



HIGHLIGHTS BUDGET 2021

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HIGHLIGHTS OF BUDGET 2021

The Malaysian Budget 2021 tabled on November 6 encompassed three key objectives:

**Rakyat's Wellbeing, Business
Continuity and Economic Resilience.**

2020 Economic Performances and Challenges

The International Monetary Fund (IMF) has projected the global economy to contract by 4.4% this year. Global trade is set to decline by 10.4%.

The country's GDP is showing signs of recovery from negative 28.6% in April 2020 to negative 3.2% in June. Early GDP estimates for July to September also indicates a growth trend.

The country's economic growth was revised for the year 2020 and is expected to contract 4.5 %. For 2021, the economy is expected to recover and expand at a rate of between 6.5 to 7.5%.



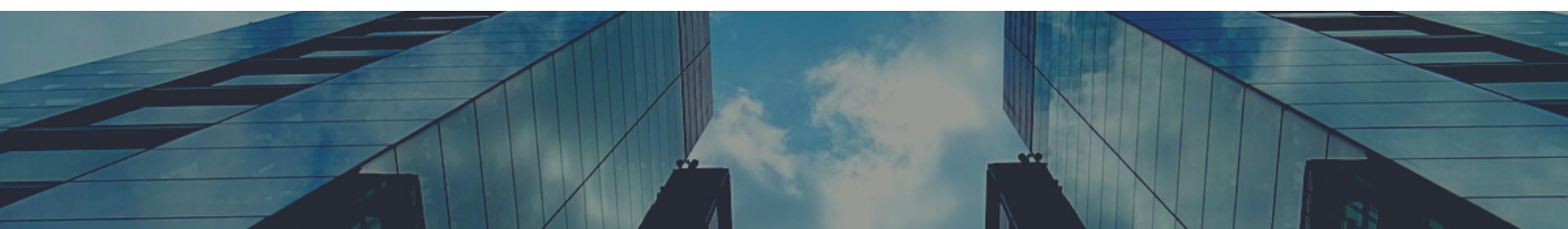
Where we are
TODAY

Proposed Budget Incentives

Rakyat's Wellbeing

- RM1 billion to be allocated in 2021 to contain third wave of COVID-19, in addition to RM1.8 billion allocated this year.
- Government committed to source for COVID-19 vaccine among others through the COVAX programme.
- RM500 one-off allowance for MoH frontliners.
- COVID-19 Fund raised to RM65 billion to cover additional assistance under KITA PRIHATIN package.
- Tax relief scope expanded for medical expenses for vaccination like pneumococcal, influenza and COVID-19. This tax relief, given on vaccination expenses is for the taxpayer, spouse and child limited up to RM1,000.
- Increase tax relief limit on medical expenses for self, spouse and child for serious diseases from RM6,000 to RM8,000 and tax relief limit for expenses on full medical check-up to RM1,000.
- Limit of tax relief on expenses for medical treatment, special needs and parental care is increased to RM8,000.
- Allocation of RM24 million for Mental Health, Violence and Injury Prevention, and Substance Abuse Programmes.
- MySalam coverage expanded to cover the cost of medical devices like heart stents or prosthetics.
- Assistance for disabled people unable to work increased from RM250 to RM300.
- Assistance for senior citizens, care for disabled and bed-ridden chronically ill patients raised to RM500.
- Disabled workers allowance increased from RM400 to RM450.
- Bantuan Sara Hidup assistance package replaced with Bantuan Prihatin Rakyat with better rate and income categories.
- The rate for Financial Assistance for Children is increased from RM100 per child with a maximum of RM450 per family, to RM150 per child aged seven years to 18 years, or RM200 per child aged six years and below with a maximum of RM1,000 per family.
- Households with monthly income below RM2,500 with at least one child to receive RM1,200 under BPR.
- Households with monthly income between RM2,501 to RM4,000 and one child, will receive BPR assistance of RM800, while households with two or more children to receive RM1,200.
- Households with monthly income between RM4,001 to RM5,000. This category will receive RM500 up to one child, and assistance of RM750 for households with two or more children.
- Single individuals earning RM2,500 ringgit and below will receive assistance of RM350, eligibility of 21 years and above.
- Income tax reduction for resident individuals reduced from 14% to 13% for the chargeable income band of RM50,001 to RM70,000.
- Banks to enhance the Targeted Loan Repayment Assistance (TRA) to B40 borrowers who are BSH recipients or BPR, and to micro enterprises with an option of moratorium on instalments of 3 month or reduce their monthly repayment by 50% for a period of 6 months.
- Employee EPF contribution rate is reduced to 9% beginning January 2021 for a year.
- RM500 can be withdrawn monthly from EPF Account 1 up to RM6,000 within 12 months.
- The government will provide close to RM28 billion specifically for subsidies, assistance and incentives for targeted sectors i.e. agriculture, consumerism, transportation, health sector aid, education loan, community aid for religious purposes among others.
- EPF allows withdrawal from Account 2 for the purchase of Life Insurance and Takaful protection products and for critical illnesses.
- BPR to benefit 8.1 million people with allocation of RM6.5 billion compared to 4.3 million recipients and RM5 billion allocated under BSH.
- Full Stamp Duty Exemption on transfer and loan agreement for the purchase of a first home up to RM500,000 for first time home buyers effective from 2021 to 2025.

SOURCE: MINISTRY OF FINANCE

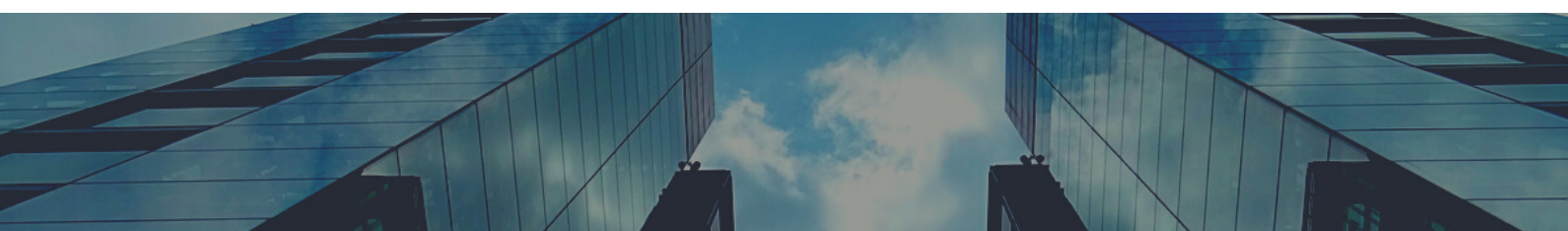


Proposed Budget Incentives

Business Continuity

- RM1 billion fund will be set up to support R&D Investment in Aerospace and Electronic clusters in Batu Kawan, Penang, Kulim, and Kedah Industrial Parks.
- RM500 million fund will be launched by BSN to support Malaysia to remain competitive in global chain supply and protect high skilled jobs.
- Principal Hub tax incentive conditions to be relaxed and extended until 31 December 2022.
- Establishment of Global Trading Centre to be granted a new incentive which will allow Companies to enjoy a tax rate of 10% for a period of 5 years and renewable for a period of another 5 years.
- Special income tax rate of 15% for 5 years for non-resident individuals holding key positions in Companies relocating their businesses to Malaysia under the PENJANA incentive package.
- Special tax rates of 0 to 10% for a period of 10 years is allowed for selected Manufacturing Companies to relocate businesses to Malaysia. The application for the incentives is now extended until 31 December 2022 and also extended to Companies in the selected Service Sector.
- Preferential tax rate of 0 to 10% for 10 years to encourage manufacturers of pharmaceutical products to invest in Malaysia.
- Training and placements for 8000 displaced airline employees.
- RM20 million allocated to boost the country's Palm Oil sector.
- Additional RM50 million will be provided under the Digitalisation Grant Scheme.
- RM100 million for HRDF to implement training and job creation in cooperation with the private sector.
- RM3.7 billion allocation under Janakerja to create 500,000 new jobs.
- Formation of the National Employment Council to coordinate initiatives to create job opportunities, upskilling and training.
- Government allocates RM95 million for a special micro-credit fund to empower women entrepreneurs and a guidance programme will be provided under the Micro Entrepreneur Business Development Programme (BizMe).
- RM100 million for MDEC to facilitate transition of existing talents to fill ICT industry needs.
- RM30 million to Perhebat for skills, entrepreneurship training to benefit 12,000 ATM veterans.
- RM200 million for distribution of essential goods, LPG and Community Drumming with expansion to 34 new areas.
- Rubber Productivity Incentive doubled to RM300 million to stabilise the income of 150,000 smallholders.
- RM1.7 billion in subsidy and incentive assistance for farmers and fishermen with the cost of living allowance raised to RM300.
- RM400 million to dispose of FELDA settlers' loan interest with new income development programme.
- RM150 million for KPT-PACE programme offering RM3,000 vouchers to new graduates for professional courses.
- 50% Income tax Exemption on Investment in Equity Crowdfunding, limited to a maximum exemption of 10% of Aggregate Income or RM50,000, effective 2021 to 2023.

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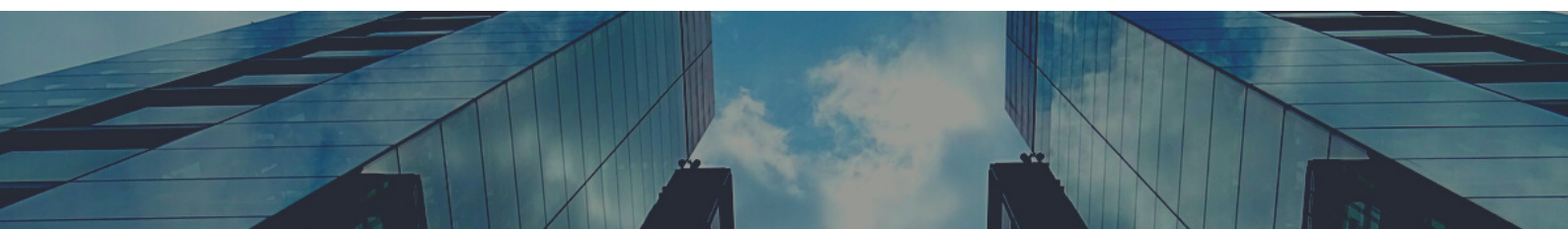


Proposed Budget Incentives

Economic Resilience

- The total expenditure for 2021 is the largest in Malaysia's history, with a total of RM322.5 billion. The government plans on allocating RM236.5 billion for administrative expenditure; RM69 billion for development expenditure; and RM17 billion under the Covid-19 Fund. Meanwhile, RM2 billion has been allocated for contingency savings. Taking into account the estimates, the 2021 fiscal deficit is projected at 5.4% of GDP.
- An excise duty at a rate of 10% ad valorem will be imposed on all electronic and non-electronic cigarettes, including vape, effective January 2021. Electronic cigarette liquids will be subject to excise duty at a rate of 40 cent per millilitre.
- Sabah and Sarawak will receive development expenditure allocation of RM5.1 billion and RM4.5 billion respectively. The provisions include building and upgrading of water, electricity and road infrastructure as well as health and education facilities.
- RM2.5 billion will be allocated to class G1 and G4 contractors to carry small and medium projects nationwide whereby RM200 million for Federal road maintenance and RM50 million for people's housing program.
- In the Free Industrial Zone and Licensed Manufacturing Warehouse, the limit of 10% increased to 40% on the Company's annual sales value for the value added and additional activities. List of approved activities can be obtained from the RMCD, effective 7 November 2020 onwards.
- Existing tax exemption is now expanded to 5 years on all SRI Sukuk and bonds which meet the ASEAN Green, Social and Sustainability Bond Standards approved by the Securities Commission Malaysia (SC), effective 2021 to 2025.
- As part of the Economic Recovery Plan due to the COVID-19 pandemic, the imposing of Tourism Tax is now exempted from the period 1 July 2020 until 30 June 2021.

SOURCE: MINISTRY OF FINANCE



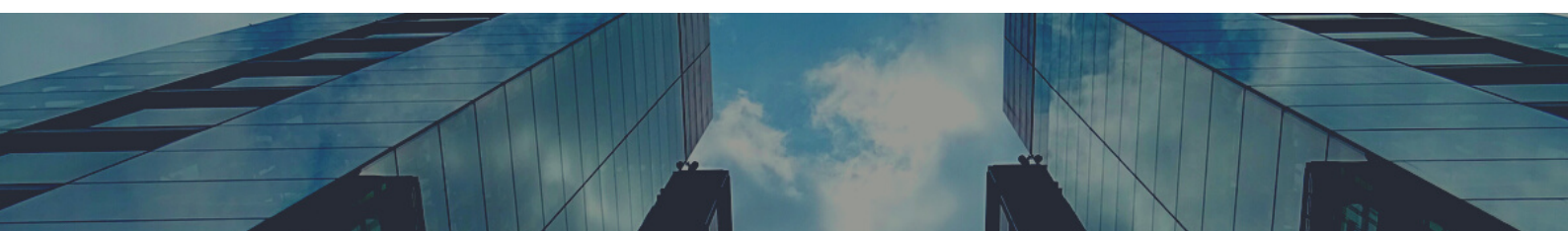
Proposed Budget Incentives

Quick Snapshot of Tax Incentives

- A 15% flat tax rate for 5 consecutive years is offered to non-Malaysian citizens who hold key positions (C-Suite). This incentive is limited to 5 non-Malaysian citizens per Company granted tax incentive approval for the relocation of operations under the PENJANA initiative.
- The Individuals enjoying the 15% tax rate must be receiving a monthly salary of NOT less than RM25,000.
- Applications must be submitted to the Malaysian Investment Development Authority from 7 November 2020 to 31 December 2021.

TAX RELIEF	CURRENT	PROPOSED
MEDICAL EXPENSES FOR PARENTS	RM5,000	RM8,000 [WITH EFFECT YA 2021]
MEDICAL EXPENSES FOR SERIOUS DISEASES FOR SELF, SPOUSE OR CHILD INCLUSIVE OF "FULL MEDICAL CHECK-UP"	RM6,000 OR RM500 (FOR "FULL MEDICAL CHECK-UP")	RM8,000 (INCLUSIVE OF RM1,000 EACH FOR FULL MEDICAL CHECK-UP AND FOR QUALIFIED VACCINATION EXPENSES) [WITH EFFECT YA 2021]
DISABLED SPOUSE	RM3,500	RM5,000 [WITH EFFECT YA 2021]
PRIVATE RETIREMENT SCHEME	RM3,000 [YA 2012 TO YA 2021]	RM3,000 [EXTENDED UP TO 4 MORE YEARS, I.E. UNTIL YA 2025]
AMOUNT DEPOSITED INTO SKIM SIMPANAN PENDIDIKAN NASIONAL (SSPN)	RM8,000 [YAS 2019 TO YA 2020]	RM8,000 [EXTENDED UP TO 2 MORE YEARS, I.E. UNTIL YA 2022]

SOURCE: MINISTRY OF FINANCE

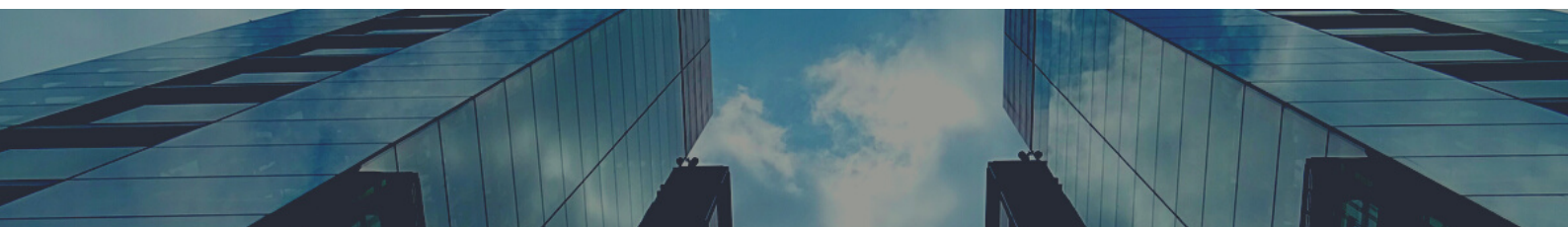


Proposed Budget Incentives

Quick Snapshot of Tax Incentives

TAX RELIEF	CURRENT	PROPOSED
LIFESTYLE	RM2,500 [FOR PURCHASE OF READING MATERIALS (E-BOOK), PRINTED NEWSPAPER, PERSONAL COMPUTER, SMARTPHONE OR TABLET, INTERNET SUBSCRIPTION, SPORTS EQUIPMENT AND GYM MEMBERSHIPS.]	RM3,000 [ADDITION OF RM500 IS SPECIFICALLY ALLOWED FOR PURCHASES OF SPORT EQUIPMENT, ENTRANCE FEE/RENTAL OF SPORTS ARENA AND PARTICIPATION FEE FOR SPORTS COMPETITION]. SCOPE OF PRINTED NEWSPAPER IS NOW EXPANDED TO INCLUDE SUBSCRIPTION OF ELECTRONIC NEWSPAPER) [WITH EFFECT YA 2021]
EDUCATION FEES (SELF)	RM7,000 ANY COURSE OF STUDY UP TO TERTIARY LEVEL, OTHER THAN A DEGREE AT MASTERS OR DOCTORATE LEVEL, UNDERTAKEN FOR THE PURPOSE OF ACQUIRING LAW, ACCOUNTING, ISLAMIC FINANCING, TECHNICAL, VOCATIONAL, INDUSTRIAL, SCIENTIFIC OR TECHNOLOGICAL SKILLS OR QUALIFICATIONS; OR ANY COURSE OF STUDY AT MASTERS OR DOCTORATE LEVEL.	RM7,000 [EXPANDED TO INCLUDE FEES UP TO RM 1,000 INCURRED FOR "UP-SKILLING" AND "SELF-ENHANCEMENT" COURSES IN ANY SKILL FIELDS APPROVED BY THE SKILLS DEVELOPMENT DEPARTMENT, MINISTRY OF HUMAN RESOURCE. [WITH EFFECT YA 2021]

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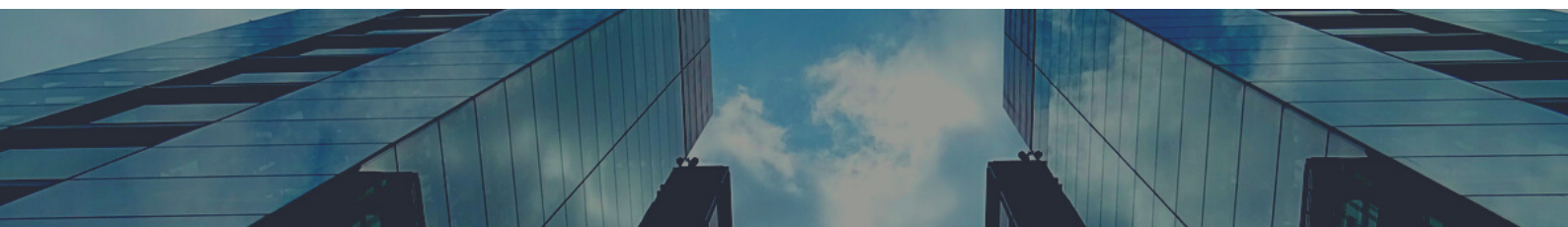


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TAX RELIEF	CURRENT	PROPOSED
ADDITIONAL TAX DEDUCTION GIVEN ON REMUNERATIONS PAID TO: • SENIOR CITIZEN • EX-CONVICTS • PAROLEES • SUPERVISED PERSONS • EX-DRUG DEPENDENTS	THIS DEDUCTION IS ALLOWED ON THE BASIS THAT THE FOLLOWING CONDITIONS ARE MET : PART TIME EMPLOYEES; MONTHLY SALARY IS NOT EXCEEDING RM 4,000; EMPLOYER AND EMPLOYEE IS NOT THE SAME PERSON; AND EMPLOYER AND EMPLOYEE IS NOT IN ANY RELATIONSHIP.	THIS DEDUCTION IS NOW EXTENDED FOR ANOTHER 5 YEARS (I.E. UNTIL YA 2025)
COMPENSATION FOR LOSS OF EMPLOYMENT	SECTION 13(1)(E) OF THE INCOME TAX ACT (ITA), 1967 ALLOWS THE FOLLOWING: (I) FULL EXEMPTION (100%) FOR LOSS OF EMPLOYMENT DUE TO HEALTH REASONS APPROVED BY DGIR; OR (II) A PARTIAL EXEMPTION OF RM10,000 PER YEAR OF COMPLETED SERVICE WITH THE SAME EMPLOYER OR GROUP OF COMPANIES.	DUE TO THE RECENT COVID-19 PANDEMIC, THE EXEMPTION LIMIT FOR THE PARTIAL EXEMPTION OF RM 10,000 IS INCREASED TO RM20,000 PER YEAR OF COMPLETED SERVICE FOR YA 2020 AND YA 2021
RETURNING EXPERT INCENTIVES -15% FLAT RATE ON ALL EMPLOYMENT INCOME FOR 5 CONSECUTIVE YEARS	APPLICATIONS TO BE RECEIVED BY TALENT CORPORATION UP TO 31 DECEMBER 2020.	APPLICATIONS TO BE RECEIVED BY TALENT CORPORATION IS EXTENDED TO ANOTHER 3 YEARS (I.E. UNTIL 31 DECEMBER 2023). TOTAL IMPORT AND EXCISE DUTY EXEMPTION OF RM100,000 IS GIVEN FOR PURCHASE OF : (I) COMPLETELY BUILT-UP (CBU) VEHICLE; OR (II) COMPLETELY KNOCKED-DOWN (CKD) VEHICLE.

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TAX RELIEF	CURRENT	PROPOSED
STAMP DUTY ON FIRST RESIDENTIAL PROPERTY - 100% STAMP DUTY EXEMPTION ON TRANSFER INSTRUMENTS AND LOAN AGREEMENTS FOR THE PURCHASE OF FIRST RESIDENTIAL PROPERTY BY MALAYSIAN CITIZEN	EXEMPTION APPLIES ON FIRST RM 300,000 AND THE BALANCE IS SUBJECT TO STAMP DUTY RATES. APPLIES ON THE SALE AND PURCHASE (S&P) AGREEMENT EXECUTED FROM 2019 TO 2020.	100% EXEMPTION ON QUALIFYING VALUE OF RM 500,000 FOR A PERIOD OF 5 YEARS. APPLIES ON THE SALE AND PURCHASE (S&P) AGREEMENT EXECUTED FROM 2021 TO 2025.
STAMP DUTY EXEMPTION ON "EXCHANGE TRADED FUND - ETF"	100% STAMP DUTY EXEMPTION ALL CONTRACT NOTES ON SALE AND PURCHASE TRANSACTIONS OF EXCHANGE TRADED FUNDS (ETF). EXEMPTION IS GIVEN ON ALL TRANSACTIONS FROM 1 J2018 TO 2020.	EXEMPTION IS NOW EXTENDED TO ANOTHER 5 YEARS. NOW APPLICABLE ON ALL TRANSACTIONS FROM 2021 TO 2025.
STAMP DUTY EXEMPTION ON "PERLINDUNGAN TENANG"	100% STAMP DUTY EXEMPTION ON INSURANCE POLICIES AND TAKAFUL CERTIFICATES FOR ALL "PERLINDUNGAN TENANG" PRODUCTS COVERING LIFE, FIRE AND FLOOD INSURANCE WITH AN ANNUAL PREMIUM NOT EXCEEDING RM 100. EXEMPTION IS GIVEN ON ALL INSURANCE POLICIES AND TAKAFUL CERTIFICATES ISSUED FROM 2019 TO 2020	EXEMPTION IS NOW EXTENDED TO ANOTHER 5 YEARS (I.E. EXEMPTIONS EXTENDED TO ALL INSURANCE POLICIES AND TAKAFUL CERTIFICATES ISSUED FROM 2021 TO 2025.

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