports Day and Jelajah Fit Malaysia **(RM10 m)**
- Veterans
  - Strategic collaboration among LTAT, MAFS & KEMENTAH for the Grain Corn Agriculture Pilot Project
  - Reskilling & Upskilling Program for ATM Veterans by the Department of Veteran Affairs (JHEV) in collaboration with the Department of Skills Development (JPK) & MYTVET Malaysia Association **(RM5 m)**
  - Second Career Program for ATM Veterans with LTAT and government-linked companies
  - Special relaxation of veteran housing loans repayment under LPPSA
- Prisoners
  - Empowerment of Community Rehabilitation Program - Expansion of Agropenjara initiative **(RM10 m)**
  - Health Examination for Detained Persons (OKT) by Private Medical Practitioners **(RM10 m)**

# **Appendix II**

## **Tax Measures**

### **Budget 2023**



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## APPENDIX 1

# Review of Resident Individual Income Tax Rate

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### Current Position

The resident individual income tax rate is progressive between 0% and 30% on chargeable income. The income tax rate effective from the year of assessment 2021 is as follows:

Chargeable Income (RM)	Tax Rate (%)
0 - 5,000	0
5,001 - 20,000	1
20,001 - 35,000	3
35,001 - 50,000	8
50,001 - 70,000	13
70,001 - 100,000	21
100,001 - 250,000	24
250,001 - 400,000	24.5
400,001 - 600,000	25
600,001 - 1,000,000	26
1,000,001 - 2,000,000	28
Over 2,000,000	30

The income tax rate for non-resident individuals is 30%.

### Proposal

In dealing with high cost of living and to increase disposable income among middle-income *Rakyat*, it is proposed the resident individual income tax rate be reduced by 2 percentage points for each chargeable income band between RM35,001 to RM100,000.

To make the individual income tax structure more progressive, it is proposed the income tax rate for resident individuals at the chargeable income band of RM100,001 to RM250,000 be increased by 1 percentage point, while the chargeable income band of between RM250,001 to RM400,000 be increased by 0.5 percentage points. The two chargeable income bands are combined and subject to a tax rate of 25%.

For the chargeable income band between RM400,001 to RM600,000, the tax rate is proposed to be increased by 1 percentage point from 25% to 26%. Meanwhile, the chargeable income band between RM600,001 to RM1 million will be increased by 2 percentage points and will be combined with the RM1,000,001 to RM2 million band and subject to the tax rate at 28%.

A comparison of the current individual income tax rate and the proposed tax rate are as follows:

<b>Chargeable Income (RM)</b>	<b>Current Tax Rate (%)</b>	<b>Proposed Tax Rate (%)</b>
0 - 5,000	0	0
5,001 - 20,000	1	1
20,001 - 35,000	3	3
<b>35,001 - 50,000</b>	<b>8</b>	<b>6</b>
<b>50,001 - 70,000</b>	<b>13</b>	<b>11</b>
<b>70,001 - 100,000</b>	<b>21</b>	<b>19</b>
<b>100,001 - 250,000</b>	<b>24</b>	<b>25</b>
<b>250,001 - 400,000</b>	<b>24.5</b>	<b>25</b>
<b>400,001 - 600,000</b>	<b>25</b>	<b>26</b>
<b>600,001 - 1,000,000</b>	<b>26</b>	<b>28</b>
1,000,001 - 2,000,000	28	28
Over 2,000,000	30	30

The savings and increase in income tax for individuals resulting from the changes of tax rate are as follows:

Chargeable Income (RM)	Current		Proposed			
	Tax Rate (%)	Tax Payable (RM)	Tax Rate (%)	Tax Payable (RM)	(Tax Savings)/ Additional	
					(RM)	(%)
0 - 5,000	0	0	0	0		
		0		0	**	**
5,001 - 20,000	1	150	1	150		
		150		150	**	**
20,001 - 35,000	3	450	3	450		
		600		600	**	**
35,001 - 50,000	8	1,200	<b>6</b>	900		
		1,800		1,500	(300)	-16.7
50,001 - 70,000	13	2,600	<b>11</b>	2,200		
		4,400		3,700	(700)	-15.9
70,001 - 100,000	21	6,300	<b>19</b>	5,700		
		10,700		9,400	(1,300)	-12.1
100,001 - 250,000	24	36,000	<b>25</b>	37,500		
		46,700		46,900	200	0.4
250,001 - 400,000	24.5	36,750	<b>25</b>	37,500		
		83,450		84,400	950	1.1
400,001 - 600,000	25	50,000	<b>26</b>	52,000		
		133,450		136,400	2,950	2.2
600,001 - 1,000,000	26	104,000	<b>28</b>	112,000		
		237,450		248,400	10,950	4.6

Chargeable Income (RM)	Current		Proposed			
	Tax Rate (%)	Tax Payable (RM)	Tax Rate (%)	Tax Payable (RM)	(Tax Savings)/ Additional	
					(RM)	(%)
1,000,001 - 2,000,000	28	280,000	28	280,000		
		517,450		528,400	10,950	2.1
Over 2,000,000	30		30			

Note: \*\* not relevant

## Effective Date

From the year of assessment 2023.

## APPENDIX 2

# Review of Income Tax Relief for Medical Treatment Expenses

---

### Current Position

Income tax relief is given on medical treatment expenses of up to RM8,000 as follows:

- i. serious illness for taxpayer, spouse or child;
- ii. fertility treatment for taxpayer or spouse;
- iii. vaccination for taxpayer, spouse or child limited to RM1,000; and
- iv. full medical check-up including mental health check-up or consultation, COVID-19 detection test inclusive of the purchase of self-test kit for taxpayer, spouse or child limited to RM1,000.

### Proposal

To ease the financial commitment on early intervention for children with learning disabilities, it is proposed the scope of income tax relief for medical treatment expenses be expanded to include the intervention expenditure for Autism, Attention Deficit Hyperactivity Disorder (ADHD), Global Developmental Delay (GDD), Intellectual Disability, Down Syndrome and Specific Learning Disabilities limited to RM4,000 as below:

- i. diagnostic assessment certified by a medical practitioner registered with the Malaysian Medical Council (MMC); and
- ii. early intervention and rehabilitation programmes conducted by health profession practitioners registered under the Allied Health Profession Act 2016.

With the expansion of this scope, it is proposed that the amount of tax relief for medical treatment expenditure be increased from RM8,000 to RM10,000.

**Effective Date**

From the year of assessment 2023.

# Tax Relief on Voluntary Contribution to Employees Provident Fund

## Current Position

Individual income tax relief is given on contribution to approved provident funds such as Employees Provident Fund (EPF), takaful or life insurance premium payments. From the year of assessment 2022, the scope of individual income tax relief for EPF contributors is expanded to include self-employed voluntary contributors including civil servants under the pension scheme.

No.	Type of Contribution	Tax Relief
1.	Contribution to approved schemes or voluntary contribution to EPF (not including private retirement scheme) or contribution under any written law	Up to RM4,000
2.	Life insurance premium or takaful contribution or voluntary contribution to EPF	Up to RM3,000

For civil servants under the pension scheme not voluntarily contributing to EPF, income tax relief on takaful contribution or life insurance premium payment can be claimed up to RM7,000.

## Proposal

To further encourage voluntary contribution to increase savings in preparation for old age, it is proposed tax relief for life insurance premium or takaful contribution be restructured as follows:

No.	Type of Contribution	Tax Relief
1.	Mandatory contribution to approved schemes or voluntary contribution to EPF (not including private retirement scheme) or contribution under any written law	Up to RM4,000

No.	Type of Contribution	Tax Relief
2.	Life insurance premium or takaful contribution <b>or</b> additional voluntary contribution to EPF or both	Up to RM3,000

This new treatment is **applicable to civil servants under the pension scheme.**

### Effective Date

From the year of assessment 2023.



## APPENDIX 4

# Extension of Individual Income Tax Relief for Child Care Centre or Kindergarten Fees

---

### Current Position

Tax relief to individual taxpayers who enroll their children aged up to 6 years old in Child Care Centres (TASKA) registered with the Social Welfare Department or Child Care Centres (TADIKKA) registered with the Ministry of Education Malaysia has been increased to RM3,000 for the years of assessment 2020 and 2021. This income tax relief is extended until the year of assessment 2023 as announced in Budget 2022.

This relief can be claimed by either parent of the child.

### Proposal

To ease parents' financial burden in providing early education for children, it is proposed tax relief of up to RM3,000 be extended for a year.

### Effective Date

For the year of assessment 2024.

# Review of Income Tax Treatment for Micro, Small and Medium Enterprises

## Current Position

A company or Limited Liability Partnership (LLP) that has a paid-up capital of RM2.5 million and below with an annual sales turnover not exceeding RM50 million per year is categorised as Micro, Small and Medium Enterprises (MSME) and is subjected to income tax of 17% for the first RM600,000 of chargeable income. The remaining chargeable income is taxed at 24%.

## Proposal

To increase the competitiveness of MSME and promote economic growth, it is proposed the tax rate on chargeable income for the first RM150,000 be reduced by 2 percentage points from 17% to 15%, and the tax rate for the remaining taxable income be maintained at 17% and 24% as follows:

Chargeable Income	Current Tax Rate
First RM150,000	15%
RM150,001 to RM600,000	17%
RM600,001 and above	24%

## Effective date

From the year of assessment 2023.

## **Review of Tax Deduction on Cost of Listing in Bursa Malaysia**

---

### **Current Position**

In Budget 2020, tax deduction of up to RM1.5 million for 3 years of assessment from 2020 to 2022 is given on expenses incurred by technology-based companies for listing in Access, Certainty, Efficiency (ACE) Market and by Micro, Small and Medium Enterprises in the Leading Entrepreneur Accelerator Platform (LEAP) Market on the following expenses:

- i. fees to authorities;
- ii. professional fees; and
- iii. underwriting, placement and brokerage fees.

### **Proposal**

To further encourage more technology-based companies and Micro, Small and Medium Enterprises to expand their business by increasing capital funds through listing in Bursa Malaysia, it is proposed the treatment be reviewed as follows:

- i. the existing tax deduction of up to RM1.5 million on the cost of listing on the ACE and LEAP Markets is extended for a period of 3 years; and
- ii. this tax deduction is also expanded to include the cost of listing technology-based companies in Bursa Main Market.

### **Effective Date**

From the year of assessment 2023 until the year of assessment 2025.

## **Tax Deduction on Issuance Cost of Sustainable and Responsible Investment Linked Sukuk**

---

### **Current Position**

The Securities Commission Malaysia has introduced the framework on Sustainable and Responsible Investment Sukuk (SRI) which enables fundraising by companies through financing towards improving sustainability practices and supporting the transition to low carbon activities.

The framework on SRI-linked Sukuk aims to address a wider range of financing needs for companies at different stages of their sustainability journey, providing companies more opportunities for transition to net zero carbon targets and further meet the Government's desire to achieve net zero carbon emissions targets by 2050.

### **Proposal**

To provide an innovative Shariah-compliant financing and place Malaysia as a regional hub of SRI-linked Sukuk issuance, it is proposed tax deduction on the cost of issuing SRI-linked Sukuk that is approved or permitted or deposited with the Securities Commission Malaysia be given for a period of 5 years.

### **Effective Date**

From the year of assessment 2023 until the year of assessment 2027.

APPENDIX 8

# Stamp Duty Treatment for Transfer of Property by Way of Love and Affection

Current Position

Effective from 1 January 2019, stamp duty rate on the instrument of transfer of property as follows:

Sale Price/Market Value of Property (whichever is higher)	Stamp Duty Rate
First RM100,000	1%
Next RM100,001 to RM500,000	2%
Next RM500,001 to RM1,000,000	3%
Next RM1,000,001 and above	4%

Stamp duty remission of 50% is given on the instruments of transfer of property executed between parents and children of Malaysian citizenship.

Proposal

In order to reduce the cost of stamp duty for the transfer of property by way of love and affection between parents and children, grandparents and grandchildren, it is proposed duty stamp on the instruments of transfer of property be fully exempted, limited to the first RM1 million of the property's value. The remaining balance of the property's value is subject to *ad valorem* duty rate and is given 50% remission on the stamp duty imposed. This stamp duty treatment applies to the recipients who are Malaysian citizens.

Effective Date

For instrument of transfer of property executed from 1 April 2023.

## Stamp Duty Treatment for Educational Loan/Scholarship Agreement

---

### Current Position

Stamp duty on educational loan/scholarship agreement to pursue tertiary education level (diploma and above) at higher learning institutions is imposed at a fixed duty of RM10 pursuant to Item 22(4) of the First Schedule, Stamp Act 1949, whilst for other levels are charged at *ad valorem* rate.

### Proposal

To streamline stamp duty treatment for all levels of education, it is proposed the imposition of a fixed duty of RM10 be expanded to include educational loan/scholarship agreement to pursue education at all levels including certificate (education/skills/professionals) in any educational and training institutions.

### Effective Date

For educational loan/scholarship agreement executed from 1 June 2023.

## **Extension of Stamp Duty Exemption on Restructuring or Rescheduling of Loan/Financing Agreement**

---

### **Current Position**

Full stamp duty exemption is given on restructuring or rescheduling of loan/financing agreement between borrowers and financial institutions executed from 1 January 2022 until 31 December 2022 subject to the following conditions:

- i. the original loan/financing agreement has been duly stamped; and
- ii. restructuring or rescheduling of the loan/financing agreement does not have the element of additional value to the original amount of loan/ financing.

### **Proposal**

To reduce the cost of borrowing and to improve borrowers' cash flow, it is proposed that full stamp duty exemption on restructuring or rescheduling of the loan/financing agreement be extended for a period of 2 years.

### **Effective Date**

For restructuring or rescheduling of loan/financing agreement executed from 1 January 2023 until 31 December 2024.

## Special Tax Deduction for Expenditure on Malaysian-Made Handicraft

---

### Current Position

The hotel industry is known to assist in promoting the use of local handicraft products such as *songket* decorations, ceramic and wood-based products in hotel premises.

Tax treatment on the first purchase of qualifying asset is given capital allowance under Schedule 3, Income Tax Act 1967 while subsequent purchase for replacement of the asset valued less than RM2,000 is given tax deduction under Section 33, Income Tax Act 1967.

### Proposal

To encourage hoteliers to use Malaysian-made handicraft products to support the recovery of the local handicraft industry, it is proposed special tax deduction up to RM150,000 be given on qualified Malaysian-made handicraft purchased from local handicraft entrepreneur registered with Perbadanan Kemajuan Kraftangan Malaysia.

This deduction does not apply to expenditure that has been claimed under Section 33 or Schedule 3 of the Income Tax Act 1967.

### Effective Date

For qualifying handicraft products expenditure incurred from 1 January 2023 until 31 December 2025.



## **Expansion of Scope of Tax Deduction for the Employment of Inmate and Ex-Inmate of Henry Gurney School and Institutions Under the Social Welfare Department**

---

### **Current Position**

Remuneration paid to employees is given tax deduction for income tax computation purposes.

In Budget 2019, further tax deductions are given to companies that employ senior citizens and ex-convict. The scope of tax incentive has been expanded to include ex-drug dependants and convicts who are categorised as parolees and supervised persons subject to the following conditions:

- i. the employment is on a full-time basis;
- ii. the monthly remuneration does not exceed RM4,000;
- iii. the employer and employee are not the same person; and
- iv. the employer is not a relative of the employee.

The tax incentive is given until year of assessment 2025.

### **Proposal**

In line with Sustainable Development Goals (SDG) 2030 which aimed to provide suitable job opportunities without discriminating certain group, it is proposed the scope of tax incentive be expanded to include remuneration paid to inmate and ex-inmate of:

- i. Henry Gurney School under Malaysian Prison Department; and

- ii. protection and rehabilitation institution and non-government care centres registered under the Social Welfare Department.

### **Effective Date**

From the year of assessment 2023 until the year of assessment 2025.

## **Tax Deduction for Sponsorship of Smart Artificial Intelligence (AI)-Driven Reverse Vending Machine**

---

### **Current Position**

Malaysia's Plastics Sustainability Roadmap 2021 - 2030 outlines strategies and action plans to achieve greater levels of plastic recycling ecosystem in Malaysia. This roadmap serves as a guidelines for all stakeholders in ensuring sustainability through the plastic value chain towards creating new value that benefits society and the environment. In line with this roadmap, the Government aims to increase the rate of plastic collection for recycling by 40% in 2025.

Tax deductions under Section 34(6)(h) of the Income Tax Act 1967 can be given to any relevant person who carries out community projects that provide significant benefits to the public in Malaysia related to the fields of education, health, housing, infrastructure, information and communication technology or maintenance of a building designated as a heritage site, projects to increase the income of the poor as well as environmental preservation/conservation projects.

To encourage behavioural change towards recycling through education and to prevent plastic and aluminum containers pollutions, AI technology has been adapted for plastic waste collection in local communities.

### **Proposal**

To support the recycling of plastic waste ecosystem and to ensure the collected-for-recycling rate be increased through effective and organised plastic waste collection programme, it is proposed tax deduction under Section 34(6)(h) of the Income Tax Act 1967 be given to companies and other than companies (individuals, partnerships, trusts and cooperatives that have business income) that make donations or sponsorships of Artificial Intelligence (AI) - Driven Reverse Vending Machine.

### **Effective Date**

For contribution/sponsorship and application received by Ministry of Finance from 1 April 2023 until 31 December 2024.

## **Tax Incentive for Company Renting Non-Commercial Electric Vehicle**

---

### **Current Position**

Companies renting non-commercial motor vehicles, including electric vehicle (EV) are given tax deduction under Section 39(1)(k), Income Tax Act 1967 as follows:

- i. cost of vehicle not exceeding RM150,000, the maximum rental amount allowed for tax deduction is limited up to RM100,000; and
- ii. cost of vehicle exceeding RM150,000, the maximum rental amount allowed for tax deduction is limited to RM50,000.

The tax treatment is effective from year of assessment 2002.

### **Proposal**

To encourage the use of low-carbon vehicles, it is proposed company that rent non-commercial EV is given tax deduction on the rental amount up to RM300,000.

### **Effective Date**

From the year of assessment 2023 until the year of assessment 2025.

## **Tax Incentives for Manufacturer of Electric Vehicle Charging Equipment**

---

### **Current Position**

Malaysia is actively promoting electric mobility ecosystem in line with the National Automotive Policy 2020 and the Low Carbon Mobility Blueprint 2021 - 2030. To widen the infrastructure network of charging equipment, it is vital to ensure that the product can be produced locally at competitive cost.

### **Proposal**

To further complement the ecosystem for electric vehicle and to attract immediate high-value investment in the manufacturing of electric vehicle charging equipment, it is proposed tax incentives be given as follows:

- i. income tax exemption of 100% on statutory income from the year of assessment 2023 to the year of assessment 2032. Companies that make early investments are eligible to enjoy tax exemption for a period up to 10 years. Thus, companies that make investments after the year of assessment 2023 are eligible to enjoy the remaining exemption period only; or
- ii. Investment Tax Allowance of 100% for a period of 5 years and can be set-off against up to 100% of the statutory income for each year of assessment.

### **Effective Date**

For applications received by the Malaysian Investment Development Authority (MIDA) from 25 February 2023 until 31 December 2025.

## Tax Incentives for Carbon Capture and Storage

---

### Current Position

Under the National Energy Policy 2022 - 2040, Malaysia has to ensure the achievement of the Low Carbon Nation Aspiration by 2040. In line with this aspiration, the Government has identified an initiative to curb the emission of carbon dioxide (CO<sub>2</sub>) using Carbon Capture and Storage (CCS) technology. The oil and gas as well as power generation industries are pioneer industries which use CCS technology in Malaysia. This technology comprises of 3 activities as follows:

- i. carbon capture;
- ii. transportation of captured CO<sub>2</sub>; and
- iii. underground or sea bed carbon storage.

### Proposal

To recognise CCS activities as a new source of economic growth and in achieving net zero greenhouse gas emission, it is proposed tax incentives be given as follows:

- i. companies undertaking in-house CCS activity
  - a. Investment Tax Allowance (ITA) of 100% of qualifying capital expenditure for a period of 10 years. The allowance can be set-off against up to 100% of business statutory income;
  - b. full import duty and sales tax exemption on equipment used for CCS technology commencing on 1 January 2023 until 31 December 2027; and
  - c. tax deduction for allowable pre-commencement expenses within 5 years from the date of commencement of operation.

- ii. companies undertaking CCS services
  - a. ITA of 100% of qualifying capital expenditure for a period of 10 years. The allowance can be set-off against up to 100% of statutory income; or
  - b. tax exemption of 70% on statutory income for a period of 10 years; and
  - c. full import duty and sales tax exemption on equipment used for CCS technology starting 1 January 2023 until 31 December 2027.
- iii. companies using CCS services be given tax deduction on fees incurred for use of services.

#### **Effective Date**

- i. For application received by Ministry of Finance from 25 February 2023 until 31 December 2027.
- ii. Tax deduction can be claimed through the Income Tax Return Form from the year of assessment 2023 until the year of assessment 2027.



## **Tax Incentives for Chicken Rearing in Closed House System**

---

### **Current Position**

In Budget 2003, Reinvestment Allowance (RA) for a period of 15 consecutive years was given to chicken and duck rearers who shifted from opened house system to closed house system. This incentive was expanded to cover expansion projects from year of assessment 2009.

This RA was given until year of assessment 2010.

### **Proposal**

To encourage more chicken rearers to adopt environmental-friendly closed house system as well as to increase productivity, it is proposed tax incentives be given as follows:

- i. Accelerated Capital Allowance (ACA) 100% on the qualifying capital expenditure; and
- ii. income tax exemption of 100% equivalent to the qualifying capital expenditure.

These tax incentives are given on the qualifying capital expenditure incurred from year of assessment 2023 until year of assessment 2025. Thus, qualifying capital expenditure that can be claimed amounting to 200% within a year.

### **Effective Date**

From the year of assessment 2023 until the year of assessment 2025.

## **Review of Tax Incentives for Food Production Project**

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### **Current Position**

Tax incentives for food production projects are given as follows:

- i. a company investing in a subsidiary company engaging in new food production project is given tax deduction equivalent to the amount of investment made in the basis year the investment is made; and
- ii. a company engaging in food production project
  - a. a new project is given income tax exemption of 100% on statutory income for 10 years of assessment; or
  - b. an expansion project for existing company is given income tax exemption of 100% on statutory income for 5 years of assessment.

In year 2021, the scope of the food production project was expanded to planting of seeds for agro-food and high seas fishing projects.

The tax incentive is for applications received by the Ministry of Agriculture and Food Security (MAFS) from 1 January 2021 until 31 December 2022.

### **Proposal**

To further promote participation of industry players in agriculture sector and to ensure the security of domestic food supply, it is proposed tax incentives be reviewed as follows:

- i. scope of tax incentive is expanded to include agricultural projects based on Controlled Environment Agriculture (CEA); and

- ii. application period for tax incentives be extended for 3 years.

### **Effective Date**

For applications received by MAFS from 1 January 2023 until 31 December 2025.

## Review of Tax Incentives for BioNexus Status Company

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### Current Position

Tax incentives for BioNexus status companies are given as follows:

- i. a company investing in a BioNexus status subsidiary company engaging in new project is given tax deduction equivalent to the amount of investment made in the basis year the investment is made.
- ii. a company undertaking biotechnology activity and being approved with BioNexus status:
  - a. income tax exemption of 70% on statutory income commencing from the first statutory income for a period of 10 or 5 years, subject to new or existing business (expansion project);
  - b. concessionary tax rate of 20% on income from qualifying activities for 10 years upon the expiry of the tax exemption period;
  - c. double tax deduction on research & development expenditure;
  - d. Industrial Building Allowance on building for biotechnology research activities; and
  - e. import duty exemption on raw materials/components and machinery/equipment.

The tax incentive is for applications received by Malaysian Bioeconomy Development Corporation from 1 January 2021 until 31 December 2022.

## Proposal

To attract more biotechnology industry players, it is proposed tax incentives be reviewed as follows:

- i. income tax exemption rate on statutory income of BioNexus status company be increased from 70% to 100%; and
- ii. application period for tax incentives be extended for 2 years.

## Effective Date

For applications received by Malaysian Bioeconomy Development Corporation from 1 January 2023 until 31 December 2024.

## **Review of Accelerated Capital Allowance in Manufacturing, Services and Agriculture Sector**

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### **Current Position**

Manufacturing and services companies which incur qualifying capital expenditure on automation equipment is given tax incentive as follows:

- i. Category 1: Labour-intensive Industry (rubber, plastic, wood and textile products)

Accelerated Capital Allowance (ACA) of 100% for automation equipment on the first RM4 million for qualifying capital expenditure incurred and can be fully utilised within 1 year.

- ii. Category 2: Industries other than Category 1 including the services sector

ACA of 100% for automation equipment on the first RM2 million for qualifying capital expenditure incurred and can be fully utilised within 1 year.

Both categories are also eligible for income tax exemption equivalent to 100% on qualifying capital expenditure incurred for automation equipment. Thus, eligible capital expenditure that can be claimed is 200% within a year.

The tax incentive is for applications received by Malaysian Investment Development Authority (MIDA) until 31 December 2023.

## Proposal

To further drive the productivity and improve efficiency through automation, it is proposed the ACA for automation equipment be enhanced as follows:

- i. scope of automation to include the adaptation of Industry 4.0 elements;
- ii. scope of tax incentive is expanded to include agriculture sector; and
- iii. capital expenditure threshold for categories 1, 2 and agriculture be aligned and increased up to RM10 million.

## Effective Date

For applications received by MIDA and Ministry of Agriculture and Food Security (MAFS) from 1 January 2023 until 31 December 2027.

## Extension of Tax Incentive for Ship Building and Ship Repairing Industry

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### Current Position

Companies undertaking ship building and ship repairing (SBSR) activities in Malaysia are eligible for tax incentives as follows:

- i. new company
  - a. Pioneer Status with income tax exemption of 70% of statutory income for a period of 5 years; or
  - b. Investment Tax Allowance of 60% on qualifying capital expenditure incurred within 5 years and can be set-off against up to 70% of the statutory income for each year of assessment.

- ii. existing company

Investment Tax Allowance of 60% on qualifying capital expenditure incurred within 5 years and can be set-off against up to 70% of the statutory income for each year of assessment.

The tax incentive is for applications received by the Malaysian Investment Development Authority (MIDA) from 1 January 2020 until 31 December 2022.

### Proposal

To position Malaysia as a regional hub for SBSR, it is proposed the tax incentive be extended for a period of 5 years.

### Effective Date

For SBSR applications received by MIDA from 1 January 2023 until 31 December 2027.



## Extension of Tax Incentive for Aerospace Industry

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### Current Position

New and existing aerospace companies in Malaysia undertaking high-value activities such as manufacturing or assemble of systems, devices, parts or components and maintenance, repair and overhaul for aircraft (MRO), systems, devices, parts or components and engineering & design/services related are given tax incentives as follows:

- i. new company
  - a. income tax exemption of 70% to 100% for a period between 5 to 10 years; or
  - b. Investment Tax Allowance of 60% to 100% for a period of 5 years and can be set-off against 70% to 100% of statutory income for each year of assessment.

- ii. existing company

Investment Tax Allowance of 60% for a period of 5 years and can be set-off against 70% of statutory income for each year of assessment.

The tax incentive is for applications received by the Malaysian Investment Development Authority (MIDA) until 31 December 2022.

### Proposal

In line with the 12th Malaysia Plan to transform Malaysia as a key player in the aerospace industry, it is proposed the tax incentive be extended for a period of 3 years.

### Effective Date

For applications received by MIDA from 1 January 2023 until 31 December 2025.

## **Import Duty and Sales Tax Exemption on Studio and Filming Production Equipment**

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### **Current Position**

Dasar Industri Kreatif Negara has been introduced to empower the creative industries holistically based on creativity and innovation through the production of high quality products and dignify the art and cultural heritage.

The availability of high-tech infrastructure and a conducive ecosystem are the main catalysts to promote growth and increase the competitiveness of the local creative industry. Industry players including film producers need to continue exploring innovation and take advantage of new technologies to produce creative content with international standard.

Importation of specific equipment for the creative industry such as cameras and broadcast equipment, audio and video systems, studio equipment and filming production equipment is subject to import duty between 5% to 30% and sales tax of 10%.

### **Proposal**

In order to boost the level of creativity of industry players in creating high value creative content in the domestic and international markets as well as attracting foreign film producers to carry out filming activities in Malaysia, it is proposed import duty and sales tax exemption on studio and filming production equipment be given to providers of studio equipment, production and post-production services for a period of 3 years.

### **Effective Date**

For applications received by the Ministry of Finance from 1 April 2023 until 31 March 2026.

## **Review of Excise Duty and Sales Tax Exemption on the Sale or Transfer of Individually Owned Taxis and Hired Cars**

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### **Current position**

In Budget 2012, excise duty and sales tax exemption were given on the sale/transfer/private use/disposal of budget taxis and hired cars subject to the following conditions:

- i. limited to individually owned budget taxis and hired cars only; and
- ii. age of vehicle must exceed 7 years from the date of registration.

### **Proposal**

To assist individual taxi owners affected by the COVID-19 pandemic, it is proposed the excise duty and sales tax exemption on sale/transfer/private use/disposal of individually owned taxis and hired cars be expanded and reviewed as follows:

- i. exemption granted based on these licenses and services:
  - a. taxis (budget taxis, executive taxis and TEKS1M);
  - b. airport taxis (budget and family); and
  - c. hired cars.
- ii. vehicle age condition is relaxed to at least 5 years from the date of registration.

### **Effective Date**

For applications received by the Royal Malaysian Customs Department from 1 March 2023.

## Extension of Tax Incentives to Support the Development of Electric Vehicle Industry

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### Current Position

In Budget 2022, to support the development of Electric Vehicle (EV) industry and encourage domestic demand in line with Low Carbon Mobility Blueprint – LCMB, EV Roadmap and National Automotive Policy – (NAP) 2020, tax exemptions for EV consist of passenger vehicles (including SUV and MPV), commercial vehicles and motorcycles are given as follows:

No.	Tax Measures	Incentive Period
1.	<b>Full import duty exemption</b> on components for locally assembled EV	01.01.2022 to 31.12.2025
2.	<b>Full excise duty exemption and sales tax</b> on Completely Knocked-Down (CKD) EV	
3.	<b>Full import duty and excise duty exemption</b> on imported Completely Built-Up (CBU) EV	01.01.2022 to 31.12.2023

Proposal

To spur domestic demand and encourage the growth of locally assembled EV activity, it is proposed tax incentives for EV be extended as follows:

No.	Tax Measures	Incentive Period Extension
1.	<b>Full import duty</b> exemption on components for locally assembled EV	Until 31.12.2027
2.	<b>Full excise duty and sales tax</b> exemption on locally assembled CKD EV	
3.	<b>Full import duty and excise duty</b> exemption on imported CBU EV	Until 31.12.2025

# Import Duty and Sales Tax Exemption on Nicotine Replacement Therapy

## Current Position

Smoking cessation services at Government health clinics and hospitals have been implemented since 2000. Starting 2015, this service has been expanded to private health facilities including hospitals, clinics and pharmacies through public and private collaboration under the mQuit Programme. In this programme, the Nicotine Replacement Therapy (NRT) is used as one of the medical treatment options for smoking cessation.

The NRT aims to supply smokers with enough nicotine to gradually reduce the symptoms of addiction without the harmful substances resulting from burning cigarettes or heating the liquid of electronic cigarettes. There are two NRT products in the market that are subject to import duty and sales tax as follows:

Product	Tariff Code	Import Duty	Sales Tax
Nicotine Gum	2404.91.1000	15%	5%
Nicotine Patch	2404.92.1000	0%	10%

## Proposal

To support the mQuit Programme and encourage the use of NRT as an option for smoking cessation, it is proposed import duty and sales tax exemption be given to nicotine gum and nicotine patch for a period of 3 years.

## Effective Date

For applications received by the Ministry of Finance from 1 April 2023 until 31 March 2026.



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