

ECONOMY

Budget 2025 Malaysia Highlights 

The Star – 19 October 2024

The Malaysian Government has unveiled Budget 2025 under the theme "Reinvigorating the Economy, Driving Reforms, Prospering the Rakyat." Key highlights are outlined in the table below:

Homebuyers	<ul style="list-style-type: none"> ▪ RM12.8 billion in government guarantees for over 57,000 first-time homebuyers. ▪ The Skim Jaminan Kredit Perumahan (SJKP) provides up to RM5 billion in guarantees for young first-time homebuyers, offering lower loan repayments for the first five years. ▪ The SJKP scheme will guarantee loans up to RM500,000 for homes on wakaf land. ▪ Tax relief of up to RM7,000 for residential properties priced up to RM500,000 to encourage first-time home ownership. ▪ Tax relief of up to RM5,000 for residential properties priced between RM500,000 and RM750,000.
Individuals	<ul style="list-style-type: none"> ▪ RM600 in Sumbangan Tunai Rahmah (STR) for single individuals. ▪ eRebates worth RM70 million to promote energy-efficient appliance purchases for consumers and industries. ▪ The Net Energy Metering (NEM) programme extended to 30 June 2025 to encourage rooftop solar installations.
Families	<ul style="list-style-type: none"> ▪ RM3 billion increase for Sumbangan Tunai Rahmah (STR) and Sumbangan Asas Rahmah ▪ RM100 monthly aid for STR household category, credited to MyKAD from April 2025.
High-Income Earners	<ul style="list-style-type: none"> ▪ 2% tax on dividend income exceeding RM100,000 for individual shareholders in assessment year 2025. ▪ SST will apply to non-essential items, including premium imported goods like salmon and avocados. ▪ Gradual subsidy reduction for the top 15% income group.
Income Tax	<ul style="list-style-type: none"> ▪ Individual tax exemption for the National Education Savings Scheme (Simpan SSPN) extended for three more years. ▪ Tax relief for education and medical insurance premium payments increased to RM4,000.
EPF	<ul style="list-style-type: none"> ▪ EPF looking into allowing a portion of savings to be transferred to close family members. ▪ Tax relief extension for individual income on contributions to Private Retirement Schemes. ▪ Mandatory for foreign workers to make EPF contributions.
Special Needs	<ul style="list-style-type: none"> ▪ Additional tax exemption for people with disabilities (PWD) raised to RM7,000. ▪ Additional tax exemption for PWD spouses raised to RM6,000. ▪ Tax exemption for taxpayers with unmarried PWD children raised to RM8,000. ▪ RM150 monthly allowance for 110,000 PWD students. ▪ Tax exemption to treat and rehabilitate autistic children raised to RM6,000 from RM4,000. ▪ Income eligibility to receive PWD Worker Allowance raised to RM1,700 from RM1,500. ▪ 50% tax deduction for employers of workers who care for disabled and sick children or family members.
Employers	<ul style="list-style-type: none"> ▪ Employers can use up to 50% of their HRDCorp funds for skill-training facilities, including equipment and upgrades. ▪ Employers may use levies to cover up to RM1,000 in allowances per graduate for one year.

Workers	<ul style="list-style-type: none"> Minimum wage will increase to RM1,700 per month, effective 1 February 2025. Employers with fewer than five workers will receive a six-month deferment.
Entrepreneurs	<ul style="list-style-type: none"> RM3.2 billion micro-sized loans to assist small traders, including PWD. RM20 million in matching grants for the i-TEKAD programme to support over 8,000 low-income micro-entrepreneurs. RM3.2 billion to aid small entrepreneurs including PWD, Chinese and <i>Bumiputra</i> communities. RM130 million for various activities including business financing for the Indian community. RM800 million for <i>Bumiputra</i> entrepreneurs and to support local artisans.
Small and medium-sized enterprises (SMEs)	<ul style="list-style-type: none"> RM600 million from Bank Pembangunan Malaysia Bhd (BPMB) and SME Bank for special financing to halal SMEs. Bank Negara will provide RM3.8 billion in SME funding loans to support entrepreneurs in digitalisation, automation, and sustainable agri-food practices. RM50 million for the Small and Medium Enterprises Digital Matching Grant and Vendor Digital Grant under Bank Simpanan Nasional (BSN) to help local entrepreneurs remain competitive. Up to RM20 billion in SME financing guarantees from Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP), including a special RM5 billion guarantees for <i>Bumiputra</i> SMEs.
Transportation	<ul style="list-style-type: none"> Continuation of the RM2,400 rebate for electric motorcycles. My50 Monthly Pass will continue. Free bus fares for higher education students using the BAS.MY stage bus service. School students to receive RM0.50 one-way van commute services. Targeted RON95 subsidies to start in mid-2025. Subsidies will continue for 85% of the population.
Women	<ul style="list-style-type: none"> RM470 million from SME Bank, BSN, Bank Rakyat, and Mara to support women-led businesses. RM650 million to assist women and youth entrepreneurs. 50% tax break for employers for 12 months if they re-employ women returning to work.
Civil Servants	<ul style="list-style-type: none"> On-call duty allowance for medical and dental officers will increase by RM55 to RM65 under a new work system. RM1.8 billion allocated to build, maintain, and restore public servants' quarters. The Ex-Gratia Work Hazard Scheme will be expanded to enhance social protection for civil servants. RM500 special cash aid will be provided to all civil servants in Grade 56 and below, including contract staff. RM250 special cash aid will be given to all retired civil servants, including pensioners and veterans without pensions, to be disbursed in February 2025. A 20% salary cut will remain for ministers and political appointees, with the Prime Minister continuing to forgo a salary.
Senior Citizens	<ul style="list-style-type: none"> RM1 billion welfare allocation for the elderly to fund cash aid, allowances for senior citizens' institutions, and activity centres. Welfare aid for senior citizens increased to RM600 per month from RM500. Underprivileged senior citizens are now eligible for aid totalling over RM10,000 per year, up from RM8,000.
Healthcare	<ul style="list-style-type: none"> Public healthcare subsidies to be rationalised, targeting high-income earners. Income tax relief for medical and education insurance premiums raised to RM4,000. Tax relief of up to RM10,000 for medical expenses, including those covered by insurance, takaful, and copayment schemes.
Underprivileged	<ul style="list-style-type: none"> RM250 for children aged 6 and below from underprivileged families; RM200 for those aged 7 to 18. Free motorcycle helmets will be provided for 67,000 families to ensure children's safety. The government will cover the costs for 15,000 youths to obtain their motorcycle licenses. Assistance will be given to 60,000 students for purchasing flight tickets to return home, especially those from Sabah and Sarawak.

Malaysia's Inflation Rises 1.8% in September 2024

The Star – 24 October 2024

Malaysia's inflation rose by 1.8% year-on-year in September 2024, with the inflation index at 133.2, up from 130.8 in September 2023. The growth was largely due to increases in personal care, social protection, and miscellaneous goods & services (3.1%), followed by transport (1.1%), alcoholic beverages & tobacco (0.8%), furnishings and household maintenance (0.6%), and information & communication (0.4%). Clothing & footwear continued in negative territory at -0.3%. Recreation, sport & culture inflation rose by 2.1%, led by a 4.0% increase in recreational services, while the food and beverages group saw a 1.6% increase in September 2024.

GOVERNMENT

Government to Continue Incentives for Developers Committed to Affordable Housing

The Edge – 21 October 2024

The Malaysian Government will continue offering incentives, such as tax relief and access to strategic properties, to developers committed to affordable housing. Strategic partnerships with the finance sector will be strengthened to improve housing financing access, particularly for youth. Government intervention is essential, as the target group's ability to purchase homes at market prices remains limited. The private sector must collaborate to build homes at affordable prices based on local needs.

Target of 500,000 Affordable Homes at 89% as of September 2024

The Edge – 22 October 2024

The Malaysian Government has reached 89% of its target for the construction of 500,000 affordable homes, with 443,259 units either completed, under construction, or planned across the country as of September 2024. The remaining 56,741 affordable housing units are expected to be completed by the end of the 12th Malaysia Plan.

Lowered Consent Threshold to Accelerate Redevelopment while Protecting Owners' Rights

The Edge – 22 October 2024

According to the Minister of Housing and Local Government Malaysia, a new proposal under the Urban Renewal Act (URA) aims to lower the consent threshold from strata owners to accelerate site redevelopment while protecting owners' rights. Currently, the Strata Management Act 2013 requires full consent from all owners, a requirement deemed "unreasonable and against public interest," particularly for unsafe living areas.

Guidelines on Data Centres' Power and Water Usage for Incentives

The Edge – 23 October 2024

The Malaysian Government is finalising sustainable development guidelines for data centres, which will be a condition for government incentives. The guidelines will include a metric for carbon usage effectiveness (CUE) to measure carbon emissions, as well as power usage effectiveness (PUE) and water usage effectiveness (WUE) to evaluate energy and water efficiency.

Family Members of Errant Property Developers May Face Travel Ban Too

The Star – 24 October 2024

The Ministry of Housing and Local Government Malaysia is considering barring family members of developers involved in abandoned housing projects from leaving the country. This measure is part of proposed amendments to the Housing Development (Control and Licensing) Act 1966 (Act 118), scheduled to be presented in Parliament in 2025. The initiative aims to increase accountability and ensure developers fulfil their commitments to homebuyers, as the Ministry intends to blacklist not only the developers but also their family members as a deterrent to unethical practices in the housing sector.

Legal

Duta Enclave Land Title Has to Be Restored to Semantan Estate

The Edge – 23 October 2024

The land title for the Duta Enclave—263.27 acres in Mukim Batu housing various government complexes—has to be transferred back to Semantan Estate (1952) Sdn Bhd, even if it contradicts State interests, as directed by the High Court judge. This decision is rooted in the 2009 High Court ruling, which established that the original acquisition of the land was improperly executed, leading to the conclusion that the Government unlawfully acquired the 263.27 acres.

CONSTRUCTION

Building on Growth

The Star – 24 October 2024

Malaysia's construction sector grew by 17.3% in 3Q 2024, marking its first double-digit growth since 2014. After contracting by 19.3% in 2020 and 5.1% in 2021 due to Covid-19, the sector rebounded with growth of 5% in 2022 and 6.1% in 2023. This recovery was driven by strategic efforts and the increasing demand for data centres, fuelled by advancements in digital technology, including big data and artificial intelligence (AI).

INFRASTRUCTURE

New Flight Route to Boost Johor's Revenue Growth

The Star – 20 October 2024

A new direct flight between Johor Bahru and Kunming, China, is expected to boost Johor's economic growth. The twice-weekly chartered flights will complement existing routes to Guangzhou and Hainan, with plans to increase frequency as demand grows. The four-hour flight will benefit both regions and create positive impacts for local businesses.

RI - Weekly News is published by REHDA Institute

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