MALAYSIAN BUDGET 2018: HIGHLIGHTS

Prospering an Inclusive Economy,
Balancing Between Worldly and Hereafter,
for the Wellbeing of Rakyat, Towards the TN50 Aspiration

HIGH IMPACT INVESTMENT
Emphasising high impact investment: petroleum-related industries, logistics, aerospace, rail, robotics and automation and export-oriented industries
High-impact strategic fund under MIDA: (RM200M)
The period of Tax Incentive for Principal Hub to be extended to 31 Dec 2020

STRENGTHENING SMALL & MEDIUM ENTERPRISES (SMES)
Skim Jaminan Perniagaan Perniagaan (SJPP) for working capital and services sector: (RM7b)
Government Guarantee loans under SJPP to enable SMEs to automate production process: (RM1b)
Shariah-compliant SME Financing Scheme: (RM1b)
Soft loans, grants and training programmes for SME under SME Corp: (RM200m)
Development of halal industries and products under various agencies: (RM82m)

MICRO FINANCING
Loan fund under Tabung Ekonomi Kumpulan Usahawan Niaga (TEKUN): (RM500m)
Amanah Ikhtiar Malaysia (AIM): (RM200m)
Rural Economic Financing Scheme (SPED) for rural Bumiputera entrepreneurs: (RM80m)

ACCELERATING EXPORTS
Expand export market and promotion: (RM150m)
Insurance coverage credit facility for SME exporters: (RM1b)
Loans to enhance automation of local furniture production for export: (RM100m)
INVIGORATING AGRICULTURAL SECTOR
Financial assistance to farmers, rubber tappers, smallholders and fishermen: (RM2.3b)
Upgrade plantation roads and improve irrigation infrastructure: (RM500m)
Developing and replanting for oil palm: (RM140m)
Agricultural programmes as new sources of income: (RM200m)
Coconut replanting (CARECA and MATAG) by cluster: (RM50m)
Financial assistance of RM200 for 3 months prior to paddy harvesting season: (RM150m)
Rubber replanting programme and infrastructure to increase production of latex: (RM200m)

REVITALISE TOURISM INDUSTRY
SME Tourism Fund with interest subsidy of 2%: (RM2b)
Tourism Infrastructure Development Fund: (RM1b)
Tourism promotion and development programme: (RM500m)
Tax incentive for investment in new 4-star and 5-star hotels extended until 31 December 2020; and
Tax incentive for tour operating companies extended to year assessment 2020.

HEALTHCARE TOURISM INDUSTRY:
MALAYSIAN HEALTHCARE TRAVEL COUNCIL (RM30m)
Investment Tax Allowance of 100% for medical tourism extended until 31 December 2020;
Double tax deduction on expenditure incurred for dental and ambulatory services; and
Increase special tourism healthcare incentive from 50% to 100%, beginning year of assessment 2018 to 2020.

DRIVING LOGISTICS SECTOR
East Coast Rail Link (ECRL) Project connecting Port Klang to Pengkalan Kabor: (RM110m)
MRT2 Project Sungai Buluh-Serdang-Putrajaya (52km): (RM32b)
High Speed Rail Project connecting Kuala Lumpur – Singapore (350km);
Pangkor Island to be recognised as Duty-Free Island;
Transportation Development Fund: (RM36b)
Public Transportation Fund for working capital and procurement of assets: (RM1b)
**STRENGTHENING FINANCIAL MARKET**

Intellectual property as an instrument of financial collateral for business financing: *(RM1.5b)*
Duty Stamp exemption for contract note of Exchange-Traded Fund and Structured Warrants for 3 years;
Expand income tax exemption to include management and performance fees received by venture capital management company;
Relief on tax imposed on venture capital companies equivalent to the amount of investment, limited to a maximum of RM20 million annually;
Tax deduction for angel investors in venture capital;
Income tax exemption for Sukuk Green SRI social grant receiver;
Income tax exemption on management fee extended to conventional SRI fund managers.

**CHILD CARE CENTRE AND WELFARE FACILITIES FOR PERSONS WITH DISABILITIES (PWDS)**

Additional tax deductions are extended to employers hiring PWDS certified by SOCSO.

**INTENSIFYING HIGHER EDUCATION**

Scholarships: *(RM2.2b)*
Research and Development Grants to Higher Education Institutions: *(RM400m)*
Book Voucher Assistance of RM250
Further study for postgraduate levels under MyBrain: *(RM90m)*

**TN50 TALENT AND CAREER**

Private companies which have successfully secured a Government contract are required to allocate 1% of the contract value to the SL1M Programme

**SOCIAL ENTERPRISE**

Matching grant to finance social enterprise: *(RM50m)*

**1 MALAYSIA EDUCATION SAVING SCHEME**

Matching grant up to RM500 contributors: *(RM250m)*
Individual tax relief for SSP1M up to RM6,000 for the next 3 years.
PROVIDING QUALITY INFRASTRUCTURE FOR THE RAKYAT
Pan-Borneo Highway: (RM2b)
Rakyat-centric project: (RM1.1b)
Development of communication infrastructure and broadband facilities: (RM1b)

NATIONAL BLUE OCEAN SHIFT (NBOS)
Construction of new UTC, Blue Ocean Entrepreneur Township, Mobile CTC, Entrepreneurship programme,
Global Entrepreneurship Community as well as inclusive and vibrant Social Entrepreneurs: (RM300m)

WELFARE OF FELDA SETTLERS
Special Incentive payment to settlers of RM5,000;
Cess money will be reimbursed for replanting scheme from rubber to oil palm: (RM43m)
Oil palm replanting programme: (RM60m)
Construction of 5,000 FELDA Second Generation home: (RM164m)
Upgrading of roads, water supply system and street lights in FELDA: (RM200m)

SAFETY AND PUBLIC ORDER
Procuring and maintaining of defence assets: (RM3b)
Construction of headquarters, police stations & purchase of firearms: (RM720m)
1Malaysia Civil Service Housing Programme-PDRM (PPA1M PDRM): (10,000 units)
Armed Forces Family Housing (RKAT) Blueprint: (6,000 unit)
BUMIPUTERA WELLBEING TRANSFORMATION POLICY

Higher education scholarships and training programmes under MARA: (RM2.5b)
Peneraju Professional, Skills and Tunas programmes: (RM90m)
MARA Graduate Employability Training Scheme (GETS): (RM200m)
Bumiputera entrepreneurship enhancement programmes:
- PUNB Entrepreneurship and Business Premise Programme: (RM200m)
- Vendor capacity development, TUBE, SUPERB, and Anjakan Usahawan Scheme: (RM155m)
- MARA Entrepreneurship Programme: (RM200m)
Equity and Investment in strategic sectors: (RM300m)

WELLBEING OF THE CHINESE AND INDIAN COMMUNITY

SME loans through Koperasi Jayadiri Malaysia Berhad (KOJADI): (RM50m)
Malaysia Hawkers and Petty Traders Foundation for Chinese community: (RM30m)
Indian Community Entrepreneur Development Scheme (SPUMI) under TEKUN- (RM50m)
Special distribution amounting to 1.5 billion additional units of

WOMEN AND FAMILY WELLBEING

Requirement of at least 30% participation of women as Board of Directors in GLCs, GLICs and Statutory Bodies by end of 2018;
Propose maternity leave for private sectors be increased from 60 to 90 days;
PEAK Entrepreneur Programme under MyWin Academy: (RM20m)
Individual income tax exemption on income earned within 12 months for women re-entry into workforce at least 2 years after work break.
GENERATE INCOME FOR RAKYAT

eRezeki, eUsahawan dan eLadang programme: (RM100m)
Easy loans for Food Truck 1Malaysia (FT1M) through Bank Rakyat with interest rate of 2%: (RM120m)
1AZAM Programme to increase revenue: (RM60m)
Three-wheel Motorcycle Programme, mobilepreneur and MyAGROSIS programme: (RM25m)
E-hailing application for registered taxi driver to purchase new taxi: (grant RM5,000)
BR1M Programme: (RM6.8b)
Subsidised goods, transportation, electricity an tolls: (RM3.9b)
Provide 50 Kedai Rakyat 1Malaysia (KR1M) by selling 5 basic necessities at lower prices: rice, sugar, oil, flour & gas cooking as well as other 50 branded consumer goods;
Standardise prices for basic necessities for Sabah and Sarawak: (RM90m)
Develop Agrobazaar Malaysia with lower selling price of agro products: (RM20m)
LKIM and FAMA programme to ensure reasonable food stock: (RM50m)
Abolish toll collections starting from 1 January 2018 at Batu Tiga and Sungai Rasau, Selangor, Bukit Kayu Hitam, Kedah and Eastern Dispersal Link, Johor.

REDUCTION IN INCOME TAX RATES

Reduction in individual income tax rates:
RM20,001-35,000: 5% to 3%;
RM35,001-50,000: 10% to 8%; and
RM50,001-70,000: 16% to 14%;

1MALAYSIA RETIREMENT SCHEME

Increase contribution to 1Malaysia Retirement Scheme (SP1M) to 15% maximum RM250 annually for 5 years from 2018-2022.
HOUSING
Increase homeownership program (RM2.2b) via:
- People’s Housing Programme (PPR) - 17,300 units;
- Rumah Mesra Rakyat - 3,000 units;
- PR1MA - 210,000 units;
- PPA1M - 25,000 units;
- MyBNHomes - 600 units;
- MyDeposit & MyHomes - 2,000 units.
Maintenance and refurbishment of houses including 1Malaysia Maintenance Fund: (RM200m)
Stamp duty exemption for loan agreement and letter of consent to transfer;
Tax exemption on rental of 50% for rent up to RM2,000.

HEALTH
Medical supplies, consumables and medical support: (RM4.1b)
Upgrade and maintenance of healthcare facilities, medical equipment, ambulance and operation theatre for Muar, Banting and Balik Pulau hospitals: (RM1.4b)
Cardiology & cardiothoracic services at Kuala Terengganu and Alor Setar hospitals;
Upgrade of hospitals and clinics including wiring systems: (RM100m)
Haemodialysis assistance and Medical Aid Fund: (RM90m)
Support medical cost for rare diseases treatment and Komuniti Sihat Perkasa Negara programme: (RM40m)
Voluntary Health Insurance Scheme (VHIS): (RM50m)
Construction of women and children wards at Tengku Ampuan Afzan Hospital and Putrajaya Hospital: (RM1b)
Construction of Cancer Centre at Sungai Petani Hospital: (RM500m)
Construction of a specialist clinic and new ward at Pulau Pinang Hospital: (RM380m)
GOODS AND SERVICES TAX (GST)
Services provided by local authorities will not be subjected to GST;
Reading materials will be zero-rated;
GST relief for cruise operators;
Full GST relief for services of construction of school buildings and
houses of worships funded through donations;
GST relief for imports of oil and gas-related equipment under lease
agreement;
GST relief for imports of big ticket items such as aircraft and ship by
airlines and shipping companies; and
Management and maintenance services of stratified residential build-
ings are not subjected to GST

MATCHING GRANT
Matching Grant under Domestic Investment Strategic Fund to enhance smart
manufacturing facilities: (RM245m)

FUTURISE CENTRE
Strengthening the futurise centre in Cyberjaya as a one-stop centre for corporates
and universities to develop prototype products.

TAX INCENTIVES
Extend the incentive period for Accelerated Capital Allowance on automation
equipment 2018-2020;
Accelerated Capital Allowance Incentive up to 200% for manufacturing and
manufacturing-related-services sectors;
Capital Allowance Incentive for ICT equipment beginning 2018-2020

SUSTAINABLE DEVELOPMENT
Green Technology Financing Scheme: (RM5b)
Non-Revenue Water Programme to reduce loss of water: (RM1.4b)
Construction Off-River Storage as an alternative water resources; (RM1.3b)
Flood mitigation programmes: (RM517m)

DIGITAL FREE TRADE ZONE
Construction first phase of DFTZ in Aeropolis, KLIA: (RM83.5m)
Increase minimum value for imports to RM800.