

BERITA ONLINE
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EVENING 5: Budget 2023 edition

Here are some of the key takeaways of Budget 2023:

- Malaysia's economy estimated to grow 6.5%-7% in 2022, and 4%-5% in 2023
- Fiscal deficit expected to shrink to 5.5% of GDP in 2023 from 5.8% of GDP in 2022
- Federal government revenue expected to drop 4.4% to RM272.57 billion in 2023, from a growth of 22.0% (RM285.22 billion) in 2022
- RM372.3 billion allocated under Budget 2023 — RM272.3 billion for operating expenditure, RM95 billion for development expenditure, RM5 billion for Covid-19 fund and RM2 billion for contingency savings
- Ministry of Finance is the biggest recipient of Budget 2023 allocation at RM67.2 billion, followed by Ministry of Education (RM55.6 billion), and Ministry of Health (RM36.1 billion); these three constitute 43.3% of total budget expenditure
- RM18.3 billion allocated to Ministry of Home Affairs (KDN)
- Ministry of Defence to get RM17.4 billion allocation

- From 2023, electricity bill subsidy of up to RM40 will be provided for households with income of RM1,169 and below, compared to the present RM980 and below
- 2% income tax cut for RM50,000 to RM100,000 income bracket, but 0.5% rise for RM250,000-RM400,000
- RM2,500 for Bantuan Keluarga Malaysia — highest one-off assistance for households with five children or more, with income of less than RM2,500 per month
- RM235 million allocated towards funding women entrepreneurs
- RM400 million allocated to e-Pemula for one-off RM200 credit to e-wallets for those aged 19 to 20 years, and full-time students aged 21 and above
- Those paying for daycare and kindergarten fees to get RM3,000 tax write-off for Tax Assessment Year 2024
- M40 e-Pemula Initiative: e-Wallet credit worth RM100 for the M40 group with annual income below RM100,000, to benefit 8 million individuals
- Budget 2023 provides RM55 billion for subsidies, social assistance and incentives
- Women to be exempted from income tax for assessment years of 2023 to 2028, to encourage them to return to work after taking a career break
- RM150 million allocated to employment incentives under PERKESO, for as much as RM600 to RM750 a month for three months to the vulnerable
- Total holding limit for Amanah Saham Bumiputera (ASB) and ASB2 increased from RM200,000 to RM300,000
- Those with annual income brackets of RM250,000-RM400,000 and RM400,000-RM600,000 to be subject to 25% tax rate
- Middle income group gets up to RM1,000 tax savings, high income group gets up to RM250
- Voluntary EPF contribution limit to be increased to RM100,000 per year from RM60,000
- One-off RM500 cash aid for mothers from Bantuan Keluarga Malaysia households who give birth in 2023
- Government to bear cost for B40 youths to get taxi, bus, e-hailing licences via MyPSV programme
- Graduates with first-class bachelor's degrees exempted from repaying PTPTN loans
- RM3.8 billion allocated for scholarships and educational loans
- RM6.7 billion allocated to implement various technical and vocational education and training (TVET) initiatives through the National TVET Council
- Govt to gradually make Self-Employment Social Security Scheme (SKSPS) contribution mandatory for all self-employed sectors from 2023
- RM1.2 billion allocated to upgrade old school buildings and infrastructure, especially in Sabah and Sarawak; RM1.1 billion allocated for school repairs and maintenance

- RM3 billion for govt guarantee through Syarikat Jaminan Kredit Perumahan (SJKP) that will help 12,000 borrowers
- In relation to real estate transfer documents and loan agreements for homes worth more than RM500,000 to RM1 million, the stamp duty exemption will be increased from 50% to 75% until Dec 31, 2023
- RM1 billion grant for one-off RM1,000 aid to all registered micro, small and medium enterprise (MSMEs) and registered taxi drivers, to benefit 1 million recipients
- Bantuan Keluarga Malaysia (BKM) to be improved with an allocation of RM7.8 billion, to benefit 8.7 million recipients
- Bank Negara Malaysia (BNM) to allocate RM10 billion funding for SMEs for automation, digitalisation, tourism and agriculture
- SemarakNiaga 2023 is enhanced with a total value of RM45 billion compared to the RM40 billion announced for 2022. This value includes direct loans, alternative financing and financing guarantees.
- RM500 million allocated under BNM Tourism Financing Fund
- RM256 million in monsoon season assistance to small rubber farmers, to benefit 320,000 small farmers
- Guarantee limit of up to RM9 billion via Business Financing Guarantee Company to make it easier for SMEs to get financing
- Securities Commission Malaysia to introduce special training programme for women's skill levels to increase number of women eligible to be appointed as board members
- MSMEs to get income tax reduction to 15% from 17% for first RM100,000
- Govt targets arrival of more than 15 million tourists with income value of RM47.6 billion in 2023
- RM1.8 billion allocation for building of new hospitals, clinics and facilities, as well as for procurement of medical equipment
- RM4.9 billion to expand capacity of public health services, up 12% from 2022
- Petronas to contribute RM2 billion Kumpulan Wang Amanah Negara (KWAN) fund for 2023
- RM1 billion allocation for BNM Agrofood Financing Scheme to help SMEs increase agro-food production
- Govt to provide RM30 million to Malaysia Co-investment Fund (MyCIF)
- Govt proposes to expand scope of tax incentives for individual investors in start-up companies via equity crowdfunding
- Supplementary Food Plan rate raised from RM2.50 to RM3 in Peninsula, and from RM3 to RM4 in Sabah, Sarawak and Labuan
- 'Bantuan Awal Persekolahan' aid will be extended to all pupils, irrespective of their parents' income level

- Khazanah to invest RM1 billion under Dana Impak in 2023; RM230 million for investments in locally owned, high tech companies
- RM700 million allocated for flood mitigation plans
- RM73 million to improve Malaysia's cybersecurity by strengthening monitoring, detection and reporting of threats, as well as building cyber forensic system capabilities
- RM15 billion allocation for Flood Mitigation Plan till 2030, a long-term strategy throughout the country to adapt to climate change
- Govt will extend tax deduction of up to RM1.5 million for listing expenses involving ACE and LEAP markets until assessment year 2025.
- Govt will also expand tax deductions for companies to include the listing cost of tech-based companies on the Main Market of Bursa Malaysia.
- RM100 million allocation to Domestic Investment Strategic Fund (DISF) to support the development of domestic tech-based companies
- Government proposes special status for Pengerang, as well as chemical and petrochemical industry investment incentives to develop Pengerang as petrochemical hub
- Govt to provide RM700 as special financial assistance to 1.3 million civil servants grade 56 and below, and RM350 to 1 million govt pensioners next year; these provisions will amount to RM1.3 billion
- RM145 million allocation for maintenance, upgrading and construction of sports facilities
- RM102 million allocation for digital content fund to help the marketing of artistic products
- RM364 million allocation for R&D under Ministry of Higher Education and Ministry of Science, Technology and Innovation
- RM2.6 billion allocated to Federal Land Development Authority (Felda), Felcra Bhd and Rubber Industry Smallholders Development Authority (RISDA)
- RM50 million allocated to Cradle Fund Sdn Bhd
- RM6.3 billion for Sabah's development expenses; RM5.4 billion for Sarawak
- Exemption of import duties and excise taxes for imported completely built-up (CBU) electric vehicles extended until Dec 31, 2024
- RM700 million allocation for National Digital Network (JENDELA) in 2023, to implement digital connectivity in 47 industrial areas and nearly 3,700 schools
- Digital Nasional Bhd to expand 5G network nationwide to cover 70% of highly populated areas, infrastructure expenditure allocation worth RM1.3 billion in 2023
- Approved Permit (AP) exemption for electric vehicles (EVs) importation until Dec 31, 2023
 - Manufacturers of EV charging equipment are given 100% income tax exemption on statutory income from assessment year 2023 to 2032 and 100% investment tax allowance

- Extension of incentive application period for Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) until Dec 31, 2025, by increasing the incentive period to five years (from three years previously) for eligible green activities, including solar activities and Battery Energy Storage System
- Govt plans to introduce carbon tax and will study the feasibility of a carbon pricing mechanism. To support the implementation of this mechanism, the gov't will provide RM10 million as matching grant to help SMEs prepare for carbon assessments.
- RM235 million financing will be available for women — under the Semarak-Nita BSN Scheme, Tekunita TEKUN, DanaNITA MARA, and Bank Rakyat's Biz Lady — to encourage more women to increase business capacity and improve marketing strategies.
- To encourage more young people to do business, RM305 million will be made available as a special loan facility for youths through SME Bank, TEKUN, MARA, BSN and Agrobank.
- For 2023, RM1.7 billion is to be made available as micro-loan funds and business facilities for the benefit of small businesses.
- For Bumiputera entrepreneurs, the gov't, via TERAJU with a fund of RM135 million, will provide financing facilities (including under the Bumiputera Prosperity Fund).
- A total of RM200 million will also be provided under Perbadanan Usahawan Nasional Bhd (PUNB) to provide financing and entrepreneurship development programmes for Bumiputeras in the retail and distribution trade sectors.
- Extension of 100% stamp duty exemption on loan restructuring or rescheduling agreement, or financing, until 2024
- The i-Saraan programme will be extended to 2023 and improved by increasing the matching contribution from RM250 to RM300. With an allocation of RM30 million, this is expected to benefit more than 100,000 contributors.
- The Public Private Partnership (PPP) Master Plan 2023-2032 will be launched to introduce a new PPP model capable of driving infrastructure projects based on user pay (e.g. highways) and in-kind payment (e.g. land swap). To support the implementation of high-impact PPP projects in the infrastructure, social and security sectors, RM250 million will be provided via the Infrastructure Facilitation Fund.
- The multi-tiered levy for foreign workers is targeted to be implemented by 2023. Companies with a high number of foreign workers such as the plantation and construction sectors will be charged a higher levy rate. The government plans to redistribute the additional levy revenue to support employer's automation initiatives.
- The government plans to attract electrical and electronics (E&E) sector investors affected by geopolitical uncertainty and supply chain disruptions to relocate to Malaysia by extending existing tax incentives and 15% tax rate to C-Suite levels until 2024.

