

BUDGET 2024

Expansionary Budget

2.0%

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~Economic Reforms, Empowering the People

Budget 2024: RM 393.8 bil

Budget 2023 : RM 386.1 bil

Development Expenditure

2024f: RM90.0 bil

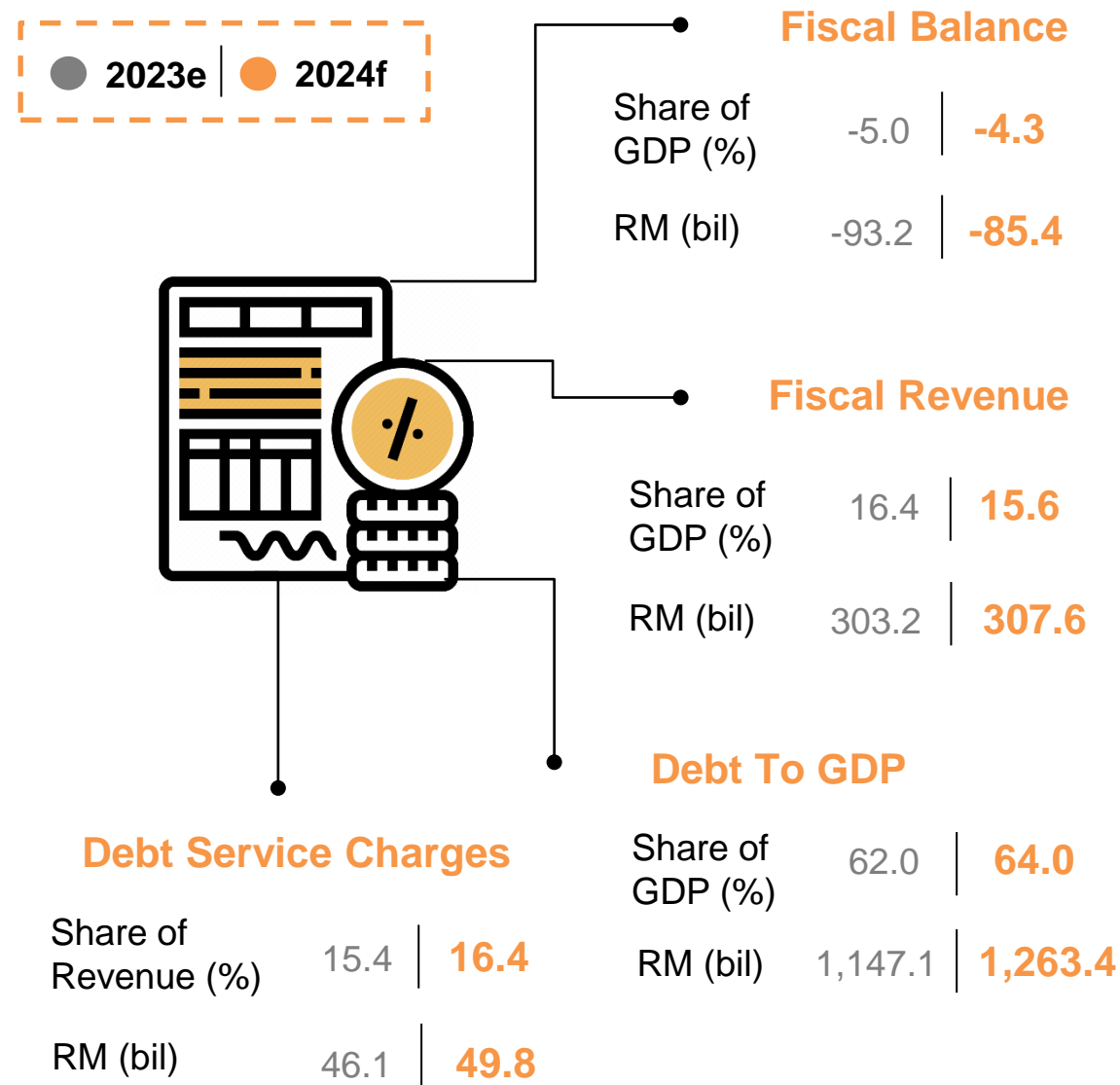
2023e: RM97.0 bil

Operational Expenditure

2024f: RM303.8 bil

2023e: RM300.1 bil

Fiscal Position



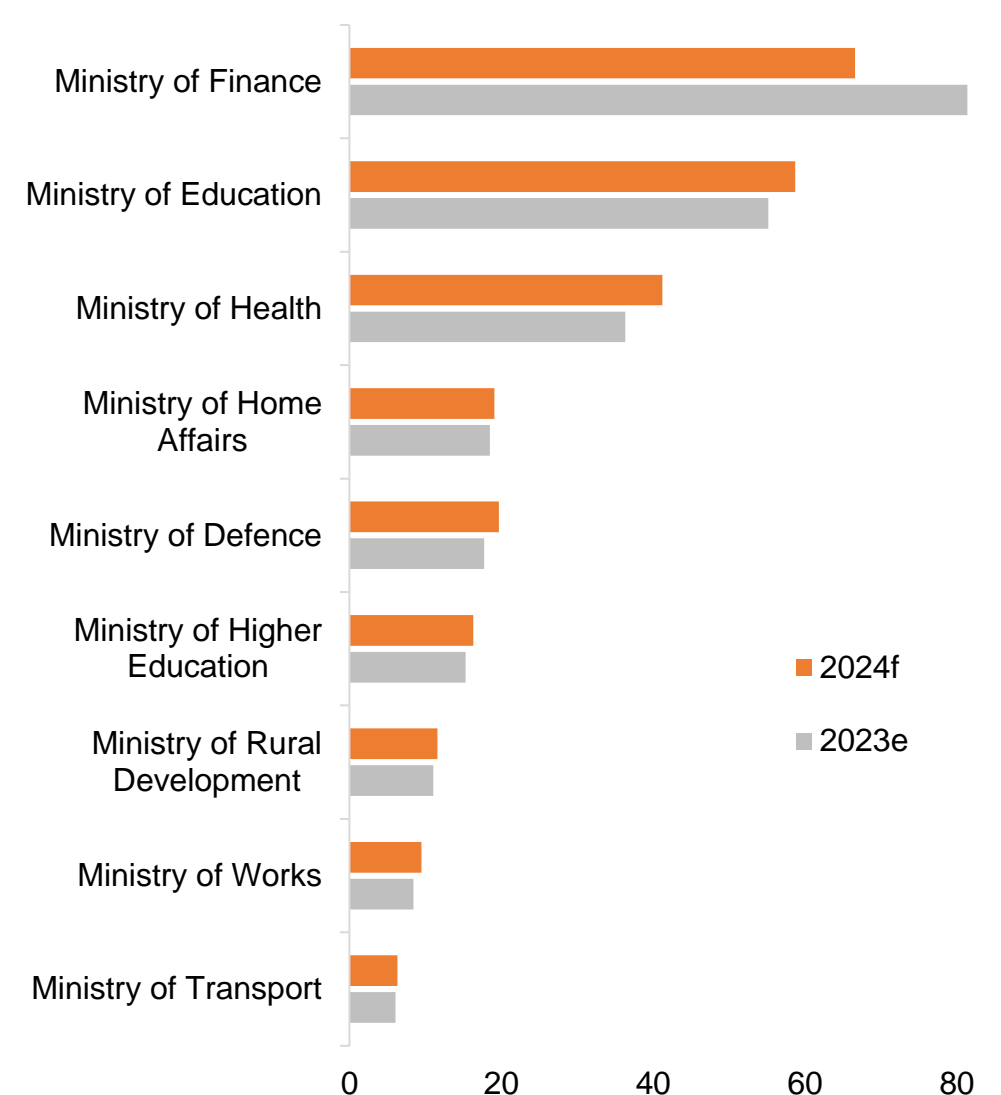
Macroeconomic Outlook

Indicator	2023 (YTD)	2023e		2024f	
		Official	SME Bank	Official	SME Bank
GDP Growth	4.2% 1H	4.0%	4.0% - 5.0%	4.0% - 5.0%	4.0% - 5.0%
Inflation	2.9% Jan - Aug	2.5% - 3.0%	2.5% - 3.5%	2.1% - 3.6%	2.5% - 3.5%
Brent Oil	USD86.5 /bbl Jan - 13 Oct	USD80 /bbl	USD75 - USD85 /bbl	USD85 /bbl	USD75 - USD85 /bbl

OVERALL

- In line with in-house expectation, Budget 2024 amounted to RM393.8 bil, a 2.0% **expansionary budget** compared to Budget 2023 (RM386.1 bil). Nonetheless, this is a contractionary budget (-0.8%) if compared to the revised 2023 expenditure of RM397.1 bil – which took into account the redemption of USD3 bil 1MDB bond.
- Govt's macroeconomic forecasts for GDP growth, inflation rate as well as Brent price are pretty much in line with SME Bank's forecasts.
- Key overall takeaways:
 - Increase Service Tax to 8% (currently: 6%), will expand to logistics, brokerages, underwriting and karaoke services – the increase will exclude services such as food & beverages and telecommunication sectors.
 - Implement a global minimum tax for companies with global revenue of at least EUR750 mil (RM3.74 bil) in 2025.
 - Rationalise diesel subsidies, targeting specific users only (freight operators).
 - Implement targeted subsidy in phases next year – no specific mention on targeted petrol (RON95) subsidy.
 - Impose tax on certain high value goods (luxury goods) at 5% - 10% which will be exempted for foreign tourists.
 - 10% capital gains tax on unlisted shares will be effective 1st Mac 2024. Govt is considering the exemption on the disposal of shares related to certain activities such as approved Initial Public Offering (IPO), internal restructuring and venture capital companies, subject to set conditions.
 - Monthly electricity rebates of RM40 given to severely poor households while deposits for individual accounts will be exempted.
 - Tax exemption on all income of Social Enterprise will be extended for 2 years.

Total Expenditure by Ministry (RM bil)



Note: Some details (Budget Touchpoints) are still not released by MOF and are not made available as of now.

Sectoral Highlights



CONSTRUCTION

- + Implement 33 high priority flood mitigation projects involving cost of RM11.8 bil
- + Penang LRT to cost RM10 bil under Public-Private Partnership model
- + Resume construction of 5 LRT3 stations worth RM4.7 bil (previously cancelled), namely Tropicana, Raja Muda, Temasya, Bukit Raja and Bandar Botanik stations
- + RM2.8 bil will be allocated to maintain federal roads and bridges
- + RM1.1 bil to resolve water supply issues in Kelantan, Sabah and Labuan
- + Sarawak-Sabah Link Road project Phase 2 (RM7.4 bil) to start end-2023.
- + Widen PLUS highway (Sedenak - Simpang Renggam) to 6 lanes at cost of RM931 mil



WHOLESALE & RETAIL

- + Services tax to rise from 6% to 8% excluding food & beverages and telecommunications
- + The *Sumbangan Tunai Rahmah* (STR) allocation increased 25% to RM10 bil.
- + Remove ceiling price for chicken & eggs
- + Additional RM100/month of *Sumbangan Asas Rahmah* to 700k STR recipients, for 1 year
- + Tax incentives for individual investing in start-ups
- + Implement High Value Goods Tax at a range of 5 to 10% inclusive of jewelry, watches and etc.
- + Provide RM 2000 to all civil servants and RM 1000 to Key Public Sectors Positions.



AUTOMOTIVE

- + Prasarana to acquire 150 electric buses and 3 bus depots, costing RM600 mil
- + Investment of over RM170 mil to install 180 EV charging stations
- + Introduction of Electric Motorcycle Use Encouragement Scheme for households earning RM120k and below
- + Individual income tax relief of RM2.5k on expenses related to EV charging facilities
- + Extension of corporate income tax deduction of up to RM300k on rental of non-commercial EV until 2027



ESG

- + Financing fund of RM200 bil for industries shifting to low carbon economy
- + Additional of RM2 bil for National Energy Transition Roadmap (NETR)
- + Extend offer period of Net Energy Metering till end-2024 to boost solar panel installations
- + Corporate income tax relief of RM300k provided to companies with carbon development projects
- + RM100 mil to replace streetlights to LEDS
- + Review of Green Technology Tax Incentives, under MIDA



TOURISM

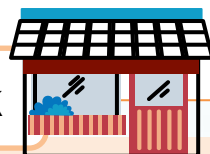
- + Organize Visit Malaysia 2026 Campaign
- + Collaboration with industries to boost domestic and foreign tourism activities
- + Provide assistance to more than 200 cultural activist to organize activities
- + Charter flight matching grant to increase the accessibility of international flights to Malaysia
- + RM80 mil allocated to preserve and conserve heritage buildings
- + Reduction to 5% of entertainment duty for theme parks and recreational centers while 10% for stage performances



EDUCATION

- + Budget allocation by Ministry - MOE & MOHE: 19% of total
- + RM82 mil to build 26 new preschools and RM180 mil to build 18 new school blocks
- + RM20 mil to upgrade KEMAS Early Childhood Education Programme
- + RM6.8 bil for TVET education and RM180 mil to provide loans to more 12k trainees for TVET upskilling purpose
- + Allocation of RM1.6 bil to offer 1.7 mil training offer under Human Resource Development Corp (HRD Corp)
- + 26 new schools with a total cost of RM2.5 bil

Spotlight on SMEs & SME Bank



- + **Govt-linked investment companies (GLICs) to provide funds of up to RM1.5 bil to encourage startups, including SME entrepreneurs, to venture into HGHV fields**
- + **RM900 mil in loan funds under BNM provided to encourage SMEs to enhance business productivity through automation and digitalisation**
- + **RM40 mil allocated to implement the Online Malaysia Shop program to encourage small traders especially food sector to do business from home**
- + **RM100 mil allocated to provide digitalisation grants up to RM5k for the benefit of 20k SMEs to upgrade their digital sales systems, inventory and accounting**
- + **Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) will guarantee up to 80% of SMEs loans particularly those engaged in green technology and halal economies with guarantee fund of up to RM20 bil.**
- + **RM1.4 bil under the BSN micro loan to provide businesses capital to purchase equipment, premises and marketing to hawkers and small entrepreneurs**
- + **RM8 bil will be provided to support SMEs and from that amount, RM600 mil is to help Micro enterprises, low-income entrepreneurs and small contractors to apply sustainability practices**
- + **The role of Digital Economic Centers will further be empowered to support SMEs in selling products online, with an allocation of RM25 mil**
- + **RM330 mil under TEKUN to provide financing facilities to small traders such as batik and craft operators, Orang Asli entrepreneurs and Bumiputeras of Sabah and Sarawak**
- + **RM720 mil to encourage women and youth to venture into business.**

SME Bank



Govt plans to merge SME Bank, Bank Pembangunan Malaysia Berhad and EXIM Bank to restructure the development financial institutions (DFIs)