



INDUSTRY FOCUS:

SECTORAL SCAN

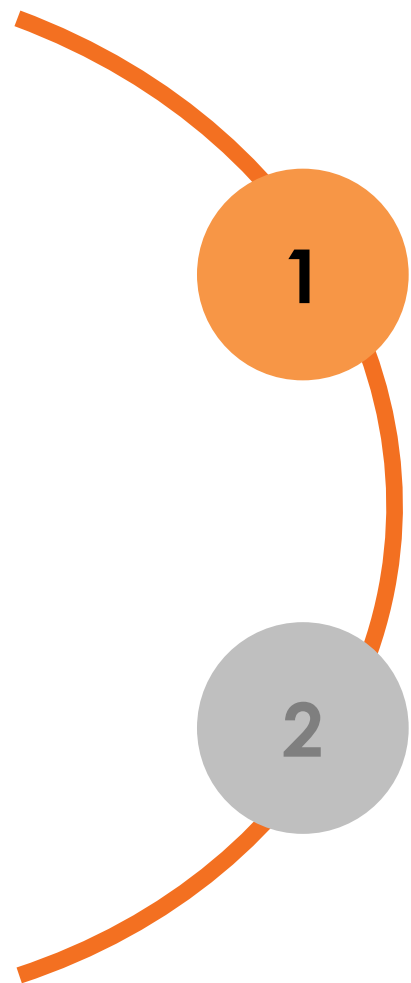


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Budget 2025 Highlight

Sectoral Scan & Outlook of Key Sectors

Fig. 1: Federal Expenditure (RM bil)

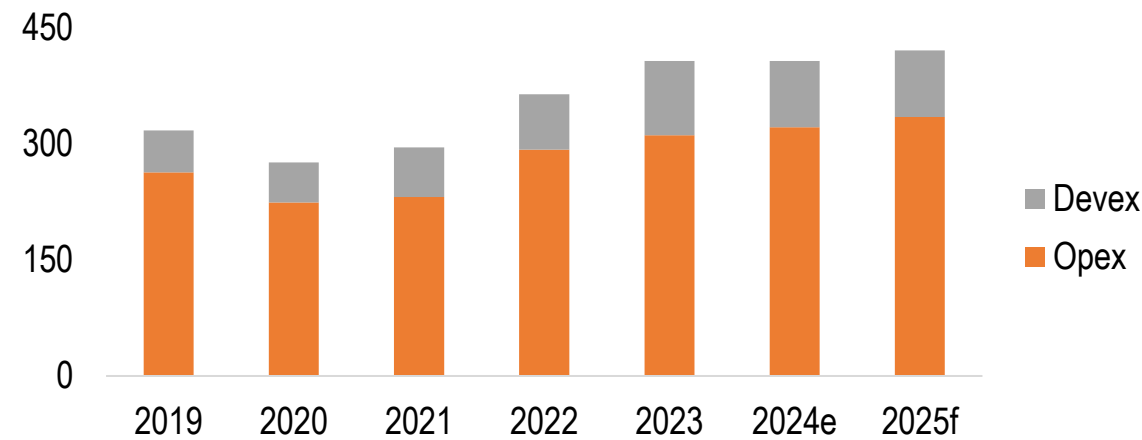


Fig. 2: DEVEX by Sector (RM bil)

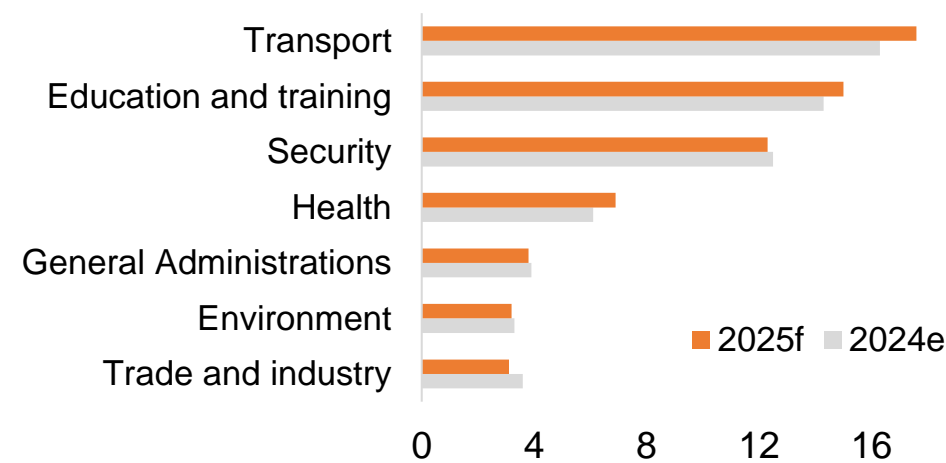
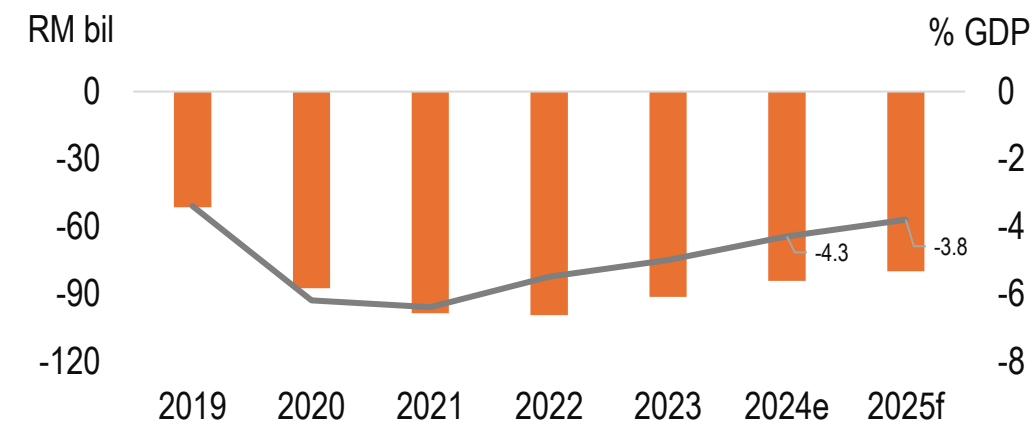


Fig. 3: Malaysia Fiscal Deficit



- **Expansionary budget 2025** (RM421 bil, up 6.9% YoY from initial 2024's budget and 3.3% YoY from 2024's revised budget), **in line with SME Bank's expectation**.
- **Higher OPEX** (RM335 bil) while **DEVEX** (RM86 bil) remains **unchanged** (lower vis a vis initial 2024 budget of RM90 bil).
- OPEX will increase across these key components (**emoluments, retirement and debt service charges**), **offset by reduction in subsidies and social assistance** (-14.4% YoY).
- **Economic sector remains the largest DEVEX recipient** at 46.5%, though it has been **declining over the past 2 years** (2024e: 48.1%; 2023: 59.6%).
- Meanwhile, **social sector's share increased** (2025f: 34.8%; 2024e: 32.8%; 2023: 25.2%). All the social subsectors received higher allocation in 2025 while majority of the economic subsector did not, except transport.
- **Govt's revenue is expected to increase** by 5.5% YoY to RM339.7 bil (2024e: RM322.1 bil) propelled by: 1) corporate income tax (e-invoicing) 2) personal income tax (stable job market, improved wages, dividend tax); and 3) SST (wider scope and progressive implementation).
- However, revenue from petroleum income tax and investment income are anticipated to be lower.
- **Govt's Debt Service Charge is projected to grow higher** (7.7% YoY) than its revenue collection (5.5% YoY) hence its ratio to revenue will rise to **16.1%** (2024e: 15.8%), **above Govt's self-imposed threshold of 15.0%**. This may **limit Govt's capacity to channel more towards productive spending** as DSC takes precedence over other expenditures, according to our Constitution.
- As revenue increased at a higher pace than expenditure, **fiscal deficit is targeted to reduce further** to 3.8% of GDP in 2025 (2024e: -4.3%).
- However, this **did not meet the Govt's deficit target** of 3.0% to 3.5% by 2025 (set out earlier under the 12 MP's Mid-Term Review). In fact, **fiscal deficit is projected to gradually improve** to an average -3.5% of GDP over the 2025 - 2027 period, align with the Govt's Fiscal Responsibility Act.

Highlights

Labour

- Higher minimum wage of RM1.7k (current RM1.5k) effective Feb 2025. Employers with <5 workers are eligible for 6-month delay
- Progressive Wage Policy to be implemented in 2025
- Multi-tier levy for foreign workers
- Mandatory EPF contribution for foreign workers

Individual

- Higher allocation of RM13 bil (2024: RM10 bil) for Rahmah Cash Contribution (STR) & Rahmah Basic Contribution (SARA)
- 2% tax on individual dividend income >RM100k annually (exclude EPF, PNB unit trusts & income from abroad)
- Personal income tax (PIT) relief on interest payments for 1st residential home loan (up to RM7k PIT relief for RM500k home loan; RM5k relief for RM500k - RM750k loan)
- Tax relief for purchase of EV motorcycles (RM2.4k), EV chargers & food waste compost machines for households
- Higher PIT exemption on insurance premium payments for education & medical insurance (RM4k)
- Higher PIT exemption on medical expenses (RM10k)
- Expand scope of PIT relief on sports to include parents
- Expand scope of PIT relief on childcare to include care for elderly

Excise duty / Taxes

- Wider scope & progressive **SST** i.e. fee-based financial services & non-essential imported premium goods
- Companies investing in **e-invoicing** systems to receive accelerated capital allowances, fully claimable over 2 years
- Higher **tax on sugary drinks** to 90 sen/litre, +80% from current 50 sen/litre
- Introduce carbon tax on iron, steel and energy industry by 2026.
- Higher **export duty for CPO** priced >RM2,851 /mt, with rates ranging from 6% - 10%, effective 1 Nov 2024
- Higher threshold of **windfall profit levy** on CPO (Peninsula = RM3,150 /tonne; Sabah & Sarawak = RM3,650 /tonne)

Subsidy

- RON95 petrol subsidy rationalisation to begin in mid-2025. Will affect T15 earners, balance 85% to continue receiving subsidy through targeted measures.
- Education and health subsidies to be reduced for T15

Macroeconomic Outlook

- Our 2025 in-house macroeconomic forecasts were in line with Govt's projections, namely:
 - **GDP growth at 4.5% to 5.5% range – exact match with SME Bank**
 - **Inflation rate between 2.0% to 3.5% (SME Bank: ~3.0%)** – depends on the impact of subsidy rationalisation, fluctuations in Ringgit as well as supply-related factors.
 - **Brent oil average price between USD75 - USD80 /bbl (SME Bank: USD75 – USD85 / bbl)**

Breakdown of GDP by expenditure

Private Consumption

- + Higher minimum wage of RM1.7k (current RM1.5k)
- + Various cash aids e.g. RM13 bil for STR & SARA (2024e: RM10 bil)
- Subsidy rationalisation for RON95, public health & education
- Expansion SST scope to non-essential imported goods

Private Investment

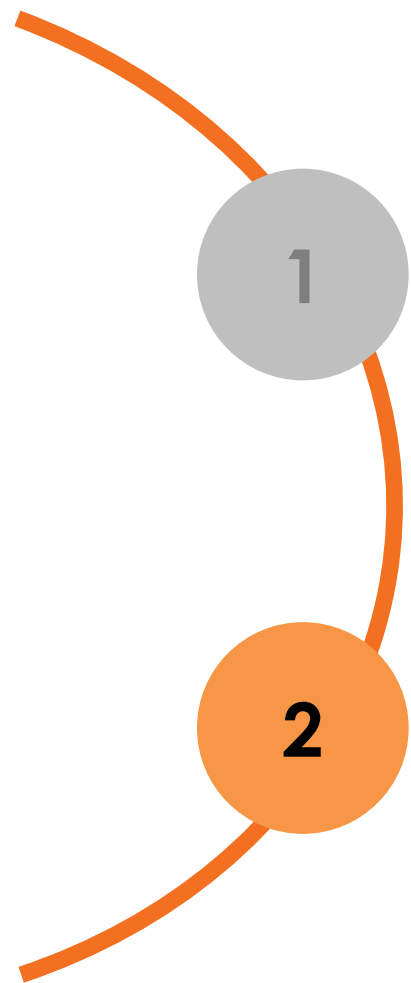
- + Investment matching fund of >RM100 mil for local suppliers in E&E, specialty chemicals and medical devices
- + PIKAS 2030 - establishment & continuous effort of public-private partnerships
- + RM16 bil (UEM Lestra & TNB) to decarbonize industrial areas
- High-cost environment (min & progressive wages)

Public Expenditure

- + Ongoing infrastructure projects (RTS Link, flood mitigation, ECRL, LRT3, Pan Borneo Sabah, Sabah-Sarawak Ring Roads)
- + Higher OPEX (up 4.2% YoY from 2024e)
- Stagnant DEVEX
- Higher debt service charges

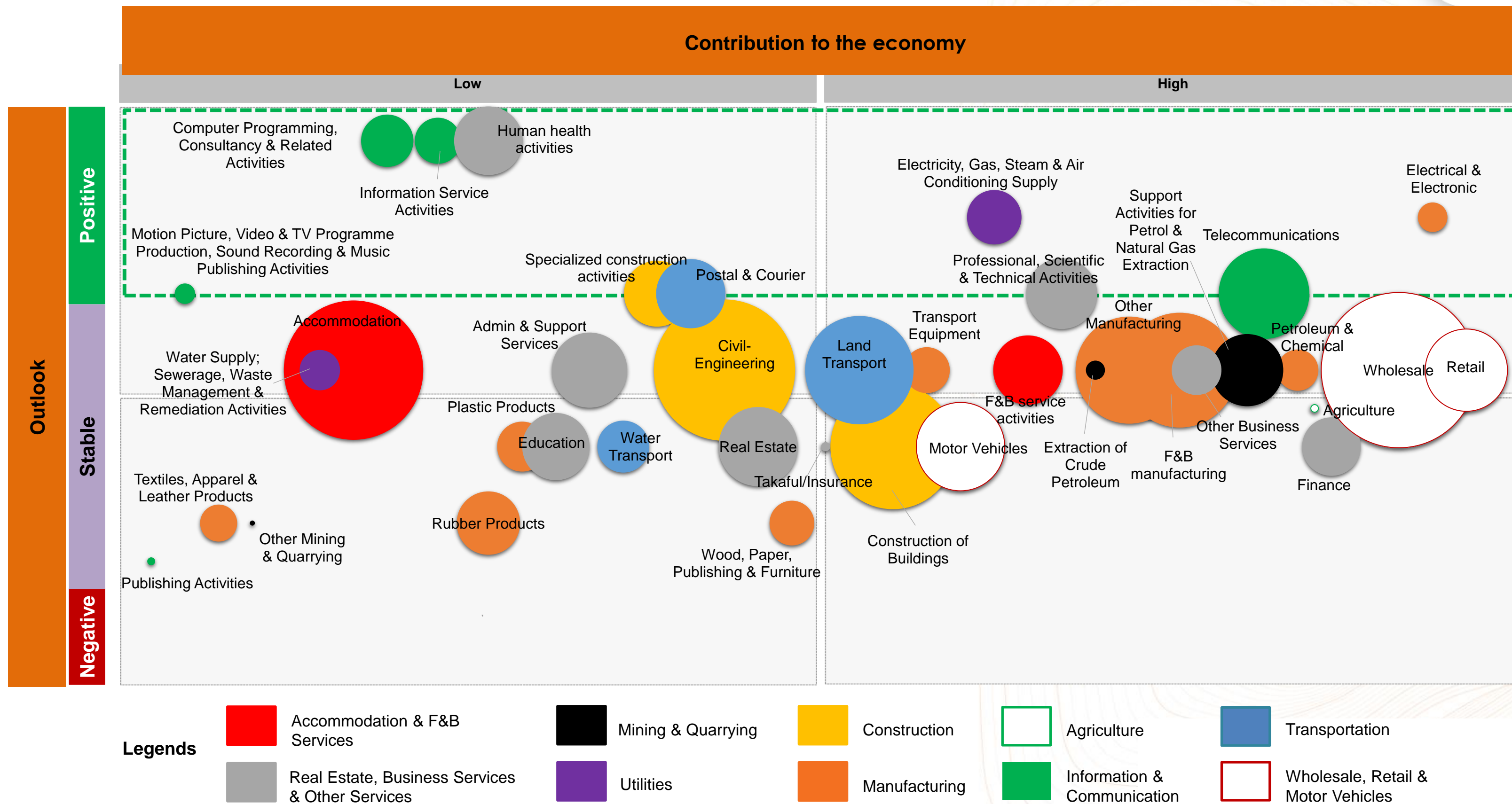
External Demand

- + RM1 bil under Khazanah for Mid-Tier companies' program
- + RM40 mil refund grants under MATRADE to promote Malaysian goods in new markets (Africa, Latin America & Middle East)
- + Tax incentives extended to exports of integrated circuit (IC) design
- Softer demand for mining products from key importers



Budget 2025 Highlight

Sectoral Scan & Outlook of Key Sectors

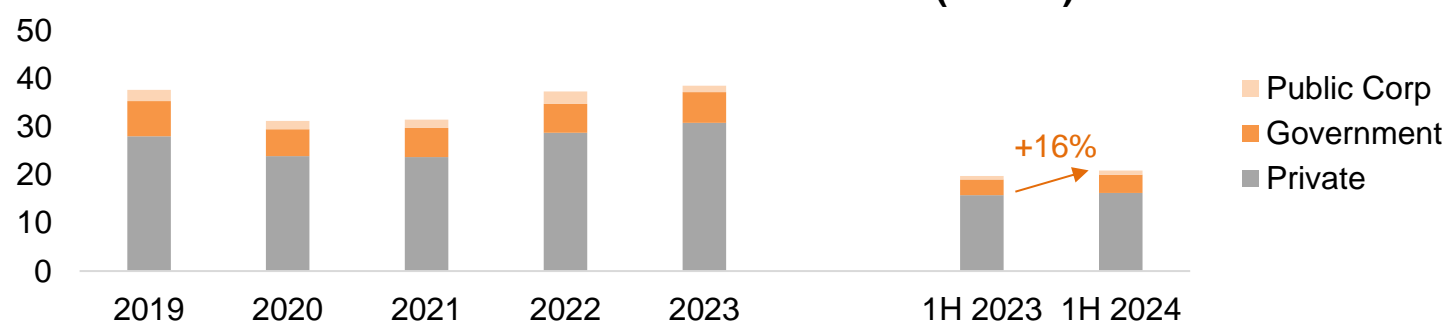




Construction of Building

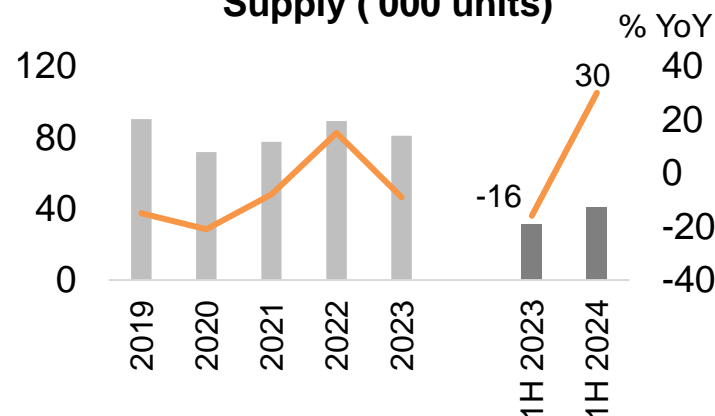
- + More construction activities for new buildings for education & healthcare:
 - + Govt plans to build **44 new schools** in 2025 (2024: 26 schools). Although gov't did not provide exact allocation, we estimate it could cost gov't ~RM4.4 bil for the projects (based on 2024's allocation of RM2.6 bil).
 - + New projects introduced which **Sarawak Cancer Centre** (RM1 bil) & **11 new Permata Centres** (RM125.4 mil). An additional RM749 mil is allocated for construction of other educational institutions, including 34 new preschools, 16 taska and tabika, 2 new schools for special needs, and religious schools.
 - + Launch of Kerian Green Industrial Park should boost construction of warehouses, logistic facilities etc. **Govt construction work done for non-residential** segment recorded RM3.8 bil in 1H 2024, +16.0% YoY (2023: 6.7%)

Non - Residential Work Done (RM bil)



- + Both Mah Sing (RM 389 mil vs RM 75 mil) and Gamuda (RM 1.96 bil vs RM 181 mil) increased their **land bank acquisition** for residential development in 2023 (vs 2022), contributing to overall rise in new planned housing supply by 30% in 1H 2024.
- **Higher labour cost** (new min. wage, multi-tier levy & compulsory EPF contributions for foreign workers)
- **Carbon tax on iron, steel & energy industries**

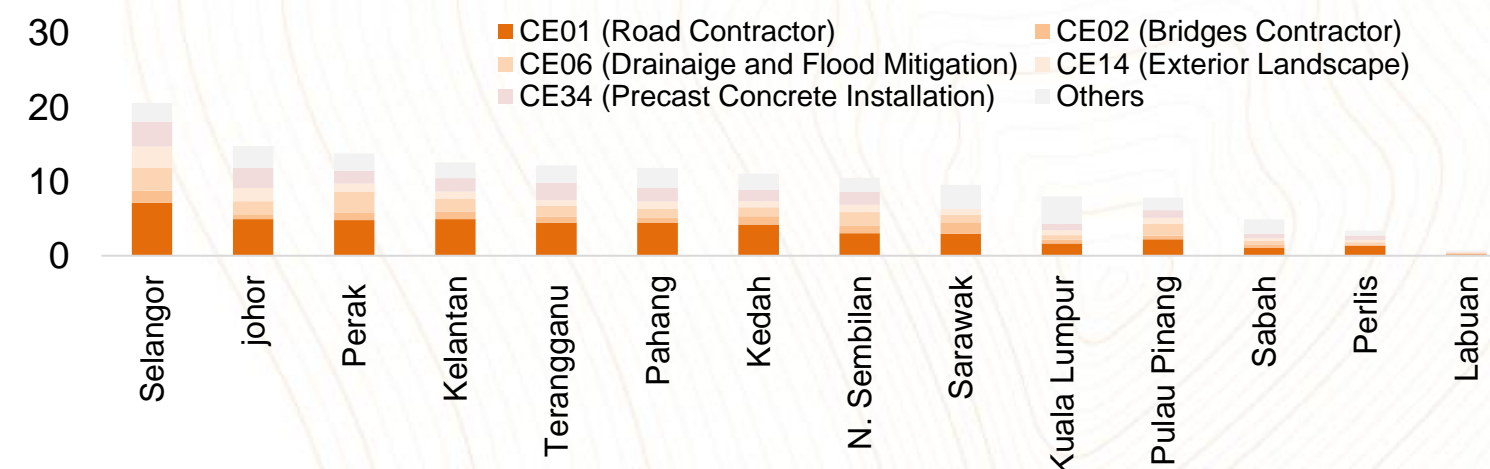
Residential New Planned Supply ('000 units)



Civil-Engineering

- + **Transport Ministry is the largest recipient of DEVEX allocation (RM17.6 bil or 20.4% share)**. Although it expanded by 8.0% vis-à-vis 2024's revised budget of RM16.3 bil, it declined by -8.2% from 2024's initial budget of RM19.1 bil. No new announcements on mega projects as the **Govt focuses more on small & medium projects, improving connectivity and reducing congestions. This could benefit SMEs contractors.**
 - + Construction of highways, roads and bridges received the highest allocation at RM11.2 bil (~64% of total transport allocation).

All Civil contractors registered under CIDB ('000 persons)



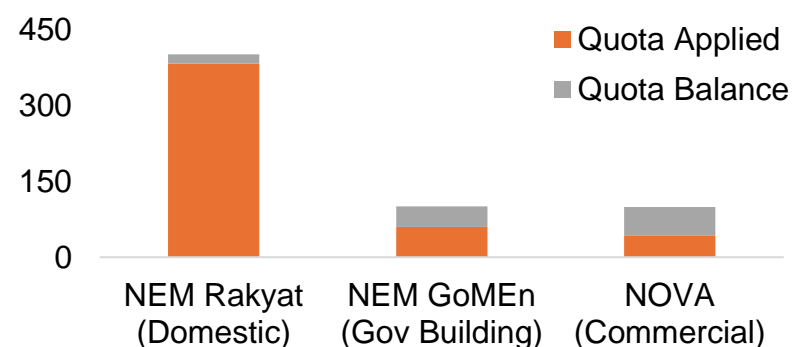
- + Out of RM1.6 bil to upgrade Federal roads, **G1-G4 Bumiputera contractors received higher allocation** of RM450 mil (2024: RM300 mil). Currently, there are 114.9k of G1 to G4 contractors (85% of total G1-G7 contractors), with G1 being the largest group at 66.9k.
- + Continuation of last year's **flood mitigation projects** (2025: 13 projects; 2024: 8 projects).
- **Higher foreign labour cost.** 1) multi-tier levy, 2) compulsory EPF contribution.
- **Increase minimum wage** to RM1.7k (current: RM1.5k). Construction workers that have SPM qualification & below makes up 63% of total construction workforce, followed by diploma (12%), certificate (11%), degree (10%), STPM (3%), & postgraduate (1%).
- Govt will introduce carbon tax on iron, steel and energy industries by 2026. This could increase **raw material cost**, where iron and steel **accounts for 19%** of construction material costs in civil engineering.

Positive Stable Negative

Specialised Construction

- + Increase in **repair/ refurbish/ upgrade works** to RM6.8 bil (2024: RM6.0 bil)
- + **More jobs for streetlight** (2025: RM448 mil; 2024: RM334 mil)
- + Allocation in AI technology and cloud (2025: RM980 mil; 2024: RM170 mil) to compliment data centres. Malaysia's construction costs are lower than Indonesia and Singapore, according Turner & Townsend.
- + **Installation of energy saving electrical items:** RM70 mil e-rebates under NUR@ Petra to purchase energy efficient air conditioners & refrigerators for domestic use, while chillers for commercial & industrial use.
- + **Solar** installation: Govt to extend Net energy Metering 3.0 (NEM) until end of Jun 2025

Net Energy Metering 3.0 (MWac)

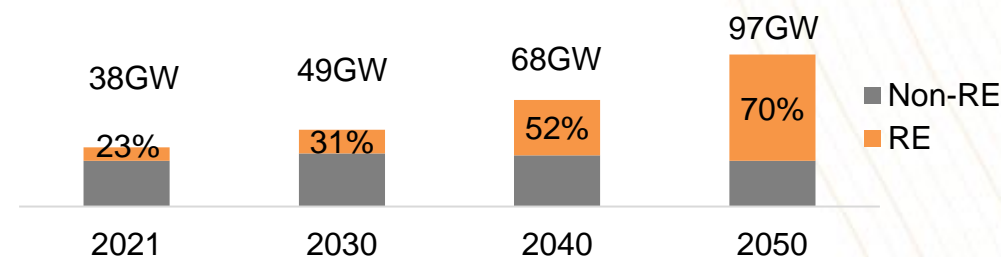


- = Large scale solar (LSS) project bidding process is **dominated by large companies**, leaving SMEs with limited opportunities (LSS4 winners: Gopeng Bhd, Solarvest Holdings etc) – however, small businesses **can still tap into their supply chains (cleaning, construction, maintenance & installation services)**.

Electricity, Water & Steam

- + **Rise in electricity demand:**
 - + Allocation to purchase **250 electric buses** (2024: 150), with plans to increase up to the Govt's target of 1.1k EV buses by 2030.
- + Enhance availability and supply of electricity:
 - + **RM16 bil investment by UEM Lestra & TNB** to expand transmission & distribution capacity, and decarbonize industrial parks to meet renewable energy (RE) demand

Electricity installed capacity (GW)

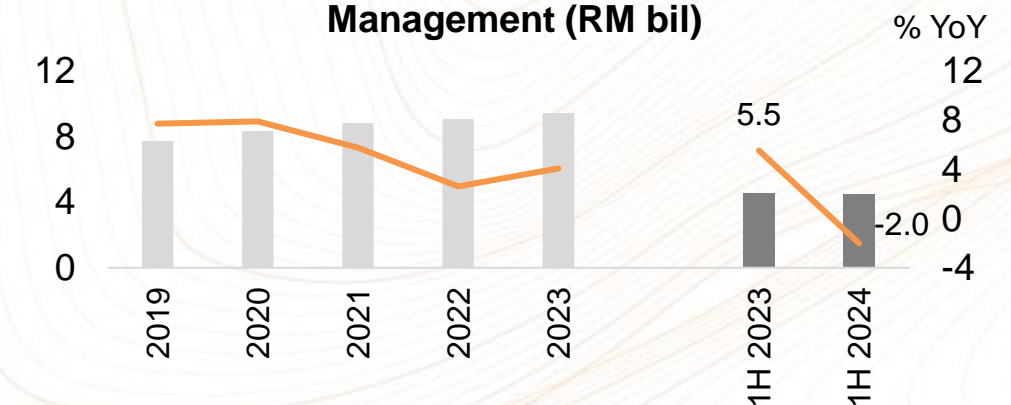


- + **RM284 mil to improve electricity connectivity** in Sabah and Sarawak.
- + Kenyir green hydrogen hub in Terengganu
- + Kenyir Hybrid Hydro-Floating Solar Farm (generation capacity of 1 GW or 2% of total Malaysia electricity capacity). RE's share expected to rise to 31% by 2030
- + **Planned increase in electricity capacity to 56 GW by 2035**, with a 22% reserve margin (2023: 45.5 GW capacity with a 26.8% reserve). Electricity usage for data centres is expected to multiply 18x or 4.72 GW to 5 GW (2023: 0.28 GW). As such, its consumption share of total electricity capacity will increase to 8.9% (2023: 0.6%)

Water supply, Sewerage & Waste

- + Decarbonization plans & expansion of CCUS to uplift waste management segment. Huge upfront capital may be a challenge for SMEs, can tap into its supply chains:
 - + RM16 bil (UEM Lestra & TNB) to decarbonize industrial areas & boost transmission capacity
 - + Expand CCUS activities as downstream products and tax incentives will be provided
 - + Introducing a Carbon Tax on the iron and steel industry as well as the energy sector by 2026 - to boost carbon credit and CCUS
 - + Tax relief for food waste composting machines for households until 2027 assessment year
- + New allocation of RM693 mil to upgrade regional sewage treatment plants and construct a sewage pipeline network to curb water pollution at Sungai Kim Kim, Johor.
- = Lower allocation for clean water supply (2025: RM322 mil; 2024: RM939 mil)

Service sales: Water, Sewerage and Waste Management (RM bil)

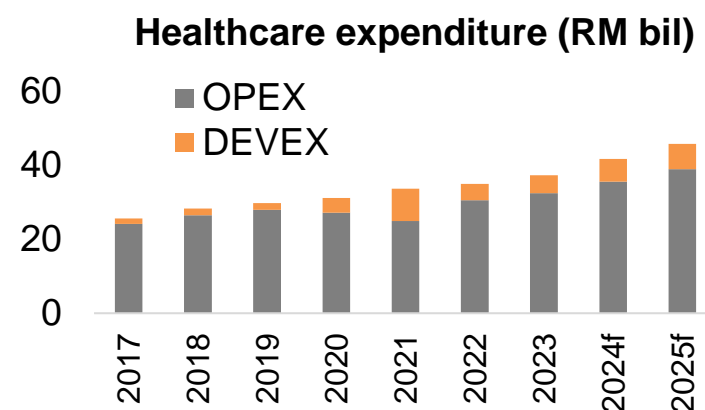


Positive Stable Negative



Human Health Activities

+ Allocation to the Health Ministry has been rising, up 9.9% YoY to RM45.7 bil (2024: RM41.6 bil; average 2017-2019: RM27.8 bil). While OPEX still makes up the lion share at RM38.9 bil or 85% of total healthcare allocation (average 2017-2019: 94%), share of DEVEX expanded to 15% (average 2017-2019: 6%).

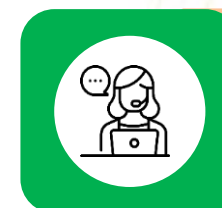
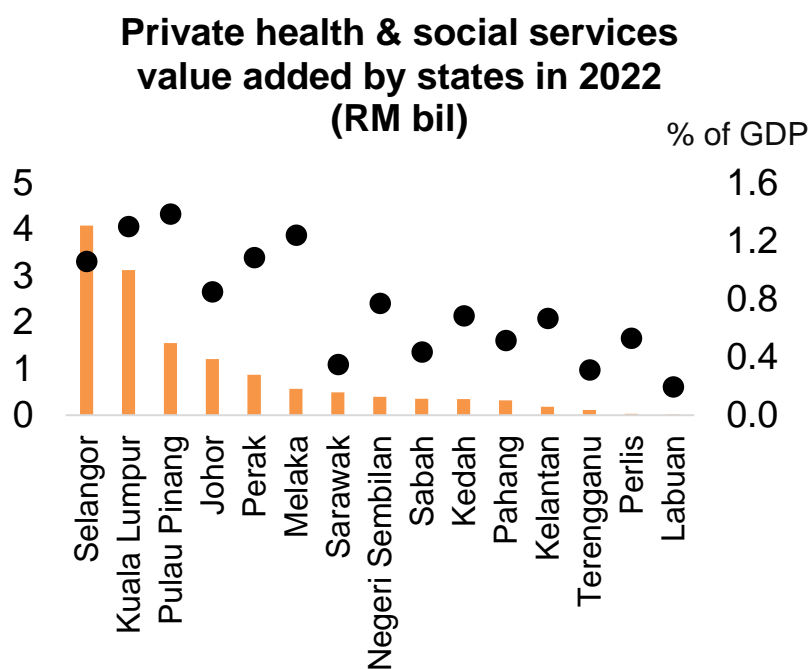


+ Robust increase in DEVEX, up 11.6% YoY to RM6.9 bil (average 2017-2019: RM1.7 bil) in Budget 2025. The allocation will be used to build 15 new healthcare facilities, improve hospital infrastructure, purchase new medical equipment etc.

- **Construction Sarawak Cancer Centre (RM1 bil).** There were 48,639 new cancer cases reported in Malaysia in 2020 and predicted to double by 2040.
- RM1.3 bil is allocated to upgrade dilapidated healthcare facilities, including wards and toilets (2024: RM1.6 bil)

+ A phased reduction in healthcare subsidies for T15 could encourage this group to consider private healthcare as their primary choice due to the narrower price differential with public healthcare services.

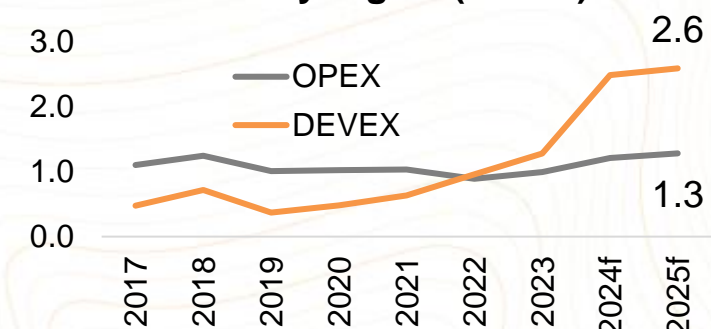
+ Starting 1 January 2025, excise duties on sugar-sweetened beverages will increase by 40 sen per liter. Currently, 1/6 Malaysian or around 3.6 mil individuals were diagnosed with diabetes.



Telecommunication

+ Expenditure of the Ministry of Communication and Ministry Digital have increased since the pandemic. Notably, there is a switch in trend where allocation for DEVEX > OPEX, indicating Govt's effort to improve internet connectivity & infrastructure.

Ministry Communication and Ministry Digital (RM bil)



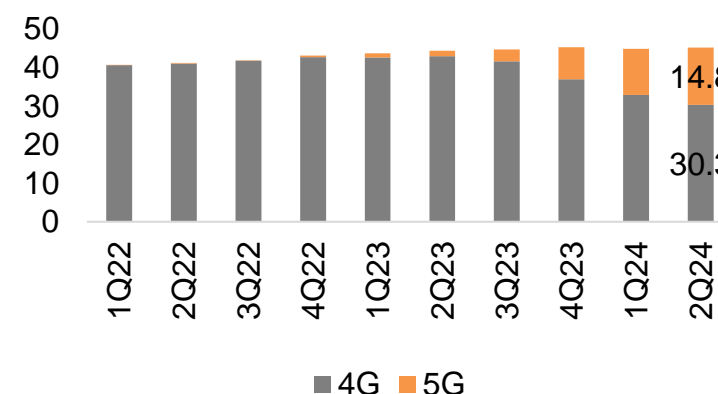
+ Infrastructure upgrade to improve internet access:

- = Continued funding of RM830 mil for point-of-presence projects under Jendela Phase 2 (Jendela Phase 1 from 2020 - 2022: RM3.7 bil annually)
- + Fixed-Line Broadband Infrastructure Connectivity Programme (RM100 mil) for internet connectivity at 4,323 schools in remote areas
- + RM120 mil to enhance internet coverage in public universities through MCMC

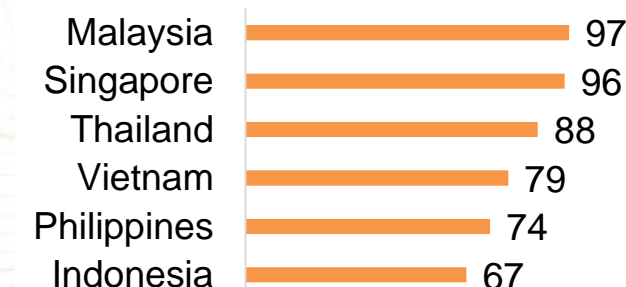
+ To encourage businesses to adopt 5G

- + Allocation to encourage innovation of local companies, targeting creation of 3k smart factories by 2030 (RM68.5 mil)
- + Implement 5G Uses Case Pilot Project to fund the implementation of 5G enterprise pilot projects for various sectors (RM20 mil)

Mobile subscriptions by technology (RM mil)



Internet adoption in ASEAN 2023 (% of population)

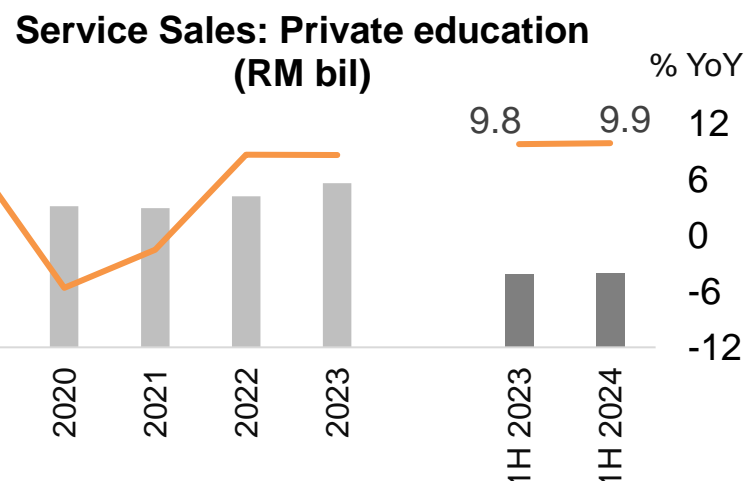


Positive Stable Negative



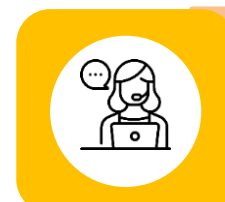
Education

- + Education is the **2nd largest recipient of DEVEX** allocation (RM15.0 bil or 17.5% share), after transportation (20.4% share). With a 5.3% YoY growth, the share of education DEVEX continues to be above historical level (2024: 16.6%; average 2017-2019: 14%). Notably, **more new schools will be built in 2025** (i.e 44 schools, pre-school, special needs schools, Kemas, Permata, Jakim schools) and **improvement in facilities** (i.e dilapidated schools, digitalisation).
- + A phased **reduction** in education subsidies for the **top 15% income** earners may prompt T15 group to consider private education as their main choice as the **price differential** with public education will be narrower. **Competition among private education service providers will be stiff** as factors such as facilities, flexibility and quality of teachers will be priority considerations.



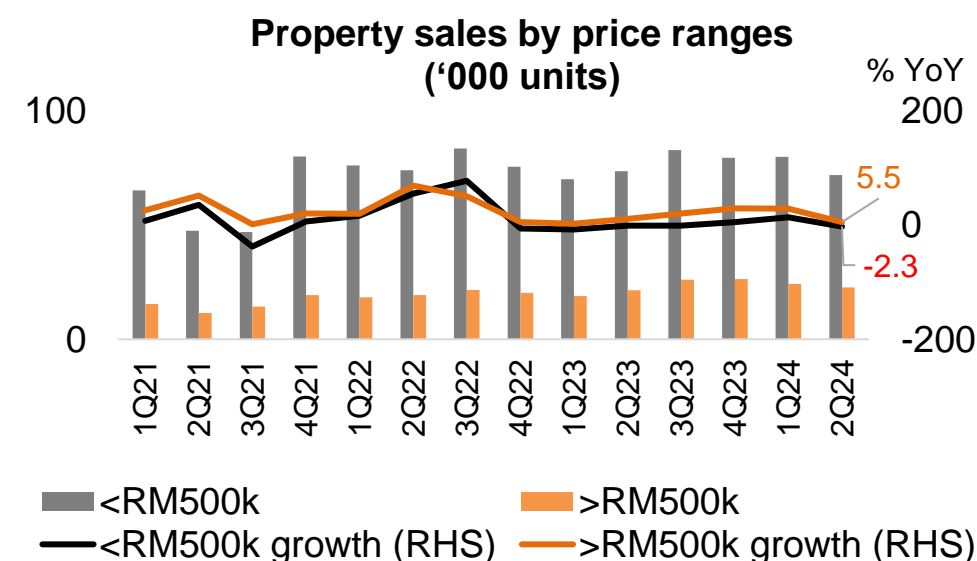
- Robust sales was seen for private education sector, up by 9.9% YoY in 1H 2024 (2023: 8.7%; average 2017-2019: 3.0%).

- = While higher allocation to the Education Ministry will uplift public education, it also will **increase competition to the private education players**:
 - = Increase allocation for **preschool education** to RM897 mil (2024: RM698 mil), involving new schools, food assistance etc. Public pre-schools dominated the segment with market share 69% vs private (31%).
 - = **TVET allocation** also increased to RM7.5 bil (2024: RM6.8 bil), underscoring the ongoing support for meeting industrial demand. Private higher education dominated the sector with market share of 72% vs public higher education (27%).
- New minimum wage (Feb 2025: RM1.7k; current: RM1.5k) and Progressive Wage Policy



Real Estate

- + Govt unveiled support for youth house ownership and first-time home buyers.
 - + **New measures to boost property ownerships**
 - 1) Higher Govt guarantees of RM15 bil (2024: RM10 bil) by Syarikat Jaminan Kredit Perumahan (SJKP) for 1st time home buyers i.e. Step-Up Financing Scheme & properties developed on waqf land
 - 2) Youth Housing Financing Scheme for civil servants (longer tenure to 40 years)
 - 3) Individual income tax relief on interest payments for the 1st residential home loan
 - = Lower allocation of RM857 mil (2024: RM904 mil) for Program Perumahan Rakyat (PPR) & Rumah Mesra Rakyat (RMR)
 - = While the **unsold completed affordable house (<RM300k)** reduced by 1.3% QoQ in 2Q 2024 to 6.8k units (1Q: -8.7%), its share to total unsold (30.2%) hit the highest since 4Q 2021 (31.5%).
 - 73.9% of the respondents (aged between 25 and 45) had no disposal income for savings or investment, according to UPM survey. This could hinder the group from buying house due to insufficient enough money for downpayment deposits, transaction fees & installment payment, on top of the concurrent rental payments.
 - Higher labour cost & implementation of a carbon tax on iron, steel, and energy sectors by 2026 could raise construction costs, may lead to higher house prices.



- **Lower demand for mid-to high-end properties.** Subsidies withdrawal from the **T15** earners (healthcare, medical, fuel) could **reduce their disposable** income, potentially leading to decreased demand for investment properties.

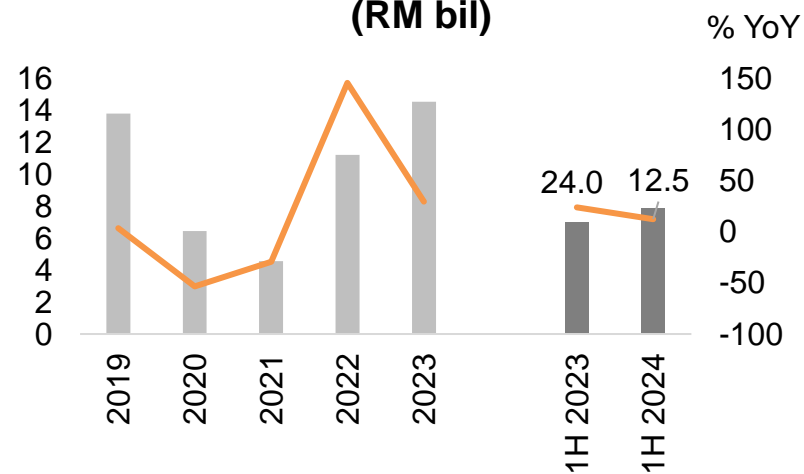
Positive Stable Negative



Accommodation

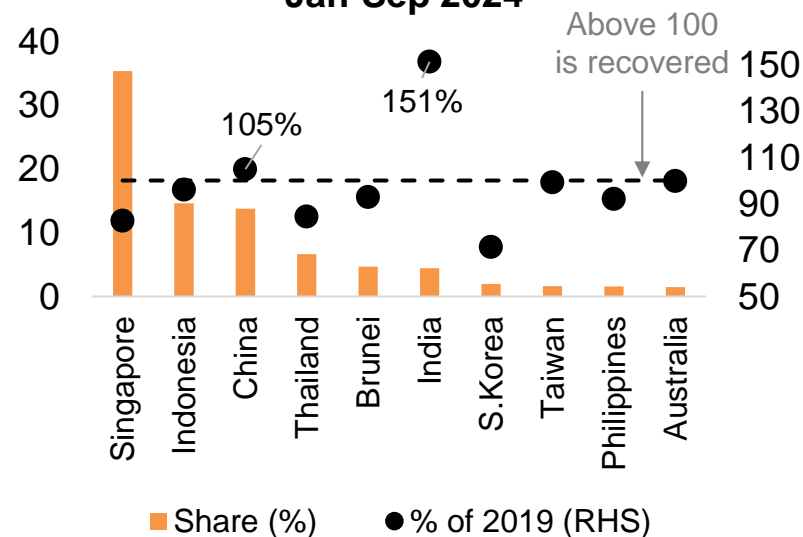
- + Tourism sector **receives extra allocation next year**, in preparation for Visit Malaysia 2026. The allocation jumped to RM1.4 bil, up from RM530 mil in 2024, to cover promotional activities, maintenance and conservation of tourist attractions.

Service sales: Accommodation (RM bil)



- **Accommodation sales** expanded by double-digit growth of 12.5% YoY in 1H 2024.
- In 2023, sales had surpassed historical average to RM14.6 bil (average 2017-2019: RM13.4 bil) on the back of continuous recovery in tourism activities.

Top 10 tourist arrivals to Malaysia Jan-Sep 2024



- From Jan - Sep 2024, tourist arrivals reached **91% of pre-pandemic level (2019)** and is expected to fully recover by 2025.

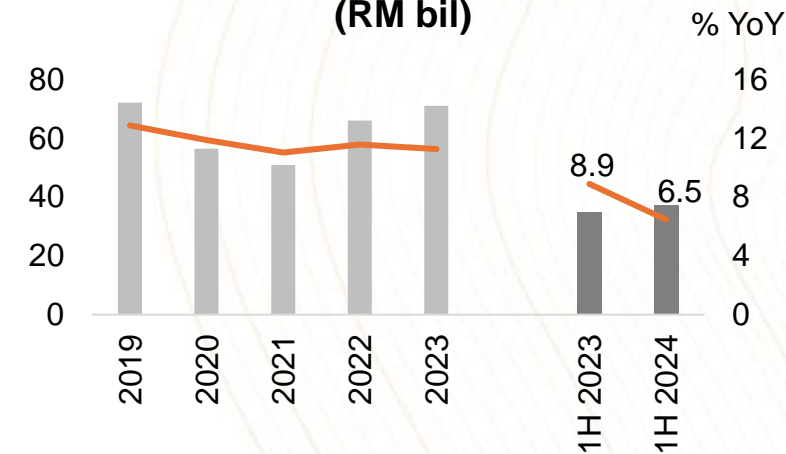
- **Higher minimum wage and RON95 subsidy rationalisation** (i.e transportation cost) may add extra cost to industry players, pressuring profit margins in the near-term



F&B Services

- + Increase in STR & SARA to RM13 bil (+30% from 2024), JKM cash aids (+21% to RM2.9 bil), civil servants' salary increments, Budi Madani and EPF's flexible account are anticipated to elevate household **disposable income**, benefiting F&B services.

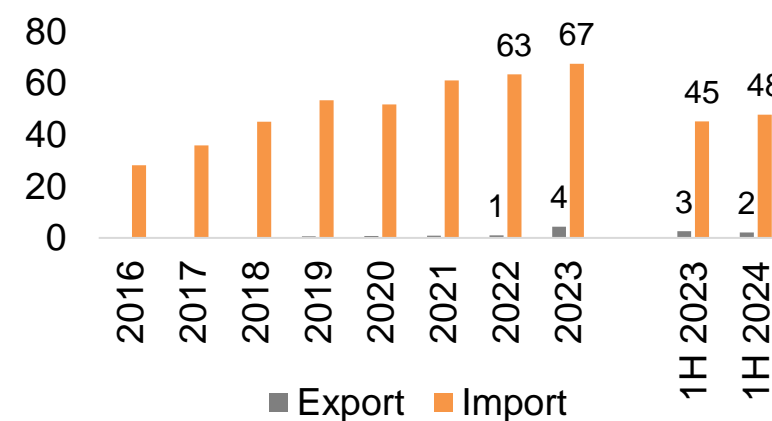
Service sales: Food and beverages (RM bil)



- **F&B sales** grew by a steady 6.5% YoY in 1H 2024.
- Inflation for **food away from home** rose by 3.5% YoY > **food at home** (+0.6%) in 1H 2024, indicating that **consumers are dining out more** than eating at home.

- Higher cost of doing business: 1) Higher foreign labour cost, 2) minimum wage to RM1.7k, and 3) higher RON95 price will increase fuel cost for transportation.
- Sales Tax will be imposed on non-essential goods, particularly imported premium products such as salmon and avocados.

Export vs Import of Avocados (RM mil)

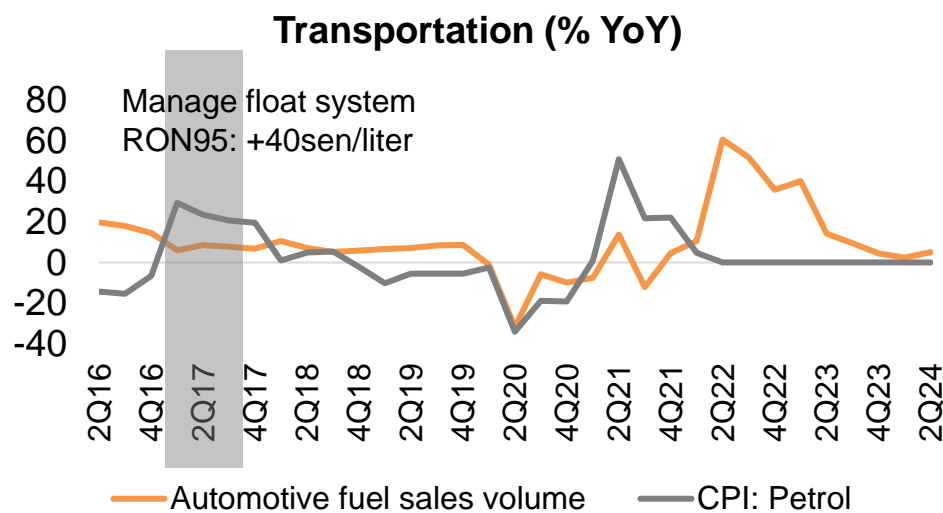


- Avocado imports are on the rise, with RM47.8 mil worth in 1H 2024, +5.7% YoY growth.
- Restaurants/ food stalls that uses premium imported ingredients may **face higher costs**. However, they are likely to pass on extra expenses to consumers.

Positive Stable Negative

Transportation: Land

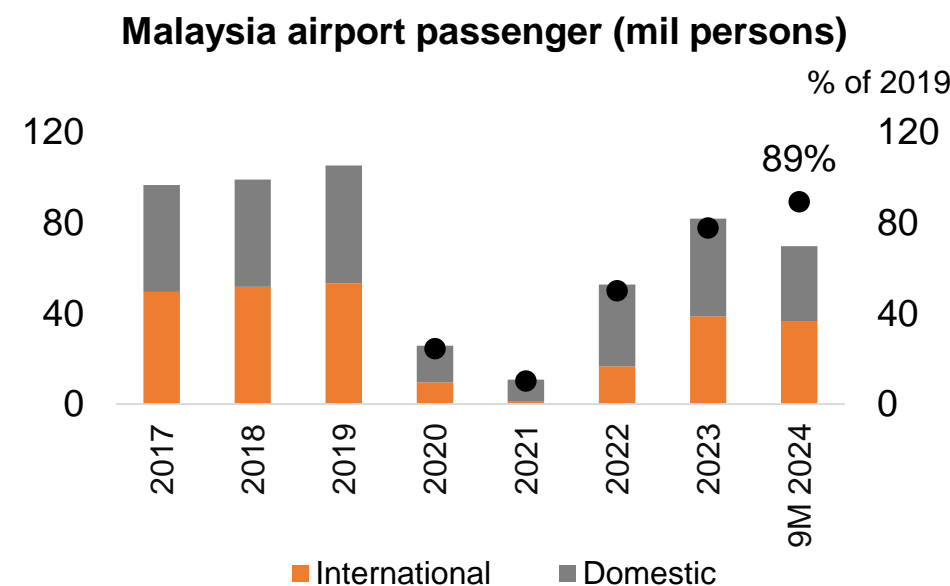
- + New **highways** and improved **road connectivity** will support the land transport sector. DEVEX for transportation remained the highest at RM17.6 bil for 2025 (2024: RM16.3 bil)
- = **RON95 subsidy rationalisation** beginning mid-next year
 - **Increase cost** for transportation sector (e.g. **e-hailing, courier, rental cars**). Based on vehicles registration, **petrol-based vehicles dominated the market** at 87.8% in 2023, followed by diesel 8.0% and hybrid & electric (4.3%). **Higher fuel cost may accelerate transition to electric vehicles (EVs)**.
 - + Use of **public transportation** may increase



• Growth in the **sales volume of automotive fuel moderated to 6.0% YoY in 1Q 2017** (4Q 2016: 14.6%) following the 40 sen increase in RON95 price – which resulted in sales value of automotive fuel to jump by 16.0% YoY (4Q: 9.5%).

Transportation: Air

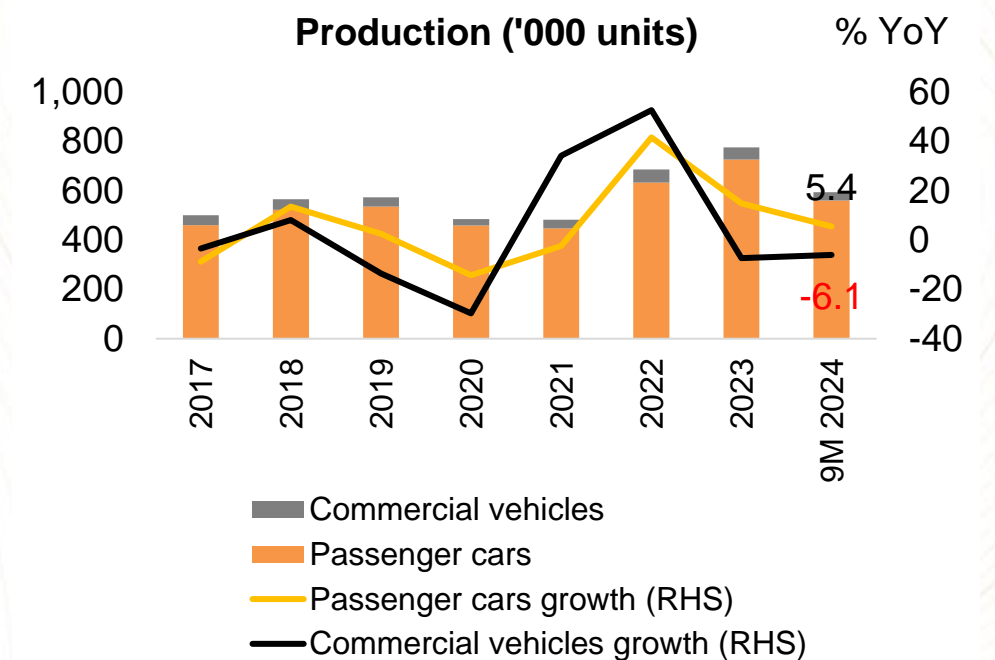
- + Higher allocation to the tourism sector (2025: RM1.4 bil; 2024: RM530 mil) will likely benefit air transport.
- + **Expansion projects** (RM253 mil) for Tawau Airport (Sabah) and Miri Airport (Sarawak) will increase passenger capacity. Tawau (1.7 mil persons) and Miri (2.2 mil) airports accounted for 4.8% of total Malaysia airport passengers in 2023.
- + Reducing price gap between air transport and car. With higher fuel prices following **RON95 subsidy rationalisation**, traveling by car will become more expensive. This could prompt people to consider alternatives, such as flights.



- The **expansion of SST** to include premium imported goods could raise costs for the airline industry, or reduction in demand.

Mfg: Transport Equipment

- + Continuous support for EVs transition:
 - Electric Motorcycle Use Promotion Scheme (RM10 mil)
 - Procure 250 electric buses by Prasarana Malaysia Berhad and 12 passenger train
 - PERODUA is planning to produce affordable EVs priced below RM100k



- = **RON95 subsidy rationalisation** could **slow** the purchases of internal combustion passenger vehicles but prompt a gradual switching to EV instead.
- Gov's introduction of carbon tax on iron, steel and energy industries by 2026 could increase raw material cost for the production of vehicles (body and parts)

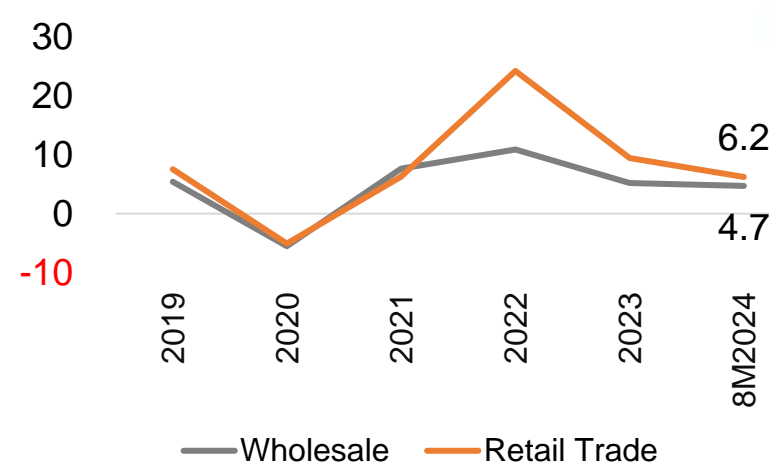
Positive Stable Negative



Wholesale & Retail Trade

- + **Stable job market** – unemployment rate is forecasted to decrease to 3.1% in 2025 (2024e: 3.2%) in line with better economic growth prospects anticipated in both domestic and external fronts.
- + **Higher disposable income could boost consumption:**
 - + Implementation of the **new minimum wage rate** (Feb 2025: RM1.7k; current: RM1.5k)
 - + Double edge sword: 1) **more disposable income for consumers** could boost sales; 2) **increase business cost** could strain already struggling MSMEs, if cashflow/ finances are not managed well.
 - **Greater impact to rural areas than urban** as the urban median salaries/ wages stood at RM2,596 in 2022 (above the RM1.7k new min. wage) while those for rural areas at RM1,580.
 - + **Salary revision for civil servants** (up to 15%).
- + **Higher allocation of social assistance** in 2025:
 - + Sumbangan Tunai Rahman (STR) and Sumbangan Asas Rahmah (SARA) at RM13 bil (2024e: RM10 bil)
 - + Cash assistance under Jabatan Kebajikan Masyarakat (JKM) at RM2.9 bil (2024e: RM2.4 bil).
 - + Payung Rahmah Program at RM300 mil (2024e: RM200 mil)
- **Wider & progressive SST** (starting May 2025) to include nonessential **imported premium** items:
 - **Unfavorable** to retailers and wholesalers that **sell imported premium items** especially goods with high elasticity of demand that can be easily substituted.
 - + Nonetheless, it serves as protection to the **sales of domestic production** of those premium items.
- **RON95 subsidy rationalisation** (mid-2025):
 - May see changes in consumption patterns, prioritising essential over nonessential – **lower demand for nonessential goods**
 - Micro and small businesses could be affected via higher transportation cost by using personal vehicles
- **Tax on sugary drink will rise to 90 sen /litre** (current: 50 sen).
- **2% dividend tax** may **reduce disposable income** for business owners that pay themselves dividend income in lieu of salary/ wages.
- Wholesaler/ retailers that use **foreign workers** may see increase in business costs:
 - **Multi-tier levy** for foreign workers
 - **Compulsory EPF contribution** for foreign workers

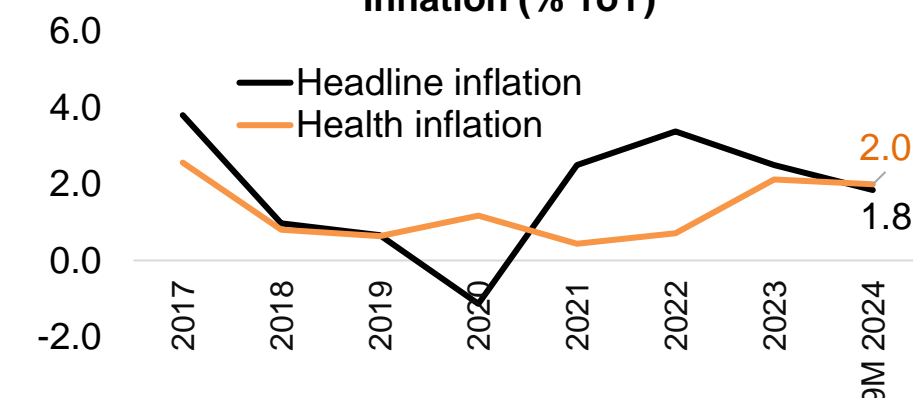
Wholesale vs Retail Trade (% YoY)



Finance, insurance and takaful

- + **Incentives** that supports insurance/ takaful sector:
 - + **Higher personal income tax relief** for payments made on education & medical insurance premiums to RM4k. Additionally, individual tax relief for medical expenses will increase to RM10k.
 - + **Phasing out T15 subsidy on healthcare** will benefit takaful/insurance company. This will likely encourage take up rate of takaful/ insurance plans or increase premium/ coverage.

Inflation (% YoY)



- **Expansion of SST scope** to include fee-based financial services.
- **2% tax on dividend income >RM100k annually**, affecting high income individual (i.e. millionaires)
 - To affect investment >RM2 mil, assuming 5% divided rate = RM100k return. After tax (RM2k), the effective dividend rate drops marginally to 4.9%.
 - Exemptions for dividends from the EPF, Amanah Saham Nasional Bhd, LTAT, unit trusts & dividend received from foreign sources & Labuan entities.

Positive Stable Negative

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