



BUDGET SPEECH 2023

BUDGET
2023



Budget 2023

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Budget 2023 demonstrates the Government's determination to build a better Malaysia and commitment to **serve every member of Keluarga Malaysia**

YAB Dato' Sri Ismail Sabri bin Yaakob
PRIME MINISTER OF MALAYSIA

”



“

While we may be weary fulfilling our duty
This Government has never once faltered
Despite tough times faced, we **persevered steadfastly**
Ever ready to **deliver the best for all!**

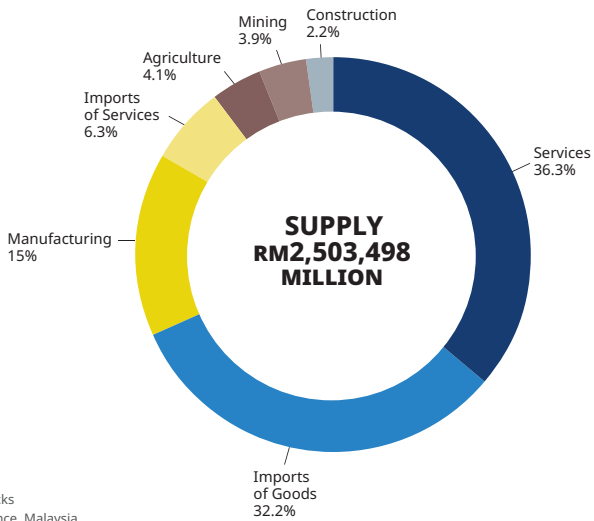
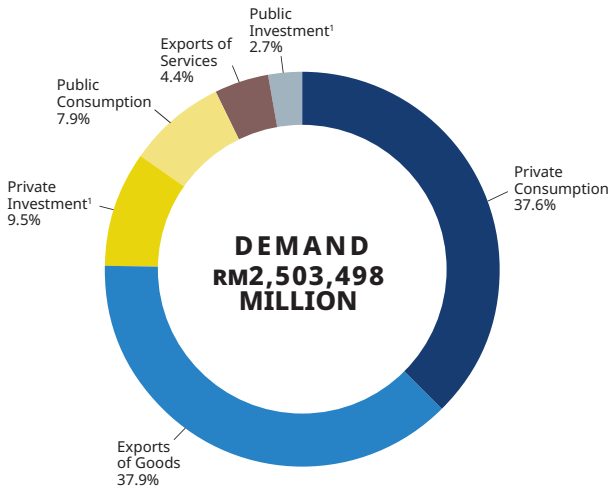
YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz
MINISTER OF FINANCE

”



THE ECONOMY 2023

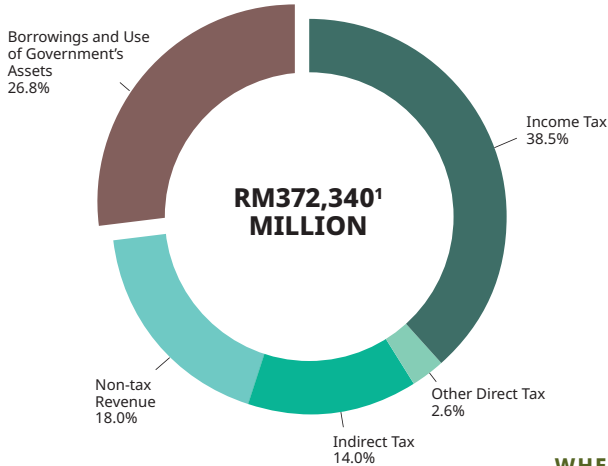
in constant 2015 prices
(share to total in %)



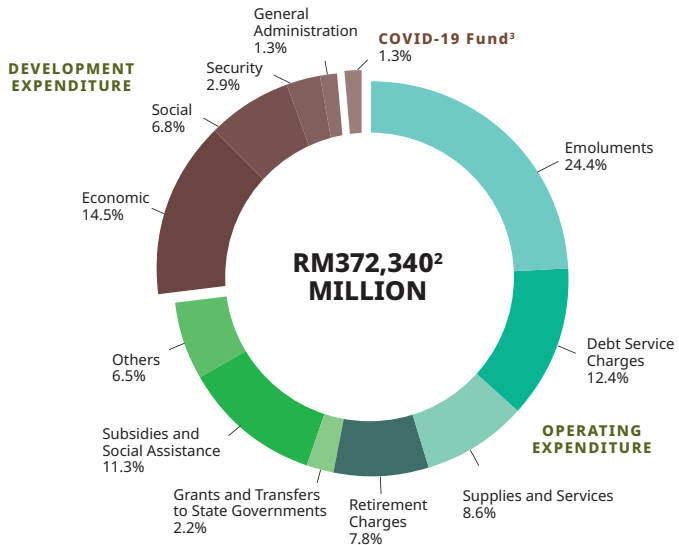
¹Includes change in stocks
Source: Ministry of Finance, Malaysia

THE FEDERAL GOVERNMENT BUDGET 2023

WHERE IT COMES FROM



WHERE IT GOES



¹ Consists of revenue and borrowings

² Excludes contingency reserves

³ COVID-19 Fund under the Temporary Measures for Government Financing (Coronavirus Disease 2019 (COVID-19)) Act 2020

Source: Ministry of Finance, Malaysia

2023 Budget Speech

By

YB Senator
Tengku Datuk Seri Utama Zafrul Bin Tengku Abdul Aziz
Minister Of Finance

Introducing
The Supply Bill (2023)

In Dewan Rakyat
Friday, 7 October 2022

Theme:
Budget 2023: Keluarga Malaysia, Makmur Bersama

Tan Sri 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

1. Bismillahirrahmanirahim. As we hold firm to the promise of Allah SWT the Almighty, may the path we take be the best one for Malaysia. Truly, Allah the Almighty is the only true Giver of blessings and He is the ultimate planner.
2. Tan Sri Speaker Sir, Honorable Members of Parliament, as well as brothers and sisters of Keluarga Malaysia who are diligently listening to this presentation. Assalamualaikum Warahmatullahi Wabarakatuh dan Salam Keluarga Malaysia!
3. I stand here this pleasant evening to carry out the immense trust given to the Ministry of Finance. The bigger the trust, the bigger the effort.
4. Thus, in planning the national budget for this coming year, the Ministry of Finance team has traveled all over the country, organised more than 200 engagements with industries and stakeholders, and examined and assessed more than 250 memorandums as well as 12,000 public inputs.
5. Therefore, before you is a document we have prepared to meet the needs of the people, to meet the national development agenda in ensuring a robust economy to face the many possible vagaries presented by a volatile global environment.

This IS the result of our perseverance...

This IS the 2023 Budget.

2022 Recovery

Tan Sri Speaker Sir,

6. Even though COVID-19 has not yet fully subsided, the world has emerged from its temporary malaise. Malaysia has moved in the transition phase of endemic. However arduous the journey, the reality is:-

*This Government has analysed and formulated detailed plans....
From MCO, carefully reopening the economy,
From silence, we have resumed activity,
Various assistance disbursed to citizens,
Various facilities provided to businesses,
Various support provided to industry,
That, this Government is the Keluarga Malaysia Government...*

7. Under the leadership of YAB Prime Minister, the Government has successfully steered the country, charting a path to strong economic recovery.

8. However, there are still naysayers who spread malice intended to cause concern. Admittedly, the global economic situation requires us to be vigilant. The possibility of geopolitical unrest and the global economic slowdown impact all nations, not only Malaysia, requiring us to be flexible to face any eventuality. So, let us evaluate various indicators and figures regarding Malaysia's economy.

9. Following a contraction of 4.5% in the third quarter of 2021, the country bounced back with a growth rate of 3.6% in the fourth quarter of 2021, and subsequently further strengthened to 5% in the first quarter of 2022 and 8.9% in the second quarter of 2022. Our growth in the second quarter of this year is the highest in Southeast Asia.

10. This momentum of growth is expected to continue and further strengthen in the third quarter of 2022. Insya-Allah, Malaysia's economy is expected to exceed the March 2022 forecast of between 5.3% to 6.3%. Based on the current strong economic indicators, the Government has revised its 2022 growth forecast of between 6.5% to 7%.

11. However, the 2022 recovery is not solely about the GDP. In fact, the rakyat's livelihood has also improved. Unemployment rate has also reduced for twelve months consecutively, from 4.8% in July 2021 to 3.7% in July 2022. In only the span of a year, the Keluarga Malaysia Government successfully returned the labour market to full employment.

12. Consumer confidence has also begun to recover with the value of wholesale and retail trade for July 2022 increasing by 41% compared to July 2021. For the first seven months, the total value of wholesale and retail trade reached RM882 billion, which is a 20% increase compared to the same period in 2021.

13. Despite this, the country's economic recovery which continues to strengthen is not spared from economic uncertainties. Due to global developments, the country's inflation rate has increased from 2.3% in January 2022 to 4.7% in August 2022.

14. If not for the subsidies and assistance amounting to RM77.7 billion, Malaysia's inflation rate would have increased to 10%.

15. Due to high inflation faced in other countries, particularly the United States which has breached 8%, their monetary policy has been aggressively tightened, with its interest rate increased by 300 basis points this year. With the trend of various countries tightening their respective monetary policy, it is expected that global growth prospects will be dampened in year 2023.

2023 Challenges

Tan Sri Speaker Sir,

16. The world economic outlook for 2023 is increasingly uncertain and challenging pursuant to geopolitical conflicts, global inflationary pressures, tightened monetary policy and weak economic growth prospects.

17. In January 2022, the International Monetary Fund (IMF) had initially projected 2023 global growth rate at 3.8%. However, in July 2022, the IMF revised its 2023 global growth projection downwards to 2.9%.

18. As an open economy, Malaysia cannot be fully insulated from the increasingly challenging global environment. As a result, the country's economic growth rate for 2023 is projected to moderate, to between 4 to 5%.

19. As Keluarga Malaysia, we need to immediately act to prepare for future global challenges, and at the same time act responsibly towards building a bright future for our future generation. As such, to move towards a better Malaysia, Budget 2023 will be guided by the 3Rs - namely Responsive, Responsible and Reformist.

20. **Budget 2023 will be immediately responsive** to any challenge and provide comprehensive assistance to Keluarga Malaysia, not just the B40 but also the M40 group, women, youth, the disabled and all segments of society.

21. **The 2023 budget is a responsible budget** in balancing between an expansionary fiscal policy and at the same time implementing fiscal reforms towards ensuring the Government's financial sustainability in the long term. This budget will be responsible in building the country's resilience to face any future crisis.

22. **Budget 2023 is reformist** in taking the opportunity to transform the country's development landscape towards becoming more inclusive and sustainable whilst building a stronger national industry through strategic investments.

Tan Sri Speaker Sir,

23. In soliciting inputs for Bajet 2023, the Government issued a Pre-Budget 2023 Statement and published six public consultation papers in addition, to hosting various engagements. **Thank you YAB Prime Minister** for your direct involvement since the early days of planning and until the finalisation of the Budget 2023 direction.

24. Budget 2023 has not been formulated only for a specific group but instead has been inclusive in collating and analysing of ideas, molded into a **2023 Budget inspired by Keluarga Malaysia**. More than 100 of the **rakyat's initiatives has been realized** as part of the holistic effort resulting in this tome. Thank you to all those who have expressed their ideas and views.

25. With the theme: "**Keluarga Malaysia, Makmur Bersama**", and in line with **Budget 2023 which is Responsive, Responsible and Reformist**, this Budget will ensure the wellbeing of the rakyat, business continuity, economic prosperity and public service delivery efficiency.

First Agenda: Responsive Budget

Tan Sri Speaker Sir,

26. To ensure a **responsive Budget 2023 agenda**, the Government will continue to implement an expansionary fiscal policy. This approach is vital to provide the necessary assistance to the rakyat and support for businesses.

Strategy 1: Expansionary Fiscal Policy

27. **The 2023 Budget is unprecedented, with an allocation of RM372.3 billion.** This is a significant increase compared to Budget 2022's allocation of RM332 billion and Budget 2021's of RM322 billion.

28. From this allocation, the Government proposes to provide RM272.3 billion for operating expenditure, RM95 billion for development expenditure and RM5 billion under the COVID-19 Fund. A total of RM2 billion is allocated as a Contingency Reserve Advance Warrant.

Strategy 2: Priority To The Rakyat

29. Within the current fiscal space, **Budget 2023 will prioritise efforts to safeguard the welfare of the rakyat.**

Focus 1: B40 Group

30. The Social Welfare Department (JKM) has provided **various forms of monthly assistance to the poor** such as elderly assistance, children assistance, assistance for the disabled as well as chronically ill patients.

31. During the Budget 2022 presentation, I had announced the commitment to expand the income eligibility requirements for welfare recipients, in line with the 2019 Food Poverty Line Income (PLI) at RM1,169.

32. With this decision, more than 450,000 households are eligible to receive JKM's monthly assistance. The **plight of the poor has been given special emphasis with an allocation of RM2.5 billion for 2023**, which is a significant increase as compared to RM1.5 billion in 2020.

33. Previously, the Government had subsidised electricity bills up to RM40 to hardcore poor households under e-Kasih. Starting 2023, the **provision of electricity bill subsidy of up to RM40 will be expanded according to the latest Food PLI** which refers to the households with an income of RM1,169 and below, as compared to the existing requirement of RM980 and below. I hope the expansion of the eligibility requirement according to the Food PLI, will benefit more rakyat – Insya-Allah.

Tan Sri Speaker Sir,

34. Recognising the benefits gained from the direct cash assistance, the Government will continue to **improve the implementation of Bantuan Keluarga Malaysia or BKM**. Hence, for next year:

- Households **earning less than RM2,500 per month with five children or more will receive BKM of RM2,500**. This is a **new category** that reflects the Government's efforts in easing the burden of families with many children. Meanwhile, households with up to four children are eligible to receive BKM of between RM1,000 to RM2,000.
- For households earning between RM2,500 to RM5,000, the BKM cash assistance of between RM500 to RM1,250 will be provided depending on the number of children.
- For single senior citizens and singles, they will continue to receive BKM of RM600 and RM350 respectively subject to certain income thresholds; and

- In 2023, the Government will continue to provide **additional assistance of RM500** to single parents with children. This means that single parents are eligible to receive a **maximum assistance up to RM3,000**. The BKM maximum rate has increased as compared to RM2,500 this year.

35. For instance, Firdaus and Nor Aliza from Pasir Gudang who have five children received BKM of RM2,000 this year. Next year, they are eligible to receive BKM of RM2,500. Meanwhile, Ling Mee Hoon, a single mother from Sitiawan who raises three children, will receive BKM of RM1,300 this year and is eligible to receive BKM of RM1,500 in 2023.

36. Bantuan Keluarga Malaysia 2023 will **benefit 8.7 million recipients with an allocation of RM7.8 billion**. BKM 2023 is a comprehensive assistance that has been improved significantly as compared to Bantuan Sara Hidup 2020 with 5 million recipients and total allocation of RM5 billion.

37. Reflecting Government's concern towards the poor and B40, **cash assistance under JKM and BKM for 2023 will exceed RM10 billion!** It is hoped that with this assistance, recipients can heave a sigh of relief and utilise the assistance wisely according to their needs.

38. Allah Subhanahu Wa Ta'ala mentioned in the Quran, in surah ar-Ra'd verse 11 – *"Verily Allah does not change a people's condition unless they change their inner selves"*. Although the cash assistance is important for their immediate needs, only a steady income can elevate households towards a more comfortable life.

39. The Government aims to eradicate hardcore poverty by 2025. This issue will be addressed holistically through a whole-of-nation approach. **Keluarga Malaysia Hardcore Poverty Eradication Programme** was launched this year with a total allocation of RM150 million.

40. For 2023, **to accelerate the agenda of eradicating hardcore poor, RM1 billion has been allocated** whereby RM750 million is provided by the Government, whereas RM250 million will be provided by GLCs as part of their Corporate Social Responsibility (CSR).

41. For 2023, this programme will provide economic opportunities to more than 50,000 hardcore poor households to elevate their income, among others, through agricultural projects as well as entrepreneurial ventures involving products and services. The assistance includes training, start-up capital and incentives for agriculture, marketing and digitalisation. The Government hopes that this effort will increase the income of the hardcore poor households to rise above the food poverty line income.

Focus 2: M40 Group

Tan Sri Speaker Sir,

42. The Government has never forsaken the middle-income households. The Government has always strived to raise the disposable income of the M40 group.

43. For approximately 1 million taxpayers, the Government wishes to share some good news. We are pleased to announce that the **resident individual's income tax rate will be reduced by 2 percentage points** for the chargeable income band of between more than **RM50,000 to RM100,000**, as follows:

First : For the chargeable income band of between more than RM50,000 to RM70,000, the income tax rate is reduced from 13% to 11%; and

Second : For the chargeable income band of between more than RM70,000 to RM100,000, the income tax rate is reduced from 21% to 19%.

44. At the same time, **the chargeable income band of between more than RM250,000 to RM400,000 will be combined with the chargeable income band of more than RM400,000 to RM600,000 and subject to the tax rate of 25%.**

45. With the above special income tax treatment, **the income tax savings for middle income group is up to RM1,000, meanwhile, for top income group is up to RM250 per taxpayer.** In other words, it is estimated that an estimated RM800 million is the additional income available to be spent by the rakyat.

46. Towards embracing a cashless society, the **e-Pemula initiative for M40** will be implemented by offering e-wallet credits amounting **RM100 to per M40 individual** with annual earnings less than RM100,000. It is estimated that 8 million individuals are eligible to claim this e-wallet credit, resulting in a total allocation of RM800 million.

Focus 3: Women & Children

Tan Sri Speaker Sir,

47. **WOMEN are a blessing.** They not only build a harmonious family as well as contribute towards the prosperity of the nation. **Gender Focal Teams will be established in every ministry and agency** to ensure that all policies formulated will take into account gender considerations.

48. We as parliamentarians in this August House were party to the approval of the **Anti-Sexual Harassment Bill 2021.** This is a firm commitment to eradicate all forms of sexual harassment as well as to raise awareness that sexual harassment cannot be accepted as societal norms. Towards this, the **Tribunal for Anti-Sexual Harassment will be established in early 2023.**

49. In dealing with mental health issues and domestic violence, the Government will reinforce **Local Social Support Centres.** A total of RM8 million is allocated for these centres to serve as a location

to provide early intervention as well as psychosocial advocacy and counselling. The Government will also continue to collaborate with relevant NGOs and shelters such as *P.S. The Children* in supporting the victims.

50. Based on the Malaysia National Cancer Registry Report 2012-2016, breast cancer is the topmost type of cancer diagnosed in women, accounting for a third of total cancer cases amongst women. Next year, the Government will increase screening tests by **subsidising mammogram tests and cervical cancer screening programmes** for women with a total allocation of RM11 million.

51. Cervical cancer screening will also be piloted using a **new PCR screening test method** pioneered by the ROSE Foundation in collaboration with Universiti Malaya and Universiti Malaysia Sarawak.

Tan Sri Speaker Sir,

52. I have met Puan Padzilah Sulaiman, the owner of Siti Khadijah's *telekung* and was impressed by her achievements. In 2009, she started a small business by selling *telekung* in Sungai Merab, Bangi. In expanding her business, she utilised various Government facilities. Currently, she owns more than 40 boutiques in Malaysia and Indonesia.

53. Therefore, to encourage more women entrepreneurs grow their businesses and enhance their marketing strategy, a **total of RM235 million of financing will be provided specifically for women** under BSN Semarak-Nita, Tekunita TEKUN, DanaNITA MARA and Biz Lady Bank rakyat schemes.

54. As of October 2022, women held 29% of board positions for the top 100 public listed companies and all these 100 companies have at least one woman represented on their boards.

55. In order to further **strengthen the role of women in corporate sector leadership**, the Securities Commission will introduce a special training programme to enhance women's skills, identify

and subsequently increase the numbers of qualified women to be appointed as board members. *I believe that current political parties are busy identifying more women candidates to be nominated in the upcoming general election.*

56. Finally, to encourage women to return to the workforce after a career break, the Government proposes **income tax exemptions on the income received** for eligible women from 2023 to 2028 year of assessment.

Tan Sri Speaker Sir,

57. It is important to focus on children's welfare aspects. The Government will allocate RM188 million for early childhood education programs under the **KEMAS**. This allocation includes the construction of 10 KEMAS nurseries including three new projects in Port Dickson, Negeri Sembilan, Limbang, Sarawak and Pasir Putih, Kelantan. As announced by YAB Prime Minister, the allowance for KEMAS voluntary community assistants will be increased in 2023.

58. To ease the financial burden for parents who provide early education for their children, the Government has agreed to **extend** until the year of assessment 2024, the **tax relief of up to RM3,000 on fees paid for TASKA and TADIKA registered with the Government.**

59. According to the Department of Statistics Malaysia, the country's fertility rate in 1970 was 4.9 babies for every woman, whereas it has currently decreased to its lowest rate of 1.7 babies. Meanwhile, children specifically from vulnerable families, face the problem of malnutrition to the extent it stunts their growth, what more since the COVID-19 pandemic hit.

60. To increase the birth rate as well as reduce the incidence of stunting among children, under the **CahayaMata Keluarga Malaysia initiative, mothers from Bantuan Keluarga Malaysia (BKM) households who give birth in 2023 will be provided a one-off cash assistance of RM500**, with a total allocation of RM150 million.

Focus 4: Youth

Tan Sri Speaker Sir,

61. The youth represent more than a quarter of the country's population. The country's future is indeed in their hands.

62. While the country has achieved full employment, the unemployment rate for those aged 25 years and below, including school leavers and graduates from higher education institutions, was 11% in the second quarter of 2022. This issue will continue to be given due attention.

63. To ensure the youth receive appropriate access to employment, the Government will provide **hiring incentives under SOCSO to employers who employ youth aged between 18 to 30 years old that have been unemployed for more than three months**. In addition, this hiring incentive will also be extended to employers who hire TVET graduates.

64. Malaysia has indeed produced many young successful businessmen. This includes Arun Prasanth, a young entrepreneur providing cleaning services for homes and offices since 2018. Helped by a RM20,000 loan under the BSN Mikro Belia scheme, Arun's average annual sales has reached RM200,000.

65. To encourage more youth to venture into business, a **total of RM305 million financing facilities reserved for youths** will be provided by SME Bank, TEKUN, MARA, BSN and Agrobank.

66. The **Penjaja Muda Keluarga Malaysia** scheme by BSN with a fund of RM50 million will offer loans of up to RM50,000 potentially benefitting 10,000 youths who can generate their own income such as through operating a food truck business.

67. To assist the B40 especially youths to earn an income through services such as taxi, bus and e-hailing, the Government has agreed to **waive the fees of getting taxi, bus and e-hailing licenses** under MyPSV programme. In addition, the Government has also agreed to waive **the fees for B40 in getting the B2 motorcycle license**.

68. Further, to further encourage youth to work, the **TEKUN Mobilepreneur Financing Scheme** will be continued with RM10 million to finance youth interested to provide delivery services using motorcycles.

69. **Pakej Remaja Keluarga Malaysia** has helped the youth to access an affordable prepaid package with a subscription to internet data plan of only RM30 for three months. To help bridge the digital gap among the youth as well as facilitate learning sessions, **this initiative will be extended until April 2023.**

70. This year, e-Pemula offered e-wallets credits of RM150 to the youth. In line with YAB Prime Minister commitment to improve this initiative, the **e-Pemula initiative will be continued and increase to RM200** for the benefit of 2 million youths aged between 18 and 20 years old and full-time students aged 21 years old and above with an estimated total allocation of RM400 million.

Focus 5: Social Protection

Tan Sri Speaker Sir,

71. In ensuring the holistic well-being of the rakyat, the social protection agenda will continue to be given serious attention. In 2020, only a handful of gig riders were covered. However, following the Government subsidising their contributions, **more than 260,000 were protected under the Self-Employment Social Security Scheme (SKSPS) SOCSO.**

72. To alleviate the burden of SOCSO payments by self-employed individuals, the Government will **bear 80% of the contribution value.** This indicates that self-employed individuals such as food delivery riders, farmers, fishermen, FINAS artists, and hawkers will only pay 20% of the contributions. Next year, a total of RM150 million will be allocated and **extended to those who are self-employed such as taxi drivers and gig workers from information technology sectors.**

73. Starting next year, the Government will **in phases make mandatory SKSPS contributions for all self-employed sectors**, particularly the high-risk sectors. The implementation will be phased, commencing with the public transportation sector and goods or food delivery sectors.

74. Given the importance of building sufficient retirement savings, the **EPF voluntary contribution limit will be raised from RM60,000 to RM100,000 per year**. To further encourage voluntary contribution, the Government will also **expand the scope of tax relief for life insurance premiums or life takaful contribution to include voluntary contributions to EPF** of up to RM3,000.

75. I am pleased to announce that the **i-Saraan programme will be extended to 2023** and will be improved by raising the matching contribution ceiling from RM250 to RM300. With a total allocation of RM30 million, this initiative is expected to help more than 100,000 contributors.

76. In appreciation of the contribution of housewives, the Government will extend the **Kasih Suri Keluarga Malaysia Programme** to 2023 and enhance the programme through **additional protection under the SOCSO Scheme**. Any EPF contributions of at least RM60 annually made into the housewives' account will **receive a Government matching incentive worth up to RM600 per year**, comprising RM480 of EPF contributions and RM120 contributions for SOCSO coverage. This initiative is expected to benefit 200,000 housewives with a total allocation of approximately RM120 million.

77. To increase the equity holdings among Bumiputera, I am pleased to announce that the maximum investment limit **for Amanah Saham Bumiputera (ASB) and ASB2 has been increased** from RM200,000 to RM300,000.

78. In addition, BSN will also **provide soft loans to assist B40 Bumiputera in investing with ASB** with loans offered at the rate of 1.5 % annually, with a fund size of RM100 million.

Focus 6: Cost of Living

Tan Sri Speaker Sir,

79. Overall, the Government will allocate **in excess of RM55 billion for subsidies, aid and incentives** under Budget 2023. This large allocation is provided to mitigate the challenges in the rising cost of living, to complement other measures such as, through price controls on goods and services.

80. The Government is committed to ensuring that **basic goods** such as rice, cooking oil, LPG gas, petrol, and diesel **reach the hands of the rural population at reasonable prices**. Next year, RM200 million will be provided to support the cost of transportation and distribution of essential goods. The Government will also expand the coverage of the program to 23 new areas, including Kampung Passin in Mukah, Sarawak, and Kampung Tawayari in Lahad Datu Sabah.

81. The **Jualan Murah Keluarga Malaysia (JMKM)** program was implemented since last August and has significantly benefited consumers by offering essential goods at up to 20% cheaper than prevailing market prices. Since its launch, JMKM has been held in over 500 locations, and just this week it was held in Kanowit, Sarawak.

82. Looking at the positive impact of JMKM, particularly for B40 households, the Government is committed to continuing this Program in 2023 with an allocation of RM100 million. JMKM will be implemented across the country, covering 600 DUNs and 13 Constituencies of the Federal Territory in addition to being extended to public universities.

Focus 7: Jobs & Skills Training

Tan Sri Speaker Sir,

83. Since the outbreak of COVID-19, employment issues have continued to be the Government's primary focus. In 2022, various initiatives under the **Jamin Kerja Keluarga Malaysia** have successfully

provided job opportunities and skills training to more than 310,000 people. While we have reached full employment, focus will still need to be given to ensure career opportunities for particular social groups.

84. Next year, the Government will continue the **Hiring Incentive under SOCSO** to encourage employers to provide new job opportunities for unemployed members of Keluarga Malaysia particularly from among the disabled, Orang Asli, ex-convicts, veterans and women returning to work. For this, a **hiring incentive of between RM600 to RM750 per month will be paid for three months to the employer**. These incentives will also be provided to employers and Private Employment Agencies that replace foreign workers with local workers.

85. Under this **Hiring Incentives, SOCSO** will be allocated RM150 million and is expected to provide career opportunities for more than 70,000 job seekers.

86. To ease the job seekers' burden, SOCSO will also provide **mobility assistance of RM500 to those who secure employment** outside of their state of residence. Meanwhile, a mobility assistance of RM1,000 will be provided for work related **migration** from Sabah or Sarawak to the Peninsular and vice versa.

87. Since the MySTEP initiative was implemented, it has successfully offered more than 118,000 job opportunities. Thus, MySTEP will be continued with **50,000 career opportunities on a contract basis**, comprising 15,000 jobs in the public sector and 35,000 jobs with GLCs. The employment period under MySTEP will be extended until 31 December 2023.

88. In addition, I'm pleased to announce that the Government will increase the **MySTEP salary** rate by RM100, which is between RM1,500 to RM2,100 compared to RM1,400 to RM2,000 previously.

89. Keluarga Malaysia will continue to be provided with opportunities to pursue upskilling and reskilling programs to better prepare for the needs of the job market.

90. HRD Corp will provide a total of RM750 million which will provide skills training to more than 800,000 workers to increase their productivity and enhance income opportunities.

91. Towards developing new talents, the Securities Commission, in collaboration with the Capital Market Development Fund, will implement **Capital Market Graduate Program** involving a fund of RM30 million to enhance the employability of 9,000 graduates for careers in the capital market.

92. In addition, RM20 million will be provided for **Program Usahawan Siswazah (PUSH)** to enable 1,000 graduates to venture into entrepreneurship.

Focus 8: Education & TVET

Tan Sri Speaker Sir,

93. Education is the best investment for a brighter future for our nation. The Ministry of Education continues to receive the largest allocation of RM55.6 billion compared to RM52.6 billion this year.

94. Early Schooling Assistance or Bantuan Awal Persekolahan (BAP) has eased the burden of parents with an income of RM3,000 and below in providing them assistance to equip their schoolgoing children. Commencing 2022, the BAP rate was increased from RM100 to RM150 per child.

95. For 2023, I am pleased to announce that the **BAP will be given to all students regardless of their parents' income.**

96. For example, **if a family has three children in school, they are eligible to receive BAP of RM450!** *Insyaa-Allah*, this aid will be distributed in January 2023, and it is hoped that it will ease the financial burden of parents. **A total of RM825 million is provided for this purpose, which is significantly larger than that provided this year of RM450 million.**

97. Rancangan Makanan Tambahan (RMT) has been implemented since 1979 to ensure that students from low-income families receive sufficient nutrients. As announced in Budget 2022, the Government has improved the RMT by providing milk daily on schooling days to participating children.

98. To enhance this Program, the Government will **increase the per student rate for RMT** supplied food from RM2.50 to RM3.50 for Peninsular and RM3 to RM4 for Sabah, Sarawak, and Labuan. These increments will take effect commencing October 2022.

99. A total of **RM777 million is provided for RMT, a significant increase compared to RM280 million in 2020** due to the rise in the number of recipients, rate increases, and the provision of daily milk supply. With that, more than 800,000 students, 7,300 food operators, and local milk suppliers will benefit from this enhancement.

100. Next year, a total of **RM2.3 billion will be allocated to provide a conducive and safe learning space for school students.** This is a significant increase compared to the RM1.7 billion allocation this year.

101. Of that amount, **RM1.1 billion is provided for school maintenance and repair works**, including for National Schools, National-type Chinese Schools, National-type Tamil Schools, and religious schools.

102. A total of **RM1.2 billion is provided to upgrade the infrastructure of dilapidated schools**, especially to replace old wooden buildings for the comfort and safety of our children in Sabah and Sarawak, with 123 projects in Sabah and 182 projects in Sarawak.

103. To meet local needs, next year, the Government will **build five new schools at the cost of RM430 million** involving SMK Nabalu in Sabah, SMK Dudong in Sarawak, SK Paya Dusun in Terengganu, SK Cyberjaya 2, and SMK Denai Alam in Selangor.

Tan Sri Speaker Sir,

104. The country's higher education achievements continue to impress the world. Next year, the Ministry of Higher Education will be allocated RM15.1 billion.

105. The Government is committed to ensuring that Malaysian youth pursue their education up to a tertiary level. Thus, **RM3.8 billion will be provided as scholarships and educational loans** to benefit our youth.

106. Pursuant to the concern expressed by YAB Prime Minister, the Cost of Living Allowance **for MARA and PETRONAS students has been increased**. In addition, I am pleased to announce that the Cost of Living allowance for local JPA-sponsored students and officers will be standardized and increased by RM100 per month for all levels of study, bringing the Cost of Living Allowance for JPA-sponsored students to between RM730 to more than RM980 per month.

107. The Government will continue to focus on the education of Bumiputera, especially from low-income families. Next year, **a large portion of the allocation of RM6.6 billion provided for MARA, Yayasan Peneraju, and UiTM will be to provide Bumiputera with access to education loans** and opportunities to pursue professional fields such as engineering.

108. During Jelajah Bajet 2023, I had the opportunity to visit the Solar Photovoltaic systems installed by USM in 90 locations to supply clean energy on the USM campus. Thus, the Government will provide RM10 million to encourage public universities to inculcate green campus initiatives. In addition, more than RM300 million will also be provided for **upgrading and maintaining public university facilities**.

109. In addition, the digital network of our higher education institutions will continue to be improved. With an allocation of RM35 million, **The Malaysia Research and Education Network (MYREN)** project at public universities, polytechnics, and community colleges will continue to be upgraded in terms of their bandwidth capacity.

110. The 2nd of June has been selected as National TVET Day. The Government estimates that least 55% of SPM school leavers will further their studies in TVET by 2025. In line with the agenda to upgrade TVET as led by the National TVET Council, a total of **RM6.7 billion is allocated under the seven main ministries** implementing various TVET initiatives.

111. Among them, RM180 million is provided under the **TVET Training Fund to the Perbadanan Tabung Pembangunan Kemahiran (PTPK)** to offer loans for the benefit of 12,000 of Malaysian Skills Certification program trainees. The Government will also continue the **National Dual Training System** program with an allocation of RM20 million for the benefit of 3,000 trainees.

112. The Government proposes to extend until 2024, **the individual income tax relief of up to RM8,000 for net annual savings into the Skim Simpanan Pendidikan Nasional (SSPN).**

113. YAB Prime Minister had previously announced **increasing the PTPTN** loan rate and computer loans for the M40 group, in addition to **exempting PTPTN loan repayments** for all students who obtain a first-class bachelor's degree.

114. To the PTPTN loan borrowers, as clearly stated, you have a responsibility to settle your debt. It is also in line with the teachings of religion to pay one's debts. If not paid, we would be denying other from benefitting from the same opportunity.

115. Thus, as an initiative to facilitate payment and foster a responsible attitude, YAB Prime Minister has agreed to provide discounts on **PTPTN loan repayment from 1 November 2022 to 30 April 2023** at the following rates:

First : a 20% discount on the outstanding debt for full settlement;

Second : a 15% discount for repayment of at least 50% of the outstanding debt made in a single payment; and

Third : a 15% discount **for repayment through salary deductions or direct debit according to a repayment schedule.**

Focus 9: Home Ownership

Tan Sri Speaker Sir,

116. Majlis Perumahan Mampu Milik Negara or the National Affordable Housing Council has targeted the construction of 500,000 affordable homes nationwide by 2025. To **encourage first home ownership**, previously, stamp duty for homes valued at RM500,000 and below were fully exempted until the end of 2025. I am pleased to announce that, with respect to property transfer documents and loan agreements for homes valued more than RM500,000 to RM1 million, **the stamp duty exemption will be increased from 50% to 75%** and effective until 31 December 2023.

117. For instance, a 100% exemption on purchasing a house worth RM300,000 will save RM6,500, while a 75% exemption on purchasing a house worth RM750,000 will save RM15,000.

118. Currently, stamp duty exemption is fully granted on instruments of real estate ownership transfer between husband and wife, however between parents and children, only 50% exemption is allowed. *Since parents love cannot be considered as only half*, the Government proposes that from 2023, **all real estate transfers based on love and affection** between families, such as from husband to wife, father to child, or grandfather to grandson, will only be subject to a **stamp duty at the flat rate of RM10.**

119. Next year, the allocation for the construction of new rural houses and renovation of rural houses will be increased from RM361 million to RM460 million. On top of that, the ceiling rate for **building new houses has also been raised**, for example, from RM68,000 to RM79,000 per unit in Sabah and Sarawak. A total of 3,000 new homes will be built, with more than half in Sabah and Sarawak.

120. Meanwhile, for the urban areas, an allocation of RM367 million will be provided for the **Program Perumahan Rakyat (PPR)**, including new projects in Marang, Terengganu and Arau, Perlis for the benefit of 12,400 potential new residents. At the same time, the **Rumah Mesra Rakyat program** will involve the construction of 4,250 housing units with an allocation of RM358 million.

121. Syarikat Jaminan Kredit Perumahan (SJKP) provides Government guarantees on housing loans mainly to help borrowers without a fixed income, such as e-hailing workers, and has benefitted more than 14,000 borrowers. In 2023, the Government guarantee facility through SJKP will be increased by RM3 billion, to assist an estimated 12,000 borrowers.

122. #TeamMOF met Kak Noraishah during their visit to PPR Lembah Subang 1. As a respected community leader, she is very active and often collaborates with the Local Authority and Yayasan Hasanah in contributing to community development through entrepreneurship and women's empowerment programs to enable them to be independent. My batik handkerchief today is also the handiwork of female entrepreneurs at a PPR.

123. To **build a harmonious community**, the Government is committed towards:

First : ensuring safe living conditions of low and medium-cost strata homes through **maintenance, including replacing dilapidated elevators** with an allocation of RM290 million;

Second : improving **mobile health services**, including in low-cost housing areas, with an allocation of RM22 million;

Third : **providing classes for the children** from low-cost housing area who fell behind in their education during the COVID-19 pandemic; and

Fourth : increasing **income-enhancing activities** by Yayasan Hasanah, including helping food entrepreneurs utilise Cloud Kitchen platforms

Focus 10: Public Transportation

Tan Sri Speaker Sir,

124. To encourage Keluarga Malaysia to use public transport, the Government will continue to subsidize service costs and increase public transport accessibility throughout the country.

125. Stage bus services are essential, especially for city dwellers who use public transport to work. Next year, **RM180 million is provided to improve public bus accessibility** for citizens in Melaka, Kota Kinabalu, and Kuching. For the benefit of Kedah residents, the Government will also **replace 18 stages buses operated by MARA.**

126. Air service is the primary mode of transportation for the people of rural Sabah and Sarawak. For the benefit of rural residents, the Government is committed to continue the **subsidisation of rural air transport services** with an **allocation of RM209 million.**

127. The Government will also improve facilities at seven airports in Sabah and Sarawak by **building wheelchair ramps** to benefit around 2,300 MASWings wheelchair bound users.

128. On average, Klang Valley residents who use rail and bus facilities to work spend around RM200 monthly. To reduce travel costs, the Government will **continue the My50 monthly pass initiative** to benefit nearly 180,000 users. Through My50, users will enjoy a subsidy of RM150 per month or RM1,800 per year from the Government.

129. During Jelajah Bajet 2023 to Kelantan by YB Sipitang, JKR briefed regarding the ferry services between Pengkalan Kubor and Takbai, Narathiwat, Thailand, which serves 30,000 residents of Tumpat. Hence, the Government has agreed to provide RM9 million for **JKR to replace the existing ferry over 34 years old.**

130. Specifically for individual taxi owners, the Government has agreed to extend the scope of the **exemption of excise duty and sales tax** on the sale, ownership transfer, or disposal of car taxis to be expanded to executive taxi and airport taxis.

Focus 11: Key Communities

Tan Sri Speaker Sir,

131. The community empowerment agenda will focus on providing assistance, infrastructure facilities, and socioeconomic programs.

132. Overall, the **Orang Asli community will be allocated a sum of RM305 million**, an increase compared to RM274 million provided this year. These allocations, among others, include the social assistance programmes, programmes to improve the quality of life and Orang Asli Settlement Integrated Development.

133. For the next year, the Government will carry out the **Plantation Replanting Projects for Orang Asli**, including replanting of rubber and oil palm, which will benefit more than 2,100 Orang Asli, including in Kemaman, Terengganu; Bera, Pahang; and Gua Musang, Kelantan. The Government will also intensify the **Entrepreneurship Development Program** to provide assistance with business equipment and entrepreneurial guidance to 550 Orang Asli.

134. Ms. Zainab Along, from the Jakun tribe, has furthered her studies through the MARA educational loans. She successfully obtained a Master's Degree in Applied Science at the University of Plymouth and a Doctorate in Architecture from the University of Newcastle.

135. So far, MARA provides education loan opportunities to 10 Orang Asli students annually to study abroad. Next year, to inspire more students from the Orang Asli community, I'm pleased to announce that **Foundations under the Government Linked Companies (GLC) will also sponsor at least 10 Orang Asli** to further their studies abroad.

136. Next year, almost **RM1 billion will be specifically provided for the welfare of the elderly**, which is a significant increase compared to RM580 million in 2020 due to the increase in the elderly welfare assistance rate and the enhancements in the eligibility criteria.

137. The Government also continues to provide grants amounting to RM21 million to support the **operation of private care institutions for the elderly, children, and disabled run by NGOs.**

138. The welfare of people with disabilities will continue to be given due attention, in addition to initiatives to help the disabled to realise their full potential. For the year 2023, a total of **RM1.2 billion is allocated specifically for the disabled**, including assistance for chronic patient care, allowance for disabled workers who are unable to work, and allowances for disabled workers.

139. To encourage more disabled to venture into business, the Government will continue to **enhance the Skim 1 OKU 1 Perniagaan** by exempting businesses by the disabled from paying for registration fees and business license renewal fees under the Companies Commission of Malaysia.

140. During #TeamMOF's engagement session with the disabled community, a proposal was raised to increase door-to-door services in facilitating the movement of the disabled community. Therefore, RM10 million will be allocated to provide **travel vouchers to the disabled via e-hailing services.**

141. Education for disabled children will continue to be enhanced. In safeguarding the welfare of special education students and teachers, the Government will allocate RM20 million for **teaching aids and facilities improvement to special needs schools.**

142. To give parents the opportunity to send their disabled children to a conducive nursery while they are at work, the Government will provide **special incentives to establish 50 new TASKA OKU** in addition to the existing 13.

143. Currently, about 260,000 thousand disabled are eligible to receive BKM. To provide a more complete and accurate access to information, the Government will establish **Pusat Panggilan Mesra OKU**. This centre will pilot the use of video call mode and signs interpreter services to convey information to the disabled.

Tan Sri Speaker Sir,

144. Prisoners also have the opportunity to work in various fields managed by the Prisons Department, including the agricultural sector. For 2023, the Government will provide **RM10 million under the Agropenjara** initiative to expand agricultural and plantation activities involving 70 hectares of prison land. Part of this allocation is to expand honey bee farming in Penjara Prabebas Dusun Dato' Murad, Melaka, and to increase the supply of fresh freshwater fish at Kamunting Correctional Center, Perak.

145. From 2023 onwards, the additional tax deductions provided to employers who employs ex-convicts will also be extended to employers who employ former students of the **Henry Gurney School as well as Government protection and rehabilitation institutions and non-Government care centers registered under JKM**.

146. Regarding the welfare of children under the care of JKM institutions, the Government will establish the **Pusat Transit - Anjung Sinar** as a center to provide temporary shelter before obtaining employment and starting a new life. **GLCs will also provide support in providing suitable job opportunities.**

Focus 12: Paddy Farmers, Fishermen & Smallholders

Tan Sri Speaker Sir,

147. The Government will continue to ensure the **welfare and support of paddy farmers, fishermen, and smallholders**. For the next year the Government will provide the following:

- First :** **various subsidies and incentives** include subsidies for the price of paddy, paddy fertilizer, Hill paddy, and rice production incentives, as well as Catch Incentives with an allocation of RM1.8 billion, an increase of RM100 million compared to this year;
- Second :** **aid to paddy farmers** has been reintroduced for the year 2023 with RM200 for three months per season to 240,000 paddy farmers with an allocation of RM228 million;
- Third :** **Bantuan Musim Tengkujuh (BMT)** to rubber smallholders amounting to RM200 per month for four months to 320,000 smallholders with an allocation of RM256 million. This means that smallholders will get a BMT of RM800 compared to RM600 previously;
- Fourth :** To increase farmers' income, the **Insentif Pengeluaran Lateks** was introduced together with the TARGET program to improve the supply chain of rubber raw materials through cooperatives; and
- Fifth :** **Skim Perlindungan Pertanian** will be introduced to protect agricultural producers from unpredictable risks such as weather, disease, and pests, and will initially be piloted with paddy farmers.

Strategy 3: Business Support

Tan Sri Speaker Sir,

148. Budget 2023 is also responsive in supporting business activities, particularly **Micro, Small and Medium Enterprises (MSMEs)**. The Government will actively assist MSMEs through various incentives and financing facilities.

Focus 1: Tax Deductions & Cash Grants

149. Based on RMK-12 targets, MSMEs are expected to contribute 45% to the GDP and 25% to total national exports by 2025.

150. To demonstrate Government's commitment to support and empower MSMEs, the Government proposes that the **tax rate on chargeable income for the first RM100,000 be reduced from 17% to 15%**. This reduction will provide savings of up to RM2,000 each for approximately 150,000 MSMEs taxpayers.

151. In addition, to assist especially the micro small traders, the Government proposes to give a **one-off grant of RM1,000 to all registered MSMEs and registered taxi drivers**. It is expected that 1 million businesses will benefit from this grant with a total allocation of RM1 billion.

Focus 2: Financing Facilities

152. To boost business activities, **SemarakNiaga 2023 will be enhanced with a total value of RM45 billion compared to the RM40 billion announced in 2022**. This value includes direct loans, alternative financing and financing guarantees.

153. Next year, RM1.7 billion will be available as microcredit loans and financing facilities to benefit small entrepreneurs. Among others include:

First : **BSN microcredit loans** with funds of RM950 million, which includes RM350 million for the **Skim Penjaja Kecil Keluarga Malaysia**, of which RM150 million is for Bumiputera entrepreneurs;

Second : Loan facilities for **small entrepreneurs under TEKUN**, specifically for Bumiputera, women, youth, and the informal sector with an allocation of RM300 million;

- Third :** Financing facilities specifically for the Chinese community with an allocation of RM200 million with an interest rate as low as 4%;
- Fourth :** The Micro-funding scheme under the **Indian Community Entrepreneur Development Scheme (or SPUMI)** with a fund of RM25 million. RM100 million is also provided under **MITRA**, among others, for the development of entrepreneurs; and
- Fifth :** The **iTEKAD social finance program** of RM10 million with matching funds from financial institutions through zakat and cash waqf contributions.

154. The cooperatives have helped their members and contributed to the country's development since the 100 years of their establishment in Malaysia. Next year, RM100 million will be allocated for the **Tabung Modal Pusingan Suruhanjaya Koperasi Malaysia** to provide funding to help cooperatives develop the agrofood industry. In addition, the Supply Chain Empowerment for Cooperative Program will also be continued towards ensuring a consistent supply of food and consumer needs at lower prices.

Tan Sri Speaker Sir,

155. In addition to micro-financing, the Government will also provide loans that support small and medium-sized companies. Through Bank Negara Malaysia, **RM10 billion** in loan funds are provided **to encourage the automation and digitization of SMEs and support the food security agenda and the recovery of the tourism sector.**

156. TERAJU, with a total allocation of RM135 million will provide financing support and facilities under the **Dana Kemakmuran Bumiputera.**

157. A total of RM200 million worth of funds will be allocated under **Perbadanan Usahawan Nasional Berhad (PUNB)** to provide financing facilities and entrepreneur development programs for Bumiputera in the retail sector.

158. Lastly, to complement these financing initiatives, the Government agrees to extend the 100% stamp duty exemption on restructuring or rescheduling loans or financing agreements until 2024.

Focus 3: Strategic Financings, Alternatives & Financing Guarantees

Tan Sri Speaker Sir,

159. The Government also finances strategic projects through Bank Pembangunan Malaysia Berhad (BPMB). Various financing funds are offered with an interest subsidy of 1.5% per year. Among others includes:

First : **Sustainable Development Financing Scheme** worth RM1.5 billion to facilitate effort to achieve the 17 sustainable development goals;

Second : **Tourism Infrastructure Scheme** amounting to RM1 billion to strengthen the recovery of the tourism sector including funding for hotel rehabilitation including funding for hotel rehabilitation, urban renewal, and heritage conservation; and

Third : **Maritime and Logistics Scheme** of RM1 billion, expanded scope to support to the oil and gas, shipbuilding, and ship repair.

160. The Government will also continue the **Rehabilitation and Support Through Equity Facility (RESET)** and **Skim Modal Kerja through BPMB** with a total fund amounting to RM1 billion, to provide support in the form of equity injection and working capital for high-potential companies affected by COVID-19.

161. Since 2009, the Government, through Syarikat Jaminan Pembiayaan Perniagaan (SJPP), has assisted SMEs in obtaining bank loans by guaranteeing almost 50,000 companies with a total guarantee value of RM48 billion.

162. For 2023, SJPP will provide financing guarantees of **up to RM9 billion for SMEs**, especially for strategic sectors such as agro-food, sustainable technology, tourism, and oil and gas. This guarantee initiative will continue to help SME companies to obtain new financing that was previously challenging.

163. New forms of financial innovation, such as equity crowdfunding (ECF), will continue to be supported. This instrument provides capital funding for startup companies such as Green Lagoon Technology, a biogas plant operator, utilising circular economy to generate green energy from palm oil waste. Likewise, social enterprises such as Athena Holdings are leading innovative efforts to provide ecofriendly hygiene products for women.

164. To support start-up companies in the sustainability and social enterprise agenda, the Government will **provide Malaysia Co-investment Fund (MyCIF)** with an allocation of RM30 million to the ECF fund.

165. In addition, the Government also **plans to expand the scope of tax incentives for individual investors in start-up companies through equity crowdfunding** to cover investments made through Limited Liability Partnership Nominee companies.

Focus 4: Recovery of the Tourism Industry

Tan Sri Speaker Sir,

166. Alhamdulillah, since the reopening of our borders, the tourism sector has started to recover. As of July, Malaysia has received 3.2 million tourist arrival with RM9.4 billion in tourism revenue. However, this still does not mirror pre-COVID-19 achievements, among others, due to China's policy discouraging its citizens from going abroad.

167. For the year 2023, the Government targets the arrival of more than 15 million foreign tourists with a receipt of RM47.6 billion. **RM200 million will be allocated to strengthen the recovery of the tourism sector with incentives, promotion, and marketing initiatives.**

168. Among others, the Government will focus on high-value tourists from specific market segments or niche market segments such as ecotourism, golf, scuba sports, and international exhibitions and conventions.

169. A total of **RM90 million** is allocated as matching grants, for initiatives such as the **Geran Padanan Galakan Melancong (GAMELAN)** program, which involves promotion and marketing campaigns with the industry. Matching grants are also provided for organizing tourism programs, including international sporting events.

170. Matching grants to **encourage charter flight services will also be provided**, especially from the Middle East and East Asia. Furthermore, the Government, together with Malaysia Airport Holdings Berhad and international airlines, will work on **new direct flight routes** from international destinations, such as from West Asia and the Middle East, to Malaysia, including the international airports of Kota Kinabalu and Penang.

171. The ecotourism segment has become one of the attractions for foreign tourists to Malaysia. This includes THE HABITAT Bukit Bendera, which succeeded in becoming a tourist destination. Next year, **RM10 million will be provided through collaboration with a network of ecotourism industry players** for:

First : upgrading ecotourism attractions in **Gua Kelam, Perlis;**

Second : pioneering sustainable solid waste management efforts in **Pulau Perhentian, Terengganu;** and

Third : intensifying activities at **Taman Pertanian Jubli Perak Sultan Ahmad Shah, Kuantan, Pahang.**

172. To promote Keluarga Malaysia to travel to domestic destinations of their choice, the Government will allocate RM25 million to provide **incentives in the form of discounts, vouchers, and rebates** for accommodation, tourism packages, handicrafts and works of art up to RM100.

173. Hotels in Malaysia should play a role in displaying handicrafts produced by local entrepreneurs to tourists. Khazanah Nasional Berhad's 'One and Only Desaru Coast Resort in Desaru is a hotel that displays 100% Malaysian handicrafts. To further encourage the tourism sector to prioritize local handicrafts, the Government proposes a **special tax deduction for hotels that buy local handicraft products** limited up to RM500,000.

174. Support and funding for tourism industry operators, such as Wan Muhamad Ihsan, who operates a container hotel in Pulau Pangkor, has benefited from the Government tourism funding to retain his employees during the pandemic. To help entrepreneurs like Wan Muhamad Ihsan, the Government proposes the following initiatives:

First : **BNM Tourism Financing (PTF)** with an RM500 million allocation including an increase of financing limit from RM300,000 to RM500,000;

Second : 100% tax exemption on statutory income for tour operators that guides at least 200 foreign tourists a year or at least 400 local tourists;

Third : Excise duty exemption of 50% to tourism operators on the purchase of new CKD tourism vehicles such as hire and drive cars and excursion buses; and

Fourth : Reinvestment Allowance for selected hotel and tourism projects outlined under the Income Tax Act 1967.

175. I also had the opportunity to visit Petaling Street, which underwent gentrification as a result of ThinkCity's collaboration with DBKL. To further **transform Kuala Lumpur City Center into a creative and cultural hub**, RM10 million is allocated to ThinkCity for the Kuala Lumpur City Center restoration initiative.

176. To make Malaysia a major health tourism destination, **existing tax incentives for the export of private healthcare services** will be extended until 2025. In addition, **Malaysia Healthcare Travel Council will be provided RM20 million** to strengthen Malaysia's position as a destination of choice for health tourists.

Second Agenda: Responsible Budget

Tan Sri Speaker Sir,

177. To ensure the financial sustainability of the Government, **Budget 2023 is responsible** for implementing fiscal reform measures. This Budget is also committed to building the country's resilience in preparation for any future challenges.

Strategy 1: Fiscal Responsibility

178. The Budget for 2022 was originally allocated RM332 billion with a 6% deficit target. Due to global inflationary pressures and rising commodity prices, the Government has taken responsive measures by controlling the price of goods as well as increasing subsidies for consumer essentials. To protect Keluarga Malaysia, the allocation for dependents, assistance, and subsidies is expected to increase from RM31 billion to RM77.7 billion.

179. However, the Government remains responsible for managing the country's finances to ensure that **additional expenditure is matched with additional revenue or other expenditure savings**. As a result, the Government was able to control and reduce the deficit level to 5.8% of GDP in 2022.

180. Budget 2023 will be the largest budget ever, with an increased allocation of RM372 billion. As a responsible Government, the Budget will be balanced with the **commitment to implement fiscal consolidation to ensure the country's financial sustainability**.

181. With an expected revenue collection of RM272.6 billion, the **fiscal deficit for 2023 is projected to decline to 5.5%** of GDP, compared to 5.8% in 2022. Based on the Medium Term Fiscal Framework (MTFF), **the deficit level for 2023 to 2025 is expected to decline to an average of 4.4% compared to GDP.** The Government will continue to intensify its efforts to improve the financial position in the medium term to achieve a deficit of 3.5% of GDP, as targeted in RMK-12.

Focus 1: Fiscal Consolidation

182. As announced in Budget 2022, the Government plans to introduce the Fiscal Responsibility Act (FRA) to increase the transparency and accountability of the country's fiscal management.

183. Various engagement sessions were held to ensure the formulation of a comprehensive FRA and meet the goal of rebuilding the country's fiscal resilience to face any upcoming challenges. Insyah-Allah, I am pleased to inform you that **Fiscal Responsibility Bill 2022 will be presented at this Meeting as well, assuming there are no unforeseen circumstances.**

Focus 2: Revenue Sustainability

Tan Sri Speaker Sir,

184. Despite the economic uncertainty, the Government must ensure a sustainable source of revenue to finance the country's expenditure. To improve the efficiency of tax administration, the Government is implementing two initiatives as follows:

First : **e-Invoicing** will be implemented by LHDN in phases from 2023 with the system development, and pilot project involving selected taxpayers; and

Second : **Tax Identification Number (TIN)** commenced implementation in 2022 to broaden the tax base. From the year 2023, individual citizens and

permanent residents 18 years of age will receive the TIN automatically and the TIN made mandatory for all stamping documents and instruments.

185. To enable Malaysia to broaden its tax base while remaining competitive in attracting foreign direct investment, the Government will introduce the global **minimum effective tax rate** as recommended under Pillar 2 of the BEPS Action Plan 1 and implement the **Qualified Domestic Minimum Top-up Tax** upon completion of a detailed study and is targeted for the year 2024.

Focus 3: To Address Revenue Leakage

Tan Sri Speaker Sir,

186. The Government will continue to address the issue of revenue leakage. The strategy to eradicate cigarette and liquor smuggling activities is being **carried out through the Multi-Agency Task Force** and will be strengthened through the following steps:

- First :** tighten the control of cigarette and liquor imports through legal landing places, including private jetties;
- Second :** limit liquor transshipment activities to certain designated ports;
- Third :** designate Bukit Kayu Hitam Immigration, Customs, Quarantine and Security Complex as a single exit point for the northern region; and
- Fourth :** provide special rewards to strengthen efforts to combat cigarette and liquor smuggling.

187. In addition to addressing revenue leakages, the Government will also implement comprehensive reforms in 2023 to **address the leakage of essential goods subsidies**. Among the main focus is to ensure that subsidised petrol is used by citizens and not by non-citizens; that subsidised diesel is enjoyed by vehicle carriers and not

smuggled to business premises or abroad; that subsidised cooking oil and LPG are used by low-income households; and that the quota is not used up by traders.

Strategy 2: Building National Resilience

Tan Sri Speaker Sir,

188. For the well-being of Keluarga Malaysia, Budget 2023 prioritises efforts to strengthen the country's resilience against any future shocks.

Focus 1: Healthcare

Tan Sri Speaker Sir,

189. According to World Bank data, the total expenditure on healthcare in Malaysia is equivalent to other neighbouring countries which is around 4% of GDP. Next year, the Ministry of Health will be allocated RM36.1 billion, compared to RM32.4 billion this year, which is one of the largest increases among ministries.

190. Although we are moving into the endemic phase, COVID-19 is still with us. The Government will **strengthen the capacity of public healthcare**. A total of RM4.9 billion will be allocated for the procurement of medicines, reagents, vaccines, and consumables, which is 12% higher compared to 2022.

191. The priority for next year will be to refurbish dilapidated facilities, including old clinics. The Government will provide RM420 million for the **refurbishment of underfunded hospitals and clinics as well as the replacement of obsolete equipment**, with priority given to dilapidated health facilities in the rural areas of Sabah and Sarawak.

192. Next year, several **new hospitals, clinics, and facilities** will be built, including the procurement of equipment costing close to RM1.8 billion. This includes **Hospital Maran** in Pahang costing

RM350 million, the **women and children building at Hospital Melaka**; five **New Health Clinics**, such as, in Linggi, Negeri Sembilan, Penampang, Sabah and Sepupok, Sarawak; and the procurement of **mobile CT scans** to provide CT scan services, especially for the rural areas in Sabah and Sarawak.

193. In leading the mental health agenda, the Government proposes to establish a National Centre of Excellence for Mental Health. This centre functions as the main driver among all parties for the well-being of rakyat's mental health under the ambit of MyMYNDA with an allocation of RM34 million.

194. To support the National Dental Health Policy, the scope of income tax relief on personal, spouse, and child medical treatment expenses **will be expanded to include dental examination and treatment expenses** limited to expenses of up to RM1,000 from the year of assessment 2023.

195. In addition, RM10 million will also be allocated for the **procurement of 10 units of 3D printing machines** to produce dentures, to reduce reduce the frequency of patient's visit to the Government dental clinic from five times to two times.

196. To encourage people to stop smoking, the Government plans to **exempt import duty and sales tax on nicotine replacement therapy products**.

Tan Sri Speaker Sir,

197. YB Paya Besar previously visited Athif Fahri who is suffering from Spinal Muscular Atrophy Type 1 disease. This is one of the 8,000 rare diseases listed in the Malaysia Rare Disease List.

198. The Government has taken proactive steps by making the Kuala Lumpur Hospital and Tunku Azizah Hospital as the referral centres for rare diseases. The Government will increase the allocation for rare disease to RM25 million to cover the increasing cost of treating rare diseases.

199. The Government has established a **Trust Fund for the Treatment of Rare Diseases** for public donations. We are pleased to announce that a tax deduction equivalent to the actual contribution will be given to the contributors. It is our hope that many parties will contribute to easing the burden of these patients.

200. Prevention is better than cure. The Government will intensify the health screening agenda through the **skim Peduli Kesehatan for B40 Group (PEKA B40)**, including for **diabetes screening**, with an allocation of RM80 million.

201. The Government will also enhance the **SOCSCO Health Screening Program** as a precaution to detect and prevent critical illnesses such as cancer and heart disease. This program will benefit 2.3 million workers registered under the SOCSCO Invalidity Scheme with an allocation of RM80 million.

202. Since 2019, **MySalam** has approved claims related to critical illness and hospitality totalling RM734 million for 1.5 million B40 individuals. This includes 500,000 individuals who received compensation due to COVID-19 with a total value of RM330 million.

203. The Government intends to **continue the MySalam scheme to BKM recipients** throughout 2023. This scheme is open to insurance and takaful companies to ensure the continuity of MySalam.

204. **Perlindungan Tenang Voucher** has benefited more than 3 million BKM recipients and will continue with the cost sharing method. This voucher will be extended for the purchase of flood disaster protection products for residential homes.

205. The **National Trust Fund**, based on the KWAN Act 1988, was established with the mandate to generate a continuous and stable source of income for the benefit of the country and future generations. In line with that purpose, the Government has allocated up to RM6 billion for the COVID-19 vaccine. As of 30 September 2022, RM5 billion was spent on the national immunisation programme for COVID-19. The Government assures that there is sufficiency of vaccine stocks, for those wanting to get an additional dose of vaccine in 2023.

206. The Government is committed to replenishing KWAN funds when the COVID-19 crisis is over, subject to the Government's financial position. In line with this, PETRONAS plans to contribute RM2 billion to KWAN in 2023. The Government calls on more entities to contribute to KWAN for the benefit of the country in the future.

Focus 2: National Defence and Public Safety

Tan Sri Speaker Sir,

207. The Government will continue strengthening public safety and national security through the **Ministry of Home Affairs and the Ministry of Defense, with an allocation of RM18.3 billion and RM17.4 billion**, respectively.

208. In 2023, the Government's key initiatives are:

First : **purchasing and maintenance of ATM assets** to increase defense readiness with an allocation of nearly RM4 billion;

Second : **purchasing and maintenance of PDRM assets** to improve domestic security with an allocation of RM431 million;

Third : **maintaining all APMM ships and boats** to ensure the safety of the country's maritime areas with an allocation of RM485 million; and

Fourth : **procuring body scanners and upgrading facilities in five prisons**, including the Seremban Prison, Negeri Sembilan with an allocation of RM18 million; and

Fifth : improving border control by **establishing 25 border control posts** with PGA, Immigration, ESSCOM, and APMM, among others, at Bau, Sarawak dan Tanjung Gemok, Pahang

209. The welfare of the uniformed bodies and retirees will be provided with initiatives as follows:

- First :** RM118 million to **maintain the Rumah Keluarga Angkatan Tenteraa (RKAT)**. The Government proposes to build new RKAT of various classes at Butterworth Air Base, Penang, in addition to the 12 ongoing RKAT building projects;
- Second :** RM42 million to repair and upgrade **PDRM residential quarters**;
- Third :** RM28 million to **continue three construction projects of quarters under the Prison Department**, among others, the Labuan Correctional Center and the Malaysian Correctional Academy; and
- Fourth :** 50% discount on public transport operated by PRASARANA to more than 21,000 retired military and police card holders in Kuala Lumpur, Selangor, Pahang, and Penang.

Focus 3: Food Security

Tan Sri Speaker Sir,

210. This year, global developments have contributed to higher food prices. The Government is making every effort to ensure that the impact of rising costs is minimal by setting ceiling prices for food items, eliminating import permits, and implementing the Jualan Murah Keluarga Malaysia program.

211. In line with the **National Agrofood Policy**, the Government will continue to strengthen food security and reduce dependency on imported supplies to be resilient against future shocks.

212. As of 2020, land use for food crops has declined to only 1.2 million hectares compared to 7 million hectares for oil palm and rubber cultivation. To increase food production, the Government

intends to intends to **utilize the idle lands** owned by FELDA, FELCRA, and RISDA and agencies under MAFI with an area of up to 800 acres for food crops.

213. To **increase Self-Sufficiency Level (SSL)** and encourage the use of technology in the agricultural sector, the following initiatives will be implemented:

- First :** **Skim Agrofood BNM** at a rate of 3.75% for agrifood entrepreneurs to increase production productivity with a fund of RM1 billion;
- Second :** **Agrovest** investment program by Agrobank to provide seed funding to agricultural startup companies and to establish an e-commerce platform with a fund of RM250 million;
- Third :** investment of RM200 million under Khazanah's Dana Impak with a focus on increasing the income and productivity of farmers;
- Fourth :** The **Digital AgTech** program under MDEC will be expanded to 264 Pertubuhan Peladang Kawasan with an allocation of RM20 million to train more farmers to adapt to digital technology; and
- Fifth :** the **Keluarga Malaysia Hardcore Poverty Eradication Programme** will focus on the promotion of low SSL food crops such as chili, ginger, and cabbage among selected households.

214. During my Budget Visit to Johor, I had the opportunity to visit FOLO farm, an organic farm that converts food waste from hotels into organic compost, which is then used as fertiliser for various types of vegetable crops. Besides that, there are also entrepreneurs who process agricultural waste into animal feed by using the **black soldier fly**. To **support sustainable agriculture efforts, RM56 million is allocated to MAFI** for various initiatives such as the development of agro-food sustainability.

215. In addition, the tax incentive period for food production projects will be extended until the end of 2025, with the scope of the **incentive also expanded to include modern agricultural projects based on Controlled Environment Agriculture.**

216. For example, the concept of indoor vertical farming is being undertaken by Dr. Jayanthi from Boomgrow, which grows vegetables in modified cargo containers, with the use of lights with Internet of Things sensors and applying artificial intelligence (AI) algorithms.

217. Biotechnology can improve agricultural productivity as well as develop a more environmentally friendly approach to agriculture. The government plans to extend the tax incentive application period for companies with BioNexus status until the end of 2024. This incentive will also be enhanced with an increased income tax exemption on statutory income from 70% to 100%.

218. To drive productivity and increase efficiency through automation, especially in the agricultural sector, the Government proposes to provide an **Accelerated Capital Allowance claim and income tax exemption of 100%** on qualifying capital expenditure. This incentive applies to the manufacturing, agriculture and services sector including, healthcare related sectors that adopt elements of Industry 4.0, including entrepreneurs who implement a closed house system.

Focus 4: Disaster Preparedness

Tan Sri Speaker Sir,

219. We, as Keluarga Malaysia, are deeply saddened by the disaster that hit the country. In the last two years, floods and landslides have occurred in almost every state. The Government expresses condolences for the loss of property and the lives of loved ones.

220. Since helming the administration, this Government has made several critical decisions in preparation for any natural disaster. The Government has also immediately improved the provision of monetary assistance in addition to various other forms of assistance to affected victims.

221. To build the country's resilience, the Government is committed to implementing the **Flood Mitigation Plan until 2030** as a long-term strategy to adapt to climate change throughout the country, with a total allocation of RM15 billion. For 2023, a large portion of the projects will be awarded with an estimated expenditure of RM700 million. Among the main projects are:

First : the implementation of the **Sabo Dam project** worth RM500 million in 46 locations across the country to reduce the risk of debris floods and mud floods that can affect nearby settlements, such as the flood tragedy in Baling, Kedah;

Second : the construction of a **dual-purpose reservoir** costing nearly RM2 billion involving alignment along the Klang River and the Rasau River, Selangor as a two-pronged strategy to overcome the flood problem and as a raw water storage;

Third : additional phase for the **Integrated River Basin** in Sungai Golok, Kelantan worth RM500 million; and

Fourth : upgrade **weather forecast system** to strengthen flood forecasts and warnings at the national level.

222. For next year, the National Disaster Management Agency (NADMA) will receive an allocation of RM174 million. As a proactive preparation measure, the Ministry of Finance will channel an **additional RM400 million to NADMA in the event of a flood at the end of this year.**

223. For 2023, the Government has provided an early allocation of RM100 million under the **National Disaster Relief Fund** and the Ministry of Finance is ready to increase the allocation as necessary.

224. To prepare the Malaysian Armed Forces to face possible disasters, two additional field hospitals costing RM47 million will be completed by the end of this year in Kluang, Johor and Kota Kinabalu, Sabah. In addition, 50 ambulance units will also be stationed in military camps, ready to be deployed in the event of a disaster.

225. The Government will allocate RM20 million under the Pertubuhan Prihatin Komuniti Grant to 2,000 resident associations that carry out voluntary activities. This includes taking firefighting courses in preparation for any disaster such as floods or fire at the community level.

Focus 5: Financial Scams

Tan Sri Speaker Sir,

226. Online fraud or online scam is an increasingly serious global issues and Malaysia is not spared from this threat. Several measures to curb scams will be implemented, including:

- First :** establishment of **National Scam Response Center (NSRC)** involving a joint venture of PDRM, BNM, MCMC and NFCC, in partnership with financial institutions. The centre will start operating this month and act on reports received to block criminal's accounts and take action against online criminals;
- Second :** tightening banking institutions' **internet banking security measures** by discontinuing the usage of SMS-based one-time-passwords (OTP) for high-risk transactions;
- Third :** providing a **platform for the public to report any account or number suspected** of being used by online scam criminals: and
- Fourth :** raising **awareness on financial and digital literacy** to reduce the risk of becoming victims of fraud.

227. At the same time, the Government will continue to strengthen **CyberSecurity Malaysia** with an allocation of RM73 million to strengthen the monitoring, detection, and reporting of cyber threats, including building the capability of cyber forensic systems.

228. To protect consumers while promoting a fair and orderly consumer credit market, the Government is committed to present the **Consumer Credit Bill** in the second quarter of 2023. A new independent authority, the **Consumer Credit Monitoring Board**, will be established under the Ministry of Finance to regulate all activities related to consumer credit.

Strategy 3: Public Service Delivery Efficiency

Tan Sri Speaker Sir,

229. The Government will continue to improve and uplift the efficiency of service delivery for the well-being of the entire Keluarga Malaysia.

Focus 1: Public Private Partnership

230. The **Public-Private Partnership Master Plan 2023-2032** will be launched to introduce a new PPP model that is capable of driving infrastructure projects based on user pay such as highways, and in-kind payment such as land swap. In this respect, the **Infrastructure Facilitation Fund is provided RM250 million** to support the implementation of high-impact PPP projects in the infrastructure, social and security sectors.

Focus 2: Government Linked Companies

Tan Sri Speaker Sir,

231. GLC and GLIC will continue to play a vital role in the nation's economy and have committed to invest up to RM50 billion in 2023, including, among others:

First : investments of up to RM1.3 billion in venture capital to support start-up companies and entrepreneurs;

Second : investing in food security projects totaling RM1.35 billion;

- Third :** propelling the sustainability agenda with the establishment of a sustainability framework for investments and setting targets to achieve a fully ESG compliant portfolio and carbon neutral operations;
- Fourth :** implementing green procurement of up to RM330 million as well as provision of EV infrastructure; and
- Fifth :** investing in domestic direct investment of up to RM45 billion.

232. Domestic direct investment from GLCs is important for the economic recovery. Among them, KWSP will continue the **development of Kwasa Damansara** by creating more than 6,000 job opportunities with a total investment of more than RM3 billion until 2025. PNB will also, through the **Merdeka Tower 118 project**, undertake a gross development value (GDV) of more than RM10 billion and create up to 4,000 new job opportunities.

233. **Khazanah Nasional Berhad will be investing RM1 billion under Dana Impak** in 2023, of which RM230 million of that fund will be invested in local high technology companies. This fund will support local talents to capitalise on their experience working with multinational companies by setting up their own technology companies, such as SkyeChip. To encourage similar companies to generate their own patents, the Government will **extend the intellectual property development tax incentive** until 31 December 2025.

234. To encourage more angel investors to contribute to economic activities through capital funding in investee companies, the tax incentive will be extended until 31 December 2026.

235. KPJ Damansara Specialist Hospital 2 with a capacity of 300 beds, has been completed on Malay reserve land by Pelaburan Hartanah Berhad. PHB will continue to implement commercial development to increase the value of Bumiputera property ownership including developing Malay reserve lands. Next year, RM50 million will be provided to PHB.

236. To further develop competent Bumiputera businesses, **Ekuiti Nasional Berhad (EKUINAS)** will provide Dana Asas investment amounting to RM100 million as a direct investment fund specifically for Bumiputera companies with a minimum investment of 10 million each.

237. The Ministry of Finance has launched the Good Governance Principles guidelines to be adopted by all GLICs and which will then be extended to all GLCs. Thereafter, an investment standard will be launched to ensure that GLIC investment process takes into consideration the agenda of sustainability.

Focus 3: Government Administration

Tan Sri Speaker,

238. The **Urban Transformation Center (UTC)** has made it easier for the rakyat to get various Government services under one roof. In order to ensure that UTCs continually benefit Keluarga Malaysia, UTC will be rejuvenated and transformed to include digital and job opportunity services. The Government will set up two new UTCs while maintaining the upkeep of existing UTCs with an allocation of RM20 million.

239. Concurrently, the Government through MDEC will spearhead efforts to **transform the UTC as a digital hub**. Among them, transactions will be carried out on a cashless basis while promoting various digital activities such as e-sports and coding for the benefit of local youth.

240. To help the unemployed through job matching, the Government will **develop 13 MYFutureJobs Satellite Centres in UTCs across the country** with an allocation of RM8 million. In addition, HRD Corp and SOCSO will also establish a **National Placement Center** in the Klang Valley as a one-stop center that assists the rakyat to secure employment. SOCSO will also increase the number of case managers to assist the unemployed in their search for job opportunities.

241. The Government will continue to **strengthen consumer advocacy**, especially in relation to consumer rights. The Government will also provide **special funding assistance for the appointment of private lawyers to assist consumers in the handling of judicial review application cases** at the Tribunal for Consumer Claims Malaysia.

242. Finally, towards modernizing transactions with the Government, the process of documents stamping and stamp duty payment to the Inland Revenue Board will be entirely online through the **Stamp Assessment and Payment System** by 2024.

Focus 4: Civil Servant's Welfare

Tan Sri Speaker,

243. Keluarga Malaysia is very grateful for the unwavering dedication and determination of the country's frontliners in fulfilling their duties throughout the development of this country.

244. Under the leadership of Chief Secretary to the Government of Malaysia, the civil servants have worked tirelessly and faithfully with the Keluarga Malaysia Government to protect the well-being of the rakyat and the stability of the country.

245. This year, the Government has executed a few initiatives for civil servants. This includes the reduction of financing rate for computer and smart phone financing scheme from 4% to 2%. To encourage a healthy lifestyle among civil servants, the Government will **widen the definition of digital devices under the Computer and Smart Phone Financing Scheme to include smart watches**.

246. Under Budget 2022, the Government continued to provide Personal Accident Coverage of up to RM100,000 to benefit 40,000 LPPSA new borrowers. Next year, the Government agrees to **provide RM100 subsidy to include insurance and takaful home content coverage** worth RM20,000 as an effort to lighten the burden on borrowers impacted by disasters.

247. For all the service rendered by the Civil servants thus far, YAB Prime Minister has announced several benefits for civil servants at the **Majlis Amanat Perdana Perkhidmatan Awam ke-18** on 30 August 2022.

248. Among them include an increase in the **Cash Award In Lieu of Leave (GCR)** that can be accumulated for the purpose of compensation, which has been increased from 160 to 180 days with a financial impact of RM100 million per year. With the increment, I am pleased to announce that **early redemption of GCR up to 50% will be increased to a maximum of 90 days**. I hope this early redemption will assist civil servants in need.

249. The Government has also **increased the Special Annual Leave for civil servants in education** who have served for more than 10 years by 5 days to 15 days to benefit 500,000 teachers to attend to personal matters and an opportunity to accumulate higher GCR.

250. The Government has also agreed to give a **2023 Special Annual Salary Increment of RM100 to all civil servants grade 11 to 56, with a financial implication of RM1.5 billion**. This means that if a Grade 11 employee with a salary of RM1,600 previously receives an RM80 increment every April, next year they will also receive a 2023 Special Annual Salary Increment of RM100 commencing January 2023. This brings up the final salary in 2023 to RM1,780 and this amount will remain in years to come.

251. For next year, the Government also agrees to provide **Special Financial Assistance** to 1.3 million civil servants grade 56 and below, amounting to RM700 and 1 million Government pensioners amounting to RM350 with financial implications amounting to RM1.3 billion.

252. In addition, **YAB Prime Minister has agreed to increase the Aidilfitri 2023 Special Financial Assistance to RM600** and this will be paid in March 2023. Together with the Special Annual Salary Increment of RM100 effective January 2023 and the Special Financial Assistance of RM700, **the total additional amount for eligible civil servant in 2023 will be RM2,500**.

Third Agenda: Reformist Budget

Tan Sri Speaker Sir,

253. The COVID-19 crisis presented Malaysia with the opportunity of a great reset and the Government will not waste lessons from the pandemic and thus, we will not just address short term issues but also undertake reforms for the longer term.

254. The **National Investment Aspirations (NIA)** which was launched yesterday has been formulated to drive high-quality and sustainable investments at a national level and in strategic sectors. The Government will continue to evolve the incentive framework to align to current and global developments and aligned with national investment priorities.

255. To attract high-quality investments, the Government is committed to be among **World's 10 Most Competitive Economies by 2025**. This commitment requires a comprehensive effort of public and private sectors working partnership, which will be spearheaded by the Special Task Force to Facilitate Business (PEMUDAH).

256. As a start, the Ministry of Finance will prioritise addressing issues raised by the private sector in the PEMUDAH platform by implementing the following reforms:

First : unabsorbed carry forward losses by companies from sectors that have a long gestation period are allowed to be carried forward up to a maximum of 20 years, such as forest plantations and hydroelectric projects;

Second : propose inclusion intangible assets such as software as part of the definition of plant under Schedule 3, Income Tax Act 1967;

Third : propose that charitable hospitals registered as Company Limited by Guarantee be given income tax exemption equivalent to the amount

of charitable expenditure incurred. Donors are also given tax deductions on donations of up to 10% from the aggregate income;

Fourth : electronic tax filing and payments starting from the year of assessment 2024;and

Fifth : extend till the end of 2023, the existing relaxations of Government procurement procedures and regulations, including allowing Government agencies increase procurement limit by quotations from RM500,000 to RM800,000.

Strategy 1: Transforming Industries

Focus 1: Promoting Investment

257. The Government will continue to support investments in high-impact and strategic sectors to spur the country's development.

258. The Government has successfully attracted investment commitments of up to RM40 billion from Intel, Infineon, and Osram, three leading global E&E giants. The Government will continue to take a strategic approach by creating an **investment fund of over RM1 billion** to attract high value-added investment and generate high income employment opportunities.

259. To support the E&E ecosystem, and collaboration between industry, academia and Government, RM10 million will be provided to the Collaborative Research in Engineering, Science and Technology Centre (CREST) to **develop applications based on Radio Frequency and Bluetooth technology for the automotive industry.**

260. Due to geopolitical uncertainties and global supply chain disruptions, the Government will provide a **relocation incentive to attract affected E&E** sector investors wishing to relocate their operations to Malaysia by extending relocation tax incentives and 15% flat tax rate for C-Suite personnel until 2024.

261. The medical devices industry continues to thrive as a high growth and high value-added sector. Global multinationals such as B. Braun, export products worldwide, which were not only manufactured in Malaysia but were designed and developed by Malaysian engineers. Local companies such as Ideal Healthcare in Sungai Petani have also produced various medical devices for the local market.

262. In 2023, RM20 million will be provided as **matching grants to support product development and nurture local talents for the medical devices industry**. The Government will continue to prioritise procurement of pharmaceutical products and medical devices manufactured in Malaysia. To promote the development of the pharmaceutical industry, the **tax incentive for pharmaceutical companies** will be extended until end 2025.

263. To more aerospace companies and encourage the expansion of existing companies, **income tax incentives, and investment tax allowances** will be extended until 31 December 2025. Matching grants amounting to RM50 million will be provided to support the development of aerospace components domestically. The surrounding area to KLIA Sepang will be developed further as an aerospace industry cluster, especially for **Maintenance, Repair, and Overhaul (MRO) operations**.

264. PETRONAS has invested over USD27 billion in developing the Pengerang Petroleum Complex to be the largest petrochemical facility in the region. To further grow Pengerang as a petrochemical hub, the Government **proposes special status incentives for chemical and petrochemical investments into Pengerang**.

265. To support this intention, the highway access to Pengerang will be improved through the construction of overtaking lanes for the Senai Desaru Expressway. In addition, the Government agrees to upgrade the North-South Expressway (PLUS) between Senai Utara and Pandan from four to six lanes at a cost of RM510 million.

266. To further promote the development of successful local technology-based companies such as Aemulus Holdings Berhad, the Government will provide a fund of RM100 million under the **Domestic Investment Strategic Fund (DISF)**. The Government will

also extend until 2025, the tax deduction of up to RM1.5 million on expenses incurred on listing to the ACE and LEAP markets. This tax deduction will also be extended to include listings of technology-based companies to Bursa Malaysia's Main Market.

Focus 2: Science, Technology, and Innovation

Tan Sri Speaker Sir,

267. RM364 million will be allocated for Research & Development activities across different ministries, led mainly by the Ministry of Higher Education and the Ministry of Science, Technology, and Innovation.

268. In addition, the Government will also allocate RM50 million among others:

First : for the development and commercialisation of nanotechnology under NanoMalaysia Berhad with an allocation of RM16 million;

Second : driving business innovation through the Research Incentive Scheme for Enterprises with an allocation of RM5 million;

Third : establishing a Venture Capital Fund to finance equity injections into high-technology companies in the E&E and renewable energy sectors with an initial allocation of RM10 million; and

Fourth : undertaking the Malaysia Techlympics 2023, which promotes innovative ideas with an allocation of RM7 million.

269. Founded by 3 women entrepreneurs, Cult Creative has successfully provided a digital platform that matches creative talent with potential employers in the creative industry. To promote more of such innovative start-up companies to emerge and succeed

internationally, Cradle Fund, as the coordinating agency for the startup ecosystem in Malaysia, will be provided with an allocation of RM50 million.

270. The startup ecosystem should not only be limited to solely commercial interests but should also be leveraged to solve social and public interest issues. As such, MyDigital will coordinate efforts between the startup ecosystem and relevant Government agencies to develop technology solutions for critical issues faced by the Government.

271. Malaysia has launched the DE Rantau initiative to promote digital professional mobility that supports the nomadic lifestyle. For 2023, DE Rantau will provide six new locations involving 2,000 short-term rental accommodations certified as Digital Nomad Hubs. DE Rantau is expected to benefit 120 startup companies and will contribute more than RM180 million to the economy.

272. MRANTI Technology Park is in the process of transformation towards becoming a world-class innovation hub for clusters such as health technology and smart manufacturing. To kickstart this transformation, the Government is allocating RM18 million. MRANTI will also play the role as recognition body for goods, services and technologies produced from local R&D, which will then be given preference for Government procurement.

Focus 3: Commodity Sector

Tan Sri Speaker Sir,

273. The Agri commodity sector as a whole contributed RM20.4 billion to GDP in the second quarter of 2022. For 2023, the Government will allocate RM2.6 billion to FELDA, FELCRA, and RISDA as the main agencies that regulate commodities activities.

274. The National Agricommodity Policy 2030 targets to have at least 1.1 million hectares of rubber planting areas by 2030. Towards this, a total of RM315 million is provided to implement the Program Pembangunan Kawasan Bertanam Getah Pekebun Kecil to replace old rubber trees that are no longer economically viable for the benefit of 387,000 small farmers.

275. In addition, Program Pembangunan Semula Hasil Baharu will also be implemented to encourage smallholders to provide supplementary sources of income aside from than rubber, such as short-term food crops with an allocation of RM40 million.

276. The Malaysian Sustainable Palm Oil Certification Program (MSPO) has successfully covered 98% of the palm oil plantation areas. The Government will provide an allocation of RM70 million to continue improving the level of sustainability in the palm oil industry, including encouraging the recycling of palm waste materials. The government will also intensify its efforts to promote and counter anti-palm oil campaigns at a global level.

277. The multi-tiered levy for foreign working is expected to commence in the year 2023. Under this approach, companies which hire larger numbers of foreign workers will have to pay a higher levy. As such, the Government intends to reallocate the additional levies collected to assist employers undertaking automation initiatives. This policy would help provide the incentive and financial support to reduce reliance on foreign workers.

Focus 4: Local Products

278. In encouraging the production and purchase of local goods and services, the Government will:

First : intensify digitization and automation efforts through the promotion of e-commerce activities under MATRADE, MARA, and MDEC with an allocation of RM59 million;

Second : empower franchise entrepreneurs under the Vendor Capacity and Development Program 2.0 and the Vendor Research And Commercialization Grant 2.0 with an allocation of RM15 million; and

Third : encourage the purchase of locally made products through the Buy Malaysian Products campaign with an allocation of RM10 million.

Focus 5: Creative Sector

Tan Sri Speaker Sir,

279. The production of films with patriotic and national elements always captivates the hearts of the rakyat. Starting with early films such as Sarjan Hassan and Leftenan Adnan, till recent productions of Ola Bola, Mat Kilau, and Air Force The Movie; all have a significant impact in fostering the rakyat's love for the nation.

280. The success of Mat Kilau with the highest collections in history certainly encouraged more creators to make films like this. To ensure that our creative industry continues to flourish in the hearts of the people, the Government will continue to allocate RM50 million as Dana Penerbitan Filem Kenegaraan (DEKAN) to support efforts by the domestic creative industry to produce such films.

281. The Government will also provide RM102 million for the Digital Content Fund to help market the works of local artists while encouraging them to produce more creative and innovative works.

282. To support industry players creating high-quality creative content, contributions to the Tabung Komuniti Filem dan Pembangunan Filem Kenegaraan under FINAS will be given tax deduction of up to 10% from the aggregate income. Besides, import duty and sales tax exemption on studio and filming production equipment will be given to providers of equipment and production services.

283. Malaysia is very rich in art and culture. It is important to prevent our cultural heritage from being diminished and forgotten over time. Hence, the Government will intensify Program Merakyatkan Seni, Budaya dan Warisan to promote our arts, culture and heritage at the grassroots level with an allocation of RM25 million.

Focus 6: Sports Industry

Tan Sri Speaker Sir,

284. This year has proven to be a historic milestone for Malaysian sports. The Jalur Gemilang has been flying proudly, with our sports bringing glory to Malaysia across the globe. Most definitely, one of the country's most momentous achievements was when our number one men's doubles pair, Aaron Chia - Soh Wooi Yik were crowned champions at the World Badminton Championships, thus ending the nation's 45-year wait. Congratulations and thank you to all sportsperson who have done our nation proud.

285. Recognising the importance of ensuring the best in terms of training programs and sports facilities, a total of RM332 million is provided including:

First : RM145 million to **maintain, upgrade and build sports facilities** throughout the country;

Second : RM154 million to develop a **comprehensive sports ecosystem** through the search for new talent, training program, quality sports facilities, to produce champions at international sports games;

Third : RM20 million to provide opportunities for youth to participate in the right motorsports platforms through the **development of a “development of drag circuits in every state”**;

Fourth : RM13 million for **development of e-sports**; and

Fifth : tax deduction to those contributing to NGOs involved in sports development at the grassroots level.

286. To our para athletes - you will always be an inspiration for others. We would like to take this opportunity to record our congratulations to all the para athletes for an exceptional achievement at the ASEAN Para Games with 36 gold. To produce more para athletes of international calibre, RM12 million is provided specifically for the **development of paralympic sports**.

287. The welfare of athletes too, will continue to be safeguarded. Hence, an allocation of RM5 million will be provided to the **National Athlete Welfare Foundation (YAKEB)** for 2023 onwards.

288. The National Health and Morbidity Survey found that one in two adults is overweight. We remain champions as South East Asia's most obese country. This is a public health issue that requires serious attention. Towards this, the Government, through the **Healthy Malaysia National Agenda**, will continue to promote healthy lifestyle to reduce the risk of non-communicable diseases, with an allocation of RM15 million.

289. Tomorrow is the National Sports Day. The Government is calling on all Keluarga Malaysia to spend some leisure time to cultivate a healthier lifestyle. For next year, RM10 million will be provided to support **National Sports Day** and **Fit Malaysia Tour** activities next year.

Strategy 2: National Infrastructure Development

Tan Sri Speaker Sir,

290. Although we are faced with fiscal constraints, the Government believes infrastructure development can contribute towards a more inclusive national development and reduce inequalities between regions.

Focus 1: Largest Development Allocation

291. The 2023 budget provides a development expenditure allocation of RM95 billion, the largest ever allocated and significantly higher as compared to the 2022 allocation of RM75.6 billion and 2021 of RM64 billion.

Focus 2: Major Development Projects

292. From this allocation, **RM16.5 billion is allocated for the transportation segment** through major infrastructure projects, especially the Pan Borneo Highway, Gemas-Johor Bahru Electrified Double-Tracking Project, ECRL, RTS Link, and Central Spine Road.

293. Insyah-Allah, the Sarawak Pan Borneo highway is expected to be fully completed for the people of Sarawak, while the Sabah Pan Borneo highway will be completed by 2024.

294. To improve the quality of delivery and provide a conducive environment, the Government also **prioritised the repair and maintenance** of Federal roads and Government buildings with an allocation of RM11.4 billion.

Focus 3: Strategic Projects

295. Currently, the **Mass Rapid Transit (MRT) 2, Phase 2** project involving the stretch between the Kampung Batu station to Putrajaya Sentral is almost completed and is **expected to commence operations in January 2023 for the benefit of the residents of the Klang Valley.**

296. With respect to the **MRT3 project**, the **Government is committed to complete the Kuala Lumpur rail network** with a 50.8 kilometer line. MRT3 Phase 1 is expected to be completed by 2028, whereas Phase 2 will be completed by 2030. The total project costs RM50.2 billion, with the projected expenditure for 2023 amounting to RM3.3 billion.

Strategy 3: Inclusive Development

Tan Sri Speaker Sir,

297. For the well-being of Keluarga Malaysia, Budget 2023 supports inclusive development.

Focus 1: Syiar Islam

298. Needless to say, the agenda to **uphold the teachings of Islam** will always be a priority. Towards this, a total of RM1.5 billion is allocated under the Prime Minister's Department for management and development of Islamic affairs.

299. For the year 2023, the Government will also provide RM150 million towards the maintenance of **educational institutes under the supervision of JAKIM**, including religious schools, tahfiz schools, and registered Religious Pondok Schools.

300. Every year, the Government provides nearly RM700 million in monthly allowance payments to Imams, KAFA teachers, and Takmir teachers. They play a critical role in educating our children and preaching Islam at the community level. In recognition, the Government is pleased to give a **special one-off payment of RM500 to KAFA teachers, Takmir teachers, Imams, Bilal, Siak, Noja, and Marbut**. A total of 72,000 people will receive these benefits with an allocation of RM36 million.

301. Malaysia's halal industry is projected in RMK-12 to contribute 8.1% to GDP and generate RM56 billion in export earnings by 2025. To **spur the development of the halal industry**, RM92 million is provided for, among others:

First : continue the **Halal Hub Center Development Project in Tanjung Manis, Sarawak**, which is expected to be completed next year with an allocation of RM59 million;

Second : implementing the **Malaysia Services and Halal Global** program to promote halal products in the global market with an allocation of RM8 million;

Third : implement **halal industry development initiatives** to increase compliance with halal certification and adapt halal innovation with an allocation of RM6.5 million; and

Fourth : introduce **Waqf Halal PKS OKU** to implement an onboarding program for OKU who want to venture into halal business with an allocation of RM2.5 million.

Focus 2: Rural Infrastructure

Tan Sri Speaker Sir,

302. To ensure the well-being of rural Malaysians, **infrastructure facilities will continue to be improved and enhanced.** For the year 2023, a total of RM2.55 billion is allocated with a focus on Sabah and Sarawak to implement the following projects

First : **Rural road inter-village road projects** of almost 500 kilometers amounting to RM1.5 billion for the benefit of more than 110,000 residents, including from Kampung Orang Asli Bawong Kuala Kangsar to the Rancangan Penempatan Semula Kemar, Perak;

Second : **Rural Electricity Supply project** with an allocation of RM472 million to benefit residents of 2,100 houses;

Third : The **Rural and Alternative Water Supply Project** amounting to RM381 million for the benefit of the residents of 4,800 houses, including at RISDA Palong Farm in Jempol, Negeri Sembilan;

Fourth : **Kampung Street Lights Project** involving the installation of 6,800 units of new lamps and the maintenance of more than 525,000 lamp units with an allocation of RM123 million; and

Fifth : Preliminary works to **build 85 new bridges** to replace worn and unsafe bridges with an allocation of RM54 million.

303. The **State Road Maintenance Grant (MARRIS) will be increased to RM5.2 billion** next year. To optimize this allocation, the scope of MARRIS will be expanded, including the maintenance of state agricultural roads under the supervision of agricultural development boards. The state government can now also use MARRIS allocations to repair and replace roads, bridges, and drains damaged by floods, in addition to utilising up to 20% of MARRIS funds for maintenance beyond the normal scope for MARRIS.

304. As of July 2022, the Mobile Banking initiative involved six banks with 15 modified vehicles enabling over 36,000 transactions, including reaching those in Mukah, Sarawak; Kota Setar, Kedah and Batu Sapi Sabah. The Government will continue to expand this initiative in 2023 to benefit rural residents with an allocation of RM11 million.

Focus 3: Inter-Regional Development

Tan Sri Speaker Sir,

305. Sabah and Sarawak will continue to benefit immensely, with development expenditure allocations of RM6.3 billion and RM5.4 billion respectively. The allocations, among others, are for the development of water, electricity, roads, health, and educational facilities infrastructure projects.

306. The country's five main Corridor Regions will receive a total allocation of RM1.4 billion, double the RM690 million provided this year. Next year, the main programs to be implemented include:

First : a dairy farm project in Chuping, Perlis, with a total project cost of RM80 million;

Second : Human Capital Development Programs under ECERDC, with an allocation of RM63 million, which among others includes programs to improve the academic performance of B40 children;

- Third :** Rapid Transit Bus Transport System in Johor with an allocation of RM80 million;
- Fourth :** Expansion of Sapangar Bay Container Port, Sabah, with an allocation of RM250 million; and
- Fifth :** Samalaju Water Supply Infrastructure Project Phase 3 with an allocation of RM100 million.

307. To stimulate economic growth in the respective corridors, the existing tax incentive package that will expire this year will be further enhanced and extended for another two years.

308. Economic growth in the north will continue to be driven through the Special Border Economic Zone (SBEZ) Delapan project in Bukit Kayu Hitam, Kedah. The Government intends to develop a digital traffic hub and an alternative data center for the Southeast Asian region on a 200-acre area in SBEZ Delapan. Next year, RM25 million will be provided for key infrastructure whereas the private sector will invest in business assets with potential domestic investments of up to RM4 billion and providing more than 600 job opportunities.

309. For 2023, the Government plans to initiate development for towns at the border with Thailand and Kalimantan, Indonesia, including Bukit Kayu Hitam, Kedah; Kalabakan, Sabah in addition to Tebedu and Bakelalan, Sarawak with a project cost of RM150 million. The Government also plans to start preliminary work to construct a new road from Kalabakan, Sabah, to Simanggaris, Indonesia, and upgrade the Serian-Tebedu Road, Sarawak, to the Indonesian border.

Focus 4: Small & Medium Projects

Tan Sri Speaker Sir,

310. Government Procurement plays a vital role to stimulate a high multiplier for the economy. For the year 2023, the Government will provide RM3.7 billion for small and medium projects throughout Malaysia.

311. This includes RM500 million reserved for **class G1 to G4 contractors** to carry out among others maintenance works on federal roads, bridges, houses of worship and infrastructure damaged by floods.

312. In supporting Bumiputera contractors, the Government will provide short-term financing to Bumiputera contractors involved in areas such as electrical and construction through the **Skim Pembiayaan Kontrak Ekspres (SPIKE)** with a fund of RM20 million.

313. The Government will also implement the Kontraktornita initiative to support the participation of more Bumiputera women contractors in Government procurement. **RM50 million worth of small projects will be reserved specifically for female contractors from class G1 to G4.**

Focus 5: Digital Connectivity

Tan Sri Speaker Sir,

314. Under the **National Digital Infrastructure Plan (JENDELA) Phase 2 project**, the Government will provide 100% internet coverage in populated areas and provide fibre optic coverage to 9 million premises nationwide by 2025.

315. This initiative involves a total investment of RM8 billion, including contributions from the industry. For 2023, the JENDELA initiative will be provided RM700 million to implement **digital connectivity for 47 industrial areas and nearly 3,700 schools.**

316. Tenaga Nasional Berhad will also pilot the implementation of the **Rural Internet** by optimizing its electrical cable network to provide high-speed broadband facilities. This project will potentially benefit over 60,000 rural residents and is supported through a matching grant of RM25 million.

317. For 2023, **Digital Nasional Berhad (DNB)** will expand the 5G network throughout the country and achieve coverage of 70% of highly populated areas. DNB plans to implement infrastructure expenditure worth RM1.3 billion in 2023. Keluarga Malaysia stands to enjoy faster internet speeds and cheaper 5G internet access.

Strategy 4: Sustainability Development

Tan Sri Speaker Sir,

318. As stated by YAB Prime Minister during the United Nations General Assembly in New York recently, we need to urgently intensify sustainable development efforts in dealing with the global warming crisis.

Focus 1: Commitment towards Carbon Neutrality 2050

319. The Government is committed to achieve net zero greenhouse gas emission as early as 2050. In supporting this aspiration, we cannot afford continue with a business as usual attitude.

320. Planetary health must be taken into account in the national developmental agenda. In line with this, the Government has tabled the Environmental Quality Act (Amendment) 2022 Phase 1 which among others increases the punishment, fine and penalty on environmental offenders.

321. To encourage green investments, the Government proposes to extend the **Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE)** until 31 December 2025 by extending the incentive period from 3 to 5 years and expanding eligible green activities such as for solar power generation integrated with Battery Energy Storage System.

322. In addition, the **Green Technology Financing Scheme (GTFS)** will also be enhanced as follows:

First : the guarantee scheme will be increased to RM3 billion until 2025;

Second : the scope of financing is expanded specifically to provide guarantees for EV sector with a guarantee limit up to 60%; and

Third : the waste management sector's financing guarantee will be increased up to 80%.

323. As a soft loan, BNM will provide RM1 billion under the High Technology & Green Facility to support innovative sustainable technology startups and RM1 billion under the Low Carbon Transition Facility to help SMEs implement low carbon practices.

324. Through **Dana Impak**, Khazanah will also provide RM150 million to spur the development of nature based solutions to support the development of Malaysia's carbon markets ecosystem and undertaking restoration of degraded forests.

325. In line with this aspiration, GENTARI, a subsidiary of PETRONAS, was established to pioneer in clean energy. As a start, GENTARI is committed to install solar panels at Government and commercial facilities by 2024 with a cumulative PV capacity of 3 megawatts and provide 500 units of EV charging stations nationwide.

326. To complement such efforts, Tenaga Nasional Berhad is also committed to install solar rooftops and EV charging stations with an investment value of RM165 million until 2025..

327. Next, as part of the continuing efforts to support EV adoption, the Government proposes to:

First : extend import duty and excise duty exemption on imported CBU EV for another year until 31 December 2024;

Second : provide exemption on Approved Permit Fee until 31 December 2023; dan

Third : provide manufacturers of EV charging equipment with income tax exemption of 100% on statutory income from year of assessment 2023 until 2032 or Investment Tax Allowance of 100%.

328. To support the efforts of Pulau Tuba in Langkawi, Kedah, as the first low-carbon island in Malaysia, the Government will provide purchase rebates of up to RM4,000 to motorcycle rental entrepreneurs who replace their existing motorcycles with electric motorcycles.

329. The Government targets to achieve 25% green procurement by 2025. To support this vision, the implementation of green procurement guidelines by the Government will be extended to State Governments and Local Authorities (PBT).

330. Plastic product recycling programs are important in ensuring environmental sustainability. To improve plastic waste collection, parties who make donations or sponsorships of Smart AI-Driven Reverse Vending Machine equipment are eligible for income tax deductions.

331. The Government intends to introduce a carbon tax and will study the feasibility of a carbon pricing mechanism. To support the implementation of this mechanism, the Government will provide RM10 million in matching grants to support the preparation of carbon assessments by SMEs and for eligible related products.

Focus 2: Safeguarding Biodiversity

Tan Sri Speaker Sir,

332. Protected areas are guardians to priceless biodiversity treasures and, if not preserved, will undermine the natural ecosystem and the sustainable development agenda.

333. Alhamdulillah, with the support of 7,000 registered participants, the 100 Million Tree Planting Campaign by 2025 has successfully planted over 46 million trees with more than 1,300 species. The Government will also intensify forest restoration projects by planting seedlings including in Hutan Simpan Wilayah Perhutanan Sandakan, Sabah.

334. Despite these positive developments, greater efforts are required to arrest activities that negatively impact the environment, including indiscriminate large scale illegal logging and the exploitation of protected wildlife, including turtle eggs.

335. Hence, to support the efforts taken by the state governments in managing and increasing the protected areas for flora and fauna, the Government will increase the allocation of Ecological Fiscal Transfer for Biodiversity Conservation (EFT) to RM100 million per year, which is an increase of RM30 million.

336. To ensure that wildlife and its natural habitat continue to be preserved, the Government will allocate RM36 million for conservation programmes to protect tigers, elephants and other wild species.

337. By increasing the allocation to RM39 million, community rangers who oversee the preservation of the forest biodiversity will be increased from 800 to 1,000 rangers and are to be employed from among the local community, especially the Orang Asli and veterans.

338. To improve and clean rivers in Malaysia, a total of RM216 million will be provided for conservation projects including in the Merang River Estuary, Terengganu, and the Perak River Estuary.

Focus 3: Sustainable Communities

Tan Sri Speaker Sir,

339. The Government has been working closely with Yayasan Hasanah since the onset of the COVID-19 pandemic. As a result of this collaboration, we have successfully collaborated 177 projects involving 125 social enterprises and NGOs, which has benefited 1.2 million affected rakyat.

340. Therefore, to strengthen this collaboration, a total of RM100 million will be provided on a matching grant basis to the Yayasan Hasanah to spearhead efforts at the community grassroots level, such as generating income, ensuring that no one is left behind in education and scaling up health screening programs.

341. Towards empowering the community as a driver of the sustainability agenda, the Government will also provide RM20 million to the UNDP and the All-Party Parliamentary Group Malaysia to increase SDGs related program activities through collaboration between the Government, local communities and industry.

342. Proudly championing Bahasa Melayu at the global stage, Yang Amat Berhormat Prime Minister has become a role model for all. Hence, to further empower Bahasa Melayu internationally, the Ministry

of Foreign Affairs will be allocated RM5 million to collaborate with related agencies to implement the Language and Culture Diplomacy Program towards the internationalization of our national heritage.

343. In addition to Bahasa Melayu as the National Language, the Government also supports efforts to celebrate diversity in Malaysia and cultivate various other languages and cultures, particularly at the community level, such as Kadazan Dusun and Siam, with an allocation of RM10 million.

344. The bag that I used today to carry the Budget 2023 speech is the product of Sarawak weavers from Tanoti, a Social Enterprise in Sarawak. The songket woven pattern on this bag symbolises the six main communities in Sarawak: Orang Ulu, Malay, Bidayuh, Iban, Melanau, and Chinese. The variety of motifs combine to produce this attractive bag.

345. Similarly with the diversity of us Malaysians, if we are able to unite, we would be presiding over a strong and harmonious Keluarga Malaysia. We humbly submit our 2023 Budget in the hope that it will contribute towards strengthening the bonds between members of Keluarga Malaysia, helping all those in need, and contributing to the well-being and prosperity of our nation.

Conclusion

Tan Sri Speaker Sir, and brothers and sisters of our Keluarga Malaysia,

346. We have now come to the end of the tabling of the 2023 Budget. Alhamdulillah, this deed is almost over.

347. For the past one to two years, the nation was shrouded by worry and uncertainty. We have witnessed various hardships for the survival of rakyat and businesses. Today, the city is again alive with people going about their business; the children are happily running about the school compound, and our borders are the hustle bustle of entry and departure of tourists.

348. Nevertheless, with the ongoing global challenges, the Government will remain committed and determined to be unwavering for those in need.

349. The 2023 budget is expected to help address the challenges faced by the rakyat. God willing, may it continue to provide the path for a better tomorrow, towards a brighter future.

350. To the Honorable Members of Parliament, I call upon you to collectively support this Budget... it underpins the hopes and dreams of more than 32 million rakyat. Therein lies the promise; therefore now is the moment; this is the Budget 2023.

Kepada-Mu *Ya Allah*, kami tawakal dan berdoa.

Semoga Keluarga Malaysia, Makmur Bersama.

Tan Sri Speaker Sir,

I beg to propose.

*Wabillahitaufik Walhidayah Wassalamualaikum
Warahmatullahi Wabarakatuh.*

Appendix I

Touchpoints

Budget 2023 Measures

First Focus

Rakyat's Wellbeing

Strategy 1: Restoring Lives and Livelihoods

Budget 2023 Measures

Initiative 1: Cost of Living

1. Total subsidies, assistance and incentives allocation **(RM55b)**
2. Community Drumming Program **(RM200m)**
 - Subsidise the cost of transportation and distributing necessities like rice, cooking oil, LPG gas, petrol, and diesel
 - Expand to 23 new areas, including Kampung Passin in Mukah, Sarawak and Kampung Tawayari in Lahad Datu, Sabah
3. Price Standardisation Program in Sabah, Sarawak and Labuan **(RM40m)**
4. *Jualan Murah Keluarga Malaysia* **(RM100m)**
 - Price of selected essentials is offered at 20% cheaper than prevailing market price
 - Involve 600 DUNs, 13 Parliaments in Federal Territory as well as public universities

Initiative 2: B40 Group

1. Social Welfare Department's monthly assistance (JKM) **(RM2.5b)**
 - 450k households to receive assistance:
 - o Elderly Assistance
 - o Children Assistance
 - o Financial Assistance for OKU who is incapable of work
 - o OKU Care Assistance and Chronically Bedridden Patients
2. Electricity bill subsidy up to RM40 is extended to households with an income of RM1,169 and below **(RM96m)**
3. Bantuan Keluarga Malaysia
 - Benefit 8.7 mil recipients **(RM7.8b)**
 - Improvements:
 - o New category for household with more than 5 children

Budget 2023 Measures

- o Special assistance for single senior citizen (RM600) & singles (RM350)
- o Additional assistance of RM500 for single parents with children, with maximum benefit of RM3,000 per households

Basic Rate Household	No. of Recipients	Number of Children			
		0	1-2	3-4	≥ 5
<RM2,500	3.3m	RM1,000	RM1,500	RM2,000	RM2,500
RM2,501 – RM5,000	0.9m	RM500	RM750	RM1,000	RM1,250
Special Assistance					
Single Senior Citizen	1.1m	RM600			
Single (<60 y/o)	3.4m	RM350			
Additional Rate					
Single Parents	0.5m	RM500			

4. Keluarga Malaysia Hardcore Poverty Eradication Program (**RM1b**)
- Assistance to > 50k hardcore poor households through agricultural and entrepreneurship projects
 - Training, start-up capital, incentives for agriculture, marketing and digitisation

Initiative 3 - M40 Group

1. Income tax rate reduction (**RM850m**)
- Income tax rate revision for 3 chargeable income bands
 - Benefit ~1m taxpayers with tax savings up to RM1,000

Chargeable Income	Tax Rate
RM50,001 – RM70,000	13% to 11%
RM70,001 – RM100,000	21% to 19%
RM100,001 – RM250,000	maintained at 24%
RM250,001 – RM400,000	24.5% to 25%
RM400,001 – RM600,000	maintained at 25%

2. RM100 e-wallet initiative for M40 (**RM800m**)
- Benefit 8m individuals with annual income below RM100K

Budget 2023 Measures

Initiative 4 - Social Protection

1. Contribution to the Self-Employment Social Security Scheme (SKSPS) SOCSO **(RM150m)**
 - Mandatory for all self-employed sectors implemented in phases beginning 2023, commencing with the public transportation sector and goods or food delivery
 - Government bears 80% of the contribution – For self-employed such as gig workers, farmers, fishermen, artists and hawkers, and extended to taxi drivers and freelance IT professionals
 - Government bears 100% of the contribution – For self-employed who serve as volunteers in the public sector such as APM and RELA volunteers as well as house of worship's volunteers
 - Benefit over 750k self-employed
2. Extension of i-Saraan in 2023 **(RM30m)**
 - Government contributes 15% on top of voluntary contributions
 - Limited to a maximum of RM300 per annum, increased from RM250
 - Benefit over 100k contributors
3. Kasih Suri Keluarga Malaysia (KSKM) **(RM120m)**
 - Government matching incentives to KSKM members worth up to RM600 per year, comprising RM480 of EPF contributions and RM120 contributions for SOCSO coverage
 - Benefit more than 200k housewives
4. Amanah Saham Bumiputera (ASB) and ASB2 - maximum investment limit is increased from RM200k to RM300k
5. Keluarga Malaysia ASB Financing Scheme **(RM100m)**
 - Loan facility of up to RM50k for B40 Bumiputera to invest in ASB with a rate of 1.5% per annum for a period up to 40.5 years or 70 years old (whichever earlier)
6. EPF voluntary contribution limit increases from RM60k to RM100k per annum
 - Additional options for more than 15 mil EPF members
7. Scope of tax relief for life insurance premiums or life takaful contributions is expanded to include voluntary contributions to EPF up to RM3,000

Budget 2023 Measures

Initiative 5 - Career & Skills Training

1. SOCSO Hiring Incentive **(RM150m)**
 - Incentives of RM600 to RM750 per month for a period of 3 months
 - To employers who hire from unemployed groups such as OKU, Orang Asli, former convicts, women returning to work, veterans; as well as to employers and Private Employment Agencies who replace foreign workers with local workers
 - Benefit 70k of job seekers
2. Mobility assistance for job seekers
 - RM500 to job seekers who secure employment outside of their state of residence
 - RM1,000 to job seekers who secure employment and migrate from Sabah or Sarawak to Peninsular and vice versa
3. MySTEP:
 - Offers 50,000 job opportunities on a contract basis
 - 15k in the public sector
 - 35k with GLCs
 - MySTEP salary increases by RM100 to between RM1,500 - RM2,100 (previously RM1,400 – RM2,000)
 - Public sector jobs under MySTEP will be extended to 31 December 2023
4. HRD Corp Skills Training **(RM750m)**
 - Skills training to improve productivity and job opportunities
 - Benefit 800k employees
5. Capital Market Graduate Program **(RM30m)**
 - Collaboration between Securities Commission (SC) and Capital Market Development Fund (CMDf)
 - Enhance employability of 9k graduates
6. Graduate Entrepreneur Program (PUSH) **(RM20m)**
 - Benefit 1,000 graduates to venture into entrepreneurship
7. Formulate Gig Workers Policy to protect the rights and welfare of gig workers

Strategy 2: Prioritising Keluarga Malaysia

Budget 2023 Measures

Initiative 1: Education and TVET

1. Ministry of Education allocation **(RM55.6b)**, (2022 : **RM52.6b)**
2. Early Schooling Assistance (BAP) **(RM825m)**
 - RM150 to all students regardless of parents' income
 - Benefit 5.5 mil students
 - Cash disbursement begins January 2023
3. Supplementary Food Program (RMT) **(RM777m)**
 - Rate increases by RM1.00 effective from 1 October 2022
 - Peninsula: RM2.50 to RM3.50
 - Sabah and Sarawak: RM3.00 to RM4.00
 - Benefit 800k students, 7,300 food operators and local milk suppliers
4. Provide a safe and conducive learning environment for students **(RM2.3b)**
 - School maintenance and repair work **(RM1.1b)**
 - Upgrade infrastructure of dilapidated schools **(RM1.2b)**
 - Involve 387 projects including in Sabah (123 projects) and Sarawak (182 projects)
5. Construction of 5 new schools **(RM430m)**
 - SMK Nabalu in Sabah
 - SMK Dudong in Sarawak
 - SK Paya Dusun in Terengganu
 - SK Cyberjaya 2 in Selangor
 - SMK Denai Alam in Selangor
6. Ministry of Higher Education allocation **(RM15.1b)**
7. Scholarships and education loans **(RM3.8b)**
8. Increase in MARA living allowance rates
 - Local students: Between RM650 - RM950 monthly
 - Overseas students: Between RM1,380 - RM7,600 monthly
9. Increase in PETRONAS Student Allowance
 - Induction Allowance: RM4,500 to RM5,000
 - Books and learning equipment allowance: RM1,000 to RM2,000
10. Increase in JPA's scholar Living Allowance
 - Increase allowances for students and government employees by RM100 per month for all levels of education
 - Standardise allowance between RM730 to RM980 per month

Budget 2023 Measures

11. Education for Bumiputera **(RM6.6b)**
 - Through Majlis Amanah Rakyat, Yayasan Peneraju and Universiti Teknologi MARA
 - Access to education loans
 - Opportunities to professional courses
12. PTPTN Loans
 - Children of M40 group M1 category: Loan increases from 75% to 100% **(RM450m)**
 - Benefit 60k students
 - Student of the M40 group: computer loan facilities **(RM77m)**
 - Loan repayment exemption for first-class students
 - Repayment discount from 1 November 2022 until 30 April 2023

Repayment Discount	Mode of Settlement/Repayment
20%	Full settlement of outstanding debt
15%	Repayment of at least 50% of the outstanding debt made in a single payment
	Repayment through salary deductions or direct debit
5%	Repayment made through MyPTPTN

13. Standardisation of stamp duty rates for education loan agreements
 - RM10 for an educational loan agreement at certificate or professional level for diploma students and above
14. National Education Savings Scheme (SSPN)
 - Individual income tax relief of up to RM8,000 for net annual savings in SSPN extended until 2024
15. Green Campus Initiative in public universities **(RM10m)**
16. Upgrading and maintenance of public university facilities **(RM300m)**
17. Malaysia Research and Education Network Project (MYREN) **(RM35m)**
 - Improve the digital network in public universities, polytechnics and community colleges by upgrading bandwidth capacity
18. Various TVET initiatives under 7 Ministries **(RM6.7b)**
19. Skills Development Fund Corporation (PTPK) **(RM180m)**
 - TVET Training benefiting 12k trainees
20. National Dual Training System Program (SLDN) **(RM20m)**
 - Benefit 3k trainees

Budget 2023 Measures

Initiative 2: Health Facilities

1. Ministry of Health allocation **(RM36.1b)**, **(2022 : RM32.4b)**
2. Procurement of medicines, reagents, vaccines, medical disposable products and others **(RM4.9b)**
3. Repair of dilapidated hospitals and clinics and replacement of obsolete equipment especially in Sabah and Sarawak **(RM420m)**
4. Procurement of generators for 10 hospitals **(RM10m)**
5. Construction of new clinics, hospitals, and facilities including procurement of equipments **(RM1.8b)**
 - Construction of Maran Hospital, Pahang **(RM350m)**;
 - Women and children's block in Melaka Hospital with a capacity of 476 beds;
 - Public Health Laboratory as well as Food Safety and Quality Laboratory in Kuching, Sarawak;
 - 5 new clinics: USJ1 Selangor, Mak Mandin Pulau Pinang, Linggi Negeri Sembilan, Penampang Sabah and Sepupok Sarawak.
 - Medical equipment procurement for:
 - Lawas Hospital, Petra Jaya and Miri Hospital, Sarawak
 - Universiti Malaysia Sabah Teaching Hospital
 - Procurement of *Mobile CT Scan* for the benefit of rural population in Sabah dan Sarawak **(RM10m)**
6. Mental Health
 - Establishment of National Centre of Excellence for Mental Health
 - Mental health wellness improvement program through MyMYNDA **(RM34m)**
 - Syifa an-Nafs Program, a Psycho-spiritual support activities by JAKIM
7. Dental Health
 - Expansion of income tax relief scope on medical treatment expenses to cover dental examinations and treatment up to RM1,000 from the year 2023
 - Procurement of 10 units of 3D-printing dentures production machines **(RM10m)**
 - Shorten waiting period from 8 weeks to 1 week
 - Reduce patient visits to dental clinic from 5 times to 2 times
8. Import duty and sales tax exemption on nicotine gum and nicotine patch products, Nicotine Replacement Therapy

Budget 2023 Measures

9. Rare Diseases
 - Hospital Kuala Lumpur (HKL) and Hospital Tunku Azizah as a reference center
 - Allocation for the cost of treatment **(RM25m)**
 - Establishment of the Rare Disease Trust Fund
 - Tax deduction equivalent to the amount of the actual contribution to the fund.
10. Peduli Kesihatan Scheme for B40 (PEKA B40) **(RM80m)**
 - Health services including diabetes screening for low-income groups aged 40 and over
11. SOCSO Health Screening Program **(RM80m)**
 - Benefit 2.3 mil registered workers aged 40 and over under SOCSO Invalidity Scheme
12. MySalam Scheme
 - Coverage for critical illness and hospitalisation for BKM recipients continues throughout 2023
 - Scheme to open for insurance and takaful companies
13. Perlindungan Tenang
 - Extend to the purchase of flood disaster protection products for residential homes
14. Charitable hospital
 - Exemption from income tax for charitable hospitals registered as Company Limited by Guarantee
 - Tax deduction of up to 10% of aggregate income for donation to hospital welfare fund

Initiative 3: Women & Children

Women's Welfare

1. Gender Focal Team (GFT) will be established in each Ministry and Agency to ensure budget is prepared based on gender priority
2. Establishment and operationalisation of Anti-Sexual Harassment Tribunal and advocacy program **(RM10m)**
3. Local Social Support Centers (PSSS) is strengthened to address mental health and domestic violence issues **(RM8m)**
 - PSSS acts as an early intervention centre, psychosocial and counseling advocacy centre
4. Subsidy for mammograms and cervical cancer screening **(RM11m)**
5. Cervical cancer screening using the PCR screening test method **(RM2m)**

Budget 2023 Measures

6. Micro-credit financing for women (**RM235m**)

Agency	Program/ Scheme	Fund Size (RM mil)	Financing Terms
BSN	Semarak-Nita	100	<ul style="list-style-type: none"> • Loan rate: 4% • Size: Up to RM50k • Tenure: Up to 5.5 years (incl. moratorium for first 6 months)
TEKUN	Tekunita	20	<ul style="list-style-type: none"> • Loan rate: 4% • Size: Up to RM100k • Tenure: Up to 10 years
MARA	DanaNITA	15	<ul style="list-style-type: none"> • Loan rate: 3.5% • Size: Up to RM150k • Tenure: Up to 10 years
Bank Rakyat	Biz Lady	100	<ul style="list-style-type: none"> • Loan rate: BFR + 1% • Size: Up to RM1 mil • Tenure: 7 years incl. profit payment in first 6 months

7. Women Leadership
 - Training program by Securities Commission (SC)
 - To improve skills, identify and increase the number of women qualified to be appointed as board members
8. Women returning to work (career break)
 - Tax exemption on income received from the year of assessment 2023 to 2028

Children's Welfare

9. Early childhood education program under KEMAS (**RM188m**)
10. Construction of 10 KEMAS nurseries including 3 new projects in Port Dickson, Negeri Sembilan; Limbang, Sarawak and Pasir Putih, Kelantan
11. KEMAS assistant allowance increases by RM300 from RM500 to RM800 starting 2023
12. Income tax relief up to RM3,000 on fees paid to registered TASKA and TADIKA is extended until the year assessment 2024
13. CahayaMata Keluarga Malaysia initiative (**RM150m**)
 - One-off cash assistance of RM500 to mothers from BKM households who give birth in 2023

Budget 2023 Measures

14. Childcare fee subsidy for households with per capita income below RM800 who send their children to registered TASKA **(RM3.6m)**
15. Exise duty exemption on infant and children's formula milk to ensure reasonable prices
16. Community Feeding Program specifically for Orang Asli children to overcome malnutrition **(RM3m)**

Initiative 4: Community

Orang Asli

1. Orang Asli Allocation **(RM305m)**
2. Orang Asli Plantation Replanting Project **(RM15m)**
 - Involve 19 areas of rubber and oil palm plantations as well as skills training
 - Benefit 2,100 Orang Asli namely in Kemaman, Terengganu; Bera, Pahang; and Gua Musang, Kelantan
3. Orang Asli Entrepreneur Development Program **(RM2m)**
 - Business equipment assistance and entrepreneurial guidance for 550 Orang Asli
4. Foundations under the Government Linked Companies (GLC) to sponsor at least 10 Orang Asli to further their studies abroad

Senior Citizen

5. Senior Citizen Allocation **(RM1b), (2022 : RM580m)**
 - Socio-economic assistance in line with the increased rate in Food PGK **(RM900m)**
 - Activities in Senior Citizens Activity Centre (PAWE) dan Older Person Care Unit (UPWE) **(RM9m)**
6. Grants for NGOs that operate private care institutions for the elderly, children and OKU **(RM21m)**

OKU

7. OKU Assistance **(RM1.2b)**
 - Among others are chronic patient care assistance, disability allowance and disabled worker allowance
8. 1 OKU 1 Businesses scheme is enhanced through exemption of fees for SSM registration and business license renewal
9. Travel vouchers for OKU via e-hailing services **(RM10m)**
10. Teaching equipment and improvement of facilities in special needs schools **(RM20m)**

Budget 2023 Measures

11. TASKA OKU **(RM5m)**
 - Special incentives to establish 50 new TASKA OKU
12. OKU Friendly Call Centre
 - Video call mode application with sign interpreter service

Key Communities

13. Inmate
 - Expansion of Agropenjara Initiative **(RM10m)**
 - 70 hectares of prison land
14. Former residents from selected institutions
 - Additional tax deductions for employers who employ ex-inmate and former residents of Henry Gurney School, protection and rehabilitation institutions and non-Government care centres registered with JKM
 - Employment by GLCs
 - Tunas Usahawan Belia Bumiputera Initiative (TUBE)
 - Anjung Sinar Transit Centre **(RM3m)**
 - Temporary shelter before starting a new life or securing job

Initiative 5: Youth and Sports

Youth

1. Employment incentives under SOCSO widened to cover
 - Employers who employ youth aged 18 to 30 who have been unemployed for more than 3 months
 - Job seekers in the digital and ICT sector
 - Employers who hire TVET graduates
2. Youth financing facilities **(RM305m)**
 - TEKUN – including TEKUN Belia dan TEKUN Belia Mobilepreneur **(RM20m)**
 - MARA - including PUTEK and dan Startup Accelerator **(RM15m)**
 - BSN - BSN Semarak Belia dan Skim Penjaja Kecil Keluarga Malaysia: Muda **(RM150m)**
 - SME Bank – Young Entrepreneur Financing 2.0 **(RM90m)**
 - Agrobank – Keluarga Malaysia AgroFood Financing for Youth **(RM30m)**
3. Keluarga Malaysia Penjaja Muda Scheme **(RM50m)**
 - Financing up to RM50,000 with 4% interest rate
 - Benefit 10k youth entrepreneurs

Budget 2023 Measures

4. MyPSV Program
 - Subsidy to B40 to obtain e-hailing, bus, taxi and van licenses
 - Generate 4,000 career opportunities
5. Driving test fee subsidy for B2 class motorcycle license
 - Benefit 9,000 youth
6. TEKUN Mobilepreneur Financing Scheme **(RM10m)**
 - To finance youth who are interested to provide delivery services using motorcycles
 - Benefit 1,000 youth
7. Pakej Remaja Keluarga Malaysia
 - Prepaid internet data plan subscription package RM30 for 3 months
 - Extended until April 2023
8. e-Pemula **(RM400m)**
 - E-wallet credit of RM200
 - Benefits 2 mil youth between 18 and 20 years old including full-time students aged 21 and over
9. Tunas Usahawan Belia Bumiputera **(RM10m)**
 - TUBE expanded to ex inmate of Henry Gurney School dan former resident from JKM's institutions **(RM2m)**
 - Skills training assistance and business capital up to RM15,000
 - Comprehensive training and guidance by SME Corp

Sports

10. Sports Allocation **(RM332m)**
 - Maintain, upgrade and build sports facilities **(RM145m)**
 - Sports ecosystem development program **(RM154m)**
 - Include search for new talent, implementation of training programs and provision of quality facilities
 - Drag circuit development in every state **(RM20m)**
 - E-sports and drone sports development **(RM13m)**
11. Tax deduction up to 10% for contributors who donate to NGOs involved in grassroots sports development programs
12. OKU sports development **(RM12m)**
13. National Athlete Welfare Foundation (YAKEB) **(RM5m)**
14. Healthy Malaysia National Agenda **(RM15m)**
15. National Sports Day and Fit Malaysia Tour **(RM10m)**

Budget 2023 Measures

Initiative 6: Islamic Pillar

1. Islamic affairs management and development allocation **(RM1.5b)**
2. Maintenance of tahfiz school, rakyat religious schools and registered Religious Pondok Schools **(RM150m)**
3. Monthly allowance to *imam*, KAFA and *takmir* teachers **(RM700m)**
4. RM500 one-off special payment to 72,000 KAFA teachers, *imam*, *bilal*, *siak*, *noja* and *takmir* teachers **(RM36m)**
5. Halal industry development allocation **(RM92m)**
 - Development projects namely:
 - Tanjung Manis Halal Hub Center Development Project in Sarawak Renewable Energy Corridor (SCORE) **(RM59m)**
 - Malaysia Services and Halal Global program **(RM8m)**
 - Initiatives to increase compliance with halal certification and provide facilities for halal innovations **(RM6.5m)**
 - OKU SME Waqf Halal Program **(RM2.5m)**

Strategy 3: Building Conducive Lives

Budget 2023 Measures

Initiative 1: Rural Infrastructures

1. Allocation for rural infrastructure facilities **(RM2.55b)**
 - 498 km of rural roads and rural connectivity road projects **(RM1.5b)**
 - Benefit more than 110k residents from Kampung Orang Asli Bawong, Kuala Kangsar to Kemar Resettlement in Perak
 - Rural Electricity Projects **(RM472m)**
 - Benefit 2,100 households
 - Rural water supply and alternative water supply projects **(RM381m)**
 - Benefit 4,800 households including those in Ladang RISDA Palong in Jempol, Negeri Sembilan
 - Village Street Lighting Projects **(RM123m)**
 - Installation of 6,800 units of new lights
 - Maintenance of more than 525k lights
 - Construction of 85 new bridges **(RM54m)**
2. Mobile Bank **(RM11m)**
 - Additional 15 vehicles under 6 banks

Initiative 2: Public Transportation

1. Stage bus services **(RM180m)**
 - Improve public bus access in Melaka, Kota Kinabalu and Kuching
 - Replace 18 units of stage buses operated by MARA in Kedah
2. Sales tax exemption for purchase of locally assembled buses by bus operators until the end of 2024
3. Rural Air Services (RAS) subsidy in Sabah and Sarawak **(RM209m)**
4. Construction of wheelchair ramps in 7 airports in Sabah dan Sarawak
 - Benefit 2,300 wheelchair communities using MASWings services
5. My50 Initiative **(RM115m)**
 - Subsidy of RM150 per month or RM1,800 per year
 - Benefit almost 180k commuters
6. Subsidy for operating costs of less economical train services in the eastern region **(RM33m)**

Budget 2023 Measures

7. New ferry between Pengkalan Kubor and Takbai, Narathiwat, Thailand **(RM9m)**
 - New ferry to replace 34 years old ferry
 - Operated by the JKR and benefitting more than 30k residents of Tumpat
8. Exemption of excise duty and sales tax on the sale, transfer of ownership, personal use, or disposal of executive taxis, TEKS1M and airport taxis

Initiative 3: Home Ownership

1. Stamp Duty exemption for first home ownership
 - Full stamp duty exemption for homes below RM500k until the end of 2025
 - 75% stamp duty exemption for homes priced between RM500,001 to RM1 mil until 31 December 2023
2. Transfer of property by way of love and affection
 - Fixed stamp duty of RM10 for instrument of transfer executed from 2023
3. Additional initiatives
 - Refurbishment of houses in rural areas **(RM460m)**
 - Increase the ceiling rate for new house-building assistance
 - Peninsula: RM56k to RM66k per unit
 - Sabah, Sarawak and Labuan: RM68k to RM79k per unit
 - Increase the ceiling rate for house repair assistance
 - Peninsula: RM13k to RM15k
 - Sabah, Sarawak and Labuan: RM15k to RM17k
 - People's Housing Program (PPR) **(RM367m)**
 - Among them in Marang Terengganu, Arau Perlis and Rantau Panjang Kelantan
 - Benefits 12,400 new occupants
 - Rumah Mesra Rakyat Program **(RM358m)** – 4,250 houses
 - Malaysian Public Housing Projects **(RM463m)** – Target to build 23k houses
4. Home Financing
 - Syarikat Jaminan Kredit Perumahan (SJKP) – Guarantee value increased to RM3b
5. Extension of PR1MA Rent-to-Own Program until 31st December 2023
6. Chinese New Village Development Project **(RM84m)**

Budget 2023 Measures

7. Community well being
 - Maintenance of low and medium cost strata houses including replacing obsolete elevators **(RM290m)**
 - Mobile health service **(RM22m)**
 - Remedial classes for children living in low-cost homes
 - Income-enhancing activities include leveraging the Cloud Kitchen platform
8. House of worship - repair, maintenance and development **(RM50m)**

Second Focus

Business Continuity

Strategy 1: Facilitating Business Activities

Budget 2023 Measures			
Initiative 1: Tax Deduction and Loan Facilities for Micro, Small and Medium Enterprises			
<ol style="list-style-type: none"> Income tax rate reduction for MSME <ul style="list-style-type: none"> Tax rate on chargeable income for the first RM100k reduced from 17% to 15% Tax savings up to RM2k for 150k MSME taxpayers One-off grants worth RM1,000 to MSME (RM1b) <ul style="list-style-type: none"> Benefit 1 mil MSME and registered taxis SemarakNiaga 2023 includes direct loans, alternative financing and financing guarantees (RM45b) 100% stamp duty exemption on restructuring agreements or loan rescheduling or financing until 2024 			
Microcredit Scheme			
Agency	Program/ Scheme	Fund size (RM mil)	Terms of Financing
BSN	Semarak BSN Financing Schemes	600	<ul style="list-style-type: none"> Loan rate: 0% first 6 months, 4% thereafter Size: up to RM50k Tenure: up to 5.5 years Moratorium: 6 months
	Skim Penjaja Keluarga Malaysia	350	
TEKUN	Various Microcredit Schemes	325	<ul style="list-style-type: none"> Loan rate: 3-4% Size: up to RM100k Tenure: up to 10 years

Budget 2023 Measures

Agency	Program/ Scheme	Fund size (RM mil)	Terms of Financing
KOJADI	Usahawan PKS Financing Schemes	50	<ul style="list-style-type: none"> • Loan rate: 4% • Size: up to RM500k • Tenure: up to 5 years
BNM	i-TEKAD	10	<ul style="list-style-type: none"> • Loan rate: 4% • Size: up to RM50k • Tenure: up to 5 years
SKM	Co-operative Societies Commission Revolving Fund	100	<ul style="list-style-type: none"> • Size: up to RM10 mil • Tenure: up to 5 years

Bank Negara Funds for SMEs

Total funds available on 31 July 2022: RM10.1 billion from RM32.4 billion

- Additional funds of RM300 million for HTG, RM500 million for AF and RM500 million for ADF

Agency	Program/ Scheme	Fund size (RM mil)	Terms of Financing
BNM	Targeted Relief and Recovery Facility (TRRF)	800	<ul style="list-style-type: none"> • Loan rate: up to 3.5% per annum (including guarantee fee) • Size: up to RM500k for SME and up to RM75k for micro • Tenure: up to 7 years (including moratorium period) • Moratorium: at least 6 months
BNM	Low Carbon Transition Facility (LCTF)	1,000	<ul style="list-style-type: none"> • Loan rate: up to 5% per annum (for portion from BNM) • Size: up to RM5 mil (for portion from BNM) • Tenure: up to 10 years

Budget 2023 Measures

Agency	Program/ Scheme	Fund size (RM mil)	Terms of Financing
BNM	Business Recapitalisation Facility (BRF)	1,000	<ul style="list-style-type: none"> • Loan 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 • Size: up to RM5 mil • Tenure: up to 10 years
BNM	Agrofood Facility (AF)	1,000	<ul style="list-style-type: none"> • Loan rate: up to 3.75% per annum (including guarantee fee) • Size: up to RM5 mil • Tenure: up to 8 years
BNM	Micro Enterprises Facility (MEF)	200	<ul style="list-style-type: none"> • Loan Rate: as determined by the financial institution • Size: Micro Enterprises (including part-time workers (gig workers) using digital platforms and self-employed workers): up to RM50k • Tenure: up to 5 years
BNM	SME Automation and Digitalisation Facility (ADF)	1,100	<ul style="list-style-type: none"> • Loan rate: Up to 4% per annum (including guarantee fee) • Size: up to RM3 mil • Tenure: up to 10 years
BNM	PENJANA Tourism Financing (PTF)	500	<ul style="list-style-type: none"> • Loan rate: up to 3.5% per annum (including guarantee fee) • Size: up to RM500k for SME and up to RM75k for micro • Tenure: up to 7 years (including moratorium period)

Budget 2023 Measures

Agency	Program/ Scheme	Fund size (RM mil)	Terms of Financing
BNM	All Economy Sectors Facility (AES)	3,200	<ul style="list-style-type: none"> • Loan rate: up to 7% per annum (including guarantee fee) • Size: up to RM5 mil • Tenure: up to 5 years
BNM	High Tech and Green Facility (HTG)	1,000	<ul style="list-style-type: none"> • Loan rate: up to 3.5% per annum (not inclusive guarantee fee); up to 5% per annum (including guarantee fee) • Size: up to RM10 mil • Tenure: up to 10 years
BNM	Disaster Relief Facility (DRF)	300	<ul style="list-style-type: none"> • Loan rate: up to 3.5% per annum (including guarantee fee) • Size: up to RM700k for SME and up to RM150k for micro • Tenure: up to 7 years (including guarantee fee)

Budget 2023 Measures

SME Financing Loan

Agency	Program/ Scheme	Fund size (RM mil)	Terms of Financing
TERAJU	Various financing programmes	135	<ul style="list-style-type: none"> • N/A
PUNB	Various financing programmes	200	<ul style="list-style-type: none"> • Loan rate: 0% for the first 6 months, 5.0% - 8.0% thereafter • Size: up to RM10 mil • Tenure: up to 7 years • Moratorium: 6 months
MARA	Various financing programmes	80	<ul style="list-style-type: none"> • Loan rate: 0% to 6% • Size: up to RM1 mil • Tenure: up to 10 years
Agrobank	Various agrofood financing programmes	600	<ul style="list-style-type: none"> • Loan rate: 0% for the first 6 months, 3.0% thereafter • Size: up to RM5 mil • Tenure: up to 8 years • Moratorium: 6 months
	Agrofood Value Chain Modernisation Programme	60	<ul style="list-style-type: none"> • Loan rate: 0% for the first 12 months, 3.5% thereafter • Size: up to RM1 mil • Tenure: up to 10 years • Moratorium: 12 months
Bank Rakyat	<i>BR Plus Biz Lady</i>	100	<ul style="list-style-type: none"> • Loan rate: BFR +1% • Size: up to RM1 mil • Tenure: up to 7 years
EXIM Bank	Exporter Development Incentive Scheme (SIP2)	1,000	<ul style="list-style-type: none"> • Loan rate: COF - Subsidy 1.5% • Size: up to RM1 mil • Tenure: up to 7 years
SME Bank	Social Enterprise Funding Scheme	20	<ul style="list-style-type: none"> • Loan rate: 4% • Size: up to RM500k • Tenure: up to 7 years

Budget 2023 Measures

Agency	Program/ Scheme	Fund size (RM mil)	Terms of Financing
SME Bank	IBS Promotion Fund (IBS2.0)	165	<ul style="list-style-type: none"> • Loan rate: based on risk • Size: up to RM10 mil • Tenure: up to 15 years • Moratorium: n/a
SME Bank	Young Entrepreneur Fund (YEF) 2.0	90	<ul style="list-style-type: none"> • Loan rate: 5% • Size: up to RM1 mil • Tenure: up to 10 years
SME Bank	SME Recapitalisation Fund	600	<ul style="list-style-type: none"> • Loan rate: dividend \pm 6% • Size: up to RM5 mil • Tenure: up to 5 years • Moratorium: 6 months
SME Bank	Jaguh Serantau	165	<ul style="list-style-type: none"> • Loan rate: based on risk • Size: up to RM20 mil • Tenure: up to 20 years
SME Bank	Lestari Bumi	160	<ul style="list-style-type: none"> • Loan rate: 5% • Size: up to RM750k • Tenure: up to 7 years • Moratorium: 6 months
SME Bank	PEMERKASA Matching Grant	160	<ul style="list-style-type: none"> • Loan rate: 4-5% • Size: up to RM3 mil • Tenure: up to 10 years
MIDF	Various financing programmes	60	<ul style="list-style-type: none"> • Loan rate: 2-5% • Size: up to RM10 mil • Tenure: up to 20 years

Initiative 2: Strategic and alternative financing and financing guarantee

BPMB Strategic Financing

Agency	Program/ Scheme	Fund size (RM mil)	Terms of Financing
BPMB	Tourism Infrastructure Scheme	1,000	<ul style="list-style-type: none"> • Loan rate: Government: COF + Margin - Subsidy 1.5% Commercial: BFR + Margin - Subsidy 1.5%, Sukuk/Bon: Guarantee Fee - Subsidy 1.5%
BPMB	Maritime & Logistic Scheme	1,000	

Budget 2023 Measures

Agency	Program/ Scheme	Fund size (RM mil)	Terms of Financing
BPMB	National Development Scheme	370	<ul style="list-style-type: none"> • Size: up to RM100 mil • Tenure: up to 20 years
BPMB	Sustainable Development Financing Scheme	1,500	
BPMB	Industry Digitalisation Transformation Scheme	300	

Alternative Financing

Agency	Program/ Scheme	Fund size (RM mil)	Terms of Financing
BPMB	Rehabilitation and Support through Equity (RESET)	500	<ul style="list-style-type: none"> • Loan rate: 8-15% IRR • Size: RM5 mil – RM20 mil • Tenure: up to 3 years
BPMB	Working Capital Scheme	500	<ul style="list-style-type: none"> • Loan rate: 5% • Size: minimum RM5 mil • Tenure: up to 3 years
BPMB	Matching Fund Investment Platform	100	<ul style="list-style-type: none"> • Will be finalised
MyCIF	Equity Crowdfunding (ECF) and Peer-to-peer Loan (P2P)	30	<ul style="list-style-type: none"> • Will be finalised
Penjana Kapital	Penjana Gemilang Fund	600	<ul style="list-style-type: none"> • Will be finalised
Ekuinas	Ekuinas Asas Fund	100	<ul style="list-style-type: none"> • Size: RM10 mil – RM30 mil • Tenure: 3 to 5 years

Budget 2023 Measures

Business Financing Guarantee

1. Skim Jaminan Pembiayaan Perniagaan (SJPP) enhanced with RM9b specifically allocated for SMEs for:
 - Food Security: **RM3b**
 - Sustainable Technology: **RM3b**
 - Bus Operator Rehabilitation: **RM150m**
 - Oil & Gas (Vendor): **RM2b**
 - Tourism: **RM1b**

Initiative 3: Ease of Doing Business

1. Unabsorbed carry forward losses by companies from sectors that have a long gestation period are allowed to be carried forward up to a maximum of 20 years
2. Intangible assets such as software are included as part of the definition of plant under Schedule 3, Income Tax Act 1967
3. The relaxation of Government procurement procedures and rules extended until end of 2023
4. Electronic tax filing and payment starting from the year of assessment 2024
5. The scope of tax incentive for equity crowdfunding be expanded to include investment made by individual investor through Limited Liability Partnership Nominee Company until 31st December 2026

Strategy 2: Promoting Trade & Investment

Budget 2023 Measures

Initiative 1: Attracting Investment

1. Investment fund to attract high value added investment **(RM1b)**
2. Allocation for the Collaborative Research in Engineering, Science and Technology Centre (CREST) **(RM10m)**
 - Development of applications based on radio frequency and bluetooth technology for the automotive industry
3. Tax incentive for company relocation
 - Extension of 15% flat tax rate for the C-Suite personnel category until 2024
 - Expand to the E&E sector
4. Matching grant to support product development and nurture local talents in medical device industry **(RM20m)**
5. Extension of income tax incentives for local pharmaceutical manufacturers until 31 December 2025
6. Extension of income tax incentives for the pharmaceutical sector until 31 December 2025
7. Matching grant for aerospace component development **(RM50m)**
8. Extension of income tax incentives and investment tax allowances to aerospace companies until 31 December 2023
9. KLIA Sepang as an aerospace industry cluster - maintenance, repair and overhaul (MRO) operations
10. Development of Pengerang Integrated Petroleum Complex
 - Special status incentives for chemical and petrochemical industry investment
 - Road improvement:
 - o Construction of overtaking lanes for the Senai Desaru Expressway
 - o North-South Expressway upgrading project in Senai Utara-Pandan, Johor Bahru from 4 to 6 lanes **(RM510m)**
11. Domestic Strategic Investment Fund (DISF) **(RM100m)**
12. Tax deduction for listing on Bursa Malaysia (ACE & LEAP market) up to RM1.5 mil is extended until the year of assessment 2025 and expanded to include technology-based companies on Bursa Malaysia Main Market

Budget 2023 Measures

13. Extension of tax incentives for
 - Principal Hub - Tax incentives with income tax rates of 0%, 5% or 10% extended until 2025
 - Global Trading Center - 10% income tax rate extended until 2025
 - Ship building and repair activities and companies with bona fide status – extended until 2027
14. Trade and Investment Mission under MITI **(RM20m)**
15. INDUSTRY4WRD – Readiness Assessment & Intervention **(RM35m)**

Initiative 2: Government Linked-Investment Companies (GLIC)/ Government Linked Companies (GLC)

1. **GLC/GLIC Investment (RM50b)**
 - Investment in venture capital to support startup companies and entrepreneurs **(RM1.3b)**
 - Implementation of food security projects **(RM1.35b)**
 - Launch of the sustainability framework and setting targets to achieve a fully ESG compliant portfolio and carbon neutral operations
 - Green procurement by GLC **(RM330m)**
 - Provision of EV infrastructure **(RM75m)**
 - Domestic Direct Investment **(RM45b)**
 - Kwasa Damansara development project **(RM3b)**
 - o Investment by EPF up to 2025
 - o Creation of 6 thousand job opportunities
 - Merdeka Tower 118 project **(RM10b)**
2. Khazanah Nasional Berhad Impact Fund **(RM1b)**:
 - For investment in high-tech companies **(RM230m)**
3. Tax incentives for angel investors are extended until 31 December 2026
4. Implementation of commercial development to increase the value of Bumiputera property ownership by Pelaburan Hartanah Berhad **(RM50m)**
5. EKUINAS Asas Fund **(RM100m)**
 - Direct investment funds specifically for Bumiputera companies
 - Minimum investment value of RM10m
6. Principles of Good Governance Guideline
 - Adopted by GLIC and extended to all GLCs

Budget 2023 Measures

Initiative 3: Science, Technology & Innovation

1. Allocation for R&D activities **(RM364m)**
2. Development and commercialisation of nanotechnology under NanoMalaysia Berhad **(RM16m)**
3. Research incentive scheme for companies **(RM5m)**
4. Innovation and technology projects implementation grant under the Malaysian Digital Economy Corporation **(RM15m)**
 - Grants up to RM2 mil or assistance up to 50 percent of the project cost, whichever is lower
5. Venture Capital Fund to finance high-tech companies **(RM10m)**
 - Electrical and Electronics (E&E) sector
 - Renewable energy (RE) sector
6. Malaysia Techlympics 2023 Program **(RM7m)**
 - To unearth young talents in the field of Artificial Intelligence (AI), robotics, coding, drones and new technologies
 - Towards achieving a higher world innovation index
7. Extend the intellectual property development tax incentive until 31 December 2025
8. Assistance and support to the Malaysian startup ecosystem **(RM50m)**
9. DE Rantau:
 - Addition of 6 new locations (Kuala Lumpur, Melaka, Johor Bahru, Ipoh, Kuching and Kota Kinabalu)
 - Involve 2,000 short-term accommodations (homestays, chalets, hotels and budget hotels)
10. Digital Innovation Fund to encourage small capital market players to adopt innovative digital solutions under the Securities Commission and Capital Market Development Fund **(RM30m)**
11. MRANTI Technology Park **(RM18m)**
 - MRANTI Technology Park transformation program as a world-class innovation hub
 - MRANTI as the accreditation body for goods, services and technology by local R&D

Strategy 3: Supporting Focused Industry

Budget 2023 Measures

Initiative 1: Retail Sector

1. Promotion of e-commerce activities under MATRADE, MARA and MDEC **(RM59m)**
2. Franchise entrepreneur **(RM15m)**
 - Vendor capacity development program 2.0
 - Vendor research and commercialisation grants 2.0
3. Buy Malaysian Product Campaign **(RM10m)**

Initiative 2: Commodity & Plantation Sector

1. Allocation to FELDA, FELCRA and RISDA **(RM2.6b)**
2. Smallholder Rubber Cultivation Area Development Program **(RM315m)**
 - Rubber tree replantation
 - Benefit 387k smallholders
3. New Yield Redevelopment Program **(RM40m)**
 - Opportunities to generate new income through short-term crops and livestock
 - Benefit 4k smallholders
4. Malaysian Sustainable Palm Oil Certification Program (MSPO) **(RM70m)**
 - Promote the recycling of palm waste materials
 - Intensify promotion efforts to counter Anti-Palm Oil Campaign at the global level
5. Implementation of *multi-tiered levy* by 2023 with automation fund
6. Latex Production Incentives as well as the development of a more efficient latex supply business model **(RM23m)**
7. Rubber Industry Transformation Project (TARGET) to ensure rubber farmers get a better selling price **(RM12m)**
8. Monsoon aid **(RM256m)**
 - RM200 per month for a period of 4 months (November, December, January & February)
 - Benefit 320k smallholders
9. Increase the productivity of cocoa and timber products **(RM7m)**
 - Increase the added value of cocoa products through the transfer of fine or flavor cocoa plants
 - Assistance to Bumiputera entrepreneurs in the timber industry

Budget 2023 Measures

Initiative 3: Tourism & Creative Sector

1. Tourism incentives, promotion and marketing program **(RM200m)**
2. Tourism Promotion Matching Grant (GAMELAN) - involves promotion and marketing campaigns with the industry **(RM90m)**
3. Matching grant for organizing tourism programs including international sports events **(RM25m)**
4. Encourage new direct flights
 - Operator – Malaysia Airport Holdings Berhad
 - Flights from international destinations to Malaysia including Kota Kinabalu International Airport and Penang International Airport
5. Ecotourism program **(RM10m)**
 - Upgrade ecotourism attractions in **Gua Kelam, Perlis**
 - Pioneering sustainable solid waste management efforts in **Perhentian Island, Terengganu**
 - Intensify activities at **Sultan Ahmad Shah Agricultural Park in Kuantan, Pahang**
6. Extension of tax incentives for the export of private healthcare services until 2025
7. Kuala Lumpur City Centre transformation program as a creative and cultural hub by ThinkCity **(RM10m)**
8. Health tourism program through Malaysia Healthcare Travel Council **(RM20m)**
9. Encouraging domestic tourism **(RM25m)**
 - Discounts, vouchers and rebates for accommodation, travel packages, handicrafts and arts up to RM100
10. Special tax deduction for hotels that purchase local handicraft products with a purchase cost of up to RM500k
11. BNM PENJANA Tourism Financing (PTF) **(RM500m)**
 - Amount of financing increase from RM300k to RM500k
 - 50% of the total financing can be used to repay existing loans
 - Extension of payment deferment period from 6 months to 12 months
12. Tax incentives for tourism operators
 - 100% tax exemption on statutory income earned from operating tour packages to Malaysia and bringing in at least 200 foreign tourists annually
 - 100% tax exemption on statutory income earned from the business of operating domestic tour packages and handling at least 400 local tourists annually

Budget 2023 Measures

13. 50% excise duty exemption on the purchase of CKD tourist vehicles for the use of car rental and sightseeing buses
14. Reinvestment Allowance for selected hospitality and tourism projects will be introduced under the Income Tax Act 1967
15. Tourism development project **(RM39m)**, among them:
 - Construction of Dewan Warisan Budaya Batang Sadong, Sarawak
 - Upgrading of tourism attractions such as the Perak Leaning Tower and Lok Kawi Wildlife Park in Putatan, Sabah
16. Maintenance of heritage buildings **(RM5m)**
17. Patriotic Films Fund (DEKAN) **(RM50m)**
18. Digital Content Fund **(RM102m)**
 - Marketing of artistic products and promotion of creative works
19. Film Community and Patriotic Film Development Fund
 - Tax deduction of up to 10% for every contribution
20. Exemption of import duty and sales tax on studio and filming production equipment
21. Arts, Culture and Heritage Showcase **(RM25m)**
22. Organise tourism, art and culture programs and refurbish budget hotels and registered homestays **(RM100m)**
23. Promotion and marketing program for Malaysian ecotourism and niche tourism **(RM63m)**
24. Cultural Mapping Portal **(RM0.6m)**
 - Information and reference source for Malaysian Arts and Culture

Third Focus

Economic Prosperity

Strategy 1: Fiscal Consolidation And Revenue Sustainability

Budget 2023 Measures

Initiative 1: Fiscal Consolidation

1. Introduce Fiscal Responsibility Act (FRA) to increase the transparency and accountability of the nation's fiscal management

Initiative 2: Revenue Sustainability

1. Initiatives to increase efficiency of tax administration
 - Implementation of e-Invoice in stages from 2023
 - By 2023, the Tax Identification Number (TIN) implementation phase will continue with the following:
 - o Individual citizens and permanent residents aged 18 onwards will be given a TIN automatically
 - o The use of TIN is mandatory for all document and instrument stamping
2. Introduce minimum effective tax rate at the global level as recommended under Pillar 2 of the BEPS Action Plan 1 and implement the Qualified Domestic Minimum Top-Up Tax targeted for assessment year 2024
3. Special Task Force to review and enhance the Petroleum (Income Tax) Act 1967.
 - To ensure that the taxation system is in line with business needs and global changes for the upstream petroleum industry
4. Additional contribution from PETRONAS to the National Trust Fund (KWAN) **(RM2b)**

Budget 2023 Measures

Initiative 3: Managing Revenue Leakage

1. The strategy to eradicate cigarette and liquor smuggling activities is being carried out through the Multi-Agency Task Force:
 - Control the import of cigarettes and liquor through legal landing points including private jetties
 - Limit liquor transshipment activities to certain ports only
 - Designate the Bukit Kayu Hitam Immigration, Customs, Quarantine and Security Complex as the single exit point for the northern region
 - Special reward to strengthen efforts to combat the smuggling of cigarettes and liquor
2. Implementation of comprehensive reforms in 2023 to address the leakage of subsidies of essential goods
 - To ensure that subsidised petrol is used by citizens and not by non-citizens
 - To ensure that subsidised diesel is enjoyed by vehicle drivers and not smuggled to business premises or abroad
 - To ensure that subsidised cooking oil and LPG reaches poor households and the quota is not abused by traders

Strategy 2: The Continuation Of Infrastructure Projects

Budget 2023 Measures

Initiative 1: Major Development Projects

1. Transport infrastructure projects **(RM16.5b)**
 - Including Pan Borneo Expressway, Double Track Railway Gemas-Johor Bahru, ECRL, RTS Link and Central Spine Road
2. Maintenance and repair of assets including Government buildings **(RM11.4b)**
3. MRT Projects
 - MRT 2 Phase 2 expected to be operational in January 2023
 - MRT 3 – encompasses 50.8km length with RM3.3 bil allocation for 2023
 - o Phase 1 expected to be completed by 2028
 - o Phase 2 expected to be completed by 2030
4. Federal roads upgrade nationwide **(RM1b)**
5. Public Private Partnership Masterplan 2023 – 2032
 - Introduction of new PPP model which includes projects based on user pay
 - Establishing PPP project implementation framework for the next 10 years
6. Infrastructure Facilitation Fund **(RM250m)**
 - Supporting the implementation of high impact PPP projects

Initiative 2 : Inter-Regional Development

1. Development allocation to Sabah **(RM6.3b)** and Sarawak **(RM5.4b)**
2. Main Regional Corridors Allocation **(RM1.4b)**:
 - Dairy Farm Project in Chuping, Perlis **(RM80m)**
 - Human Capital Development Program under ECERDC **(RM63m)**
 - Bus Rapid Transit (BRT) Project and Busway Construction **(RM80m)**
 - Sapangar Bay Container Port Expansion Project in Sabah under SDC **(RM250m)**
 - Phase 3 of Samalaju Water Supply Infrastructure Project under RECODA **(RM100m)**

Budget 2023 Measures

3. Delapan Special Border Economy Zone (SBEZ) in Bukit Kayu Hitam, Kedah **(RM25m)**
 - Develop a digital traffic hub and alternative data center on a 200 acres area
 - Private sector investment in business assets up to RM4b
 - Generate more than 600 job opportunities
4. Border development area between Thailand and Kalimantan, Indonesia **(RM150m)**
 - Bukit Kayu Hitam, Kedah; Kalabakan, Sabah; Tebedu and Bakelalan, Sarawak
 - Construction of new road from Kalabakan, Sabah to Simanggaris, Indonesia
 - Upgrading of Serian-Tebedu road, Sarawak and the Indonesian border
5. Existing tax incentive package for corridor development will be improved and extended for a period of 2 years until 2024

Initiative 3: Small & Medium Projects

1. Allocation for small and medium projects **(RM3.7b)**
 - Contractor class G1 to G4 **(RM500m)**
 - Kontraktornita allocated for women Bumiputera contractors **(RM50m)**
2. Express Contract Financing Scheme (SPIKE) by MARA **(RM20m)**
 - Access to financing for Bumiputera contractors up to RM1 mil

Initiative 4: Digital Network

1. Jalanan Digital Negara project (JENDELA) Phase 2 **(RM8b)**
 - Provide 100% internet coverage in populated areas
 - Provide fiber optic coverage to 9 mil premises nationwide by 2025
 - Improve the quality of existing services
 - Increase the average speed of mobile broadband to 100 Mbps with 5G implementation across the country
 - Improve digital connectivity in 47 industrial areas **(RM700m)**
2. Rural Internet Project by TNB **(matching grant RM25m)**
 - Provide high-speed broadband facilities in rural areas, especially those outside of JENDELA coverage
 - Benefit more than 60k rural residents

Budget 2023 Measures

3. Digital Nasional Berhad **(RM1.3b)**
 - 5G network expansion covering 70% of highly populated areas
4. Service tax exemption until 2025 for online banking or financial services and digital payment services
5. Rural Community Centre (PKD) **(RM13m)**
 - Improve LAN network infrastructure in PKD nationwide
 - Cultivate digital economy among small entrepreneurs

Strategy 3: Embracing Sustainability Agenda

Budget 2023 Measures

Initiative 1: Carbon Neutral Commitment 2050

1. Extension of Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE)
 - For application received by MIDA from 1st January 2024 till 31st December 2025
 - Improve the incentive for solar activity including Battery Energy Storage System (BESS)
2. Green Technology Financing Scheme (GTFS) **(RM3b)**
 - Guarantee value increases to RM3 bil 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%
3. BNM's financing facility
 - High Tech and Green Facility to support innovative sustainable technology startups **(RM1b)**
 - Low Carbon Transition Facility to assist SME companies applying low carbon practices **(RM1b)**
4. Khazanah Nasional Impact Fund **(RM150m)**
 - Development of environmentally friendly projects including supporting carbon markets and restoration of degraded forests
5. GENTARI initiative
 - Installation of solar panels in Government and commercial facilities by 2024
 - 500 units of EV charging facilities nationwide
6. TNB initiative
 - Solar rooftop installation in Government buildings at Putrajaya **(RM75m)**
 - Installation of EV charging facilities at 70 key locations **(RM90m)**
7. Tax incentive to encourage EV usage
 - Import and excise duty exemption on imported CBU EV vehicles is extended to 31 December 2024
 - Approved Permit (AP) fee exemption for import of EV transport until 31 December 2023

Budget 2023 Measures

- 100% income tax exemption on statutory income from assessment year 2023 until 2032 or Investment Tax Allowance (ITA) of 100% for EV charging equipment manufacturers
 - Tax deduction for EV rental companies with a maximum taxable amount limited to RM300k
8. Pulau Tuba Langkawi as low carbon island **(RM1m)**
 - Purchase rebate up to RM4,000 to motorcycle rental businesses which replaces existing motorcycle to electric motorcycle
 9. Government Green Procurement (GGP)
 - To achieve 25% GGP by 2025
 - To extend to State Governments and Local Authorities
 - Promote the use and production of green products and services at the State level
 10. Tax deduction for sponsorship of Smart AI-Driven Reverse Vending Machine
 11. Feasibility study on carbon price mechanism including carbon tax
 12. Matching grant for carbon assessment preparation **(RM10m)**
 13. Business Sustainability and Green Financing Scheme **(RM17m)**
 14. Sustainability Incentive Scheme **(RM10m)** and Juara Lestari Scheme **(RM1m)** under SME Bank
 15. Tax deduction for a period of 5 year on issuance cost of SRI-linked Sukuk

Initiative 2: Biodiversity Conservation

1. 100 million Tree Planting Campaign
 - Planting more than 46 mil trees from 1,317 plant species involving 7k registered participants
2. Forest restoration project
 - Planting seedlings in Hutan Simpan Wilayah Perhutanan Sandakan, Sabah
3. *Ecological Fiscal Transfer for Biodiversity Conservation* (EFT) **(RM100m)**
4. Tigers, elephants and other wild species protection program **(RM36m)**
5. Local communities, Orang Asli, and veterans as community rangers **(RM39m)**
6. Restoration, cleaning and river treatment program **(RM216m)**
 - Sungai Perak Estuary project restoration
 - Sungai Merang Estuary, Terengganu project restoration

Budget 2023 Measures

Initiative 3: Sustainable Community Agenda

1. Collaboration Project with CSO/NGO through matching grant **(RM100m)**
 - Rural Water Supply Project **(RM15m)**
 - Rural Electricity Project **(RM15m)**
 - Medical and Nutrition screening Project **(RM10m)**
 - Education Project **(RM15m)**
 - Income Generation Project **(RM30m)**
 - Flora and Fauna Project **(RM5m)**
 - Social Enterprise Development Program **(RM10m)**
2. UNDP and All-Party Parliamentary Group **(RM20m)**
3. Empowering Bahasa Melayu **(RM5m)**
 - Implementation of Language and Cultural Diplomacy Program
4. Language and Culture Conservation Program **(RM10m)**
 - To preserve other languages and cultures, particularly at the community level, such as Kadazan Dusun and Siam

Fourth Focus

Public Service Efficiency

Strategy 1: Building National Resilience

Budget 2023 Measures

Initiative 1: Public Safety and Defense

1. Allocations for Ministry of Home Affairs (**RM18.3b**) and the Ministry of Defense (**RM17.4b**)
2. Purchase and maintenance of Malaysian Armed Forces assets to increase national defense readiness (**RM4b**)
3. Purchase and maintenance of Royal Malaysian Police assets (**RM431m**)
4. Maintenance of ships and boats belonging to Malaysian Maritime Enforcement Agency (**RM485m**)
5. Procurement of body scanners and upgrading prison facilities (**RM18m**) including:
 - Seremban Prison, Negeri Sembilan
 - Puncak Borneo Prison Complex, Sarawak
 - Central Prison Kota Kinabalu
6. Strengthen border security with 25 border control posts (PGA, Immigration, ESSCOM, APMM)
 - Construction of Immigration Post and Quarters in Serikin, Bau, Sarawak
 - Redevelopment of Post Kuala Meruap, Lahad Datu
7. Improve welfare of uniformed forces through:
 - Maintenance of the Rumah Keluarga Angkatan Tentera (RKAT) (**RM118m**)
 - Building new RKAT of various classes at Butterworth Air Base, Penang
 - Repair and upgrade PDRM residential quarters (**RM42m**)
 - Construction of 3 quarters for Prison Department (**RM26m**) including
 - o Labuan Correctional Center
 - o Malaysian Correctional Academy
 - 50% discount on public transportation such as LRT, MRT, BRT, KL Monorail and Rapid Bus
 - o Benefit 21,000 ATM veteran and Police pensioner card holders residing in Kuala Lumpur, Selangor, Pulau Pinang & Pahang
8. Veteran Hiring Incentives
 - RM600 for a period of three months to employers who employ veterans

Budget 2023 Measures

Initiative 2: Agriculture and Food Security

1. Utilisation of abandoned lands owned by FELDA, FELCRA and RISDA and agencies under MAFI with an area of 800 acres
2. Increase of self-sufficiency level (SSL) through these initiatives:
 - BNM Agrofood Facility with loan of up to RM5 mil at a rate of 3.75% including a guarantee fee for up to 8 years **(RM1b)**
 - Agrobank's Agrovest Investment Program – provides initial funding for agricultural startups and e-commerce platforms **(RM250m)**
 - Dana Impak by Khazanah - Increasing the income and productivity of smallholders **(RM200m)**
 - Expansion of Digital AgTech Program under MDEC to 264 Pertubuhan Peladang Kawasan nationwide **(RM20m)**
 - Night Farming – the integration of pineapple plants and solar energy and the production of animal feed pallets using pineapple waste **(RM5m)**
 - Matching grants to producers of alternative protein source utilizing agricultural waste as input for animal feed production such as the Black Soldier Fly Project **(RM5m)**
 - Incentives to farmers for integrated crop pest management and chemical pesticide free farming **(RM5m)**
 - Keluarga Malaysia Hardcore Poverty Alleviation Program which includes the promotion of food crops such as chili, ginger and cabbage
3. Sustainable agriculture agenda including the development of agro-food and soil sustainability program **(RM56m)**
4. Scope of tax incentive for food production expanded to include Controlled Environment Agriculture Project and the tax incentive is extended until 2025
5. 100% income tax exemption on statutory income for companies with BioNexus status and the incentive application period is extended until 2024
6. Accelerated Capital Allowance and income tax exemption of 100% on qualifying capital expenditure:
 - Capital expenditure limit up to RM10 mil
 - Applicable to manufacturing, services and agriculture sectors that adapt Industry 4.0 elements

Budget 2023 Measures

7. Initiatives to support the welfare of paddy farmers, farmers and fishermen:
 - Subsidy on the price of rice, rice fertilizer, genuine rice seeds, huma paddy fertilizer and rice production incentives as well as fishing incentives **(RM1.8b)**
 - RM200 per month assistance to 240k rice farmers for a period of 3 months **(RM228m)**
 - Agricultural Protection Scheme – to protect agricultural operators from any out-of-control risks such as weather, disease and pests

Initiative 3: Disaster Preparedness

1. Flood mitigation plan until 2030 **(RM15b)** including:
 - Sabo Dam Project in 46 locations across the country to reduce the risk of debris floods and mud floods **(RM500m)**
 - Dual-function reservoirs along the Klang River and the Rasau River **(RM1.8b)**
 - Integrated River Basin additional phase project in Sungai Golok **(RM500m)**
 - Construction of dams and coastal protection structures at 11 locations in Sabah and 17 in Sarawak
 - KL River Bund Phase 1 project will be equipped with the Gombak River Enhancement and Tunnel system (GREAT)
 - Upgrading the weather forecast system to strengthen flood forecasts and warnings at the national level
2. NADMA
 - Allocation to strengthen NADMA **(RM174m)**
 - Disaster preparedness by NADMA **(RM400m)**
3. National Disaster Relief Fund **(RM100m)**
4. Armed Forces Field hospitals to be completed by the end of 2022 **(RM47m)**
 - Kluang, Johor
 - Kota Kinabalu, Sabah
5. 50 new ambulances in 50 army camps
6. Prihatin Komuniti Organisation Grant **(RM20m)**
 - Volunteering activities including firefighting courses by 2,000 resident associations

Strategy 2: Public Service Delivery

Budget 2023 Measures

Initiative 1: Public Governance

1. Measures taken to curb online scam:
 - Formation of National Scam Response Centre (NSRC) with collaboration between PDRM, BNM, MCMC and NFCC and partnership with financial institutions
 - Tighten internet banking security measures by discontinuing OTP for high-risk transactions
 - Platform for public to report any suspected account or number
 - Financial and Digital Literacy Program to raise awareness of online scam issues
2. CyberSecurity Malaysia **(RM73m)**
 - Strengthen the monitoring, detection and reporting of cyber threat including developing cyber forensic system capabilities
3. Consumer Credit
 - Tabling of Consumer Credit Bill in the second quarter of 2023
 - Establishment of Consumer Credit Monitoring Board, under the Ministry of Finance to regulate all activities related to consumer credit.
4. Urban Transformation Centre (UTC)
 - Establish 2 new UTC centres and maintenance of existing centres **(RM20m)**
 - UTC transformation as a digital hub – cashless transaction, youth activities such e-sports and coding
 - Develop 13 Satellite MyFutureJobs Centre at UTCs nationwide **(RM8m)**
5. National Placement Centre **(RM5m)**
 - One-stop centre for job seekers
 - Proposed development of 10 new NPC nationwide
 - 10k individuals expected to obtain job information every month
 - Increase the number of SOCSO's Employment Service Managers to assist the unemployed seeking for job opportunities
6. Consumer rights **(RM3m)**
 - Enhance consumer advocacy
 - Special assistance to subsidize cost of appointing legal counsel in handling judicial review application case at Consumer Claims Tribunal Malaysia

Budget 2023 Measures

7. Ease of Stamp Duty Payment Process
 - Payment of stamp duty to be fully online through Stamp Assessment and Payment System by 2024
8. National Action Plan for Forced Labour (NAPFL) to eradicate human trafficking and eliminate forced labour in Malaysia
9. Strengthen integrated enforcement activity – development of digital platform, application and use of drone technology to enable access to dangerous location and minimise operation risks
10. Protect the rights and welfare of Malaysians imprisoned abroad **(RM5m)**
 - Intervention by the Malaysian Embassies
 - Legal advice and human rights assistance
11. Increase the number and capacity of Employment Case Service Managers under SOCSO – job matching, career counseling and monitoring of local labour market

Initiative 2: Civil Servants' Welfare

1. Computer and Smart Phone Financing scheme
 - Widen the definition of digital device to include smart watches
2. Personal Accident Coverage by LPPSA
 - RM100 subsidy to include insurance and takaful home content coverage worth RM20,000
3. Initiatives announced during 18th Majlis Amanat Perdana Penjawat Awam (MAPPA)
 - Cash Award in Lieu (GCR) increased from 160 days to 180 days
 - Additional 5 days of special leave for teachers who have served for more than 10 years, increasing the total number of special leave to 15 days
 - Special Financial Assistance worth RM700 for civil servants grade 56 and below and RM350 for Government pensioners **(RM1.3b)**
 - Special Annual Salary Increment of RM100 for civil servants grade 11 to grade 56 in 2023 **(RM1.5b)**
4. Early redemption of GCR up to maximum 90 days
5. Aidilfitri 2023 Financial Assistance amounting to RM600 and to be paid by March 2023
 - Include Aidilfitri Financial Assistance to pensioners worth RM300

Budget 2023 Measures

6. Special Financial Assistance of RM350 to pensioners to be paid in January 2023 and Aidilfitri 2023 Financial Assistance to be paid in March to 1mil pensioners
7. Additional cash assistance received by civil servants in 2023 will be RM2,500 consisting of Special Annual Salary Increment: RM1,200 (RM100/month x 12 months), Special Financial Assistance: RM700 and Aidilfitri Financial Assistance: RM600

Appendix II

Tax Measures

Budget 2023



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APPENDIX 1

Review of Individual Income Tax Rate

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

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 RM50,001 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 RM250,001 to RM400,000 be increased by 0.5 percentage points.

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

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

Income tax savings 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)	Savings	
					(RM)	(%)
0 - 5,000	0	0	0	0		
		0		0	**	**
5,001 - 20,000	1	150	1	150		
		150		150	**	**

Chargeable Income (RM)	Current		Proposed			
	Tax Rate (%)	Tax Payable (RM)	Tax Rate (%)	Tax Payable (RM)	Savings	
					(RM)	(%)
20,001 - 35,000	3	450	3	450		
		600		600	**	**
35,001 - 50,000	8	1,200	8	1,200		
		1,800		1,800	**	**
50,001 - 70,000	13	2,600	11	2,200		
		4,400		4,000	400	9.1
70,001 - 100,000	21	6,300	19	5,700		
		10,700		9,700	1,000	9.3
100,001 - 250,000	24	36,000	24	36,000		
		46,700		45,700	1,000	2.1
250,001 - 400,000	24.5	36,750	25	37,500		
		83,450		83,200	250	0.3
400,001 - 600,000	25	50,000	25	50,000		
		133,450		133,200	250	0.2
600,001 - 1,000,000	26	104,000	26	104,000		
		237,450		237,200	250	0.1
1,000,001 - 2,000,000	28	280,000	28	280,000		
		517,450		517,200	250	0.0
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 for Taxpayer, Spouse and Child

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, mental health check-up or consultation, COVID-19 detection test including the purchase of self-test kit for taxpayer, spouse or child limited to RM1,000.

Proposal

To support the National Dental Health Policy in promoting dental care among the *Rakyat*, it is proposed the scope of tax relief be expanded to cover dental examination and treatment expenses up to RM1,000 from dental practitioners registered with the Malaysian Dental Council.

Effective Date

From the year of assessment 2023.

APPENDIX 3

Extension of Individual Income Tax Relief for the National Education Savings Scheme

Current Position

Individual income tax relief of up to RM8,000 is given on net annual savings in the National Education Savings Scheme (SSPN) effective from year of assessment 2021 until year of assessment 2022.

Proposal

To further encourage savings among parents to finance children's tertiary education, it is proposed tax relief of up to RM8,000 on net annual savings in the SSPN be extended for a period of 2 years.

Effective Date

From the year of assessment 2023 until the year of assessment 2024.

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 up to RM4,000.

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

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

Current Position

The tax relief to individual taxpayers who enrol their children aged up to 6 years in Child Care Centres (TASKA) registered with the Social Welfare Department or Child Care Centres (TADIKa) 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.

Expansion of Scope on COVID-19 Detection Test Method

Current Position

Income tax relief for COVID-19 detection test expenses including the purchase of COVID-19 self-detection test kit is given to the taxpayer, spouse or child. These expenses comprise of:

- i. COVID-19 detection test expenses conducted in a hospital or a clinic as supported with receipt issued by the hospitals/clinics/medical practitioners registered with the Malaysian Medical Council; or
- ii. the purchase of self-detection test kit supported with receipt.

Proposal

To provide equitable tax treatment on the existing COVID-19 detection test expenses, it is proposed the scope of tax relief be expanded to include test conducted in a laboratory recognised by the Ministry of Health Malaysia.

Effective Date

From the year of assessment 2023.

Review of Income Tax Rate 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 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 RM100,000 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:

Taxable Income	Tax Rate
First RM100,000	15%
RM100,001 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 on 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 cover the cost of listing technology-based companies on Bursa Malaysia 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.

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%

Full stamp duty exemption is given on the instrument of transfer of property executed between husband and wife.

Remission of 50% stamp duty is given on the instrument of transfer of property executed between parents and children of Malaysian citizenship.

Proposal

To streamline the treatment of stamp duty for the transfer of property ownership by way of love and affection, it is proposed the instruments of transfer of property between husband and wife, parents and children, as well as grandparents and grandchildren be imposed a fixed duty of RM10 on the condition that the recipient of the property is a Malaysian citizen.

Effective Date

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

Stamp Duty Treatment For Educational Loan/Scholarship Agreement

Current Position

Stamp duty at a fixed duty of RM10 is charged on educational loan/scholarship agreement to pursue tertiary education level (diploma and above) at higher learning institutions pursuant to Item 22(4), First Schedule of the 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 January 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 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.

Introduction of New Schedule for Reinvestment of Hotel and Selected Tourism Projects Under Income Tax Act 1967

Current Position

Reinvestment Allowance (RA) is given to manufacturing and selected agriculture sector under Schedule 7A of the Income Tax Act (ITA) 1967 for expansion, diversification, modernisation and automation. RA is given at 60% on qualifying capital expenditure for a period of 15 years consecutively and to be set-off against 70% of the statutory income. This RA can be claimed through the Income Tax Return Form as this method will ease companies to enjoy tax incentives.

There is no reinvestment allowance given for services sector under ITA 1967.

Proposal

To revive services sector especially tourism affected by COVID-19 pandemic, it is proposed new schedule for reinvestment of hotel and selected tourism projects under ITA 1967 be introduced and given RA at 60% on qualifying capital expenditure for a period of 5 years consecutively and to be set-off against 70% of statutory income. This tax incentive is for renovation, expansion and modernisation activities for the following:

- i. 1 to 5-star hotels registered with Ministry of Tourism, Art and Culture Malaysia (MOTAC); and
- ii. selected tourism projects namely theme park and convention centre with a capacity of at least 3000 participants and registered with MOTAC.

This RA can be claimed through the Income Tax Return Form.

Effective Date

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

Extension of Tax Incentive for Medical Tourism

Current Position

Private healthcare companies undertaking new investment or engaging in expansion, modernisation or refurbishment activities are eligible for income tax exemption equivalent to Investment Tax Allowance of 100% of qualifying capital expenditure for a period of 5 years and can be set-off against up to 100% of statutory income.

Tax incentive is subject to following conditions:

- i. at least 10% of the total number of patients receiving private healthcare services for each year of assessment are comprised of qualified healthcare travellers; and
- ii. at least 10% of company's gross income for each year of assessment is derived from services to qualified healthcare travellers.

The tax incentive is for applications received by Malaysian Investment Development Authority (MIDA) from 1 January 2021 until 31 December 2022.

Proposal

To further encourage the growth of quality private health care services and to increase the arrival of healthcare travellers, it is proposed 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.

Special Tax Deduction for Expenditure on Malaysian-Made Handicraft by Hotel Industry

Current Position

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

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

Proposal

To support the recovery of Malaysian-made handicraft, it is proposed special tax deduction be given for expenditure on qualified Malaysian-made handicraft purchased from handicraft entrepreneur certified by Perbadanan Kemajuan Kraftangan Malaysia incurred by hoteliers limited to RM500,000.

Effective Date

For eligible expenditure on handicraft products incurred from 1 January 2023 until 31 December 2023.

Review of Tax Incentive for Tour Operators

Current Position

In Budget 2018, tour operators are given tax incentives as follows:

- i. tax exemption of 100% on statutory income derived from the business of operating tour packages to Malaysia with participation of at least 750 inbound tourists per year; and
- ii. tax exemption of 100% on statutory income derived from the business of operating tour packages within Malaysia with participation of at least 1,500 local tourists per year.

During the COVID-19 pandemic, the tax incentive was reviewed as follows:

- i. extended for a period of 2 years from the year of assessment 2021 to the year assessment 2022; and
- ii. tourism packages within Malaysia with participation of at least 200 local tourists per year and nil for inbound tourists for tourism packages to Malaysia.

Proposal

To boost tourism activities in Malaysia during the transition phase to endemic, it is proposed tax incentive conditions be reviewed as follows:

- i. tourism packages within Malaysia with participation of at least 400 local tourists per year; or

- ii. tourism packages to Malaysia with participation of at least 200 inbound tourists per year; and
- iii. tax incentive is extended for a year.

Effective Date

For the year of assessment 2023.

Extension of Tax Incentive for Export of Private Healthcare Services

Current Position

Companies that provide private healthcare services are eligible for income tax exemption equivalent to 100% of increased value in exports of services and can be set-off against 70% of the statutory income derived from the export of healthcare services to foreign healthcare travellers either from Malaysia or abroad subject to conditions as follow:

- i. at least 10% of the total number of patients receiving private healthcare services for each year of assessment are comprised of qualified healthcare travellers; and
- ii. at least 10% of company's gross income for each year of assessment is derived from services to qualified healthcare travellers.

The tax incentive is effective from the year of assessment 2021 until the year of assessment 2022.

Proposal

To further encourage the private healthcare services and position Malaysia as a health tourism hub, it is proposed tax incentive be extended for a period of 3 years.

Effective Date

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

Expansion of Scope of Tax Deduction for the Employment of Senior Citizens, Ex-Convicts, Parolees, Supervised Persons and Ex-Drug Dependants

Current Position

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

In Budget 2019, further tax deductions are given to employers who 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 employee is employed 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 Malaysia's Sustainable Development Goals (SDGs) 2030 which aimed to provide suitable job opportunities without neglecting certain group, it is proposed the scope of tax incentive be expanded to include remuneration paid to inmate and ex-inmate of Henry

Gurney School under Malaysian Prison Department, protection and rehabilitation institution and registered care centres under the Social Welfare Department.

Effective Date

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

Review of Tax Incentive for Women Career Break

Current Position

Women who return to work after career break are given income tax exemption on employment income received for a maximum of 12 consecutive months, subject to condition as follows:

- i. return to work after a career break for a period of at least 2 years on 27 October 2017;
- ii. applications received by Talent Corporation Malaysia Berhad not later than 31 December 2023; and
- iii. tax exemption on employment income received from the year of assessment 2018 until the year of assessment 2024.

Proposal

In encouraging women to return to work and contribute to the economy, it is proposed the existing conditions be reviewed as follows:

- i. career break of at least 2 years on the date of application received by Talent Corporation Malaysia Berhad; and
- ii. tax exemption on employment income received from year of assessment 2023 until year of assessment 2028.

Effective Date

For applications received by Talent Corporation Malaysia Berhad from 1 January 2023 until 31 December 2027.

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 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 to 40% by 2025.

Tax deductions under Section 34(6)(h) of the Income Tax Act 1967 can be given to any party/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 technology and communication projects to increase the income of the poor as well as environmental preservation/conservation projects. Approval criteria include:

- i. projects benefiting only the public in Malaysia without having any interest to contributors; and
- ii. projects that are voluntarily contributed and are not required by the authorities under any regulation.

Proposal

To support the recycling of plastic waste as an economic resource and to ensure the collected-for-recycling rate can be increased through a more 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 January 2023 until 31 December 2024.

Review of Green Technology Tax Incentives

Current Position

In Budget 2020, green technology tax incentives have been extended until 31 December 2023, meanwhile in Budget 2022 the scope on the purchase of qualifying green assets was expanded to include Rainwater Harvesting System. The tax incentives are as follows:

i. Green Investment Tax Allowance (GITA)

Investment Tax Allowance (ITA) of 100% on capital expenditure for qualifying green activity for a period of 3 years. This allowance can be set-off against 70% of statutory income.

ii. Green Income Tax Exemption (GITE)

- a. income tax exemption of 70% on statutory income for qualifying green services activities for a period of 3 years of assessment; and
- b. income tax exemption of 70% on statutory income for a period of up to 10 years for solar leasing activities.

The tax incentive is for applications received by Malaysian Investment Development Authority (MIDA) from 1 January 2020 until 31 December 2023.

Proposal

As a continuous support for green technology development initiatives in line with the Green Technology Master Plan 2017 - 2030, it is proposed tax incentives for qualifying green activities under GITA and GITE be reviewed based on tiering approach as follows:

- i. ITA of 60% for solar activity and ITA of 100% for activity other than solar including Battery Energy Storage System (BESS);
- ii. tax incentive period be extended from 3 years to 5 years for selected project; and
- iii. application period for tax incentive be extended for 2 years.

The details of tiering approach for GITA and GITE as in **SCHEDULE 1**.

SCHEDULE 1

INCENTIVES	TIER 1	TIER 2
GITA	Qualifying activities other than solar and solar + BESS	Qualifying activities related to solar
	<p style="text-align: center;"><u>Project and Green Building</u></p> <p>Investment Tax Allowance of 100% on capital expenditure for qualifying green activities for a period of 5 years. This allowance can be set-off against 70% of statutory income.</p> <p style="text-align: center;"><u>Asset</u></p> <p>Investment Tax Allowance of 100% on capital expenditure for a period of 5 years. This allowance can be set-off against 70% of statutory income.</p>	<p style="text-align: center;"><u>Asset and Project</u></p> <p>Investment Tax Allowance of 60% on capital expenditure for qualifying green activities for a period of 3 years. This allowance can be set-off against 70% of statutory income.</p>

INCENTIVES	TIER 1	TIER 2
GITE	Qualifying services other than solar and solar + BESS services	Qualifying services related to solar
	Income tax exemption of 70% on statutory income for qualifying green services for a period of 5 years of assessment.	Income tax exemption of 70% on statutory income for qualifying green services for a period of 3 years of assessment.
	Solar leasing Income tax exemption of 70% on statutory income for a period of up to 10 years.	

Effective Date

For applications received by MIDA from 1 January 2024 until 31 December 2025.

Tax Incentive for Rental of Electric Vehicle

Current Position

Companies renting non-commercial motor vehicles, including electric vehicle (EV) are given tax deduction under Section 39(1)(k) of the 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 utilisation of low-carbon vehicles, it is proposed the maximum rental amount for EV allowed for tax deduction is limited 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 a 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. Meanwhile, 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 from 8 October 2022 until 31 December 2025.

Tax Incentives for Carbon Capture and Storage

Current Position

Under the National Energy Policy 2022 - 2040, Malaysia envisages to achieve Low Carbon Nation Aspiration by 2040. In line with this target, the Government has identified an initiative to control the emission of carbon dioxide (CO₂) using Carbon Capture and Storage (CCS) technology. The oil and gas and power generation industries are identified as pioneer industries that use CCS technology in Malaysia. This technology comprises of 3 activities as follows:

- i. carbon capture;
- ii. transportation of captured CO₂; 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 and can be set-off against up to 100% of business statutory income;
 - b. full import duty and sales tax exemption on equipment for CCS technology commencing from 1 January 2023 until 31 December 2027; and

- c. tax deduction for allowable pre-commencement expenses within 5 years prior to 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 and 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 for CCS technology starting 1 January 2023 until 31 December 2027.
- iii. companies engaging CCS services be given tax deduction on fees incurred for use of CCS services.

Effective Date

- i. For application received by Ministry of Finance from 1 January 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, 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 and to be fully absorbed 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

Current Position

Tax incentives for food production projects are given as follows:

- i. an investor company that undertakes investment 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 Industry (MAFI) 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 based projects on Controlled Environment Agriculture (CEA); and
- ii. tax incentive is extended for a period of 3 years.

Effective Date

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

Review of Tax Incentives for BioNexus Status Company

Current Position

Tax incentives for BioNexus status companies are given as follows:

- i. a company undertaking biotechnology activity and 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 and development expenditure;
 - d. Industrial Building Allowance on building for biotechnology research activities; and
 - e. import duty exemption on raw materials/components and machinery/equipment.
- ii. a company that undertakes investment 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.

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

Proposal

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

- i. income tax exemption on statutory income 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.

Extension of Tax Incentive for Intellectual Property Development

Current Position

Companies which undertake research and development (R&D) for promoted products and develop intellectual property (IP) in Malaysia are given income tax exemption of 100% for a period up to 10 years. This exemption is given on IP income arising from patents and software copyright. For the purpose of tax exemption computation, the modified nexus approach is used to ensure that only income derived from IP developed in Malaysia including R&D activities is eligible for tax incentive.

For applications received by the Malaysian Investment Development Authority (MIDA) from 1 January 2020 until 31 December 2022.

Proposal

To further encourage R&D activities and IP registration in Malaysia, it is proposed 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.

Review of Tax Incentive for Automation in Manufacturing and Services Sector

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 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 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 absorbed 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 Industries from 1 January 2023 until 31 December 2027.

Extension of Tax Incentive for Pharmaceutical Companies

Current Position

Manufacturer of pharmaceutical products is eligible for tax incentive as follows:

- i. income tax rate of 0% up to 10% for the first 10 years; and
- ii. income tax rate of 10% for the subsequent 10 years.

The tax incentive is for applications received by Malaysian Investment and Development Authority (MIDA) from 7 November 2020 until 31 December 2022.

Proposal

To further encourage the development and manufacturing of pharmaceutical products in particular vaccines, it is proposed 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.

Review of Tax Incentive for Equity Crowdfunding

Current Position

In Budget 2021, individual investors who invest in equity crowdfunding are eligible for tax exemption on aggregate income equivalent to 50% of the amount invested subject to the conditions as follows:

- i. the eligible amount for tax exemption is limited to RM50,000 for each year of assessment;
- ii. the deductible amount is limited to 10% of the aggregate income for that year of assessment. The excess amount will be disregarded;
- iii. the investor, investee company and amount of investment made must be verified by the Securities Commission Malaysia;
- iv. the investor must not have any family relationship with the investee company;
- v. investment must be made through equity crowdfunding platform approved by the Securities Commission Malaysia; and
- vi. the investment is not allowed to be disposed within 2 years from the date of investment.

The tax incentive is for investment made from 1 January 2021 until 31 December 2023.

Proposal

To attract more individual investors to invest in start-up companies through equity crowdfunding, it is proposed tax incentive be reviewed as follows:

- i. scope of tax incentive be expanded to include investment made by individual investor through Limited Liability Partnership Nominee Company; and
- ii. the investment period be extended for 3 years.

Effective Date

For investment made from 1 January 2024 until 31 December 2026.

Extension of Tax Incentive for Angel Investor

Current Position

An angel investor who invests in an investee company in the form of ordinary shares is eligible for tax exemption equivalent to the amount of investment made.

The tax incentive is for applications received by the Ministry of Finance from 1 January 2021 to 31 December 2023.

Proposal

To attract more angel investors to contribute to economic activities through capital funding in investee companies, it is proposed tax incentive be extended for a period of 3 years.

Effective Date

For applications received by the Ministry of Finance from 1 January 2024 until 31 December 2026.

Extension of Tax Incentive for Principal Hub 3.0

Current Position

New and existing companies using Malaysia as a global regional hub for high value activities that manage, control and support main business functions such as risk management, decision making, strategic business, finance and human resource management are eligible for principal hub tax incentive with 0%, 5% or 10% income tax rate.

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

Proposal

In attracting more companies to establish their principal hub in Malaysia, it is proposed 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.

Extension of Tax Incentive for Global Trading Centre

Current Position

Companies undertaking trading activities for export purposes are eligible for tax incentive under Global Trading Centre at 10% income tax rate for a period of 5 years and renewable for another 5 years.

The tax incentive is for applications received by Malaysian Investment Development Authority (MIDA) from 1 January 2021 until 31 December 2022.

Proposal

To attract multinational companies undertaking trading activities while making Malaysia as regional distribution hub, it is proposed 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.

Extension of Tax Incentive For Ship Building and Ship Repairing Industry

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 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 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.

In addition, SBSR companies with *bona fide* status are also eligible for import duty and sales tax exemption under Item 53, Customs Duties (Exemption) Order 2017 and Item 44, Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018. These exemptions are given for *bona fide* status application received by the Ministry of Finance until 31 December 2022.

Proposal

To position Malaysia as a regional hub for SBSR, it is proposed existing tax incentive and *bona fide* status be extended for a period of 5 years.

Effective Date

- i. For SBSR applications received by MIDA from 1 January 2023 until 31 December 2027.
- ii. For *bona fide* status applications received by the Ministry of Finance from 1 January 2023 until 31 December 2027.

Extension of Tax Incentive for Aerospace Industry

Current Position

New and existing aerospace companies in Malaysia undertaking high-value activities such as manufacturing or assemble of systems, devices, parts or components; maintenance, repair and overhaul (MRO) for aircraft, 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.

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 regional key player in the aerospace industry, it is proposed 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 Duties and Sales Tax Exemption on Studio and Filming Production Equipment

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. To produce creative content with international standard, industry players including film producers need to continue exploring innovation and take advantage of new technologies.

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

To encourage industry players producing high-quality creative content for the domestic and international markets as well as to attract foreign producers filming in Malaysia, it is proposed import duty and sales tax exemptions on studio and filming production equipment be given to equipment providers and production services including post-production, studio and cinema for a period of 2 years.

Effective Date

For applications received by the Ministry of Finance from 1 January 2023 until 31 December 2024.

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

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 reviewed as follows:

- i. exemption is expanded to:
 - a. executive taxis and TEKS1M; and
 - b. airport taxis (budget, premier and family).
- 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 January 2023.

Excise Duty Exemption on Tourism Vehicles

Current Position

In supporting Visit Malaysia Year 2020, excise duty exemption of 50% was given to tourism operators on the purchase of new locally assembled tourism vehicles effective from 1 January 2020 to 31 December 2021.

Proposal

To support the recovery of tourism industry that has been affected by COVID-19 pandemic, it is proposed 50% excise duty exemption be given on the purchase of new locally assembled tourism vehicles as follows:

- i. Hire and Drive Cars for Tourists; and
- ii. Excursion Bus.

Effective Date

For applications received by the Ministry of Finance from 1 January 2023 to 31 December 2024.

Extension of Import Duty and Excise Duty Exemption on Imported CBU Electric Vehicles

Current Position

Imported Completely Built-Up (CBU) electric vehicles (EV) consist of passenger vehicles (including SUV and MPV), motorcycles and commercial vehicles are subject to duties and taxes as follows:

Types of Duty / Tax	EV Duty / Tax Rates		
	Passenger Vehicle (including SUV and MPV)	Motorcycle	Commercial Vehicle
Import Duty	30%	30%	30%
Excise Duty	10%	10%	Nil
Sales Tax	10%	Nil	10%

In Budget 2022, full import duty and excise duty exemption are given on imported CBU EV from 1 January 2022 until 31 December 2023.

Proposal

To encourage domestic demand on EV in line with the Low Carbon Mobility Blueprint, EV Roadmap and National Automotive Policy 2020 as well as considering the global shortage of automotive chip, it is proposed full import duty and excise duty exemption on imported CBU EV be extended for a period of 1 year.

Effective Date

From 1 January 2024 until 31 December 2024.

Extension of Sales Tax Exemption for the Purchase of Locally Assembled Bus

Current Position

Sales tax exemption of 10% on the purchase of buses including locally installed air conditioning is given to eligible bus operators such as school bus, stage bus, express bus, excursion bus and employee bus.

The sales tax exemption is effective from 1 January 2021 to 31 December 2022.

Proposal

To reduce the operating costs and assist the bus operators during the transition phase to endemic, it is proposed sales tax exemption be extended for a period of 2 years.

Effective Date

For applications received by the Ministry of Finance from 1 January 2023 until 31 December 2024.

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 programme 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	Tarif 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 5 years.

Effective Date

For applications received by the Ministry of Finance from 1 January 2023 until 31 December 2027.

Service Tax Exemption on Digital Services Related to Banking/Financial Services

Current Position

Digital services related to banking/financial services provided by local financial institutions/banks licensed under Financial Services Act 2013, Islamic Financial Services Act 2013, Labuan Financial Services and Securities Act 2010, Labuan Islamic Financial Services and Securities Act 2010, Development Financial Institutions Act 2002 or any qualified service provider is exempted from service tax starting from 1 January 2020.

Proposal

To streamline tax treatment on digital services related to banking/financial services by local non-bank digital payment service providers, it is proposed service tax exemption be given to:

- i. recipients of digital payment services; and
- ii. local non-bank digital payment service providers as below:
 - a. payment instrument issuers;
 - b. merchant acquirers; and
 - c. payment system operators.

The expiry date for the existing service tax exemption to local financial institutions/banks be streamlined with the exemption period for local non-bank service providers.

Effective Date

- i. From 1 August 2022 until 31 July 2025 for local non-bank digital payment service providers.
- ii. From 1 January 2020 until 31 July 2025 for local financial institutions/banks and any qualified service providers.



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