

ECONOMY

Malaysia's Unemployment Rate At 10-Year Low 

The Edge – 11 June 2025

Malaysia's unemployment rate fell to 3.0% in April 2025 — the lowest level since April 2015 — signalling a return to full employment, according to the Department of Statistics Malaysia (DOSM). The improvement was driven by a rise in employment amid an expanding labour force. Economists expect continued optimism in the labour market throughout the rest of 2025, supported by strong economic policies, stable domestic demand and growth in services, technology, digitalisation and automation, despite global geopolitical tensions.

GOVERNMENT

Expanded SST Comes into Effect 1st July 2025 

The Star – 9 June 2025

The reviewed and expanded Sales and Service Tax (SST) under Budget 2025 will take effect on 1st July 2025 to strengthen Malaysia's fiscal position by increasing revenue and broadening the tax base.

Sales Tax Updates	<ul style="list-style-type: none"> 0% rate: Unprocessed foods (e.g. chicken, fish, local fruits), essential processed foods (e.g. flour, canned sardines, sugar), medicines, books, cement and agricultural inputs. 5% rate: Items like salmon, cod, imported strawberries, essential oils, silk, industrial machinery. 10% rate: Caviar, shark fins, alcohol, tobacco, leather goods. New additions: racing bicycles, tungsten scrap, antique paintings.
Service Tax Scope Expansion	<p>Six new service categories added:</p> <ul style="list-style-type: none"> Rental/Leasing Services – 8%, excludes residential housing, reading material, monetary leasing and tangible assets outside Malaysia. Construction Services – 6% (only commercial/industrial; residential/public excluded). RM1.5 million threshold for registration. Financial Services – 8%, based on fees/commissions. Key exemptions: Shariah profits, card fees, savings accounts, Bursa Malaysia. Private Healthcare – 6%, for non-citizens only. Public and university hospitals excluded. Private Education – 6%, applies to non-citizens. OKU Malaysians and public institutions exempt. Beauty Services – 8%, includes facials, tattoos, hairstyling, slimming treatments. RM500k threshold for registration.
Reliefs and Exemptions	<ul style="list-style-type: none"> B2B transactions and non-reviewable contracts (12-month grace) receive exemptions to prevent double taxation. MSMEs below RM500k annual turnover are exempt from service tax registration (except in education).

DBKL to Form New Task Force to Guide Stakeholders on Urban Redevelopment

The Edge – 10 June 2025

Kuala Lumpur Mayor Datuk Seri Maimunah Mohd Sharif announced that Kuala Lumpur City Hall (DBKL) will establish a dedicated task force to study and prepare for the implementation of the proposed Urban Renewal Act (URA). The initiative aims to ensure DBKL is well-equipped to assist property owners with urban redevelopment matters. **REHDA Institute Chairman Dato' Jeffrey Ng Tiong Lip** emphasised that urban renewal is not merely about demolition or reconstruction, but should be a people-centric, place-based and purpose-driven process. He noted that the URA marks a significant shift by placing communities at the heart of the renewal process, with developers serving as partners rather than decision-makers.

KL Local Plan 2040 Gazetted

The Edge – 11 June 2025

The Kuala Lumpur Local Plan 2040 (KLLP2040) has been gazetted and will take effect on 11 June 2025, with an official launch scheduled for 24 June 2025 by the Prime Minister. The plan, developed over several years with input from planners and consultants, also reflects over 28,000 public feedback submissions incorporated during its formulation.

PROPERTY

6% SST will Lead to Homebuyers Bearing Brunt of Increased Prices—REHDA

The Edge – 13 June 2025

The **Real Estate and Housing Developers' Association (REHDA)** has expressed concern over the 6% Sales and Service Tax (SST) on construction services, warning that it may significantly raise operational costs and burden developers already facing indirect taxes on materials and labour. While the full impact is yet to be determined, REHDA anticipates a market slowdown as developers adjust their plans. The Association urges the government not to apply the SST retrospectively, cautioning that any cost increase on contracts signed before the implementation date could result in overruns, forcing developers to absorb the additional expenses.

INFRASTRUCTURE

Silicon Island Link By 2028

The Star – 7 June 2025

A 380-metre coastal bridge linking Penang Island's southern coast to Silicon Island is set for completion by end-2028. Featuring four lanes each way, it will support future traffic demand and key developments such as the Mutiara Line Light Rail Transit (LRT) depot and Green Tech Park. Construction begins in June 2025, with phase one scheduled for mid-2027 to serve Silicon Island's first factory by end-2026. LRT works will start after the Notice to Proceed is issued to SRS Consortium. Preliminary activities, including soil testing, are underway. The 29.5 kilometres Mutiara Line, with 21 stations, is slated for completion by December 2031.

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