



Budget Speech



REINVIGORATING THE ECONOMY, DRIVING REFORMS, AND PROSPERING THE RAKYAT

Budget 2025 Speech

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Cover Rationale

This year's front cover harmonises elements of nature and urban civilisation. The "2025" block is filled with a clear skyline, as birds and clouds drift across, projecting optimism and progress. The cityscape at the bottom represents Malaysia's rapid development and dynamic modernisation. This concept design illustrates the Government's commitment to equitable and sustainable growth, fusing environmental stewardship with civilisational advancement. The image serves as a reminder of the nation's ongoing journey towards prosperity and resilience in the coming years, highlighting a bright future ahead.

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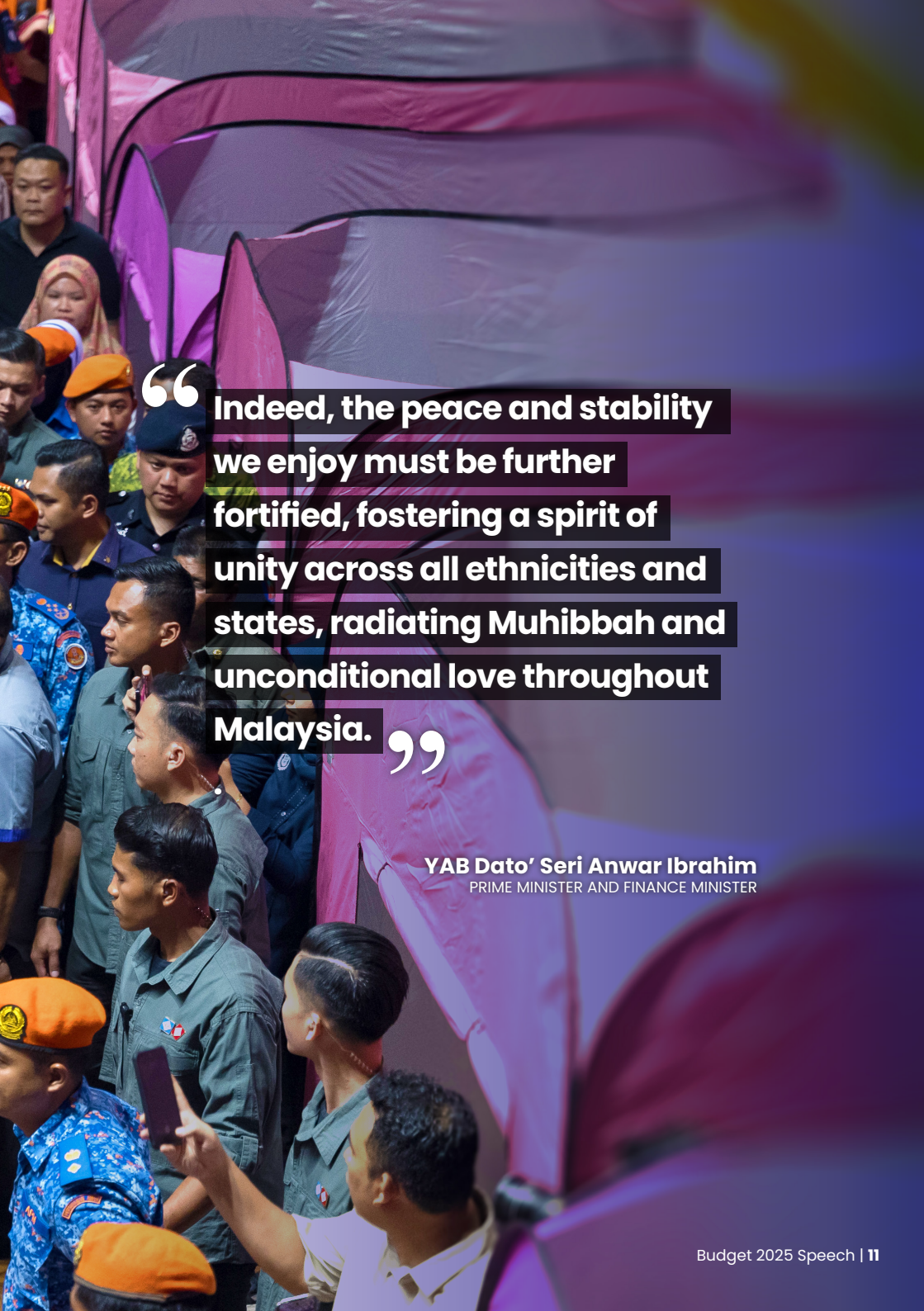
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YAB Dato' Seri Anwar Ibrahim visited the flood victims at the Temporary Evacuation Centre (PPS) at Sultan Abdul Halim Stadium, Kedah in September 2024.

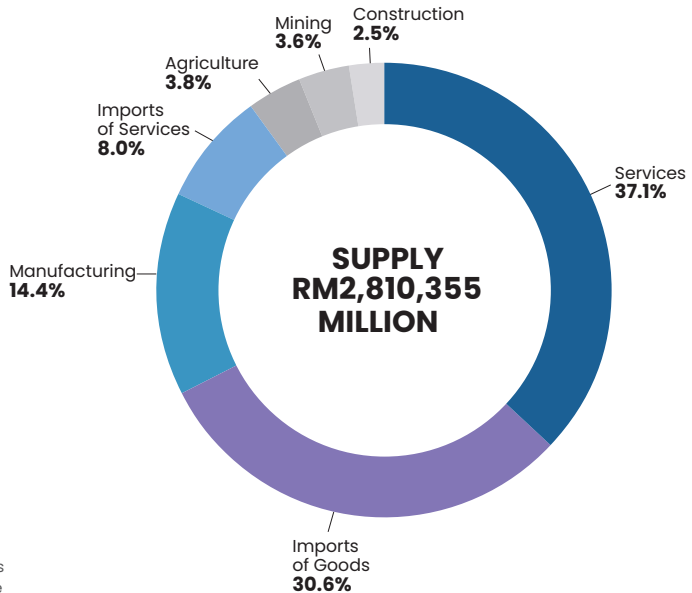
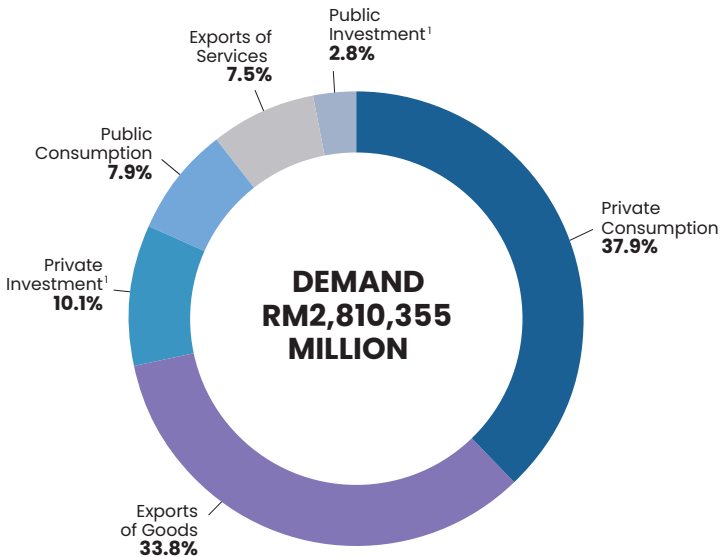


“ Indeed, the peace and stability we enjoy must be further fortified, fostering a spirit of unity across all ethnicities and states, radiating Muhibbah and unconditional love throughout Malaysia. ”

YAB Dato' Seri Anwar Ibrahim
PRIME MINISTER AND FINANCE MINISTER

The Economy 2025

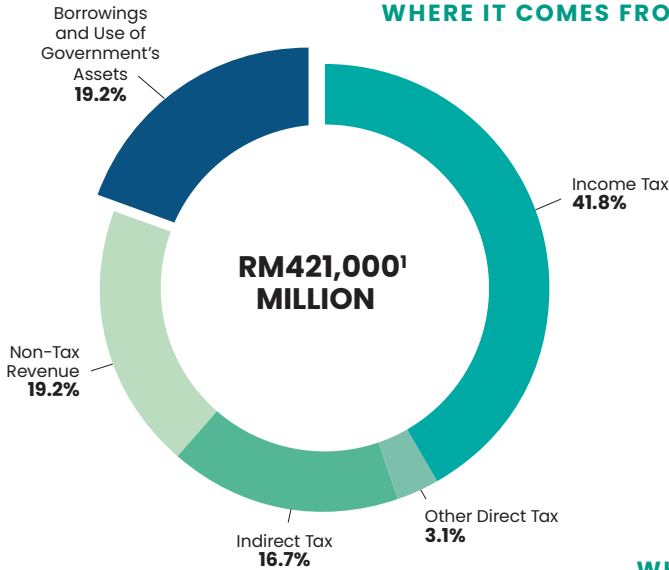
in constant 2015 prices
(share to total in %)



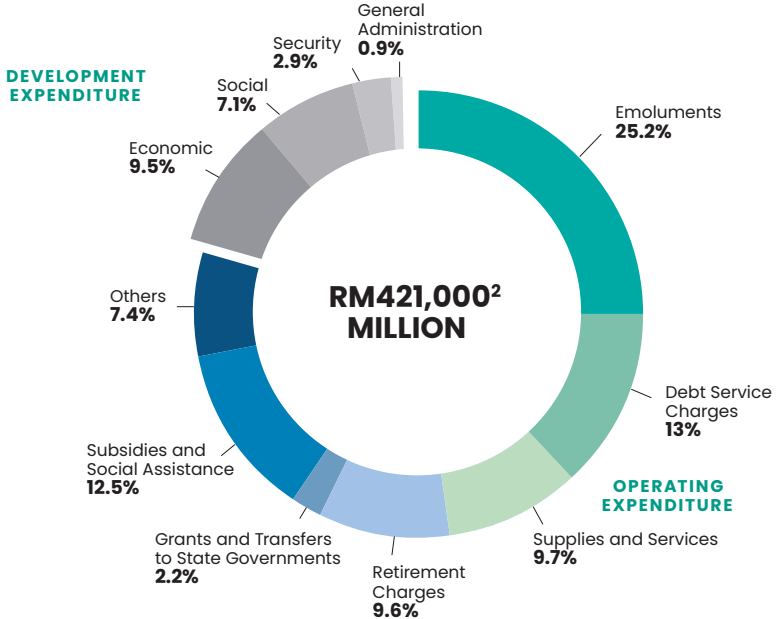
¹ Includes change in stocks
Source: Ministry of Finance

The Federal Government Budget 2025

WHERE IT COMES FROM



WHERE IT GOES



¹ Consists of revenue and borrowings

² Excludes contingency reserves

Source: Ministry of Finance



YAB Dato' Seri Anwar Ibrahim during his site visit to the Jambatan Baharu Yong development project in Kapit, Sarawak in September 2024.

Budget 2025 Speech

By:
YAB Dato' Seri Anwar Ibrahim
Prime Minister and Minister of Finance

Introducing
The Supply Bill (2025)

In Dewan Rakyat
Friday, 18 October 2024

Theme:
Reinvigorating The Economy, Driving Reforms,
and Prospering The *Rakyat*

PREAMBLE

Mr Speaker Sir,

I beg to move the Bill intituled “An Act to apply a sum from the Consolidated Fund for the services of the year 2025 and to appropriate that sum for the services of that year” be read a second time.

Bismillahirrahmanirrahim

Assalamualaikum Warahmatullahi Wabarakatuh and Salam Sejahtera.

1. I shall open this Budget presentation by invoking the sacred words of Allah Subhanahu Wa Ta’ala, as revealed in Surah Al-Baqarah, verse 22:

الَّذِي جَعَلَ لَكُمُ الْأَرْضَ فِرَاشًا وَالسَّمَاءَ بِنَاءً وَأَنْزَلَ مِنَ السَّمَاءِ مَاءً فَأَخْرَجَ بِهِ مِنَ الثَّمَرَاتِ رِزْقًا لَكُمْ فَلَا
تَجْعَلُوا لِلَّهِ أَنْدَادًا وَأَنْتُمْ تَعْلَمُونَ

“It is He who made for you the earth a bed spread out, and the sky a canopy, and sent down from the sky rain, and brought forth thereby fruits as provision for you. So do not attribute to Allah equals while you know [that there is nothing similar to Him].”

2. Imam al-Baydawi, in his seminal Quranic interpretational work “*Anwar al-Tanzil wa Asrar al-Ta’wil*”, insists upon the divine authority of Allah SWT in orchestrating the universe with pristine order. The natural laws of the world must be observed, as the cycle of rain from the heavens serves as a crucial prerequisite that nurtures vegetation and bestows countless benefits upon humankind. All of this has been created by Allah SWT so that mankind may observe, reflect, learn, cultivate, and manage it with utmost

responsibility. Without the elevation of knowledge, wisdom, and strategic planning, we shall not be able to reap the benefits from this blessed earth.

3. Thus, we must contemplate the profound wisdom of the Quranic guidance. Interwoven with the command to express gratitude for the sustenance bestowed by Allah SWT, the Quran underscores the imperative of cultivating a robust and sustainable ecosystem, along with efficient governance, to manage the wealth of natural resources equitably and justly.

“The virtue of wealth is not to have it but to use it rightly.”

(Aristotle; Nicomachean Ethics, Book IV)

Mr Speaker Sir,

4. In the moment before presenting the Third MADANI Budget 2025, I wish to take this opportunity to extend my utmost appreciation to all Honourable Members of Parliament who, just yesterday, pledged their unwavering support for an unprecedented decision to amend the Constitution, granting greater clarity and fairness on the matter of Citizenship. First, it proves that when the most pressing matters of the *rakyat* are at stake, unity can be forged across partisan lines. Second, it marks the recognition of the rights of mothers and children, breaking through parochial mindsets.

5. On to the main agenda at hand, with a deep sense of responsibility to the country and the *rakyat*, I stand before this August House to present the Third MADANI Budget 2025. This Budget has been conceived through the toils and wisdom of policymakers, who have carefully assessed the increasingly violent complexities and chaos afflicting the global landscape.

6. The Budget that is set to be unveiled in a matter of moments shall embrace and reflect the noble aspirations of the *rakyat*, who have longed for a system that is efficient, sustainable, and inclusive.

7. Upon crafting this Budget, the Government's inherent focus is trained on enacting reforms that shall foster sustainable growth. As the world debates and scrambles to galvanise growth, it must not turn a blind eye to the deepening issues of poverty and widening inequality.

8. With this in mind, the core structure of this Budget is designed to bring forth invigorating growth for the nation, nourished by the continuous flow of knowledge and development, always moving to meet the demands of modern times. All the while, it remains firmly rooted in the nation's innate commitment to uplift the *rakyat's* quality of life through education and healthcare. This is the overarching vision of the **Ekonomi MADANI: Memperkasa Rakyat** framework that we have launched, and we strive indefatigably to advance the reform agenda for the nation.

ON-GROUND ENGAGEMENTS WITH THE RAKYAT

9. Formulating economic policies, including the Budget, often revolves around expert analysis and engagement with economic managers, as well as dialogue with entrepreneurs, industries, and representatives of small businesses. However, it cannot be denied that many valuable lessons have been gained from my direct engagements with the *rakyat*.

10. Visits to the grassroots have helped me gain a deeper understanding of the challenges faced by the *rakyat*. In preparing this year's Budget, we have seen with our own eyes the challenges faced by the *rakyat*, arising from riverbank erosion and floods, access to education and healthcare, or various social issues. When closely examined, these are simply microcosms of broader systemic problems. Ergo, alongside the macroeconomic initiatives crafted in the Budget, the critical question remains: how will robust policies and sophisticated frameworks ensure direct benefits to the *rakyat*.

Lahad Datu, Sabah

11. Two months ago, I visited the FELDA settlement in Lahad Datu. This naturally brought me to Tanduo, a district once scarred by the infamous insurgent attack. Memories from the incident began to resurface; the sacrifices made by our soldiers, and the patience and support emanating from the *rakyat*. Soldiers from Peninsular Malaysia have given their lives defending the nation in Sabah and Sarawak, just as soldiers from Sabah and Sarawak have sacrificed their lives in the Peninsular. Issues regarding native customary land rights were raised, eventually culminating in a resolution for the residents of Tambisan. I also pledged that we would meet the needs of the national primary schools there.

Pasar Siti Khadijah, Kelantan

12. I visited Pasar Siti Khadijah to see with my own eyes the market's decrepit condition. The worn roof, unkempt lavatories, and the inadequate supply of electricity and water continued to burden visitors and traders alike, all while they must remain vigilant against the lurking threat of flooding. Yet, the locals remain resilient and spirited. Remarkably, this was the only market where traders expressed that the strengthening of the ringgit had led to lower costs for their goods, as they source supplies from Thailand, whose baht has recently weakened against the ringgit. The Government has since announced an allocation of 5.5 million ringgit to improve the conditions of this iconic market.

Kapit, Sarawak

13. I recently travelled to Kapit to review the progress of various development projects, including the construction of the new Kapit District Police Headquarters (IPD) and improvements to road connectivity in this remote and impoverished district. I was deeply moved by the gesture of a lady from a nearby village who gifted me a vest adorned with beads, which she had woven herself. Equally humbling was the traditional attire presented to me by the head of the local Iban community. This reflects the profound spirit of *Segulai Sejalai* that is firmly embedded within the grassroots. Following the event, I visited Robert Longhouse in Nanga Sebatu to meet with local leaders, the *tuai rumah*, and the wider community. A total of 2 million ringgit has been approved for efforts to address the issue of riverbank erosion near the longhouse along the Sungai Rajang.

Alor Setar, Kedah

14. Floods typically devastate crops, and those most affected are often the impoverished families residing along riverbanks. To address this, 13 million ringgit has been allocated for the repair of damaged infrastructure and basic facilities, along with essential aid for those impacted.

15. Thus, to bring Ekonomi MADANI to life, the policy levers that followed were crafted with the clear intention of steering Malaysia onto a stronger and righteous path.

- *We have outlined our economic direction through:*
 - The New Industrial Master Plan (NIMP);
 - The National Energy Transition Roadmap (NETR);
 - The National Semiconductor Strategy (NSS);
 - The KL20 Action Plan; and
 - The Bumiputera Economic Transformation Plan.

- *We are managing our fiscal policy through:*
 - The Public Finance and Fiscal Responsibility Act;
 - The Public-Private Partnership Master Plan ; and
 - Targeted subsidies.

- *We are dedicated to upholding governance and integrity through:*
 - The National Anti-Corruption Strategy;
 - Amendments to the Audit Act 1957; and
 - The *Reformasi Kerenah Birokrasi* measures.

16. In the current global economic climate, laden with complexities, the Government shall exert every effort to ensure the nation's economy remains resilient and competitive. At the same time, this will reinforce the country's economic fundamentals, providing a strong foundation to withstand any turbulence that could destabilise the economic system.

17. Additionally, the Bill tabled today shall serve as a starting point to correct course, lest we risk perpetuating systemic poverty and inequality. Should we succeed in addressing this social malady with wisdom and prudence, we shall undoubtedly achieve equity, paving the way for uniting the diverse peoples of this blessed nation.

18. This year, the Nobel Economic Sciences prize was awarded to Daron Acemoglu, Simon Johnson, and James A. Robinson. This triumvirate of scholars was recognised for their success in empirically demonstrating that a country's success – or failure – is inextricably linked to the strength of its institutions and fealty to the rule of law, or lack thereof. This, in turn, lends further credence to the French economist Thomas Piketty's argument a decade ago that unchecked inequality could threaten democracy.

19. To reverse this metastasising inequality, the prescription offered by these scholars is simple: reforms – the same clarion call I have exhorted since my first tenure as Finance Minister more than two decades ago. I remain staunchly committed to this cause. While the rich swim in their ever-growing fortunes, the poor continue to sink deeper into the abyss of poverty. Therefore, I extend my deepest gratitude to Acemoglu, Johnson, and Robinson for breaking down this long-standing barrier and underscoring the urgency of reform.

20. Marcus Tullius Cicero, an eminent statesman of ancient Rome, observed that “prosperity demands more prudence and moderation than adversity”. To live up to this maxim, it is crucial for us to adopt prudent fiscal management as the foundation of our efforts to steer the country back onto the right path. Excessive spending has become the norm for many former colonies, who have inherited the mindset of their conquerors to “spend big to win big,” with little regard for long-term consequences. As a result, any prosperity they achieve is inevitably fleeting and unsustainable, while the debt burden continues to swell, snowballing in size and gravity as it is passed down from one generation to the next.

21. Consequently, we must have the resolve to turn the spigot off excesses and leakages, while simultaneously ensuring that the *rakyat* do not suffer due to a lack of resources.

22. As it stands, Malaysia is now at a critical crossroad. Though the global economy continues to face relentless challenges, the policies and strategies implemented thus far have positioned Malaysia as a preferred destination for large-scale strategic investments, ensuring long-term prosperity for the nation.

23. In the same spirit, the Government, through this Budget, will place greater emphasis on economic recovery efforts, harnessing innovation, and ensuring a more equitable and fair distribution of wealth. With this focus, it will indirectly strengthen the nation’s resolve to build a green, digital, and resilient future, while continuing to protect the vulnerable and destitute, ensuring that no one is left behind in our pursuit of becoming a high-income nation.

24. Upon assuming office, the MADANI Government set a clear trajectory to move forward, leaving behind the irredeemable and indefensible excesses of the past. Ergo, the principles of good governance must take root, be carefully nurtured, and tended to, so they may blossom and flourish.

25. We do not wish for the top leadership, political chieftains, entrepreneurs, civil servants, or the *rakyat* to be seen as detached from a framework that strives solely to elevate the dignity of the people. This is no mere Budget from the Ministry of Finance; it is a Budget dedicated to the *rakyat*. Ergo, I summon the collective strength of the nation, as I have articulated before, for there has never been a better moment than now to outline an agenda for an economic renaissance and to uplift the *rakyat's* dignity. Malaysia must be known for exemplary governance, principled leadership, and an unwavering commitment to integrity, where power and position are never abused to shield vested interests. With utmost humility, I stand before you to present this Budget, aspiring that its purpose and benefits for both the *rakyat* and the nation will be embraced and understood.

ECONOMIC PERFORMANCE AND CHALLENGES

26. Although the incessant geopolitical strife has wreaked further havoc on the global economy, our nation's fundamentals remain relatively resilient and, in fact, continue to gain strength.

- The economic growth in the second quarter of 2024 reached 5.9%, compared to 4.2% in the first quarter.
- As of August 2024, the unemployment rate has decreased to 3.2%, marking the lowest rate since January 2020.
- The inflation rate in August 2024 eased to 1.9% after holding steady at 2% for three consecutive months. Nevertheless, we remain resolute in our commitment to alleviating the burden of rising living costs on the *rakyat*.
- Last year, we set a historic milestone by achieving 329.5 billion ringgit in approved investments, the highest ever recorded. In the first half of 2024, we have secured 160 billion ringgit in approved investments, a notable increase from 135.6 billion ringgit in the corresponding period.
- The ringgit has been recognised as the best performing currency globally. The concerted efforts of all stakeholders have led the ringgit to strengthen by 14.4% against the US dollar in the third quarter of 2024, representing the most significant rate of appreciation since 1973.

- This year marks a historic milestone as the market capitalisation of domestic equities surpassed 2 trillion ringgit, while the FBM KLCI Index has again exceeded the 1,600-point threshold.
- We have successfully reaffirmed our sovereign credit ratings with Moody's, S&P Global, and Fitch at A3, A-, and BBB+, respectively, with all maintaining their "stable" outlook.
- Leading global investment and brokerage firms have upgraded their outlook on the Malaysian equity market, with JP Morgan and HSBC assigning a 'neutral' rating, Goldman Sachs upgrading Malaysia to 'equal weight', and Nomura, 'overweight'.

27. The Gross Domestic Product (GDP) for 2024 is forecast to be more robust, projected between 4.8% and 5.3%, as opposed to the earlier estimate of 4% to 5%. The World Bank has also revised upwards its growth projection for Malaysia to 4.9%, from the previous 4.3% announced in April.

28. In 2025, we anticipate that Malaysia's real GDP will expand by 4.5% to 5.5%, supported by the measures and strategies of the Third MADANI Budget 2025.

29. It is beyond dispute that our successes hitherto owe much to regional developments and our sound fiscal policies. Yet, we must not be inebriated by this initial wave of success. Should we stray from our commitment to reform, we risk losing the ground we have gained. The culture of complacency must end, and it must end decisively.

30. Ergo, the Third MADANI Budget reinforces our commitment to realise the followings:

- *advancing Ekonomi MADANI;*
- *pursuing more resolute reforms;*
- *eliminating bureaucratic inefficiencies;*
- *raising wages and incomes; and*
- *addressing the rising cost of living.*

31. Ultimately, the initiatives unveiled today are geared towards achieving each benchmark of the Ekonomi MADANI, with three key focus areas which are reinvigorating the economy, driving reforms, and prospering the *rakyat*.

I. DRIVING REFORMS

32. To get reforms to take root, we must ensure that our reform agenda is firmly grounded in the belief that it must be strengthened. The reform agenda is being ramped up, including a more aggressive approach to fiscal reforms, institutional restructuring, and enhancing the efficiency, agility, and quality of public services.

MEASURE 1: FISCAL RESPONSIBILITY AND DEBT MANAGEMENT

33. The Public Finance and Fiscal Responsibility Act (FRA) sets clear objectives for the management of public debt and fiscal deficit.

34. The MADANI Government has inherited a substantial debt burden. As of last year, the overall Federal Government debt stood at 1.2 trillion ringgit, or more than 64% of GDP. When liabilities are included, this amount escalated to nearly 1.5 trillion ringgit, accounting for over 80% of GDP. For every ringgit of revenue collected, 16 sen is allocated solely for servicing debt interest, and this does not even include the repayment of the principal.

35. Debt level will remain on an upward trajectory unless the deficit is reduced. In response, the Government has taken firm and gradual measures aimed at consistently lowering the deficit, including:

- from 5.5% (2022);
- to 5% (2023);
- subsequently estimated at 4.3% (2024);
- and a target of 3.8% (2025).

36. In other words, the new borrowings are expected to continue decreasing:

- from approximately 100 billion ringgit (2022);
- to more than 90 billion ringgit (2023);
- subsequently estimated at about 85 billion ringgit (2024);
- and a forecast 80 billion ringgit (2025).

37. The gradual reduction of the deficit and new borrowings annually will enable us to reach the FRA's medium-term target of a fiscal deficit at 3% and a debt ratio below 60% of GDP.

MEASURE 2: REVENUE COLLECTION

38. Revenue projection for this year has been revised higher to RM322 billion, surpassing the initial budget estimate of 308 billion ringgit. The Government anticipates revenue collection in 2025 to increase further to 340 billion ringgit.

39. We are grateful for the marked increase in revenue collection. However, the revenue base is still low, ranking among the lowest, whereas subsidy expenditure has soared to the highest in Asia.

- There is a crucial need to widen the revenue base, as the country's tax-to-GDP ratio of 12.6% remains significantly lower in 2023 compared to regional peers such as Thailand (16.1%), the Philippines (14.1%), and Singapore (13.7%).
- Worse, we incurred subsidies, incentives, and assistance amounting to 80 billion ringgit last year, which also benefited wealthy individuals and foreign nationals.

40. Ergo, the fiscal reforms planned for the coming year will be more vigorous and comprehensive. These reforms will include a progressive expansion of tax revenue and targeted subsidies aimed at ensuring support primarily reaches the *rakyat* in need.

MEASURE 3: EXPANDING THE REVENUE BASE

❖ *Enhancements to the Sales and Service Tax*

41. To enhance revenue and broaden the tax base, the Sales and Service Tax (SST) will be implemented in a more progressive manner, to avoid undue burdens on the *rakyat*.

42. Essential food items consumed by the *rakyat* will be exempt from Sales Tax. However, Sales Tax will be imposed on non-essential goods, particularly imported premium products such as salmon and avocados.

43. The scope of the Service Tax will be extended to include commercial services, particularly businesses that operate on a fee-based model.

44. To ensure the continuity of businesses, the Government will conduct engagement sessions with stakeholders and relevant industries prior to finalising the scope of the expansion and the applicable tax rates. The progressive extension of the SST scope and rate will be effective from 1 May 2025. A proportion of the revenue collected will be directed towards enhancing cash assistance for the *rakyat*, as well as improving the quality of education and healthcare services.

❖ **Dividend Taxation**

45. The Government plans to progressively broaden the tax base with the introduction of dividend taxation at a 2% tax on dividend income exceeding 100,000 ringgit received by individual shareholders, effective from the year of assessment 2025. This initiative aims to ensure that the income tax revenue collected does not depend exclusively on contributions from salaried individuals but also encompasses contributions from company owners and individuals with significant equity holdings.

46. Consideration will be given to exempt dividend income from Government savings, including the Employees Provident Fund (EPF), unit trusts under Permodalan Nasional Berhad (PNB), as well as foreign dividend income.

MEASURE 4: TARGETED SUBSIDIES

47. Subsidies, in principle, are akin to charity – and *ipso facto*, should not be exploited by the upper crust of the society. Historically, we have allocated subsidies broadly across various sectors, including fuel, electricity, water, education, healthcare services, and even essential items like chicken. However, we must acknowledge that this approach is imprudent, particularly as our nation grapples with a substantial debt burden and a limited revenue base.

48. As wisely expressed by Confucius in The Analects:

过 谓过 (Guò ér bù gǎi, shì wèiguò yǐ)

“If you make a mistake and do not correct it, this is a true mistake.”

49. This fatal mistake, according to Confucius, is what will entrap us in a vicious cycle of, ‘一错再错 (yī cuò zài cuò), or one mistake after another!

50. Thus, the Government has adopted a bold approach, taking the road less travelled by pivoting towards targeted subsidies and moving away from broad-based expenditure. This initiative has generated significant savings that can be channelled towards other priorities, including:

- The targeted subsidies for electricity in 2023 generated annual savings of 4 billion ringgit. This initiative affects only customers consuming more than 600 kilowatt-hours, who

will pay the full rate without subsidy, while 85% of the population will continue to enjoy subsidised rates.

- Water tariff adjustments have been implemented this year to meet the demands of almost all states, including those led by the opposition.
- We have fully floated the price of chicken, relieving the Government from the need to spend 1.2 billion ringgit annually on chicken subsidies.
- The implementation of targeted subsidies for diesel is expected to generate savings of up to 4 billion ringgit annually. This approach does not undermine the welfare of the public and smallholders, given that we are offering 200 ringgit in monthly cash assistance through the BUDI MADANI programme. Additionally, selected logistics sectors, fishermen and selected public transportation services will remain eligible for subsidised diesel.
- The targeted subsidies of diesel initiative have successfully mitigated leakages stemming from smuggling and misuse by ineligible business sectors. Since its inception, subsidised diesel sales have dropped by 30%, generating monthly savings of more than 600 million ringgit, while subsidies continue to be offered to public transport, fishermen, and the logistics sector. Additionally, the pump price has been reduced by 40 sen per litre to 2.95 ringgit.

51. The Government will not, under any circumstances, disregard the *rakyat* at large. Targeted subsidies aim to address the distortions caused by blanket subsidies, which have previously benefited only a small group of wealthy individuals and foreign nationals.

❖ **RON95 Targeted Subsidies**

52. Wealthy individuals, foreign nationals and businesses, constituting 15% of consumers, disproportionately benefit from 40% of the RON95 subsidy, amounting to 8 billion ringgit. It must be emphasised that the 8 billion ringgit saved from this leakage will be rechannelled towards improving education and healthcare facilities, as well as public transportation.

53. At present, the price of RON95 per litre in Malaysia is 2.05 ringgit, compared with neighbouring nations, including Thailand (5.85 ringgit), Indonesia (3.38 ringgit), Singapore (9.02 ringgit), and Saudi Arabia (2.66 ringgit). This low pricing has placed a significant burden on the Government, with subsidies for RON95 amounting to 20 billion ringgit in 2023.

54. The Government remains committed to providing subsidies for the majority of the *rakyat*. Similar to the targeted approach for electricity, this will ensure that 85% of the population continues to benefit from subsidised prices. To dispel any confusion, I wish to firmly restate that 85% of the population will continue to benefit from subsidies. This means that the price of RON95 will remain at 2.05 ringgit per litre, with around 12 billion ringgit in subsidies allocated to support the majority of the *rakyat*.

55. The Government plans to implement targeted subsidies for RON95 petrol in mid-2025. The savings generated from this will be used to enhance the well-being of the majority of the *rakyat*.

❖ ***Targeted Subsidies for Education & Healthcare***

56. The primary objective behind the establishment of full boarding schools (SBP) was to provide top-tier education to academically gifted students from underprivileged and remote areas. Recent trends indicate that 30% of students enrolled are from high-income households, with the Government spending an average of up to 15,000 ringgit annually for each student.

57. Similarly, at the tertiary level, the average annual tuition fee paid by undergraduate pharmacy students is 3,000 ringgit, compared to the total cost of their education, which amounts to 30,000 ringgit. This subsidy is granted irrespective of the household's income.

58. A phased reduction in education subsidies for the top 15% income earners could allow the Government to reallocate the funds for improving the infrastructure of SBP and public higher education institutions (HEIs), benefiting all students.

59. Similar targeted subsidies will also be extended to public healthcare services. Higher-income individuals should contribute to improving healthcare services at Government hospitals. The savings generated can be utilised to fund medical devices for underprivileged patients and upgrade equipment in public hospitals and clinics.

❖ *Enforcement*

60. Between 2022 and September 2024, the Ministry of Domestic Trade and Cost of Living (KPDN) and the Royal Malaysian Customs Department (RMCD) successfully dismantled smuggling syndicates, with confiscations amounting to nearly 2 billion ringgit. KPDN and RMCD have been allocated 60 million ringgit to continue their efforts in combating the leakage of public funds.

61. As of September 2024, the Malaysia Competition Commission (MyCC) has effectively dismantled cartel dominance and bid rigging, imposing penalties amounting to nearly 600 million ringgit across more than 350 companies. A sum of 27 million ringgit has been allocated to the MyCC to further combat cartel dominance.

MEASURE 5: BUDGET 2025 ESTIMATES

62. The Government continues to adopt an expansionary budget approach while remaining committed to gradually narrowing the fiscal deficit. The Budget estimate 2025, amounting to 421 billion ringgit, is the largest ever tabled, comprising 335 billion ringgit for operating expenditure and 86 billion ringgit for development expenditure, excluding 2 billion ringgit earmarked for contingency reserves.

63. In addition to the development expenditure provided by the Federal Government, private-finance initiative (PFI) projects valued at 9 billion ringgit have also been implemented, together with direct domestic investments by Government-linked Investment Companies (GLICs) amounting to 25 billion

ringgit. As a result, total public investment for the purpose of development in 2025 will amount to 120 billion ringgit.

MEASURE 6: INCLUSIVE DEVELOPMENT

64. Now is not the time to implement mega projects. The focus must be on financing projects that are *rakyat*-centric and the facilities that support the industrial areas according to state priorities. Among them are:

- Perak:**
- 1) Kerian Integrated Green Industrial Park (KIGIP) as the first high-tech green hub in Southeast Asia developed in partnership between SD Guthrie and PNB.
 - 2) Raw Water Transfer project from Sungai Perak for the water supply in northern Perak and Penang.
 - 3) Automotive High-Tech Valley (AHTV) in Tanjong Malim as the nation's automotive hub, spearheaded by Proton and Geely.
 - 4) Lumut Maritime Industrial City (LuMIC) as a regional maritime industrial hub.

- Pahang:**
- 1) High-priority flood mitigation projects involving rivers in Pahang.
 - 2) The construction of the Cameron Highlands Bypass, upgrading the road from McDonald's Roundabout to the Brinchang Junction.
- Johor:**
- 1) Third phase of the North-South Expressway (PLUS) expansion, increasing from four to six lanes on the Simpang Renggam-Machap stretch.
 - 2) The Johor-Singapore RTS project which is expected to be operational in 2027.
 - 3) The construction project of a riverbank barrage and water reservoir at Sungai Sedili Besar, Kota Tinggi.
- Kelantan:**
- 1) Construction of the Machang Water Treatment Plant.
 - 2) Sultan Ismail Petra Airport, Kota Bharu runway extension project.

Melaka:

- 1) Construction of an elevated U-Turn and a Direct U-Turn from the Pulau Gadong crossroads to the Taman Cheng Perdana crossroads, Melaka Tengah.
- 2) Construction of Pasar Besar Melaka Sentral.

Perlis:

- 1) Road construction project connecting Jalan Pesisir Pantai to Kuala Sanglang as well as the upgrading of Jalan Persiaran Wawasan, Kangar from two to four lanes.
- 2) Upgrade work on the Control Post and construction of a new block at Immigration, Customs, Quarantine and Security (ICQS) Wang Kelian Complex.

Selangor:

- 1) Flood Mitigation Project, Sungai Langat.
- 2) The expansion of Port Klang aims to realise the aspiration of becoming one of the world's top 10 ports. The Government will also widen the roads at the Pulau Indah Ring Road and North Port Klang.

- Kedah:**
- 1) The expansion of Kulim Hi-Tech Park to host semiconductor players such as Infineon Technologies AG.
 - 2) Construction of an additional block at Hospital Kulim.
- Kuala Lumpur:**
- 1) Restore and revitalise Sultan Abdul Samad building, Stesen Kereta Api Kuala Lumpur building and Carcosa Seri Negara by Khazanah.
 - 2) Istana – Kiara Highway Project (LIKE) from Jalan Tuanku Abdul Halim to Jalan Istana.
- Negeri Sembilan:**
- 1) Upgrade of Jalan Bahau-Keratong, Jempol Project.
 - 2) Upgrade of Kuala Sawah Regional Sewage Treatment Plant.
- Pulau Pinang:**
- 1) Penang LRT.
 - 2) Penang International Airport expansion project.
 - 3) Batu Kawan Industrial Park 3 (BKIP3) project.

- Terengganu:**
- 1) Flood Mitigation Project for Sungai Tepoh and Banggol Air Lilih, Kuala Nerus.
 - 2) Cypark Solar Hybrid Power Plant, Merchang.
 - 3) Kenyir Hybrid Hydro-Floating Solar Farm and green hydrogen hub projects.

65. The MADANI Government is sincere in honouring all commitments made by previous leaders under the Malaysia Agreement of 1963. This should not give rise to disputes over the attention given to Sabah and Sarawak, as ideally, there should not be stark disparities in state developments, especially in basic infrastructure like roads, electricity, and clean water. Therefore:

- The development allocation for Sabah and Sarawak are the highest among the states, which is 6.7 billion ringgit and 5.9 billion ringgit, respectively.
- The special grant to Sarawak had not been reviewed since 1969. Under the MADANI Government, we increased the rate to 300 million ringgit each for Sarawak and Sabah this year, from 16 million ringgit (Sarawak) and 125.6 ringgit million (Sabah). Beginning 2025, the Government has agreed to double the rate of the special grants to Sarawak and Sabah, to 600 million ringgit each.
- Letters of Acceptance (SST) have been issued for 17 work packages of the Pan Borneo Sabah Phase 1B with a

combined contract value of 9.7 billion ringgit. These works cover the areas of Kota Belud to Kudat; Tawau to Kampung Lot M and Telupid to Ranau. Meanwhile, Pan Borneo Sarawak is expected to be completed by November 2024. In total, the Pan Borneo Sarawak and Sabah Project carries a total cost of 25.1 billion ringgit.

- The Government has finalised four Sabah Sarawak Link-Road (SSLR) Phase 2 work packages valued at 7.4 billion ringgit. Two packages have been awarded, while the remainder is planned for by year-end.
- The Government has agreed to carry out the expansion projects for Tawau Airport, Sabah and Miri Airport, Sarawak costing 253 million ringgit.
- The Federal Government and the Sarawak Government are working together to develop the Sarawak Cancer Centre which is estimated to cost 1 billion ringgit. I applaud Sarawak's readiness in advancing the financing for the project's construction.

MEASURE 7: PUBLIC-PRIVATE PARTNERSHIP

66. The Public-Private Partnership Master Plan or PIKAS 2030 outlines a powerful direction in strengthening the strategic relationship between public and private bodies. Its primary focus is to increase private investments by 78 billion ringgit and to generate 900,000 employment opportunities by 2030.

67. Development projects will consider the element of 'user pay' element to ease the fiscal burden of the Government. The *rakyat*-centric projects using this PPP approach include:

- Hospital Sultanah Aminah 2 in Johor;
- North-South Expressway between Juru and Sungai Dua;
- West Ipoh Span Expressway (WISE) between Gopeng and Kuala Kangsar, Perak;
- Five-season paddy planting over two years in Muda Agricultural Development Authority (MADA) areas in Kedah and Perlis; and
- Meanwhile, the West Coast Expressway (WCE) stretch from Banting to Gelang Patah is made a priority in the development planning.

MEASURE 8: COMBATING CORRUPTION

68. Since helming the country, I have made my unwavering stance against corruption clear – for corruption is a seeping carcinogen that has demoralised the *rakyat* and wilted investor confidence. Efforts to set the country's economic direction and carry out policies would all be for naught if old habits prevail – abuse of power, embezzlement, and cronyism. The future of the nation hinges on the success of eradicating corruption.

69. The Government has given the Malaysian Anti-Corruption Commission (MACC) the latitude to investigate and take firm action to bring corruption offenders to justice. Figures show that in 2023, there was an increase of more than 20% in arrests and the opening of investigation papers from the previous year.

70. For the upcoming year, the allocation for the MACC has been increased to 360 million ringgit, compared to 338 million ringgit previously.

71. The National Anti-Corruption Strategy (NACS) has been formulated to eliminate all forms of corruption through robust and detailed strategies. Other forthcoming efforts include the Freedom of Information Bill and the Government Procurement Bill, aimed at strengthening governance and enhancing the efficiency of public service.

72. *“Follow the Public Money Audit.”* The Audit Act has been amended to empower the Auditor General to review and audit the management of public funds, including companies that receive Government guarantees. An allocation of 200 million ringgit has been provided to the National Audit Department, an increase from 173 million ringgit. This aligns with a larger role to initiate audits on nearly 2,000 companies and entities that receive Government allocations and guarantees.

MEASURE 9: PARLIAMENTARY INSTITUTION

73. The MADANI leadership continues to uphold the independence of Parliamentary institution. Budget 2025 increases the allocation for Parliament to 180 million ringgit from 166 million ringgit. Part of this allocation is to strengthen the roles of the Public Accounts Committee, the Special Select Committee of the Senate, and the House of Representatives as platforms for checks and balances.

74. A total of 20 million ringgit is prepared to support the efforts of All-Party Parliamentary Party Group Malaysia Sustainable Development Goals across all parliamentary constituencies and political parties.

MEASURE 10: LEGISLATIVE REFORMS

75. The allocation for Legal Affairs Division also increases to 209 million ringgit from 194 million ringgit, in accordance with the commitment to legislative and institutional reforms.

76. Over 3,000 archaic laws need to be reviewed. The Government will form a Legislative Reform Taskforce to spearhead the revision of commercial laws, such as the Contracts Act 1950, to align them with contemporary standards.

77. The Government will table the Consumer Credit Bill in the upcoming parliamentary meeting. A Consumer Credit Oversight Board will be established to regulate non-bank credit providers and credit service providers, such as factoring companies, non-bank leasing firms, and entities that offer “Buy Now Pay Later” facilities.

78. The Judicial Institution’s role as an independent body continues to be empowered. Over 60 million ringgit is prepared to upgrade judicial infrastructure, including the development of an e-Judicial system that supports the digital agenda.

MEASURE 11: GOVERNMENT INSTITUTIONAL REFORMS

79. Several Government entities with overlapping roles have been consolidated in ensuring the founding mandates are accomplished more effectively. These include mergers of:

- InvestKL Corporation and Malaysia Investment Development Authority (MIDA);
- The Razak School of Government (RSOG) and the National Institute of Public Administration (INTAN)

- Halal Development Corporation (HDC) and Malaysia External Trade Development Corporation (MATRADE)
- The Malaysian Aviation Commission (MAVCOM) and the Civil Aviation Authority of Malaysia (CAAM). With this merger, operational effectiveness can be enhanced to enable it to operate without Government funding. CAAM is being considered as a statutory body with separate remuneration.

80. On matters related to governance of Federal Statutory Bodies (FSBs):

- The Guidelines on the Management and Governance of Federal Statutory Bodies are now available to ensure that statutory bodies achieve their founding goals without veering off from their original purpose.
- A Secretariat for the Rationalisation of Federal Statutory Bodies is established to analyse the feasibility of various Federal Statutory Bodies, their going concerns, and any potential overlap in functions. Around 544 entities under the Federal Statutory Bodies ecosystem will undergo this process, which will also be extended to Companies Limited by Guarantee (CLBG).

MEASURE 12: COMMITMENT TO ADMINISTRATIVE EFFICIENCY

81. The MADANI Government is determined to implement public service reforms that hold true fealty to good governance, driving productivity. The Public Administration Efficiency Commitment Bill will be drafted, encompassing three major shifts: reducing bureaucracy, accelerating processes, and improving efficiency in public service delivery.

82. The Public Service Reform Agenda focuses on five key outcomes, encompassing Values and Governance, Human Capital Development, Organisational Development, Service Delivery, and Strategic Public-Private Synergies.

❖ *The Special Task Force on Agency Reform (STAR)*

83. The Special Task Force on Agency Reform (STAR), led by the Chief Secretary to the Government, is responsible for coordinating efforts to address *rakyat*-centric issues, such as dilapidated schools and clinics, congestion in hospitals and immigration counters, as well as ease of doing business.

84. Among STAR's most significant of achievements is the reduction of approval processes under the *Reformasi Kerenah Birokrasi*. For example:

- The Kulai Fast Lane initiative has whittled down the approval period for the Certificate of Completion and Compliance (CCC) to 14 days from 30 days, and the approval for operational licences to 1 day from 30 days.

- The Express Construction Permit in Kulim has sped up the process for factories to commence operations within 10 months, compared to 24 months previously.

85. Next year, 25 million ringgit will be allocated to STAR, among others, to collaborate with the Malaysian Productivity Corporation (MPC) to expand the *Reformasi Kerenah Birokrasi* to all Government agencies, including reviewing regulations to improve the level of public service delivery to the *rakyat*, businesses, and investors.

❖ **Striving for Service Agility**

86. We recognised that with the new system and the commitment given by the Government, there are positive changes in public service delivery due to the dedication of the majority of civil servants in carrying out their duties.

87. However, there remains a need to improve certain aspects that complicate dealings between the *rakyat* and the Government. In some cases, people have to take leave from work to complete their applications. They often endure long queues, and if the queue numbers run out, they must return another day. Additionally, the *rakyat* are burdened with filling out multiple forms for the same information.

88. The MADANI Government is determined to put an end to these issues. Our commitment is to ensure long queues at Government offices will be a thing of the past, as application processes can be done online. The public will need to visit Government offices only to collect approved or renewed documents, with appointments scheduled online.

89. Although the Government has provided various forms of assistance to lessen the burden of the *rakyat*, the application process can sometimes be complicated due to the involvement of multiple ministries and agencies with different criteria. The Government has agreed to establish a centralised channel at the Urban Transformation Centre (UTC) to assist those in need with applying for aid across various agencies.

90. Government processes involving businesses also need to be re-evaluated, as they remain overly complicated. Why should companies be burdened with separate registrations for EPF, SOCSO, and HRD Corp when they contain the same information? Ideally, company registration can be done in a single process. The Government is resolute in addressing this matter.

91. To improve the quality of counter services:

- The Road Transport Department (JPJ) has extended its counter operating hours by one hour;
- A UTC will be established in Seberang Perai, Penang. All UTCs will also be equipped with a Queue Management System (QMS) to enable the *rakyat* to obtain queue numbers online before visiting the centres.
- The MADANI Touch Kiosk initiative will be implemented by gathering various Government service kiosks in high-traffic areas, such as shopping malls, so that citizens can conduct Government-related matters outside of office hours; and

- iPayment, a cashless payment platform developed by the Accountant General's Department, will be accepted at all Government counters starting in 2025.

❖ *Mobile Services*

92. More mobile services will be introduced to better serve underserved rural and remote communities, with 100 million ringgit allocated towards this endeavour. This is to meet the needs of rural and remote communities who otherwise have to travel long distances to access basic public services.

- Expansion of Mobile Community Services in Kampung Pangaraan, Nabawan, Sabah and Pulau Bruit, Sarawak.
- Mammogram screenings provided at Mobile Clinics by the University of Malaya Medical Centre.
- The addition of 9 Mobile Dental Clinics bringing the total to 54 nationwide.
- The Mobile BSN Bank has been increased by 4 more, bringing the total to 16, especially for Sabah and Sarawak, to facilitate the distribution of Government aid.
- The services of the National Registration Department, as well as mobile services for the court, are improved.

MEASURE 13: Sejati MADANI

93. As announced, Sejati MADANI allocates between 50,000 ringgit and 100,000 ringgit to each rural area, urban poor community, village, remote settlement, and longhouse. This approach marks a shift towards empowering grassroots communities to determine their economic activities. The Government will merely monitor and provide encouragement, while the strength comes from the grassroots themselves.

94. So far, the Sejati MADANI initiative has successfully fostered more than 6,400 rural economic activities. For example:

- Kampung Tebuk Haji Dollah, Selinsing, Perak has used three drones to spread fertilisers and pesticides across 600 acres of paddy fields, shaving the process down to 20 minutes, compared to 90 minutes previously.
- The community in Kuala Bibang Village in Semporna has developed a seafood drying technology that reduces processing time from three days using traditional methods to just three hours. This has increased the residents' income to 25,000 ringgit per month.
- Sayong Pinang Village in Kota Tinggi, Johor, home to the Jakun ethnic group, has implemented a boat rental programme for fishing, kayaking, and ATV activities in their village. This has increased the income of the Orang Asli in Sayong Pinang to reach 15,000 ringgit per month.

- The catfish cage project has successfully increased the income of the Mukim Dusun community in Kota Bharu, Kelantan.

95. Next year, the Sejati MADANI initiative will be enhanced with broader collaboration. More senior management from departments will be involved to lead *Kampung Angkat* MADANI efforts. Universities and TVET institutions will also participate in providing services at the community level. Mega companies are urged to get involved in extending assistance to the needy and those in need. A total allocation of 1 billion ringgit is provided for the Sejati MADANI initiative, covering:

First: 600 million ringgit to boost the communities' economy in villages, towns, remote areas, and Orang Asli communities, with village committees deciding on economic activities that can generate additional income for their respective communities.

Second: 200 million ringgit to extend the benefits of *Kampung Angkat* MADANI in 200 villages nationwide, led by the top managements of ministries and departments.

Third: 100 million ringgit for public universities to offer services such as health screenings, and technical and vocational education and training (TVET) institutions to provide TVET services such as home repairs and electrical wiring to the community.

Fourth: 100 million ringgit to empower the *Program Perumahan Rakyat* (PPR) community nationwide through various socio-economic programmes.

Fifth: I welcome major palm oil companies such as Kuala Lumpur Kepong Berhad (KLK), IOI Corporation, SD Guthrie, and United Plantations to adopt palm oil smallholders who own land adjacent to their plantations. These industry leaders will provide assistance to the smallholders by supplying the latest seeds and the best fertilisers, as well as helping them achieve compliance with sustainability standards.

96. Next, the procurement process for projects of public interest will be streamlined:

- The value limit for *gotong-royong* will be increased to 200,000 ringgit, up from 100,000 ringgit;
- The value limit for quotations related to maintenance and replacement of elevators in public housing and Government quarters will be raised to 1.2 million ringgit; and
- The value limit for direct negotiation and quotations for all maintenance and minor repair works will also be increased to 200,000 ringgit and 1 million ringgit, respectively, in addition to existing projects for schools, dilapidated clinics, and healthcare facilities.

MEASURE 14: OPTIMAL USE OF RESOURCES

97. The rot of excesses has become an entrenched culture, spread across departments, agencies, and even Government-Linked Companies. We must remind ourselves that the money spent belongs to the *rakyat*, and we are merely its trustees. For this reason, the Government has put its foot down and cancelled a recent trip involving 68 officers to an exhibition in Berlin, Germany. Although the amount may seem small to some, it could have been better utilised for the benefit of the *rakyat*. Some may downplay this issue, but it is something I frequently emphasise to the Cabinet, urging vigilance. This directive must be taken seriously by all Government entities, including ministries, departments, agencies, companies, and statutory bodies.

98. I have also made it clear that resources must be optimised, including a review of the staffing needs at overseas missions and agencies. The Public Service Department (JPA) and Wisma Putra have identified that 64 out of 126 overseas offices are not operating in the same building. Therefore, the Government has decided that their operations will be moved to the Chancery offices or merged with nearby offices to reduce costs and optimise resources.

99. The Government will review all vacant spaces and buildings owned by Government agencies, Government-Linked Investment Companies (GLICs), and Government-Linked Companies (GLCs) to ensure that these unused resources are repurposed for preschools, childcare centres, and skills training centres. The STAR taskforce will oversee this effort.

100. Digital transformation will be centred on MyDigital ID. Just like a physical identification card, MyDigital ID serves as a unified Government agencies' service provider, including PADU, JPJ, and IRBM. The Government continues its efforts to enhance the functionality and user experience of MyDigital ID.

101. Among the policies to optimise Government resources is allocating a portion of the revenue generated from the sale of special licence plate numbers to assist the underprivileged. These initiatives include:

- Covering the cost of obtaining motorcycle licenses for 15,000 underprivileged youths, including secondary school students, university students, and job-seeking young adults.
- Providing financial assistance for flight tickets to 60,000 underprivileged university students, especially those from Sabah and Sarawak, to return home.
- Distributing free helmets to 67,000 underprivileged families for the safety of their children.

MEASURE 15: CYBERSECURITY

102. Countries that once championed excessive freedom are now taking steps to curb the overreach, including actions that have led to deaths through social media applications. Cyberthreats are increasingly disrupting social order and becoming more concerning. Issues such as scams, child pornography, and cyberbullying on social media, which have resulted in loss of life, are serious matters that must be addressed.

103. Suspicious transactions of more than 380 million ringgit have been successfully intercepted in an effort to clamp down on financial scams in Malaysia. However, scams remain a grave societal concern as the number of cases continues to rise.

- The role of the National Fraud Response Centre continues to be expanded with an allocation of 20 million ringgit.
- A National Fraud Portal has been launched in an effort to combat online fraud. The portal facilitates the automatic detection of suspicious transactions.
- Amendments to Act 574 of the Penal Code and Act 593 of the Criminal Procedure Code will empower enforcement agencies to take more effective action against mule account syndicates.

104. To stamp out the rampant phenomenon of cyberbullying, an Online Safety Bill will be enacted. This legislation will place a clear responsibility on service providers to ensure the safety of users, particularly children.

105. In line with the commitment to strengthen the nation's cybersecurity and the enactment of the Cybersecurity Act 2024, the National Cyber Security Agency (NACSA) will be allocated an additional 100 staff positions, along with an increased budget of 10 million ringgit.

MEASURE 16: CATASTROPHE AND DISASTER

106. We are staring at the threat of flash floods that have struck the capital and several other cities. As an immediate step, I have directed the immediate allocation of 150 million ringgit to local authorities and the Department of Irrigation and Drainage (DID) to commence the cleaning of drains and dredging of rivers in the affected cities.

107. At the same time, national disaster management will continue to be improved, along with the expedited implementation of flood mitigation projects involving cooperation from all contractors.

- An allocation of 600 million ringgit has been set aside for the National Disaster Management Agency (NADMA) in preparation for addressing flood disasters. This includes 300 million ringgit that has been earmarked for readiness in the event of a disaster.
- A matching grant of 20 million ringgit has been allocated immediately to the foundation of GLICs and GLCs to enhance the response and distribution of assistance to victims in flood-affected areas.

- Local authorities and urban residents must work together to ensure that clogged drains and ditches, which cause flash floods, are addressed promptly.
 - A total of 50 million ringgit is allocated for the cleaning and upgrading of drains and ditches.
 - To ensure prompt implementation, DID and local authorities are permitted to carry out procurement of up to 1 million ringgit through a tender process among registered G1 to G3 contractors.

- To date, the Government has successfully completed eight Flood Mitigation Plan (RTB) projects worth 540 million ringgit. Additionally, 12 RTB projects with a cost of 3 billion ringgit have been issued Letters of Acceptance (SST) and are progressing on schedule, which include:
 - RTB Sungai Damansara, Selangor;
 - RTB Sungai Likas, Kota Kinabalu, Sabah;
 - RTB Sungai Triang, Bera, Pahang;
 - RTB Sungai Tepoh and Banggol Air Lilih, Kuala Nerus, Terengganu; and
 - Integrated River Basin Management of Sungai Kelantan Phase 2, Kota Bharu, Kelantan.

108. Recently, incidents of soil slips and landslides became increasingly frequent. These include the heart-wrenching incident that befell an Indian national woman at Masjid India, Kuala Lumpur. To prevent this incident from recurring, several projects will be implemented including:

- More than 250 million ringgit to repair slopes nationwide;
- 21 million ringgit to curb the issue of soil slips in Kerian Laut, Perak, Kedah and Perlis; and
- 10 million ringgit to carry out Geotechnical Survey of Soil Layer Structure on major roads around the Golden Triangle of Kuala Lumpur.

II. REINVIGORATING THE ECONOMY

109. Malaysia's growth must pick up pace to position herself as a formidable competitor on the global stage. The novel policies and initiatives introduced must be pursued and implemented post-haste. The “Raise the Ceiling” policies signify our unwavering commitment to hoisting the nation's economy to greater heights. Under the framework of Ekonomi MADANI, a revitalised and sustainable economy, driven by technology and innovation, will only hold true value when its benefits permeate every segment of the *rakyat*, thereby raising the floor of living standards. This means increasing incomes across the board, from white-collar professionals and blue-collar workers to farmers and fishermen alike.

MEASURE 17: NEW INVESTMENT INCENTIVE FRAMEWORK

110. The country must embark on a fresh approach to attract more meaningful investments. We can no longer sustain the outdated approach of offering incentives and support to investors without considering the economic spillover. For instance, investments in data centres should not be pursued unless they bring tangible added value to the *rakyat*, such as high-paying job opportunities and knowledge transfer. A shift in focus is now essential, ensuring that the support provided yields economic spillovers that directly benefit the *rakyat* and the nation, rather than merely serving the profit motives of investor companies.

111. The Government has agreed to introduce a New Incentive Framework focusing on high-value activities to improve the existing practice of providing product-centric incentives. The framework is expected to be implemented in the third quarter of 2025:

First: To increase the level of economic complexity in the electrical and electronics (E&E) sector, by way of high value-added activities such as integrated circuit (IC) design services and advanced materials, tax incentives for increasing exports are extended to IC design activities.

Second: To provide high-income jobs to the *rakyat* in the fields of artificial intelligence (AI) and research and development (R&D), special tax deductions are given to private universities and skills training institutes that develop new courses, such as AI, robotics, Internet of Things (IoT), data sciences, FinTech and sustainable technology.

Third: To strengthen the local supply chain and primary sector ecosystem, a supply chain resilience initiative is introduced with the following incentives:

- (i) Multinational Enterprises (MNEs) that incur expenses for supply chain resilience initiatives, up to 2 million ringgit annually, will be given a double tax deduction for a period of three consecutive years;

- (ii) MNEs or vendors to MNEs that jointly invest in other local vendors be given income tax deduction on the amount invested in the joint venture initiative;
- (iii) Local vendors participating in this initiative will be provided with an outcome-based tax incentive package; and
- (iv) A matching investment fund of 100 million ringgit will be established through equity crowdfunding platform to finance the development of local vendors especially in E&E, specialty chemicals and medical device industries.

Fourth: To establish economic clusters in line with respective states' advantages, such as renewable energy in Perlis and Sabah, specialty chemical industries in Pahang and Terengganu

Fifth: To narrow the economic gap between regions, income tax incentives at a special rate are offered for investments in 21 economic sectors in states such as Perlis, Kedah, Kelantan, Terengganu, Sabah, and Sarawak, subject to the success of economic spillovers.

Sixth: To encourage more investments that comply with Environmental, Sustainability, and Governance (ESG) standards, tax incentives such as investment tax allowances or income tax exemptions are provided for carbon capture, utilisation, and storage (CCUS) activities.

This New Investment Incentive Framework will continue to be supported by inclusive investment facilitation to stimulate balanced economic growth across the nation. This initiative includes introducing a strategic investment fund amounting to 1 billion ringgit as an effort to enhance local talent capacity and encourage high-value activities in the country.

112. The Government has also expressed its readiness to implement the global minimum tax (GMT) on multinational companies. Although GMT will generate additional revenue, there remains a potential risk to the investment climate. To mitigate the impact of GMT, the Government is committed to streamline existing incentives, introduce new non-tax incentives, and explore the feasibility of the Strategic Investment Tax Credit.

113. To facilitate strategic investors, MIDA will serve as the approving authority for employment passes involving non-citizen graduates from local universities to meet the human capital needs in sectors under the NIMP.

MEASURE 18: STRATEGIC INVESTMENTS

114. Next year, a total of 200 million ringgit will be allocated, covering the Strategic Co-Investment Fund (CoSIF) and the NIMP Industrial Development Fund (NIDF) to support the growth of SMEs and mid-tier companies, as well as to encourage innovation.

115. Under the Government-linked Enterprises Activation and Reform Programme (GEAR-uP), Government-Linked Investment Companies (GLIC) have collectively pledged to invest 120 billion ringgit in domestic direct investments over the next 5 years, with 25 billion ringgit to be mobilised next year. This encompasses:

- Retirement Fund (Incorporated), or KWAP, through the 6 billion ringgit *Dana Pemacu*, will strengthen domestic private markets across private equity, infrastructure and real estate asset classes. The fund is expected to stimulate the growth and development of local fund managers through its unique co-General Partner model with 500 million ringgit to be invested next year involving sectors such as data centres, energy transition and advanced manufacturing.
- Khazanah has further earmarked 1 billion ringgit over the next 4 years to lead investments that support the local semiconductor industry.

116. The Government supports the development of domestic local rare earth element (REE) industry through collaboration with countries that have technological capabilities in said areas such as China and Australia. As a first step, the Government plans to amend the Mineral Development Act 1994, in addition to commencing efforts to map out potential REE sources in the country.

MEASURE 19: VENTURE CAPITAL AND STARTUP ECOSYSTEM

117. The Government will continue to fully support the expansion of local start-up companies.

- (1) Mr. Azarol Faizi Zakaria Ansari, the founder of BateriKu, started with a small business. Benefiting from *Dana Perintis* under KWAP, he has now successfully expanded his business to 1.5 million customers, trained 1,000 gig technicians and produced 100 entrepreneurs under his guidance.
- (2) Vitrox began as a small venture by two young engineers from USM. Today, the company has grown into a leading player in the electronics industry, supplying markets in Asia, Europe and the United States.
- (3) Greatech Technology Berhad is a local company that has successfully penetrated the global market in the electrical and electronics sector and has been listed as one of Forbes Asia's Best Under A Billion.

118. Next year:

- Khazanah will establish a National Fund-of-Funds (NFOF), scheduled for operations next month, with a total fund allocation of 1 billion ringgit. . The NFOF will support venture capital fund managers to invest in start-up companies, with 300 million ringgit to be allocated for 2025.
- KWAP under *Dana Perintis* will allocate 1 billion ringgit to also accelerate the development of local startup ecosystem, with 200 million ringgit allocated for 2025.
- Cradle Fund has been allocated 65 million ringgit to support start-ups with the potential to expand regionally and globally. The Government has also provided matching grants of 15 million ringgit to strengthen the linkages between GLCs and local startups under an Innovation Accelerator programme administered by Cradle.
- To strengthen the venture capital ecosystem and remain competitive in attracting foreign investment, the approval process for cross-border fund flow under the Foreign Exchange Administration Policy has now been streamlined and can be conducted based on the size of the fund mandate.

MEASURE 20: DIGITALISATION AND AUTOMATION

119. Malaysia's aggressive digital transformation policy has caught the eyes of global investors from the technological space. The country has secured investments totalling US\$16.9 billion for the period up to 2038 from global technology giants such as Amazon Web Services (AWS), Microsoft, Google and Oracle. This reflects the confidence in Malaysia's potential as a gateway for regional cloud infrastructure.

120. Now is the time for local companies to seize this investment opportunity. These benefits must reach the *rakyat*, which include job opportunities, the development of centres of excellence and the empowerment of community groups.

121. The National Artificial Intelligence Office (NAIO) is allocated 10 million ringgit to enhance efforts to increase the adoption of AI through collaborations with academia and industry.

122. Malaysia has taken a bold step to champion the regional digital economy through the declaration of the establishment of the ASEAN AI Safety Network (ASEAN AI Safe). This initiative includes neighbouring countries to mobilise AI expertise and security in their respective countries.

123. To encourage taxpayers to fully implement e-Invoicing by 1 July 2025, the Government proposes that expenses for purchases of information and communication technology (ICT) equipment, computer software packages, and consultancy fees be given an accelerated capital allowance to be fully claimed within 2 years.

124. The Government plans to implement a multi-tiered levy mechanism early next year, to reduce foreign worker dependency. The proceeds from the levy will be channelled back to the industry to engineer business processes towards automation and mechanisation.

125. To enhance MSMEs' business capacity by embracing digitalisation:

- 50 million ringgit is allocated as the Digital Matching Grant for SMEs and the Digital Grant for Vendors under BSN to help local entrepreneurs remain competitive in the market.
- The Malaysian Communications and Multimedia Commission (MCMC) has allocated 100 million ringgit for a period of 5 years to strengthen the functions of National Information Dissemination Centres (NADI) nationwide as a community platform, which should help individual entrepreneurs increase their incomes through online entrepreneurial activities.

MEASURE 21: JOHOR-SINGAPORE SPECIAL ECONOMIC ZONE

126. The Johor-Singapore Special Economic Zone (JS-SEZ) Memorandum of Understanding (MOU) was signed in January 2024 signifying a significant achievement in economic cooperation between Malaysia and Singapore.

- The Government has approved Forest City as a duty-free island to spur tourism and local economic activities. The Government also announced a tax incentive package for the

Forest City Special Financial Zone to stimulate financial service activities for global business services, financial technology and attracting investments.

- The Single Family Office Scheme has been launched for the Forest City Special Financial Zone to promote family fund management. To facilitate the operation of the Family Office, the Securities Commission Malaysia will act as the approving authority for the issuance of Resident Passes and Employment Passes to the respective Family Office Founding Investors and related investment professionals.
- To drive the growth of JS-SEZ as a sustainable special economic zone, the Government will also provide special incentives that can attract quality investments and offer high-value jobs. These special incentives will be announced by the end of this year.
- To facilitate investment in JS-SEZ, the Invest Malaysia Facilitation Centre – Johor (IMFC-J) is being established. The centre aims to reduce bureaucracy at various levels by expediting approval process.

MEASURE 22: FACILITATING EXPORT MARKETS

127. The total trade for the period of January to September 2024 surged by 10.2% to 2.14 trillion ringgit. We have recorded a trade surplus for 53 consecutive months since May 2020.

128. The empowerment of SMEs will continue to be enhanced to support local entrepreneurs in penetrating export markets.

- Khazanah will launch the Mid-Tier Company Programme with a fund of 1 billion ringgit aimed at providing financing to support the capacity building of local companies.
- To encourage local exporters to expand their operations into foreign markets, 750 million ringgit has been allocated under the Exporter Sustainability Incentive Scheme by EXIM Bank.
- 40 million ringgit has also been allocated under MATRADE as a reimbursement grant to assist Malaysian exporters in promoting Malaysian-made products and services on the international stage, particularly in exploring new markets in Africa, Latin America, and the Middle East.

129. In driving the logistics sector:

- The Government plans to grant a 60% investment tax allowance for a period of 5 years to logistics companies that engage in smart logistics complex activities. This is aimed at enhancing the capacity of the logistics industry by adapting to IR4.0 technology.
- The Government has also agreed to construct and upgrade the Pulau Indah Ring Road and North Port Klang in Selangor at a cost of 107 million ringgit.

MEASURE 23: TOURISM AND CULTURE

130. Thorough preparations are being made ahead of the Visit Malaysia 2026. Nearly 550 million ringgit is allocated to boost tourism promotions and activities, including:

- preparation for Visit Malaysia 2026;
- organisation of cultural activities, tourism events and flight access to Malaysia; and
- empowering the local community's economy through the promotion of handicrafts and batik.

131. A total of 110 million ringgit has been allocated to enhance tourist areas, foster ecotourism partnerships, and support UNESCO nominations such as:

- Improving facilities at Endau Rompin National Park, Johor; Redang Island, Terengganu; and Tusan Beach, Bekenu, Sarawak;
- Establishing ecotourism collaboration with UNDP and Habitat Foundation; and
- UNESCO nomination for the Sungai Lembing Tin Mining Site in Pahang, the Chingay procession culture, and lion dance.

132. To uplift Kuala Lumpur as a creative and cultural district, Khazanah has allocated a total of 600 million ringgit as part of its efforts to rejuvenate Bangunan Sultan Abdul Samad Complex and Carcosa Seri Negara. These includes building a multi-storey bridge that connects the Perdana Botanical Gardens with Carcosa Seri Negara.

MEASURE 24: ASEAN-MALAYSIA 2025 CHAIRMANSHIP

133. The ASEAN 2025 Chairmanship is Malaysia's best opportunity to guide ASEAN in alignment with the ASEAN Community Vision 2045. We are committed to charting a more resilient, inventive and people-centric ASEAN direction. Malaysia remains steadfast in its commitment to a collective approach in shaping the reform agenda across ASEAN, which includes advancing development initiatives in border regions for shared prosperity.

134. Of course we can expect challenges henceforth in delivering this great mandate, what more with ASEAN already having to navigate the intensifying competition among the global powers, the ongoing South China Sea dispute, the Myanmar crisis, food security, and climate change. Leveraging its strengths, Malaysia will lead ASEAN into the future with confidence, including strengthening regional economic cooperation through the inaugural ASEAN-GCC + China Summit.

135. Malaysia's ASEAN Chairmanship in 2025 will involve hosting over 270 meetings and activities across all states. I hope this will generate income for entrepreneurs, particularly those in logistics, hospitality, tourism, and the sale of handicrafts.

136. To support local artisans during Malaysia's ASEAN Chairmanship in 2025, the Government has mandated that all ministries and departments involved in organising meetings and activities must procure handicrafts from local producers. This will showcase the finesse, uniqueness, and authenticity of local craftsmanship to all. For instance, the document bag I am using today is a work of songket weaving art by local designer, Adiguru Rasiah Yusoff, from Kampung Tikat Penambang, Kelantan.

MEASURE 25: ENERGY TRANSITION

137. The NETR's plan sets ambitious targets for Malaysia to achieve net-zero emissions by 2050. Next year, over 300 million ringgit will be provided under the National Energy Transition Facilitation (NETF) Fund, compared to 100 million ringgit this year.

138. Several projects are entering the implementation phase including:

First: Hybrid Hydro Floating Solar Farms Phase 1 and green hydrogen hub in Terengganu.

- This project is envisaged to generate up to 1,000MW of energy, with half of the capacity to be channelled for Terengganu's first green hydrogen hub project, involving a collaboration between PETRONAS and TNB.

Second: Large-Scale Solar (LSS) Programme.

- This project aims to develop a utility-scale solar power plant with a quota of 2,000MW. The bidding process has closed, and evaluations are expected to be completed by December 2024 at the latest.

139. To increase access to renewable energy (RE):

- The Net Energy Metering (NEM) programme will be extended to 30 June 2025 in a bid to encourage residential consumers to adopt solar photovoltaic (PV) systems.
- The implementation of the Green Technology Financing Scheme (GTFS) will continue with a total financing of 1 billion ringgit until 2026.
- UEM Lestra and Tenaga Nasional Berhad will invest 16 billion ringgit to increase the transmission and distribution network capabilities as well as to decarbonise industrial parks.
- The open grid access initiative will be implemented through the Corporate Renewable Energy Scheme (CRESS) to allow corporate companies to obtain electricity supply from a renewable energy generator of their choice.
- A specialised programme prioritising the design of dual-function renewable energy generation structures, such as the agrivoltaic concept, will be introduced to prevent the negative impact of renewable energy power plants on food production.

140. Following the enactment of the Energy Efficiency and Conservation Act, efforts to improve energy efficiency will continue to be mobilised:

- e-Rebates of up to 70 million ringgit are provided to encourage consumers and the industry to purchase energy-efficient electrical equipment.
- The Energy Performance Contract will be introduced for use by all Government agencies to achieve savings on electricity bills of up to 10%.
- Solar-powered walkways, spanning 5 kilometres, will be built in Putrajaya for energy conservation, adding to the existing efforts to develop green cities.

141. To support the implementation of CCUS in Malaysia:

- Carbon use activities are expanded as downstream products and tax incentives will be provided in line with the New Investment Incentive Framework which emphasises economic complexity. Further facilities will also be provided to enhance access to sustainable financing, especially blended financing.
- The Government intends to table the CCUS Progressive Regulatory Framework Bill imminently.

142. Pertaining to Electric Vehicles (EV):

- The existing EV tax incentive framework has been structured to align with national aspirations to transition to locally assembled completely knocked-down (CKD) EVs. Perusahaan Otomobil Kedua Sdn. Bhd. (PERODUA), for instance, is planning to produce EVs priced below 100,000 ringgit to meet the *rakyat*'s growing demand for EVs.
- The incentive for the use of locally assembled CKD electric motorcycles up to 2,400 ringgit will be continued with an allocation of 10 million ringgit.

143. To support the circular economy, the Government proposes:

- the tax deduction for contributions or sponsorship of Smart Artificial Intelligence-Driven Reverse Vending Machines be extended until 31 December 2026; and
- the scope of tax relief for the purchase of EV chargers be expanded to include the purchase of food waste composting machines for household use, until the year of assessment 2027.

144. The Government will introduce a Carbon Tax for the iron and steel industries, as well as the energy industry, by 2026, which aims to encourage the adoption of low-carbon technologies. The tax proceeds will be used to research and programmes related to green technology.

MEASURE 26: PRESERVING NATURAL TREASURES

*“Dan dengan sederap rentak dan sesyahdu suara
kita tetap bertekad melindungi rimba terdera.
Kau yang pendera usah berhelah atau berpura
kerana sedalam kuburmu rimba akan membela.”*

Excerpt from ‘*Langkah Lestari*’ poem (A. Samad Said)

145. The 2025 Budget is committed to protecting the nation’s natural heritage:

- The Ecological Fiscal Transfer (EFT) fund is increased to 250 million ringgit, from 200 million ringgit this year, to support State Government’s efforts in conserving forests and wildlife. The EFT distribution criteria have been revised, with 50% of the allocation to be disbursed instead of the current 30%, subject to the State Governments’ financial positions.
- The role of Orang Asli and uniformed veterans in conserving forest reserves remains highly appreciated. The Government has increased the appointment of community

rangers to 2,500 personnel, instead of 2,000 this year, with an allocation of 80 million ringgit.

- Roughly 4% of rivers are categorised as polluted, among them are Sungai Anak Bukit, Kedah; Sungai Pegalan, Sabah; and Sungai Entanak, Sarawak. *Projek Pembersihan Sungai Bersama Komuniti* will be implemented under the *Program Denai Sungai Kebangsaan* with an allocation of 10 million ringgit.
- The Government has agreed to upgrade nearby sewage treatment plants, and construct a sewage pipeline network along the Sungai Kim Kim, Johor to mitigate water pollution.

146. To safeguard our future generations, the Government plans to amend the National Trust Fund Act 1988 to broaden the sources of contributions to the National Trust Fund (KWAN), as well as reinforce the governance of the fund's withdrawal.

MEASURE 27: FOOD SECURITY

147. One of our significant weaknesses is the high dependence on food imports despite having fertile land and the capability to enhance the nation's food security. Next year:

- 300 million ringgit is allocated to establish cooperations with State Governments for agricultural projects, from 150 million ringgit this year. This is to support onion production in Perak and red tilapia farming in Pahang, as well as paddy yield increment effort in Negeri Sembilan.
- The Government, along with private organisations, will optimise 8,800 acres of idle land under regional development authorities and agencies to implement agricultural projects such as organic poultry and cattle breeding, as well as cluster crop cultivation.
- Agrobank provides 200 million ringgit in loan facilities to agro-food entrepreneurs in supporting food security and promoting sustainable agriculture.
- A total of 27 million ringgit is provided as incentives for farmers and breeders to increase the productions of cattle livestock, small ruminants, dairy goats, and sheep and local onion production.

148. In relation to the nation's paddy industry,

- Phase 1 of the Five-Season Two-Year Paddy Planting Project in the Muda Agricultural Development Authority (MADA) areas commence with a cost of nearly 1 billion ringgit covering 11,000 hectares. The project aims to increase paddy yield by 15% besides boosting the income of 6,100 paddy farmers by 43%.
- The paddy management in Sekinchan, Sabak Bernam, has proven to yield higher harvests of up to 12 tonnes per hectare. The Government will initiate a pilot project to procure fertilisers, including organic fertilisers, tailored to paddy-growing regions through an open tender process.
- A total of 65 million ringgit is allocated to develop irrigation and drainage of paddy fields and to expand the FELCRA paddy estates in Sabah and Sarawak.

149. The welfare of farmers and fishermen remain a focus.

- A total of 2.78 billion ringgit is provided as subsidies, assistance, and incentives for paddy farmers and fishermen, up from 2.6 billion ringgit previously.

- The Government has agreed to increase the ceiling rate of assistance for the construction of new fishermen houses or resettlement to 84,000 ringgit from 56,000 ringgit for those in Peninsular Malaysia, and 90,000 ringgit from 68,000 ringgit for Sabah and Sarawak.

MEASURE 28: PLANTATION AND COMMODITIES

150. Budget 2025 raises the allocation for FELDA, FELCRA and RISDA to 2.6 billion ringgit compared to 2.4 billion ringgit previously.

151. To strengthen the country's palm oil sector:

- The Government plans to raise the threshold for the imposition of the windfall profit levy on the production of fresh fruit bunches (FFB) to 3,150 ringgit for Peninsular Malaysia and 3,650 ringgit for Sabah and Sarawak. Additionally, the market price range and the export duty rates for crude palm oil will be revised starting from 1 November 2024. The current treatment for crude palm oil exports from Sabah and Sarawak will also be maintained.
- Incentives for smallholders to replant oil palm will continue, allowing them to replace ageing oil palm trees that are no longer productive, with an allocation of 100 million ringgit.

- Malaysia, as one of the world's largest palm oil producers, has the potential to produce sustainable aviation fuel (SAF) from palm oil waste. PETRONAS will collaborate with leading palm oil companies to develop SAF from palm oil waste.
- The Government has introduced tax incentives for automation in the manufacturing, services, agriculture, and commodities sectors in the form of an Accelerated Capital Allowance for one year, along with income tax exemptions on same capital expenditures. With these tax incentives, companies can adopt more advanced technologies, such as drones and AI, in their farming operations, thereby reducing their reliance on foreign labour.
- The commitment to defend the palm oil industry is being strengthened to counter misconceptions in Europe and enhance the sustainability of palm oil, with an allocation of 65 million ringgit.

152. In relation to the rubber industry:

- The Rubber Industry Smallholders Development Authority (RISDA) will implement the Latex Production Promotion for Smallholders programme through a matching grant amounting to 60 million ringgit. This is aimed to encourage rubber smallholders to produce latex rubber to meet industry demand.

- Abandoned privately owned rubber estates will be revitalised with an allocation of 20 million ringgit. This effort will be implemented through a land leasing approach, where abandoned land will be leased for re-cultivation, and profits will be shared based on agreements among smallholders, implementing agencies, and landowners.
- Pests such as pestalotiopsis fungus, pack worms and sooty moulds have wrought losses worth millions of ringgits. A total of 10 million ringgit is allocated to carry out mitigation and disease control efforts to curb infestation.

MEASURE 29: ISLAMIC FINANCIAL INNOVATION

153. The 2023 Global Islamic Economic Indicator has placed Malaysia at the top of the rankings for the 10th consecutive year. There is still a lot of room to be explored for the Islamic finance sector, in order for it to be more humane, aligning with *maqasid shariah* principles, as well as being able to compete with conventional banking.

154. The Islamic finance sector needs to be driven towards greater creativity. An allocation of 100 million ringgit has been set aside as matching funds to encourage the development of new Islamic financing innovations based on Islamic values, reducing reliance on conventional-like Shariah-compliant products. Among the piloted financing initiatives include those based on the *musharakah* principle, which involves shared risk and fair profit. This facility focuses on climate finance projects, including food security initiatives, and is implemented with matching funds from Islamic banking institutions and private investors.

155. The iTEKAD programme, offered by 13 banks and 70 implementing partners, has assisted over 8,000 low-income micro-entrepreneurs. Next year, a matching grant of 20 million ringgit will be allocated, with 5 million ringgit specifically dedicated to contributions for insurance or takaful for micro-entrepreneurs. This will be matched by contributions from insurance companies or takaful operators to benefit small traders and vendors, as well as goods delivery personnel and participants of People's Income Initiative (IPR) affected by crop damage due to disasters.

156. The Government also supports other social impact investments, including Shariah-compliant P2P financing through public equity crowdfunding platforms under the MyCIF programme, by providing a matching grant of 40 million ringgit.

157. To stimulate research in the field of Islamic economics, an allocation of 10 million ringgit is designated to support the collaboration between the International Islamic University Malaysia and INCEIF University in further enhancing the understanding and application of universal Islamic economic values. The development of research and academic programs will continue to foster the application of Islamic economics in the formulation of current policies that align with the principles of *maqasid Shariah* – fair, inclusive, and sustainable for shared prosperity.

MEASURE 30: HALAL INDUSTRY DEVELOPMENT

158. Almost the whole world recognises Malaysia's halal certification. The collaboration between JAKIM, HDC, and MATRADE should be intensified to strengthen the national halal industry and support local halal companies.

- To expedite the issuance of halal certificates, JAKIM will recruit an additional 100 halal auditors. The MYeHALAL system has also been improved to centralise 20 Government agencies and 100 overseas halal certification bodies under one platform.
- Bank Pembangunan Malaysia Berhad (BPMB) and SME Bank are offering special financing to halal-compliant SMEs with nearly 600 million ringgit funds available.
- Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) is also prepared to provide guarantees of up to 80% of halal SME loans, with a guarantee value of up to 1 billion ringgit.
- MATRADE is tasked with driving the capacity development of more halal enterprises to be more competitive with an allocation of 20 million ringgit.

MEASURE 31: WAQF LAND DEVELOPMENT

159. UDA Holdings Berhad plays a major role in developing waqf lands. The two main projects, namely Waqf Seetee Aisah and Wakaf Mohd Hashim, have succeeded in providing economic returns to the Penang Islamic Religious Council.

160. Next year, Wakaf MADANI will be strengthened with extensive involvement from Government agencies:

- KWAP will provide a fund of 300 million ringgit to increase the development of waqf land to build independent retirement homes for low-income pensioners.
- UDA, with a fund of 200 million ringgit, will continue to focus on the development of affordable housing for the people on waqf lands.
- LPPSA will provide funding for public servants purchasing homes on waqf land.
- SJKP will guarantee for the first home buyer loans of up to 500,000 ringgit for properties developed on waqf land.
- As of 10 October, 22,000 ASNB unit holders have endowed their investments with a total of 73 million units. The proceeds from the ASNB endowment are allocated to waqf projects for the benefit of the community. The Government will continue to promote similar investment endowments.
- MARA MADANI Wakaf will continue to strive to attract waqf contributions from the corporate sector, including figures who have previously benefited from MARA, to achieve its funding target of 1 billion ringgit.

MEASURE 32: BUSINESS ASSISTANCE AND FINANCING

161. In driving a thriving economy, we cannot rely solely on major conglomerates. Approximately 90% percent of the economy involves micro, small, and medium enterprises (MSMEs), which employ nearly half of the workforce and contribute 40% to the GDP. In light of this, the Government has decided to focus on the development of MSMEs in key areas such as food security, energy transition, and digitalisation.

162. Development Financial Institutions and Government agencies play a significant role in nurturing local entrepreneurs at every stage of their business. For example, nearly 40 years ago, Bank Pembangunan was the first institution to provide a loan to Ramly Burger. Today, the Ramly Burger enterprise has flourished, including its recent success in building a factory through the Industrial Digitalisation Transformation Scheme. At the same time, BSN also provides microloans for small-scale Ramly Burger traders.

163. Overall, 40 billion ringgit is provided as loan facilities and business financing guarantees under Government agencies.

- Micro-sized loans amounting to 3.2 billion ringgit are available, including through TEKUN and BSN, to assist small traders, including the OKU community, the Chinese community, and the Bumiputera.

- Bank Pembangunan Malaysia Berhad provides 6.4 billion ringgit in financing funds, among others, to support the financing of infrastructure development, digitalisation, tourism, logistics, transportation, renewable energy, and the energy transition.
- The Government, through SJPP, will continue to guarantee SME financing up to 20 billion ringgit, including a special 5 billion ringgit guarantee for Bumiputera SMEs.
- A 3.8 billion ringgit SME loan fund is provided by BNM to support entrepreneurs transitioning to digitalisation and automation, in addition to continuing to assist the agri-food sector and sustainable practices.
- 650 million ringgit will also be allocated to support women and youth in venturing into entrepreneurship.
- To preserve the human capital, social, and welfare aspects of the Indian community, 130 million ringgit is specifically allocated to implement various programmes, including business financing for the Indian community.

164. The Government proposes that the loan or financing limit under the Micro Financing Scheme for stamp duty exemption purposes be increased from 50,000 ringgit to 100,000 ringgit, effective from 1 January 2025.

165. To expand MSMEs' access to alternative loans or financing, the Government proposes full stamp duty exemption on loan or financing agreements executed by MSMEs with investors through the Initial Exchange Offering (IEO) platform from 1 January 2025 to 31 December 2026.

166. The Government continues to support the business activities of cooperatives, including providing working capital. A financing fund of up to 100 million ringgit is made available under the Malaysian Co-operative Societies Commission.

MEASURE 33: HAWKERS AND SMALL TRADERS FACILITIES

167. My stance remains firm that the condition of food stalls, markets, and public spaces must ensure comfort and safety. Next year, 100 million ringgit is allocated for:

- building new stalls and upgrading the infrastructure of public markets under all local authorities (PBT) nationwide;
- providing business spaces for small traders at Tamu Desa in Sabah and Sarawak; and
- upgrading business facilities under DBKL and MARA.

MEASURE 34: BUMIPUTERA ECONOMIC TRANSFORMATION

168. The launch of the Bumiputera Economic Transformation Plan is driven by a commitment to usher in a new direction and policies. We can no longer be confined by old ways – managing agencies with poor governance or using them to enrich close associates while neglecting the primary agenda of elevating the dignity and stature of the Bumiputera.

❖ *Bumiputera Entrepreneurs*

169. The centralisation of Pelaburan Hartanah Berhad (PHB) and Ekuinas under Yayasan Pelaburan Bumiputra is aimed at supporting Bumiputera businesses throughout their business lifecycle. For example, Ekuinas will invest in mid-sized companies, and thereafter, successful companies will be listed and receive appropriate investments from PNB.

170. Next year, 800 million ringgit in financing under MARA and PUNB will be made available for more Bumiputera entrepreneurs, including to support local artisans.

171. The Government has agreed to allocate 1.3 billion ringgit to empower G1-G4 contractors, particularly Bumiputera. This provides opportunities for contractors to undertake small and medium projects, such as road construction, as well as the repair and maintenance of public infrastructure.

172. At the same time, a total of 200 million ringgit is allocated for the CAKNA 2 Scheme to support the cash flow of G1-G4 contractors in completing small-scale Government projects worth up to 1.5 million ringgit.

❖ ***Malay Reserve Land***

173. For the first time in history, the MADANI Government has agreed to allocate 50 acres of land from the Bandar Malaysia strategic development project as Malay Reserve Land. This is only the beginning in identifying suitable Government land to ensure that development also addresses the long-term socio-economic balance in urban areas.

174. PNB and PHB will continue to strengthen their collaboration in developing Malay Reserve Land for affordable housing projects, student accommodations, and commercial developments.

III. PROSPERING THE RAKYAT

175. The responsibility of leaders and public servants is to serve with full trust and sincerity to free the people from all forms of oppression and bondage, while also elevating the dignity of the nation's administration to a higher and more commendable level. This reminder is in line with the call of the Quranic verse in Surah Al-Balad, which commands the liberation of humanity from all shackles of servitude and oppression in order to achieve true happiness and well-being in life.

وَمَا أَدْرَاكَ مَا الْعَقَبَةُ ﴿١٢﴾ فَكُّ رَقَبَةٍ ﴿١٣﴾ أَوْ إِطْعَمٌ فِي يَوْمٍ ذِي مَسْغَبَةٍ ﴿١٤﴾ يَتِيمًا ذَا مَقْرَبَةٍ ﴿١٥﴾
أَوْ مِسْكِينًا ذَا مَتْرَبَةٍ ﴿١٦﴾ ثُمَّ كَانَ مِنَ الَّذِينَ ءَامَنُوا وَتَوَاصَوْا بِالصَّبْرِ وَتَوَاصَوْا بِالْمَرْحَمَةِ ﴿١٧﴾

*And what can make you know what is [breaking through] the difficult pass?
It is the freeing of a slave, or feeding on a day of severe hunger an orphan
of near relationship, or a needy person in misery, and then being among
those who believed and advised one another to patience and advised one
another to compassion. (Surah Al-Balad: 12-17)*

MEASURE 35: COST OF LIVING OF THE RAKYAT

176. It should be emphasised that the measures taken to improve management, correct inefficiencies, avoid leakages, including targeted subsidy policies and broadening the revenue base, are among other things aimed at enabling more meaningful assistance to the *rakyat*.

177. Therefore, for the year 2025, we will provide the highest increase for the *Sumbangan Tunai Rahmah (STR) and Sumbangan Asas Rahmah (SARA)*, amounting to 13 billion ringgit compared to 10 billion ringgit. This increase will continue to benefit 9 million recipients, equivalent to 60% of the adult population of the country.

- Next year, 5.4 million STR recipients will receive SARA up to 100 ringgit per month, compared to 700,000 recipients this year.
- The SARA assistance will be credited to the recipients' MyKAD starting from April 2025, and it can be used to purchase essential items such as food and beverages, medicines, school supplies, and personal hygiene products at more than 600 supermarkets and retail stores nationwide.
- The STR rate for the single category has been increased to 600 ringgit.
- An additional allocation of 3 billion ringgit raises the maximum amount for households to 4,600 ringgit, from 3,700 ringgit previously.
- We acknowledge and hear the complaints about the cost of living. Therefore, we are taking economic measures and policies that include an increase in the allocation and the highest rate of cash assistance ever provided by the Government to address the rising cost of living for the *rakyat*.

178. This will also be supplemented by an increase in the cash assistance allocation under the Department of Social Welfare (JKM) to 2.9 billion ringgit, compared to 2.4 billion ringgit.

- The monthly welfare assistance rate for the poor will be increased:
 - The rate of assistance for senior citizen will be increased to 600 ringgit per month compared to 500 ringgit per month.
 - The rate of assistance for children from poor families will also be increased as follows:
 - from 200 ringgit to 250 ringgit per child for children aged 6 years and below;
 - from 150 ringgit to 200 ringgit per child for children aged 7 to 18 years; and
 - subject to a maximum rate of 1,000 ringgit per family.
 - For the Federal Territories, the rate of general assistance is increased to 150 ringgit compared to 100 ringgit, with a maximum rate of 500 ringgit per family per month. I urge all State Governments to also improve the rate of general assistance from states.

- 179.** If the total assistance from STR, SARA, and JKM is calculated:
- A poor household with three children is eligible to receive more than 13,000 ringgit in assistance per year, which is a significant increase compared to 11,000 ringgit currently.
 - Poor senior citizens are eligible to receive more than 10,000 ringgit in assistance per year, compared to 8,000 ringgit currently.
 - This means that no citizen in Malaysia will have an income of less than 1,000 ringgit per month. And this does not yet take into account assistance from State Governments, Zakat, and Foundations.
 - Therefore, it is our responsibility to ensure that no one is left behind. Therefore, the Department of Social Welfare (JKM) and the Implementation Coordination Unit (ICU) under the Prime Minister's Department (JPM) must work together and step up efforts to verify those in poverty.

180. On this note, I would like to announce that the payment for STR 2024 Phase 4 will be distributed to recipients starting from 7 November, involving an allocation of 1.7 billion ringgit.

181. The entire Government will be mobilised to harness efforts to control prices and the supply of goods, including dismantling the dominance of cartels that exploit large profits at the expense of the people's money.

182. A total of 1 billion ringgit has been allocated to broaden efforts in addressing the cost of living.

- The cost of living initiatives include a 300 million ringgit allocation for *Payung RAHMAH*, up from 200 million ringgit. *RAHMAH* Sales will be stepped up to offer essential goods at affordable prices in all state constituencies (DUN) every month.
- 700 million ringgit is allocated to expand other cost of living programmes to control the prices of goods, including through collaboration with supermarket operators, wholesale markets, retail stores, farmers' markets, cooperatives, and others.

183. In addition, 250 million ringgit is allocated for the distribution of essential goods in rural and remote areas, including expanding to new areas such as Magandai, Kota Marudu and Nanga Pelawan, Bintulu

184. I would like to announce that:

- The individual income tax relief on premium payments of education and medical insurance has been increased to 4,000 ringgit.
- The individual income tax relief on medical expenses of up to 10,000 ringgit also covers the portion of medical payments made by taxpayers under insurance and takaful products for medical and health with co-payment features.

- An income tax exemption on incomes derived from foreign sources and already subjected to income tax in the source country and received by individuals in Malaysia, which is currently granted on a periodic basis until 31 December 2026, is proposed extended until 31 December 2036.

MEASURE 36: INCOME OF THE RAKYAT

185. The MADANI Government consistently prioritises the income of the *rakyat*. Economic restructuring is only deemed successful when citizens earn meaningful wages and salaries that enable them to live more comfortably.

186. The Government has agreed to raise the minimum wage from 1,500 ringgit currently to 1,700 ringgit per month, effective 1 February 2025.

187. The Government has also decided that the enforcement of a minimum wage of 1,700 ringgit per month for employers with fewer than five workers will have a grace period of six months, effective 1 August 2025.

188. The Ministry of Human Resources will also publish starting salary guidelines for all employment sectors as a reference for employees. For instance, the starting salary for an Industrial and Production Technician (2,290 ringgit), a Mechanical Engineer (3,380 ringgit), and a Creative Content Design Professional (2,985 ringgit).

189. Additionally, the Progressive Wage Policy is an effort by the MADANI Government to reform the labour market with the aim of increasing workers' income. This policy was piloted in June and will be fully enforced next year. The Progressive Wage Policy, with an allocation of 200 million ringgit, will benefit 50,000 workers.

190. The People's Income Initiative (IPR) is our effort to eradicate hardcore poverty by increasing the income of the people. Through the IPR INSAN initiative, Normaladiana Mohd Yazal, who is physically disabled (OKU), has helped her husband in business and successfully doubled their family's income. Next year, 250 million ringgit is allocated to increase the participation of more hardcore poor individuals in the IPR programme to boost their income.

MEASURE 37: SOCIAL PROTECTION

191. The social protection agenda will continue to be strengthened to ensure that the majority of the *rakyat* is equipped with reasonable retirement savings and insurance contributions against unforeseen challenges.

- To encourage more informal workers and those who do not have a regular income to save for retirement, the EPF's i-Saraan matching incentive will be increased to 20%, compared to 15%, subject to a maximum annual matching incentive of 500 ringgit or 5,000 ringgit for life.
- The i-Suri Programme will continue as a matching incentive through Government contributions and active contributions from members.

- The Self-Employment Social Security Scheme will cover up to 70% of workers' contributions with an allocation of 100 million ringgit. This is in preparation for the implementation of mandatory contributions as a requirement for renewing vocational licenses for self-employed individuals next year. Operating companies are also urged to cover the remaining contributions as a commitment to safeguarding workers' welfare.
- The social insurance programme, *Skim Perlindungan Tenang*, will continue in collaboration with Bank Negara, the insurance and takaful industry, benefiting up to 2 million STR recipients. They are eligible to claim a voucher worth 30 ringgit to partially cover the cost of purchasing *Perlindungan Tenang* products, which offer protection against death, personal accidents, and general risks such as fire and floods.
- Towards becoming an aging nation, EPF is reviewing its scheme to strengthen the intergenerational transfer approach, allowing part of a member's EPF savings to be transferred directly into the EPF account of immediate family members.

- The Government plans to extend contributions on individual income tax relief under the *Skim Persaraan Swasta* and deferred annuity premium payments until the year of assessment 2030.
- The Government is committed to providing fair treatment to all employees regardless of nationality in accordance with international standards. The Government plans to make it mandatory for all non-citizen employees to contribute to the EPF. This proposal will be implemented in phases.

192. To reduce the cost of surrender and to encourage *hibah* insurance coverage and takaful protection grants to family members, the deed of assignment for life insurance policy and family takaful certificate given by way of love and affection or through a trustee, be subject to stamp duty at a fixed rate ranging from 10 ringgit to 1,000 ringgit based on the value of the transfer.

MEASURE 38: MAINSTREAM EDUCATION

193. One should take a moment to reflect on the verses of W.S. Rendra's *Sajak Anak Muda* (Poem of Youth). A careful reading should stir the mind and heart to yearn for reforms that elevate the quality of education, fostering not only a richer pedagogical experience but also nurturing critical thinking.

*"Kita adalah angkatan gagap
yang diperanakan oleh angkatan takabur.
kita kurang pendidikan resmi
di dalam hal keadilan,
karena tidak diajarkan berpolitik,
dan tidak diajar dasar ilmu hukum."*

*"Bukan pertukaran pikiran.
ilmu sekolah adalah ilmu hafalan,
dan bukan ilmu latihan menguraikan.
Dasar keadilan di dalam pergaulan."*

*"Lalu akhirnya
Menikmati masa bodoh dan santai.
Di dalam kegagapan,
Kita hanya bisa membeli dan memakai,
Tanpa bisa mencipta."*

(Excerpt from *Sajak Anak Muda* by W.S. Rendra)

194. Education should empower knowledge, instil good values, and shape character. As succinctly encapsulated by the Prophet Muhammad (SAW):

أدبني ربي فأحسن تأديبي

“My Lord nurtured me, and He made my training excellent”

195. The MoE has been allocated 64.1 billion ringgit, surpassing this year’s 58.7 billion ringgit – the highest allocation in our nation’s history.

196. My unwavering priority remains: to provide a conducive, safe, and pristine learning environment where our children can thrive in their pursuit of knowledge.

- 2 billion ringgit is allocated for the upgrade and maintenance of schools nationwide.
 - Of which, 1 billion ringgit is set aside for the maintenance of all types of schools, particularly for upgrading dilapidated classrooms. This includes national schools, Chinese and Tamil vernacular schools, religious schools, military camp schools, and schools for Persons with Disabilities’ (PWD) special education.
 - Meanwhile, 1 billion ringgit is allocated for upgrades of dilapidated infrastructure at 543 schools, especially in Sabah and Sarawak.

- The construction of 44 new schools shall commence next year. Among them:
 - SK Bandar Putra Indah, Batu Pahat, Johor;
 - SMK Bandar Seri Putra (2), Hulu Langat, Selangor;
 - SMK Lok Kawi, Putatan, Sabah;
 - SMK Semeling, Sungai Petani, Kedah; and
 - SK Dudong, Sibul, Sarawak.
- In the endeavour to expand internet access to schools in villages and remote areas, the Government has agreed to carry out the Fixed-Line Broadband Infrastructure Connectivity to Rural Schools Programme, with an allocation of 100 million ringgit. The existing Point of Presence (POP) project will also continue with an allocation of over 800 million ringgit.
- *Alhamdulillah*, thanks to everyone's dedication, we have successfully repaired toilets in over 8,300 schools in a short period. The next focus is to upgrade other facilities, such as canteens and *musolla*, with an allocation of 100 million ringgit.
- Other facilities, such as assembly halls, will also be upgraded through the commitment of private organisations and Government-related companies. I urge private organisations, alumni, and philanthropists to take corporate responsibility by contributing to creating a comfortable school environment for our children.

197. Only the elevation of knowledge shall liberate the *rakyat* from the clutches of crippling poverty. Next year, 17 types of education assistance will continue to be provided with a total allocation of 5.3 billion ringgit.

- Hostel food assistance: 2 billion ringgit.
- Rancangan Makanan Tambahan (RMT): 870 million ringgit compared to 784 million ringgit previously. RMT shall benefit 860,000 students and provide opportunities to the local food suppliers.
- Nearly 800 million ringgit is earmarked for *Bantuan Awal Persekolahan*, benefiting 5.2 million students in Standard 1 to Form 5, irrespective of their parents' income levels.
- *Kumpulan Wang Amanah Pelajar Miskin* will be increased to 180 million ringgit, compared with 150 million ringgit this year.
- To improve educational access for students from underprivileged families, the Government has agreed that salary or wage payments to educators by institutions and organisations with approved educational objectives under subsection 44(6) of the Income Tax Act 1967 will be allowed as welfare expenditure.

198. The Per Capita Grant (PCG) has not been reviewed since 2002, making it 22 years since the last revision. The PCG is the primary source of funding for schools, and the outdated rate can no longer cover the rising costs of education. Schools in remote areas, with fewer students enrolled, are also subject to the same PCG formula. This means that low enrolment has resulted in limited funding. Ergo:

- The Government has agreed to raise the PCG rate for TVET education by 15%, making the total allocation for PCG more than 900 million ringgit.
- The Government agreed that a special allocation of 10 million ringgit is set aside for Schooling Assistance to all 687 schools in remote locations.

199. Further, the Government has agreed to raise the monthly Living Allowance for student teachers under the Bachelor of Education Programme in Institute of Teachers' Education to 530 ringgit, compared with 430 ringgit.

MEASURE 39: HIGHER EDUCATION

200. The philosophy of education must continue to be embedded in higher education initiatives. The initial steps taken need to be further strengthened with greater resolve. Among the extended strategies are the enhancement of the Malay language as a language of knowledge, and the mastery of other languages, particularly English. Universities must swiftly introduce new disciplines that open avenues for the exploration of new ideas and technologies. University leadership and scholars must be given the latitude and freedom to spearhead reforms aimed at strengthening and improving quality.

201. The Ministry of Higher Education (MoHE) is allocated 18 billion ringgit, compared to 16.3 billion ringgit this year.

202. Among the support measures for youngsters pursuing higher education:

- A total allocation of 4 billion ringgit is provided in the form of scholarships, loans, and education allowances.
- GLICs and GLCs are also committed to ensuring at least 50% of scholarships are reserved for students from low- and middle-income families.
- The Government encourages the corporate sector to be more generous and proactive in providing educational scholarships at technical and vocational levels, up to the university level, especially for those from low- and middle-

income groups. Such expenditures will be eligible for tax deductions.

- To produce graduates with high employability, in line with industry demands, PTPTN has allocated 500 million ringgit in educational financing specifically to prioritise students pursuing studies in STEM fields at public HEIs (IPTA).

203. To encourage savings for children's higher education:

- The Government proposes that a personal income tax relief for net savings in *Skim Simpanan Pendidikan Nasional* (SSPN) be extended for another three years.
- Under the *Geran Padanan Ihsan* (GAPAI) Initiative, the Government has consented to expand the eligibility criteria for the matching grant, up to 5,000 ringgit, for savings in Simpan SSPN accounts for students pursuing higher education at HEIs. This will now apply to families with an income of up to 6,000 ringgit, compared to the prevailing limit of 4,000 ringgit, for a period of two years.
- PNB will launch the *Celik MADANI* Programme, which credits 50 ringgit into new ASB accounts to 100,000 students pursuing higher education.

204. The Third MADANI Budget remains resolute in raising HEIs' quality. A total sum of 635 million ringgit is allocated to all public universities for upgrading infrastructure, replacing outdated equipment, and expanding internet coverage in all public HEIs.

205. UiTM is provided with an additional allocation of 20 million ringgit to produce more E&E engineers, considering the importance of ensuring Bumiputera participation in the semiconductor field, which has been identified as one of the country's high-growth sectors.

MEASURE 40: ARTIFICIAL INTELLIGENCE (AI)

206. We are witnessing positive signs, such as the establishment of the country's first Faculty of Artificial Intelligence at Universiti Teknologi Malaysia in a short span of time. This gives us hope that there are clear indications our educational institutions are moving towards excellence.

207. Next year, AI-related education will be expanded to all research universities with an allocation of 50 million ringgit, a marked increase from the 20 million ringgit allocated this year.

- Universiti Malaya will focus on AI in the medical field to combat life-threatening diseases such as cancer.
- Universiti Putra Malaysia will establish the Malaysian Cryptology Technology and Management Centre in collaboration with NACSA to develop quantum computing AI as preparation for addressing complex cybersecurity threats.

- Universiti Sains Malaysia will explore AI in semiconductors, aligning with Malaysia's status as a global semiconductor hub, enhancing collaboration with companies such as Intel and Infineon.
- Universiti Kebangsaan Malaysia will lead in AI for translation, aiming to elevate the Malay language as a language of knowledge.

208. Meanwhile, the Government will continue to nurture research, development, commercialisation, and innovation (R&D&C&I) activities.

- The funding for R&D has been raised to 600 million ringgit, compared to the previous allocation of 510 million ringgit under the MoHE and the Ministry of Science, Technology and Innovation.
- The Malaysia Science Endowment (MSE) trust is allocated a fund of 170 million ringgit. This fund will be utilised to provide matching grants for private sector entities and industries to drive R&D programmes.
- The Malaysia Techlympics programme, with an allocation of 10 million ringgit, will be enhanced to stimulate the development of homegrown talent specialising in the fields of robotics and AI technology.

MEASURE 41: TVET EMPOWERMENT

209. In line with the National TVET Policy, total allocation for TVET is raised to 7.5 billion ringgit, compared to 6.8 billion ringgit this year. Priorities are reserved for:

- enhancing collaboration with the industry;
- providing training opportunities for vulnerable youth, including those from urban poor, marginalised, rural, and Orang Asli communities; and
- delivering TVET services for the benefit of the community.

210. The Government welcomes the partnership with PROTON through PROTON Advanced Automotive Technology Institute in Melaka, which provides curriculum development, instructor support, and training requirements. To encourage more such partnerships:

- A matching grant of 50 million ringgit is allocated to attract more industries to participate in the *Anak Angkat ILKA Programme*.
- GLCs will lead the development of new training programmes for their respective industries, such as TNB for energy transition, and SD Guthrie for plantation mechanisation and automation.

- Companies will receive tax deductions on new machinery and equipment donated to registered ILKA, polytechnics, or vocational colleges in Years of Assessment 2025 to 2027.
- Employers will be allowed to use up to 50% of the HRD Corp fund, compared to 30% currently, for the reimbursement of expenses related to training facilities, including equipment purchases and renovations of training facilities.
- Employers who hire persons with disabilities (PWDs) and former convicts will be granted an incentive of 600 ringgit per month for three months, under the supervision of SOCSO.

211. TVET education and training opportunities will be increased:

- Vocational colleges and technical secondary schools will continue to provide education to 77,000 students, with an allocation of 1.2 billion ringgit.
- PTPK will provide financing of up to 500 million ringgit for the benefit of 20,000 trainees, including 100 million ringgit dedicated to the priority sectors of NIMP, such as MRO, EV, aerospace, and AI.
- HRD Corp will leverage on a 3 billion ringgit fund to offer 3 million learning opportunities. HRD Corp will also reallocate a special fund of up to 15% of the total levy collection to implement the MADANI Training Programme specifically for

vulnerable groups. Employers are also permitted to utilise the levy to finance allowances of up to 1,000 ringgit per year for graduates through HRD Corp, including for skills training.

- Khazanah has allocated 200 million ringgit under the K-Youth Development Programme to develop 11,000 local talents specialising in key sectors, such as the semiconductor.
- GiatMARA and community colleges are allocated 55 million ringgit to empower 10,000 *huffaz* from *tahfiz* institutions and *pondok* schools with skills training over the next five years.
- GiatMARA will also provide short-term training to over 3,000 gig workers.
- The Government proposes a double deduction on expenses for companies implementing the Structured Internship Programme (MySIP) under TalentCorp to be extended to students undergoing structured training conducted by industry regulatory bodies, with this incentive extended until the Year of Assessment 2030.

- SOCSO will establish a state-of-the-art Rehabilitation Centre in Terengganu, with a cost of nearly 600 million ringgit. This centre will offer comprehensive services, ranging from rehabilitation treatment to return-to-work programmes, thereby strengthening efforts to build a more resilient and inclusive workforce.

MEASURE 42: HEALTHCARE

212. Leaders and Governments' responsibility, as eloquently stated in Thirukkural, reads: **உறுபசியும் ஓவாப் பிணியும் செறுபகையும் சேரா தியல்வது நாடு** – is to build a nation that is not only committed to uplifting the dignity of the poor and destitute, but also to eradicating the scourge of diseases and destructive enemies. (Thirukural: 734)

213. Post-normal life demands a more complex healthcare system, as well as stronger collaboration between public and private healthcare bodies, in line with the recommendations of The Health White Paper for Malaysia.

214. The Ministry of Health (MoH) receives the second highest funding in Budget 2025, with an allocation of 45.3 billion ringgit, from 41.2 billion ringgit. It is the Ministry's responsibility to carry out essential duties, including ensuring that public healthcare services are of high quality, comfortable, and people-friendly.

❖ *Maintenance & Upgrade of Healthcare Infrastructure*

215. Next year, a total of 1.35 billion ringgit will be allocated to maintain health infrastructure, including repairing dilapidated hospital toilets and dilapidated patient wards.

216. The Government continues to upgrade dilapidated clinics across the country. Under the MADANI Government, the allocation for upgrade and repair works for dilapidated clinics has been increased annually: 100 million ringgit in 2023, 150 million ringgit in 2024, and 300 million ringgit in 2025.

❖ *War on Sugar*

217. Malaysia has one of the highest obesity rates in Southeast Asia and sugar is unequivocally one of the major culprits behind the rise in non-communicable diseases (NCDs).

218. As a measure to strengthen the War on Sugar movement, the Government is proposing to increase the excise duty rate on sugary drinks in stages. Starting on 1 January 2025, the duty will be raised by 40 sen per litre.

219. Revenue gained from this additional collection will be used to cover public health expenses, such as:

- Increase the supply of SGLT-2 inhibitors for diabetes treatment.

- Expansion of Peritoneal Dialysis (PD) treatments for End Stage Kidney Disease (ESKD) for more MoH patients nationwide, apart from FELDA which will also improve dialysis centres in FELDA settlements.

220. To support the *Agenda Nasional Malaysia Sihat*, 27 million ringgit has been allocated to further promote sports and recreational activities for the public, including the organisation of *Hari Sukan Negara*

221. The Government plans to expand the scope of individual income tax relief on medical expenses to include payments for disease detection tests, the purchase of health screening equipment, and disease detection test kits as a step towards encouraging self-care health practices.

❖ **Resilient Public Healthcare Services**

222. The public health service system and structure need to be strengthened to be more resilient, sustainable and self-reliant.

- The *Rakan KKM* initiative will be introduced, involving collaboration with GLICs to provide affordable paid healthcare service options for patients. This implementation will start at five KKM hospitals with high demand and suitable infrastructure, such as Cyberjaya Hospital, with an initial allocation of 25 million ringgit.
- The Government is also strengthening collaboration with 91 private hospitals to outsource KKM patients involving services such as cardiology, radiology, and nephrology.

This approach indirectly creates a competitive element to obtain the best prices for the Government. Outsourcing will continue with the National Heart Institute's patients for heart patients among Government pensioners aged 65 and above.

- The Government will implement an off-take policy or specific procurement from companies making new domestic investments to manufacture pharmaceutical products and critical medical devices. This approach not only supports the assurance of drug supply from local sources but also has the potential to reduce costs in the medium term. The Government will also encourage investment in the production of halal vaccines.

❖ *Centre of Excellence in Health*

223. We must give due recognition to the country's top health specialists serving in Government hospitals, including Centres of Excellence such as Hospital Serdang for Cardiology and Hospital Selayang for Transplant and Hepatobiliary; The National Cancer Institute, Putrajaya; the Endocrine Institute, Putrajaya; the Institute of Urology and Nephrology, Kuala Lumpur Hospital; and the Women's and Children's Hospital, Kuala Lumpur.

224. To strengthen these identified Centres of Excellence, the Government has allocated 100 million ringgit, including for the procurement of the latest equipment. Alongside the existing centres, the Government is also undertaking preliminary works on a Cancer Centre in Kuching and a Heart Specialist Hospital in Kota Kinabalu.

❖ **Rare Diseases**

225. The Government has established the Rare Disease Trust Fund (*Tabung Penyakit Jarang Jumpa*). For next year:

- The allocation is increased to 25 million ringgit to cover medical costs for treatment of rare diseases.
- The mySalam scheme has also been expanded to include rare diseases and Rheumatoid Arthritis.
- Donations to Rare Disease Trust Fund is eligible for a tax deduction equivalent to the actual donation amount.

MEASURE 43: RAKYAT RESIDENTIAL HOME

226. The MADANI Government places the utmost priority on ensuring housing is affordable for the *rakyat*:

- Nearly 900 million ringgit is allocated for the development of 48 *Program Residensi Rakyat* (PRR) and 14 *Rumah Mesra Rakyat* projects, including two new PRRs in Port Dickson and Seberang Perai Tengah. 30 PRRs are estimated to be completed by the end of 2025 which will benefit almost 17,500 new residents.

- SJKP has approved 12.8 billion ringgit in Government guarantees to more than 57,000 first-time home buyers. These include Mr. Venukannan Balakrishnan, an e-hailing driver with no fixed income. Through SJKP, he is realising the dream to own a house in Rawang with his beloved wife. The Government will continue to guarantee housing financing up to 10 billion ringgit for the benefit of 20,000 home buyers.
- The Government has agreed to streamline and increase the assistance to build new public houses such as those for PPRT residents, fishermen, Kampung Baru Cina, to a maximum of 90,000 ringgit. Ceiling rate for public housing repairs has also been raised to a maximum of 20,000 ringgit.

227. PPR housing has been around for decades to benefit the underprivileged. The Government continues to mobilise the effort to ensure a more humane environment for PPR and housing communities.

- Maintenance of low-cost and medium-cost strata public housing, including replacement of dilapidated lifts, with an allocation of almost 200 million ringgit.
- A total of 48 MADANI Public Parks will be upgraded to include recreational areas with serene and comfortable landscapes for the use of urban and small-town communities, with the allocation of almost 100 million ringgit.

- Kampung Baru Cina shall receive 84 million ringgit for upgrade of basic and social amenities, benefiting the local communities. The Ministry of Housing and Local Government (KPKT) has also been mandated to coordinate efforts to cater to the needs of Indian villages.
- *Program Anak Kita* to be further enhanced with an allocation of 30 million ringgit as an integrated effort to address the issue of 80,000 school dropouts. Yayasan Hasanah is also exploring this matter, and has worked on courting these children into TVET programmes.
- Efforts to address malnutrition among children in PPRs in Klang Valley are being intensified through a pilot project co-funded by UNICEF, with an allocation of 5 million ringgit.
- A total of 5 million ringgit is allocated to stimulate economic activities at the *rakyat* level, such as encouraging food enterprises to leverage the Dapur Digital platform by Pepper Labs.
- The Government will install 180 high-definition closed-circuit cameras and 45 emergency buttons in Putrajaya and Labuan.

- The Government will design a community empowerment framework to strengthen the role of residents' associations as facilitators at the community level. Residents' associations will be provided leadership training by Yayasan Sime Darby, non-governmental organisations (NGO), and relevant Government agencies.

228. To encourage first home ownership, the Government proposes to provide individual income tax relief of up to 7,000 ringgit on housing loan interest payment, as follows:

- Tax relief of up to 7,000 ringgit for residential homes priced up to 500,000 ringgit.
- Tax relief of up to 5,000 ringgit for residential homes priced from 500,000 ringgit up to 750,000 ringgit.

This relief is claimed for three consecutive years of assessments on sale and purchase agreements completed between 1 January 2025 and 31 December 2027.

MEASURE 44: BASIC RURAL INFRASTRUCTURE

229. Basic infrastructure in rural, village, and remote areas will be further upgraded to provide comfort to the residents with overall allocation of 2.9 billion ringgit.

- Allocation of 1.8 billion ringgit for the construction and repair of village roads such as in Kota Belud, Sabah; Pasir Puteh, Kelantan and Kuala Lipis, Pahang;
- An allocation of more than 350 million ringgit is earmarked for projects to build and repair bridges at villages, as well as install and maintain streetlights;
- To provide water and electricity supply to 5,150 houses in Sabah and Sarawak, an allocation of nearly 500 million ringgit is provided; and
- The Government also supports the cooperation of public universities in improving village infrastructure, such as the installation of solar lamps in Pulau Tuba by Universiti Malaysia Perlis.

MEASURE 45: DIGITAL CONNECTIVITY

230. Digital Nasional Berhad (DNB) has been taken over by private entities after the nation's 5G coverage has exceeded 80% of populated areas. Moving forward:

- The Government will announce a second 5G network in an effort to enhance the competitiveness of the ICT sector.
- The Government will continue to promote the use of 5G especially in driving 5G use cases by industries ahead of Malaysia's Chairmanship of ASEAN in 2025.

231. With a total fund of more than 300 million ringgit, the Malaysian Communications and Multimedia Commission (MCMC) has agreed to enhance Internet coverage at public universities, schools, Armed Forces Camps and MARA institutes.

MEASURE 46: PUBLIC TRANSPORT AND ROAD NETWORK

232. The Government will continue to ensure the country's public transport system is efficient, affordable, and comfortable for the benefit of all citizens:

- The Sabah and Sarawak Rural Air Services continues with an allocation of more than 200 million ringgit. This includes opening new routes from Kota Kinabalu to Layang-layang and Miri to Long Banga.
- Prasarana, on the other hand, has procured 250 electric buses this year. The Ministry of Transport has also started the procurement of 12 KTMB passenger train cars for the convenience of passengers. Meanwhile, another 50 train cars will be acquired on lease through a Government-to-Government (G2G) mechanism with China.
- The Government will continue the My50 monthly pass for the benefit of 180,000 Klang Valley residents using Prasarana buses and rail services.
- The stage bus services will continue to be supported with an allocation of over 270 million ringgit, ensuring that every major city in all states will benefit.

- To improve bus connectivity in the Klang Valley, 10 million ringgit is allocated to add dedicated bus lanes on three routes, namely Jalan Ipoh, Jalan Cheras and Jalan Gombak, spanning 47 kilometres.
- The Government, in cooperation with GLCs and private entities, will also upgrade 100 bus stops in the Klang Valley to enhance the safety and comfort levels of the users of public bus services.
- Prasarana will provide van services for children to travel to schools from selected train stations for a fare of 50 sen one-way. To kick off this initiative, the participating stations will be LRT Sri Rampai and LRT Melati.
- The Government has also agreed to provide complimentary rides to students of all universities, polytechnics, community colleges, and matriculation colleges across the country who use BAS.MY.

233. Road maintenance aspect remains a priority concern to reduce accident cases due to unsafe road conditions.

- 2.8 billion ringgit is allocated to maintain federal roads:
 - 1 billion ringgit is designated to immediately repair non-main roads such as secondary roads, Felda roads, and industrial roads, as well as roads damaged by flood.
 - 450 million ringgit is also designated for G1-G4 contractors, up from 300 million ringgit this year.
- For state roads, 5.5 billion ringgit of MARRIS fund is allocated. Road cleaning work has also been improved to cover drains, water drainage systems, road shoulders, and the surrounding environment to ensure safe usage. The Federal Government has approved the procurement of a temporary Bailey bridge for all state Governments, using the MARRIS 2025 allocation as an early preparation for State Governments to address the issue of roads being cut off due to flood.
- 178 million ringgit to install new street lamps and smart traffic lights at federal roads across the country.
- 30 million ringgit is allocated to continue empowering 115 District Engineers as the frontline to expedite the paving of pothole-ridden federal roads.

- The Government has agreed to install High-Speed Weight in Motion at selected locations to prevent more accidents caused by overloaded vehicles.

MEASURE 47: WOMEN

234. As at 10 October, the average representation of women on the boards of the top 100 companies listed on Bursa Malaysia stood at 32.2%. While we have achieved the target of 30% women's participation, it is imperative to note that 39 companies have yet to meet this benchmark within their boards. The Government emphatically urges all companies to fulfil this target by the end of 2027.

235. The Government will continue to encourage women to return to work:

- *Program Perantisan Kepimpinan Wanita* (PERANTIS) led by the Ministry of Women, Family, and Community Development is a testament to our effort in producing more female leaders and corporate figures.
- The Returnship programme will be piloted to encourage women to return to work in the financial sector. The programme, organised by BNM and the SC, will provide training facilities and then connect with suitable prospective employers.

- The Government is proposing to provide an additional income tax exemption of 50% for employers who hire women returning to work for a duration of 12 months.
- A total of 470 million ringgit is allocated by SME Bank, BSN, Bank Rakyat, and MARA to support female MSME entrepreneurs in obtaining working capital and financing for asset purchases, thereby enhancing their business capacity to greater heights.

236. Regarding the cultivation of a work-life culture while supporting the economic agenda of care for employees, the Government proposes tax incentives to employers as follows:

- An additional 50% tax deduction on the cost of capacity building and software procurement incurred by employers in implementing flexible working arrangements; and
- An additional 50% tax deduction for the employer's paid supplementary care facility for up to 12 months for employees who are caring for a sick or disabled child or family member.

MEASURE 48: YOUTH

237. The National Service Training Programme 3.0 (PLKN 3.0) pilot project will be launched as a new concept, with 50 million ringgit allocated for this initiative to the Ministry of Defence for school cadet graduates. PDRM and other uniformed agencies are also involved in the success of PLKN 3.0 using existing infrastructure in collaboration with *Akademi Kenegaraan Malaysia*.

238. A total of 25 million ringgit is allocated for the *Rakan Muda* programme to continue serving as a platform for developing the youth's potential and identity.

239. The Step-Up Financing Scheme under SKJP was introduced as a Government guarantee of up to 5 billion ringgit specifically for youngsters seeking to purchase their first home. This scheme offers a lower instalment rate for the first five years of the mortgage term.

240. The Government, through TalentCorp, is providing a Matching Grant of 10 million ringgit under the *Latihan Industri Untuk Perusahaan Kecil dan Sederhana* (LiKES) programme to encourage companies to provide industrial training to graduates.

241. The *Tunas Usahawan Belia Bumiputera* (TUBE) has been allocated 20 million ringgit to continue its efforts in pushing the youth to leap into the world of entrepreneurship.

MEASURE 49: CHILDREN

242. Newborns are at high risk of contracting Hepatitis B, which must be addressed urgently. The Government is allocating 5 million ringgit to implement First 1,000 Days of Life Initiative. This effort is to initiate universal Hepatitis B screening for 420,000 pregnant women for early detection and treatment of the disease in an effort to give birth to a healthy and productive generation.

243. This year, 122,000 Year 1 students still have not mastered literacy and numeracy. Early education is crucial because this is the period when brain development is at its fastest, and thus, children need to be nurtured and educated from an early age. Next year, the Government will build new preschools to support early childhood education, among other initiatives:

- 34 new preschools, including at SK Pakatan Jaya, Kinta Utara, Perak, and SK FELDA Palong 1, Jempol, Negeri Sembilan; and
- 16 TASKA and TABIKA KEMAS centres, with some located in Gopeng, Segamat, Rompin, and Kota Samarahan.

244. To continue assisting parents in accessing early education and childcare services, the individual income tax relief for payments made towards TASKA and TADIKAs fees is extended until the Year of Assessment 2027.

245. The Government is committed and will ensure that the welfare and education of autistic children are at the highest level:

- Establishing 11 new PERMATA Centres across various states to uplift the early education of autistic children. This includes Kelantan, Terengganu, Sabah and Sarawak.
- Two new schools for students with special needs have also been built in Tuaran, Sabah, and Johor Bahru at a cost of 300 million ringgit. The school in Johor Bahru will be the first school to focus entirely on education for students with autism.
- The Special Needs Student Allowance of 150 ringgit per month will continue to be provided to over 110,000 PWD students, with an allocation of 200 million ringgit.
- The Autism Learning Fee Assistance is provided to ease the burden on eligible parents. This will benefit 30,000 children with autism, with an allocation of 15 million ringgit.
- To ensure a comfortable and inclusive learning environment, 10 million ringgit has been allocated to assist registered private autism schools with the Ministry of Education in enhancing their learning facilities.

- Autism Service Centres are also being established, which will benefit the autism community, with an allocation of 5 million ringgit.
- The tax relief limit for treatment and rehabilitation expenses for children with autism will be increased to 6,000 ringgit, up from 4,000 ringgit.

MEASURE 50: SENIOR CITIZENS

246. The allocation for the welfare of senior citizens is raised to 1 billion ringgit. This will fund cash assistance, allowances for Senior Citizens Care Institutions, and activity centres.

247. The Government plans to review individual income tax relief related to sports activities and healthcare to safeguard the welfare and ensure the care of senior citizens.

First: tax relief for full medical check-up expenses for parents will be expanded to include vaccination costs;

Second: tax relief for sports equipment and activities expenses will be extended to cover parents;

Third: tax relief for medical treatment expenses for parents will also include grandparents;

Fourth: individual income tax exemption on childcare allowances will be extended to include care for the elderly, namely parents and grandparents; and

Fifth: additional tax deductions for employers who pay childcare allowances will also be extended to include care for the elderly, namely parents and grandparents.

MEASURE 51: PERSONS WITH DISABILITIES (PWD)

248. The well-being of the community of PWD continues to be protected:

- Allocation for assistance for PWDs under JKM is increased to 1.3 billion ringgit from 1.2 billion ringgit.
- The salary eligibility requirement to receive the Incentive Allowance for Disabled Workers will be increased to 1,700 ringgit from 1,500 ringgit.
- PWD-friendly facilities throughout HEIs will be improved while continuing to implement the Community-Based Rehabilitation Programme for the PWDs with an allocation of 30 million ringgit.
- Financing facilities through Skim Sinar BSN are provided with a fund of 50 million ringgit for PWDs to venture into business.

249. The Government will ease the burden of PWD taxpayers with the following recommendations:

First: additional tax relief for PWDs to be increased to 7,000 ringgit;

Second: additional tax relief for PWDs' spouses to be increased to 6,000 ringgit; and

Third: tax relief for taxpayers who have unmarried children with disabilities to be increased to 8,000 ringgit.

250. To ensure the public delivery system is more inclusive, the MyGCC Government Contact Centre will provide specific services to meet the needs of PWD callers, such as offering video call with sign language.

MEASURE 52: ORANG ASLI

251. The Orang Asli community continues to be protected under the MADANI Budget, with the allocation increased to 380 million ringgit from 330 million ringgit. This includes allocation to improve the Orang Asli's living standards, including through the Orang Asli farm redevelopment project nationwide.

252. A total of 10 million ringgit is provided for NGOs and JAKOA to collaborate in building houses under the EPIC Homes programme, which will also provide electricity and clean water to the Orang Asli more economically and quickly.

253. Frequent landslides also has a major impact on Orang Asli villages. The Government will develop the profile and mapping of high-risk slope areas in Orang Asli villages with a cost of 18 million ringgit. This will serve as an early preventive action in case there are villages that require immediate attention.

MEASURE 53: SECOND CHANCE

254. The Second Chance Policy has benefited almost 170,000 *rakyat* who were declared bankrupt to rebuild their lives. Moving forward, the Second Chance Policy will be extended to insolvent companies.

255. *Program Peluang Kedua* (PEKA) by the Prison Department will continue to reintegrate inmates back into society. The National Anti-Drugs Agency is also involved in accordance with the agreed decisions to decriminalise drug addicts. 10 million ringgit is allocated to implement the PEKA programme.

256. *The Baitul Mahabbah* Programme will be continued by the Immigration Department in collaboration with NGOs and relevant international organisations. This is to ensure that foreign children receive protection in suitable temporary shelters, apart from the Immigration Detention Depot.

257. *The Government* will draft a new act to allow home detention as an alternative for certain offenses, where offenders are required to stay in appropriate detention locations such as residences, care homes, worker dormitories and others throughout the detention period under specified conditions and will be monitored and supervised by prison officers.

MEASURE 54: ISLAMIC PRINCIPLES

258. Divergent thoughts and movements that stray from the true teachings of Islam based on *Ahli Sunnah Wal Jamaah* are increasingly concerning. Concerted efforts are actively being undertaken to curb all activities that distort faith, which are spreading and causing unrest among the Malaysian populace.

259. Following the ongoing Ops Global, the Government will allocate an additional 25 million ringgit to the Ministry of Women, Family and Community Development in managing abused children as well as implementing faith rehabilitation programmes.

260. For next year, a total of 2 billion ringgit is allocated for Islamic affairs. Part of the allocation will be utilised to empower Islamic educational institutions:

- 150 million ringgit is allocated for the maintenance of Islamic education infrastructure under JAKIM, such as religious schools, tahfiz schools, and *sekolah agama rakyat*.
- The Government has agreed to increase the quota of Kafa teachers by 1,500 people, aligning with the demand for *fardu ain* education for children.
- To help students at the Institut Pengajian Islam dan Dakwah Sabah (IPDAS), Institut Kemahiran Islam Malaysia Sarawak (IKMAS) and Darul Quran JAKIM, the Government has agreed to increase the students' allowance by 100 ringgit.

261. The incident of burning the Quran in Sweden and the opposition against Islam stem from deep-seated ignorance. To cultivate awareness of Islam, the Government will launch an initiative for Quran endowment with the intention of printing one million copies of the Quran to be distributed worldwide, along with translations in various languages, including English, Spanish, Mandarin, and Swedish. This effort will be implemented by JAKIM in collaboration with organisations such as Yayasan Restu.

262. As a sign of brotherhood, the Government has taken steps to bring more than 40 Palestinians in need of medical treatment to Malaysia. In efforts to mobilise assistance on the basis of shared responsibility, the Government proposes that the beneficiaries of charitable and welfare activities under subsection 44(6) of the Income Tax Act be expanded to include contributions to non-citizens affected by crises.

263. In appreciation of the huge contribution of more than 70,000 KAFA teachers, guru takmir, imams, bilals, tok siaks, noja and marbut, the Government has agreed to channel a special contribution of 500 ringgit with an allocation of 35 million ringgit.

MEASURE 55: SPORTS DEVELOPMENT

264. We extend our congratulations to all athletes who have done their utmost to bring glory to the country at the Paris Olympics and Paralympics. This includes the achievements of Mr. Cheah Liek Hou and Mr. Bonnie Bunyau Gustin who won gold medals. The development of national sports will continue to be intensified through an allocation of more than 230 million ringgit. These includes:

- the podium programme, athlete training, and the Road to Gold initiative;
- preparations of para athletes ahead of the World Para Games, including the Deaflympics Tokyo 2025;
- maintenance and repair of youth and sports facilities across the country; and
- sports matching grant to encourage the organisation of sports competitions by associations and NGOs.

265. To support the development of football, 15 million ringgit is allocated to the Harimau Malaya Team, Under-18 Team and Under-13 Team in collaboration with FAM to get the best coaches, attend the best training sessions and rewarded appropriately to the players.

266. We are proud of the achievements of our national badminton team, including the women's doubles team of Misses Pearly and Thinaah, as well as the men's doubles team of Mr. Sze Fei and Mr. Izzuddin, who have brought honour to the country in various international tournaments. I see them as reflecting the spirit of unity and the strength of our multi-cultural and multi-religious society, showing that we can fight together and achieve success.

267. Following the warm reception during my recent visits to India, Pakistan, and Bangladesh, I feel compelled to announce an allocation of 1 million ringgit for the development of cricket sports.

268. Recently, the Selangor Red Giants were crowned world champions at the e-Sports World Cup, and this certainly serves as an inspiration to local e-sports players. The Government has agreed to provide 20 million ringgit to strengthen the e-sports ecosystem, which includes talent development and the upgrading of e-sports arenas.

269. The Government proposes that income tax exemption be given on sports victory cash prize rewards received by individual athletes and teams through the Skim Hadiah Kemenangan Sukan (SHAKAM) given by the Government through the National Sports Council of Malaysia (MSN).

MEASURE 56: VOLUNTEERISM

270. In shaping noble personalities and overcoming differences among communities of various ethnic groups, the organisation of programmes to foster the spirit of unity and national identity will be increased with an allocation of 50 million ringgit.

271. Community programmes that nurture the spirit of volunteerism will continue to be strengthened with an allocation of 150 million ringgit. This includes collaborating with the GLICs/GLCs Foundation and NGOs to address public issues, as well as organising PIBG *gotong-royong* activities in all schools nationwide.

272. In the same context, assistance funds of 50 million ringgit has been allocated for repair works and maintenance of registered non-Islamic houses of worship nationwide.

MEASURE 57: LANGUAGE AND CREATIVE WORKS

273. I have often emphasised, in the context of the Asian Renaissance, that economic development must be accompanied by the nurturing of culture and values. Our linguistic and literary heritage must be preserved, ensuring it remains vibrant and enduring. To elevate the stature of language and literature, the Government is allocating 50 million ringgit for Dewan Bahasa dan Pustaka to collaborate with linguists and literary practitioners to intensify language and literary activities, particularly among the youth. This initiative includes translating renowned literary works, organising theatrical performances, and preserving the languages of minority communities, such as the Thai ethnic group.

274. The Government continues to support the development of the arts and creative industries:

- The allocation for the Digital Content Fund is increased to 65 million ringgit to promote creative works, especially those that embody the spirit of nationalism.
- around 40 million ringgit is provided under the Film Incentive in Malaysia (FIMI) to support international film production in Malaysia.
- MyCreative Ventures is allocated 25 million ringgit to support the creative industry through equity injections into high-potential companies and to provide financing for creative social entrepreneurs.

- The MADANI Creative Youth Programme will be organised with an allocation of 30 million ringgit to attract around 16,000 youths to venture into the field of arts. The programme will include activities such as videography skills workshops for creative content, film community development, and short film competitions.

MEASURE 58: NATIONAL SECURITY AND DEFENCE

275. The dignity and sovereignty of the nation must be continuously safeguarded from any threats. The harmony that has been achieved so far must not be disrupted. The unity of the *rakyat* from various ethnicities and religions that has been built over time must be preserved.

276. The Ministry of Home Affairs (KDN) is allocated 19.5 billion ringgit, an increase of 500 million ringgit.

277. More than 2.12 billion ringgit is allocated for specialised assets for the Royal Malaysia Police (RMP) and uniformed agencies under KDN to ensure national security through concerted efforts to curb the rising crime rates and prevent any divisive elements that threaten national unity.

278. Several new police stations are set to be constructed next year at a cost of 2.1 billion ringgit. Among the projects are:

- Ibu Pejabat Polis Kontinjen Pahang;
- Ibu Pejabat Polis Daerah Wangsa Maju;
- Ibu Pejabat Polis Daerah Petaling Jaya; and
- Balai Polis Tanjung Minyak, Melaka.

279. The Ministry of Defense (MINDEF) receives an allocation of 21.2 billion ringgit, an increase of 1.4 billion ringgit.

280. The Government will continue to ensure the full readiness of the Malaysian Armed Forces (ATM), with 5.8 billion ringgit allocated for maintenance and repair work as well as the procurement of new military assets.

281. To capitalised maintenance contracts, the new PROTEGE – Veteran programme will be introduced, specifically mandating contractors to offer job opportunities for ATM veterans, particularly those with TVET qualifications.

282. Special emphasis is also given to developing the local defense industry through technology transfer from military asset suppliers and encouraging local industry players to penetrate the export market. For example, Aerodyne, a local company has emerged as a leading global drone service provider, should be supported in exporting border security applications.

MEASURE 59: NATIONAL BORDERS

283. As often emphasised, the South China Sea dispute must be resolved at the negotiation table. We remain firm in our stance that this can be addressed peacefully, although this does not mean we will tolerate any compromise on the nation's rights and sovereignty.

284. Maritime assets will be increased and maintained. This includes new procurement under the Malaysian Maritime Enforcement Agency (APMM), namely:

- Six vessels under the Phase 2 Ship Life Extension Programme;
- One Multi-Purpose Mission Ship; and
- Two New Generation Patrol Vessels.

285. A total of 560 million ringgit is provided to strengthen country borders. Among them are for:

- Construct new and upgrading of ICQS in Rantau Panjang and Bukit Berapit;
- Construct two new border posts in Bantul and Serudung, Sabah; and
- Equip enforcement agencies with drone technology and AI to enhance monitoring capabilities.

286. In addition, the development of bordering towns with Kalimantan, Indonesia, and Southern Thailand will be prioritised, including the provision of basic infrastructure, with an allocation of approximately 1 billion ringgit. This includes the construction of bridges from Rantau Panjang to Golok and from Pengkalan Kubor to Tumpat, costing over 50 million ringgit.

287. In response to water supply constraints in the Eastern Sabah Security Zone (ESS ZONE), 5 million ringgit will be allocated to provide clean water through a hybrid system using rainwater and groundwater.

288. With regards to the management of border entry and exit:

- The Malaysian Border Control and Protection Agency (MCBA) has been established to enhance border management.
- Travellers from 63 countries have utilised the automated gate system at Kuala Lumpur International Airport (KLIA).
- QR code method has been implemented to inspect bus passengers and motorcycle users at the main southern entry points of the country, reducing inspection times by up to 40%. 20 million ringgit will be allocated to further strengthen the control of national entry points.

MEASURE 60: CIVIL SERVANTS

289. At the same opportunity, I would like to invite the entire civil servants to embrace a new work culture in order to embody the spirit of transformation and improve service efficiency to the *rakyat*. There is no meaning, after all, if the policies we propose are not supported by the efficiency of civil servants. Therefore, we must foster agility and enhance our service to the *rakyat*.

290. The well-being of civil servants continues to be preserved:

- The Ministry of Health will implement a new targeted work system in hospitals and health clinics. For healthcare facilities adopting this system, the Government has agreed to raise the On-Call Duty Allowance from 55 ringgit to 65 ringgit for Medical Officers and Dental Officers, based on their respective service areas and departments.
- In line with the lifelong learning policy, the Government is introducing the APEL.Q Programme under the management of INTAN. Through this programme, the Government will cover 50% of the tuition fees, or a maximum of 15,000 ringgit for public servants who have served for more than 15 years to pursue higher education.
- Over 1.8 bilion ringgit is allocated to build, maintain and refurbish civil servants' quarters, encompassing teachers, doctors, the police, firefighters, prisons, and the Armed Forces Family Housing.

- *Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA)* will introduce the *Skim Pembiayaan Perumahan Muda* for the benefit of young civil servants who wish to apply for home financing for a period of up to 40 years.

- *The* tragic memories of the attack at Ulu Tiram Police Station, which claimed the lives of two police officers – Allahyarham Lance Corporal Ahmad Azza Fahmi Azhar and Allahyarham Lance Corporal Muhamad Syafiq Ahmad Said – remain vivid. Additionally, Sergeant Mohd Hasif Roslan was injured in the shooting. In response to this tragedy and to strengthen social protection for all public servants, the Ex-Gratia Work Disaster Scheme will be improved.
 - For members of the security forces and enforcement agencies who suffer permanent disability while on duty, an Ex-Gratia Operational benefit of up to 50,000 ringgit will be granted starting from the year 2024.

 - In cases of death due to work-related disasters, a lump-sum Ex-Gratia benefit of 20,000 ringgit will be provided in addition to the survivor's pension and periodic benefit payments to the next of kin starting from the year 2024

 - *Kadar Elaun Layanan Sentiasa* will be increased to 1,500 ringgit from 500 ringgit, effective 1 January 2025, including for existing recipients.

291. The well-being of pensioners and military veterans is not neglected:

- The Government has agreed to increase the Cost of Living Assistance for non-pensioned ATM veterans to 500 ringgit per month, compared to 300 ringgit currently.
- The Government has also agreed to extend the Special Appreciation Payment to pensioners and derivative pension recipients from January to December 2025.

292. I am deeply touched by the sincerity of civil servants who selflessly contribute their time, energy, and resources:

- The story of Cikgu Azam from SK Klang is also very inspiring. He created Caballus RAFVI through his own initiative and funding to provide a wonderful experience for his visually impaired students to participate in a running event with their peers.
- Ustaz Wan, a teacher at SK Nami in Gulau Sik, Kedah, has creatively established a bowling area in the school's porch for students to engage in recreational activities during their break.

- The Government sincerely appreciates the contributions of the MALBATT team in their mission in Lebanon. We are proud of the SMART team's achievement, recognised as the second-best special forces team in Southeast Asia by the UN.

To encourage civil servants to provide the best service to the *rakyat*, including promoting a culture of innovation, the Government will organise the *Anugerah Perkhidmatan Awam MADANI* to acknowledge their contributions with suitable incentives.

293. The Government has restructured the salary scheme for civil servants to *Sistem Saraan Perkhidmatan Awam (SSPA)* in phases, effective from 1 December 2024. This reform involves a salary adjustment of 15% for the Executive Group and the Management and Professional Group, as well as 7% for the Top Management Group. With the new SSPA, civil servants will receive a minimum monthly income of 2,115 ringgit. Phase 1 of the SSPA will involve an additional expenditure of 10 billion ringgit for the year 2025.

294. In line with the SSPA, pension adjustments will also be implemented in phases based on a percentage adjustment of the final salary of pensioners according to their respective service groups, including pensioners from the Malaysian Armed Forces (ATM).

295. I am pleased to announce that the Government has agreed to provide a *Bantuan Khas Kewangan* of 500 ringgit to all civil servants in grade 56 and below, including contract appointments. A *Bantuan Khas Kewangan* of 250 ringgit will also be provided to all Government pensioners, including pensioned and non-pensioned veterans. This assistance will be distributed in February 2025.

296. In light of concerns over the *rakyat's* problems and the increasing fiscal challenges, I would like to express my gratitude to Tan Sri Chief Secretary to the Government (KSN) and Tan Sri Director-General of Public Service (KPPA) for their leadership. The Top Management of *Gred Utama* TURUS have set an example and voluntarily decided to return the 7% salary adjustment offered under the SSPA.

297. Meanwhile, the ministers and political appointees will continue to take a 20% salary reduction, and I myself will not be receiving a salary.

CLOSING

Mr Speaker Sir,

298. In closing, we extend our deepest gratitude to the Lord Almighty for the nation's clear trajectory and strengthening progress, which are becoming ever more evident. Robust growth, convincing investment figures, reinforced governance through steadfast enforcement and institutional reforms, and a culture of championing the *rakyat* are now more palpable.

299. These are clear indicators of the nation's transformation towards embodying the MADANI values we have long aspired to. Such achievements stem from the unity and collaboration of all, from leadership and Government machinery to entrepreneurs, employees, and the *rakyat* at large. Indeed, the peace and stability we enjoy must be further fortified, fostering a spirit of unity across all ethnicities and states, radiating Muhibbah and unconditional love throughout Malaysia. The *rakyat* can only be truly uplifted and protected when we sow seeds of compassion, love, and continually seek the blessings of the Almighty.

300. Let us reflect on the verses of the following poem:

Kepada Cinta aku bertanya: “Mengapa benci marak di sini?”

Kepada Doa aku bertanya: “Mengapa dusta laris di sini?”

Kepada Berita aku berkata: “Mengapa fakta dikhianati?”

“Kepada Sastra aku bercerita tentang kata-kata yang berubah arti ...”

Banyak orang bicara cinta sambil menyebarkan bara benci

Banyak nian para pendusta berlagak kawan sejati

Banyak orang menghafal doa tapi mereka tidak mengerti

Banyak orang berbuat dosa tapi berlagak suci ...”

Kepada Cinta aku berkata: “Padamkan benci di banyak diri ...”

Kepada Doa aku bisikkan: “Tetaplah murni jangan tercemari!”

Kepada Rindu aku kisahkan: “Doa dan cinta kekal abadi ...”

Kepada Allah aku memohon: “Teguhkan aku di semua sepi ...”

Excerpt from ‘Kepada Cinta’ (Teguh Esha)

Wassalamualaikum Warahmatullahi Wabarakatuh.

Mr. Speaker Sir, I beg to propose.



“

This is a Budget dedicated to the *rakyat*. Ergo, I summon the collective strength of the nation, as I have articulated before, for there has never been a better moment than now to outline an agenda for an economic renaissance and to uplift the *rakyat*'s dignity. ”

YAB Dato' Seri Anwar Ibrahim
PRIME MINISTER AND FINANCE MINISTER


DILARANG
MEROKOK



YAB Dato' Seri Anwar Ibrahim at Siti Khadijah Central Market, Kelantan, to meet with traders and the rakyat in early October 2024



Appendix I

Touchpoints

Budget 2025

FOCUS I: DRIVING REFORMS

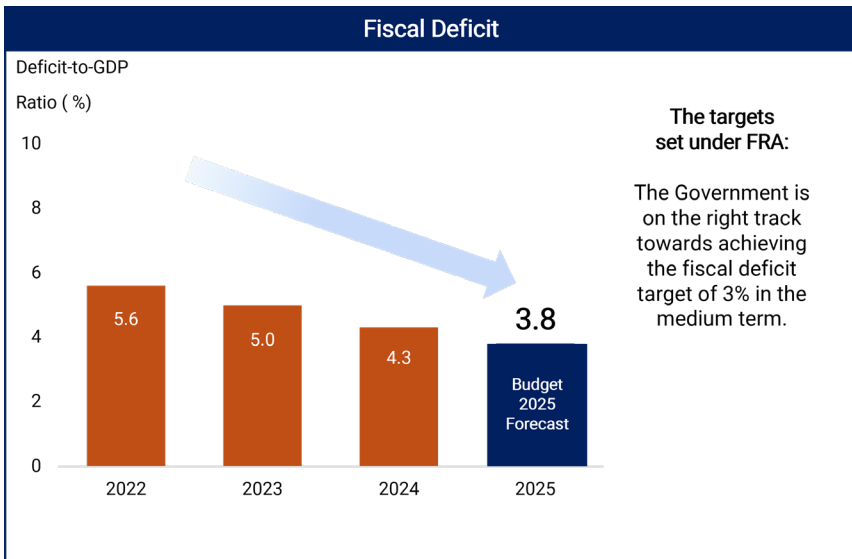
1. Fiscal Responsibility and Debt Management

- Malaysia’s Gross Domestic Product (GDP) growth **4.5% - 5.5%** forecast in 2025
- World Bank GDP projection for 2024 **4.9%**

GDP growth for 2024 is projected to be more robust, ranging between 4.8% - 5.3%, compared to initial forecast	
Year	GDP
2023	3.6%
2024 – Budget Estimate	4.0% - 5.0%
2024 – Revised	4.8% - 5.3%
2025 – Budget Estimate	4.5% - 5.5%

- The Government fiscal deficit projection for 2025 **3.8%**

Federal Government Fiscal Position



2. Revenue Collection

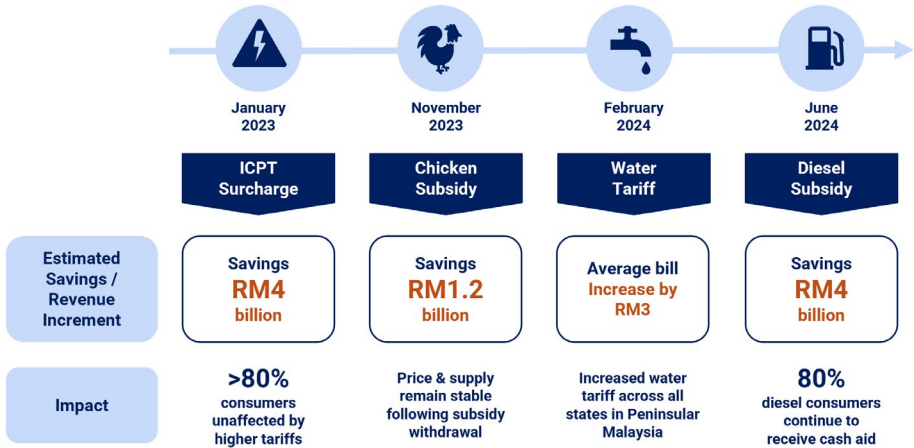
- The Government's revenue forecast for 2025 **RM339.7b**

3. Targeted Subsidies

- Total allocation for subsidies, assistance and incentives **RM58.2b**
- Annual savings expected from targeted subsidies for electricity, where 85% of population will continue to benefit from subsidies, while customers consuming over 600 kWh will be required to pay full rate without subsidies **RM4b**
- Water tariff adjustment was implemented in February 2024 to alleviate financial management burden on the state **-**
- Projected annual savings from floating chicken prices, without adversely affecting market supply **RM1.2b**
- Projected annual savings from targeted subsidies for diesel, as subsidised diesel sales reduced by 30% generating monthly savings of more than RM600 million **> RM4b**
- Targeted subsidies for RON95 will be implemented by mid-2025. The Government will continue to bear subsidies for 85% of the *rakyat*, at an estimated cost of RM12 billion **-**
- Allocation for Ministry of Domestic Trade and Cost of Living (KPDN) and Royal Malaysian Customs Department (RMCD) to combat leakages **RM60m**

- KPDN and RMCD seizure of illegal activities/contraband valued at almost RM2 billion -
- Empower Malaysia Competition Commission (MyCC) to curb cartel activities, price-fixing and monopolies **RM27m**

Commitment to Implement Targeted Subsidies in Stages



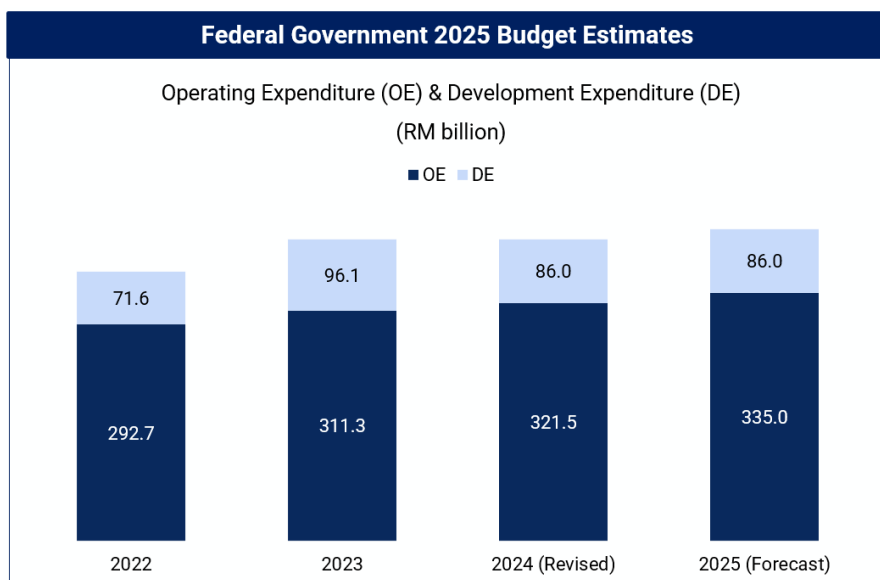
4. Budget 2025 Estimates

- Total allocation for Third MADANI Budget: **RM421.0b***
 - a) Operating Expenditure: **RM335.0 billion**
 - b) Development Expenditure: **RM86.0 billion**
 - c) Contingency Reserves: **RM2.0 billion**

**Excludes contingency reserves of RM2.0 billion*

- Other allocations apart from Government development funds, including:
 - a) Private Finance Initiative (PFI): **RM9.0 billion**
 - b) Government-Linked Investment Companies (GLIC)
Domestic Direct Investments: **RM25.0 billion**

Total public investments: **RM120.0 billion**



5. Inclusive Development

Reorganise new development projects to state priorities:

State	Project
Perak	<ul style="list-style-type: none"> a) Raw Water Transfer Project from Sungai Perak for water supply in northern Perak and Penang; b) Kerian Integrated Green Industrial Park (KIGIP) as the first high-tech green hub in Southeast Asia; c) Automotive High-Tech Valley (AHTV) in Tanjong Malim as the nation's automotive hub, spearheaded by Proton and Geely; and d) Lumut Maritime Industrial City (LuMIC) as a regional maritime industrial hub
Pahang	<ul style="list-style-type: none"> a) High-priority flood mitigation projects involving rivers in Pahang; and b) Cameron Highlands Bypass Road construction project by upgrading the road from Bulatan McDonalds to Persimpangan Brinchang
Johor	<ul style="list-style-type: none"> a) Third phase of the North-South Expressway (PLUS) expansion from Simpang Renggam to Machap, from four (4) to six (6) lanes; b) Commence operations of Johor Bahru-Singapore Rapid Transit System Link in 2027; and c) Construct riverside barrage and reservoir in Sungai Sedili Besar, Kota Tinggi
Kelantan	<ul style="list-style-type: none"> a) Machang Water Treatment Plant construction; and b) Sultan Ismail Petra Airport, Kota Bharu runway extension project
Melaka	<ul style="list-style-type: none"> a) Construct Elevated and Direct U-Turns at Pulau Gadong crossroads to Taman Cheng Perdana crossroads, Melaka Tengah; and b) Construct Melaka central market (<i>pasar besar</i>)
Perlis	<ul style="list-style-type: none"> a) Construct roads connecting Jalan Pesisir Pantai Kuala Perlis to Kuala Sanglang, and upgrade Jalan Persiaran Wawasan, Kangar from two (2) to four (4) lanes; and b) Upgrade Control Post and construct a new block at Immigration, Customs, Quarantine and Security (ICQS) Complex in Wang Kelian

State	Project
Selangor	<ul style="list-style-type: none"> a) Sungai Langat 2 Flood Mitigation Project; and b) Expand Pulau Indah Ring Road and Northport Klang, Selangor roads, as part of Government's initiative to support Port Klang's aspiration to be top 10 world best ports
Kedah	<ul style="list-style-type: none"> a) Kulim Hi-Tech Park development to host the expansion of Infineon Technologies, a German semiconductor company, which has agreed to invest RM30.1 billion to build the world's largest silicon carbide (SiC) power fabrication plant; and b) Construct auxiliary building at Hospital Kulim
Kuala Lumpur	<ul style="list-style-type: none"> a) Restore and revitalise Bangunan Sultan Abdul Samad Complex, Bangunan Stesen Kereta Api Kuala Lumpur and Carcosa Seri Negara by Khazanah; and b) Lebuhraya Laluan Istana-Kiara (LIKE) project from Jalan Duta to Jalan Istana
Negeri Sembilan	<ul style="list-style-type: none"> a) Upgrade Jalan Bahau-Keratong, Jempol; and b) Upgrade sewage treatment plant at Serantau Kuala Sawah
Penang	<ul style="list-style-type: none"> a) Penang LRT project; b) Penang International Airport expansion project; and c) Batu Kawan Industrial Park 3 (BKIP3) project
Terengganu	<ul style="list-style-type: none"> a) Sungai Tepoh and Banggol Air Lilih, Kuala Nerus Flood Mitigation Projects; b) Cypark Solar Hybrid Power Plant, Merchang; and c) Kenyir Hybrid Hydro-Floating Solar Farm and green hydrogen hub projects

- Federal allocation for development of Sabah **RM6.7b**
- Federal allocation for development of Sarawak **RM5.9b**
- Special Grants to Sabah and Sarawak **RM1.2b**

Significant Increase in Special Grants to Sabah and Sarawak		
Year	Sabah (RM million)	Sarawak (RM million)
1973-2021	26.7	16.0
2022	125.6	16.0
2023	300	300
2024	306	306
2025	600	600

- Letters of Acceptance (SST) issued for 17 work packages under Phase 1B of Pan Borneo Sabah covering Kota Belud to Kudat, Tawau to Kampung Lot M, and Telupid to Ranau **RM9.7b**
- Expected completion of Pan Borneo Sarawak by November 2024 **-**
- Finalised four (4) work packages under Sabah-Sarawak Link Road (SSLR) Phase 2 **RM7.4b**
- Tawau Airport, Sabah and Miri Airport, Sarawak expansion projects **RM253m**

- Develop Sarawak Cancer Centre in Kota Samarahan through collaboration between Federal Government and Sarawak State Government

RM1b

6. Public-Private Partnership

- Public-Private Partnership Master Plan 2030 (PIKAS 2030) aims to increase private investments by RM78 billion and generate 900,000 new employment opportunities for the *rakyat*. Development projects to factor 'user pay' elements, including the following *rakyat*-centric projects:
 - a) Hospital Sultanah Aminah 2 in Johor;
 - b) Juru and Sungai Dua, Penang Elevated Highway;
 - c) West Ipoh Span Expressway (WISE) from Gopeng to Kuala Kangsar, Perak;
 - d) Five Seasons in Two Years Paddy Cultivation initiative across Muda Agricultural Development Authority (MADA) areas in Kedah dan Perlis; and
 - e) West Coast Expressway (WCE) from Banting to Gelang Patah stretch

-

7. Combating Corruption

- Allocation for Malaysian Anti-Corruption Commission (MACC) **RM360m**
- Table Freedom of Information Bill and Government Procurement Bill to increase empowerment and efficiency in the public sector -
- Amended Audit Act to empower the Auditor-General to audit management of public funds, including companies receiving government guarantees taking the 'Follow the Public Money Audit' approach -
- Allocation for National Audit Department befitting its expanded responsibility of auditing 2,000 companies and entities receiving allocations and Government guarantees **RM200m**

8. Parliamentary Institution

- Allocation for Parliament of Malaysia to empower the Public Accounts Committee (PAC) and the Special Select Committee of the Dewan Negara and Dewan Rakyat as a check-and-balance body preserving independence of the Parliamentary Institution **RM180m**
- Support efforts of All-Party Parliamentary Group Malaysia Sustainable Development Goals (APPGM-SDG) across all parliamentary constituencies and political parties **RM20m**

9. Legislative Reforms

- Allocation for Legal Affairs Division, Prime Minister's Department in accordance with commitments to legislative and institutional reforms **RM209m**
- Formation of Legislative Reform Taskforce to spearhead the revision of more than 3,000 archaic laws to align with current standards, especially commercial laws such as the Contracts Act 1950 -
- Establish a Credit Oversight Board to regulate non-bank credit providers and credit service providers, such as factoring companies, non-bank leasing firms, and entities that offer 'Buy Now Pay Later' facilities -
- The Consumer Credit Act (CCA) will provide a regulatory framework for the credit industry to ensure responsible and transparent credit practices -
- Upgrade judicial infrastructure including the e-Kehakiman system in supporting the digital agenda **RM61m**
- Replace the Legal Aid Act 1971 with a new, more inclusive Act which includes provision of digital legal aid services -
- Develop a Malaysian Syariah Judicial Academy in Bandar Enstek, Negeri Sembilan **RM137m**

10. Government Institutional Reforms

- Merge Government entities with nearly identical roles to ensure founding mandates are realised more effectively. These mergers include: -
 - a) Malaysian Aviation Commission (MAVCOM) and Civil Aviation Authority of Malaysia (CAAM);
 - b) InvestKL and Malaysian Investment Development Authority (MIDA);
 - c) Razak School of Government (RSOG) and National Institute of Public Administration (INTAN); and
 - d) Halal Development Corporation (HDC) and Malaysia External Trade Development Corporation (MATRADE)

- Provide Guidelines on Management and Governance of Federal Statutory Bodies (BBP) to ensure statutory bodies achieve their founding goals without veering off from original purpose -

- Establish Coordinating Office for BBP Rationalisation to review strategic direction, financial capabilities, and overlapping roles of approximately 544 BBP entities, including extension to Company Limited by Guarantee (CLBG) -

11. Commitment to Administrative Efficiency

- Draft Public Administration Efficiency Commitment Bill, encompassing three (3) major shifts, namely reduce bureaucracy, accelerate administrative processes, and enhance efficiency in service delivery -

- Public Service Reform Agenda to focus on five (5) outcomes, namely Value and Governance, Human Capital Development, Organisational Development, Service Delivery, and Public and Private Strategic Synergy -

- Special Task Force on Agency Reform (STAR) to collaborate with Malaysia Productivity Corporation (MPC) to expand *Reformasi Kerenah Birokrasi (RKB)* Initiative across all agencies, including reviewing regulations to shorten approval processes for benefit of the *rakyat*, traders and investors **RM25m**

- Establish centralised channel at Urban Transformation Centres (UTCs) to assist *rakyat* in requesting for assistance across various agencies, including: -
 - a) Road Transport Department (RTD) counter operating hours extended by an hour;

 - b) Develop UTC in Seberang Perai, Penang and provide Queue Management System (QMS) at all UTCs to allow *rakyat* to obtain queue numbers online (RM4m);

- c) *Kiosk Sentuhan MADANI* initiative by gathering various Government service kiosks in focal areas to enable dealings with Government outside office hours;
 - d) Use of iPayment at all Government counters as a cashless payment platform; and
 - e) Upgrade health clinics at UTCs (RM6m)
- Empower mobile services to meet needs of rural and remote communities: **RM100m**
 - a) Expand Mobile Community Services in Sabah and Sarawak, including proposed locations in Kampung Pangaraan, Sabah and Pulau Bruit, Sarawak (RM2m);
 - b) Expand mobile clinic treatment services encompassing physiotherapy, psychosocial support, training for family members to care for bed-ridden patients at home as well as mammogram screenings by university teaching hospitals such as University Malaya Medical Centre (UMMC) (RM13m);
 - c) Mobile Health and Dental Clinics, including nine (9) additional mobile dental clinics, totalling 54 nationwide (RM63.4m);
 - d) Instil financial literacy among communities through Financial Education Network (FEN) roadshows nationwide by Bank Negara Malaysia (BNM);
 - e) Science on Wheels by National Science Centre as mobile mini science centre to expand outreach and

access of STEM programme to rural, interior, and remote areas (RM5m);

- f) Empower *Perkhidmatan Menyemai Kasih Rakyat* (MEKAR) JPN through 4WD MEKAR (RM1m);
- g) Mobile Court and Legal Aid (Justice on Wheels) (RM5m); and
- h) The Mobile BSN Bank increased by four (4) units, bringing the total to 16, with a focus on Sabah and Sarawak, to facilitate the transfer of assistance (RM10m)

12. Sejati MADANI

- Allocation between RM50,000 and RM100,000 for community committee economic activities -
- Intensify Sejati MADANI initiatives through broader collaborations, including: **RM1b**
 - a) Boost economy of communities in villages, cities, rural areas and Orang Asli villages under ICU JPM supervision. Village committees will decide economic activity to be ventured into by the respective committees (RM600m);
 - b) Extend Kampung Angkat MADANI Programme benefits in 200 villages led by Ministries/Departments (RM200m);
 - c) Allocation for public universities to implement Kampung Angkat MADANI and TVET institutions to

provide community and TVET services (RM100m);
and

d) Empower Program Perumahan Rakyat (PPR) communities through various socioeconomic programmes (RM100m)

- Major palm oil companies such as Kuala Lumpur Kepong (KLK), IOI Group, SD Guthrie, TH Plantations and United Plantations will adopt adjacent palm oil smallholders to provide assistance including supply of latest seeds and best fertilisers as well as helping them comply with sustainability standards -
- Facilitate procurement process for *rakyat*-critical projects through increased thresholds for: -
 - a) *Gotong-royong* activities to RM200,000;
 - b) Quotation value for lift maintenance and replacement works in public housing and quarters to RM1.2 million; and
 - c) Increase value limit for direct appointments and quotations for all maintenance and minor repair works, to RM200,000 and RM1 million, respectively, in addition to projects for schools, dilapidated clinics, and existing healthcare facilities

13. Optimal Use of Resources

- Relocate foreign offices not operating under one roof to the Chancery Office or merge with nearest offices to optimise operating costs and resources -

- STAR will review vacant spaces and buildings owned by Government agencies, GLICs and Government-linked Companies (GLCs) to be used as preschools, childcare centres, and skills training centres -
- Centralise Government agency applications such as Pangkalan Data Utama (PADU), Road Transport Department (JPJ) and Inland Revenue Board of Malaysia (IRBM) under the MyDigital ID Single Application in line with digital transformation -
- Utilise the proceeds from the sale of Special License Plates (NPK) to extend the MyLesen initiative to 15,000 secondary/university students and B40 youth seeking employment by reducing the burden on the cost of acquiring the Malaysian Driving License (LMM) Class B2 (Motorcycle) -
- Finance existing *rakyat*-centric initiatives such as Free Helmet Replacement to 67,000 B40 families, MyLesen, and Self-Employment Social Security Scheme (SKSPS-SOCSO) Contributions through bulk sales of Special Registration Numbers (NPIs) to automotive companies -
- Improve governance of Outcome Based Budgeting system to ensure allocations provided achieve their objectives and meet expectations and needs of *rakyat* -

14. Cyber Security

- Strengthen role of National Scam Response Centre (NSRC) involving collaboration with BNM, Royal Malaysian Police (RMP), and financial institutions **RM20m**
- Launch National Fraud Portal to combat online fraud through automatic detection of suspicious transactions -
- Amendments to the Penal Code [Act 574] and Criminal Procedure Code [Act 593] to enable more effective action by enforcement agencies in curbing mule account syndicates -
- Enactment of Online Safety Bill to ensure service providers are responsible to enhance safety of users, especially involving children -
- Add 100 positions at the National Cyber Security Agency (NACSA) to strengthen nation's cybersecurity **RM10m**
- Allocation for CyberSecurity Malaysia, including: **RM53m**
 - a) Develop advanced cyber technology security assessment and testing capacities (CENTREACT) (RM8m);
 - b) Strengthen cyber threat monitoring, detection, and reporting (RM8m);
 - c) Digital security and privacy certification (RM7m);
 - d) Strengthen cyber forensic system capacity (RM6m);

e) Malaysia cyber security empowerment promotion programme for SMEs (RM6m); and

f) Strengthen cyber ethics on nation's human capital towards cyber security professionalism (RM2m)

- Ensure artificial intelligence is harnessed to detect, prevent, and combat cyber crimes **RM2.5m**
- Government, through the Malaysian Communications and Multimedia Commission (MCMC), will reinforce regulatory oversight via Special Task Force to Combat Cyber Crimes, involving various Ministries -

15. Catastrophe & Disaster

- Clean and upgrade drains and ditches to reduce flooding in several hotspot areas under local authorities (PBT) **RM150m**
- Allocation for National Disaster Management Agency (NADMA) in preparation for floods (RM300 million provision for this year in the event of floods at the end of the year) **RM582m**
- Matching grant immediately provided to GLICs' and GLCs' foundations to intensify response and distribution of aid to victims in flood-affected areas **RM20m**
- The Department of Irrigation and Drainage (JPS) and Local Councils (PBT) are allowed to carry out procurement of up to RM1 million through quotation method among registered G1 to G3 contractors through voting **RM50m**

- Letters of Acceptance (SST) for 12 Flood Mitigation Projects (RTB) issued, including: **RM3b**
 - a) RTB Sungai Damansara, Selangor;
 - b) RTB Sungai Likas, Kota Kinabalu, Sabah;
 - c) RTB Sungai Triang, Bera, Pahang;
 - d) RTB Sungai Tepoh and Banggol Air Lilih, Kuala Nerus, Terengganu; and
 - e) Development of Lembangan Sungai Bersepadu Sungai Kelantan Fasa 2, Kota Bharu

- Landslide and Slope Mitigation and Repair Programmes across Malaysia **RM251m**

- Programme to curb issue of soil slips (*Program Pemulihan Tanah Jerlus*) in Kerian Laut, Perak; Kedah; and Perlis **RM21m**

- Implement Geotechnical Survey of Soil Layer Structure on major roads around Kuala Lumpur Golden Triangle **RM10m**

- Repair damage to Volunteer Fire Brigade (PBS) stations nationwide **RM3m**

- Enhance capacity of consular assistance to Malaysian diaspora, including during emergencies, evacuations, and other urgent needs **RM20m**

FOCUS II: REINVIGORATING THE ECONOMY

16. New Investment Incentive Framework

- Introduce New Investment Incentive Framework focusing on high-value activities in the third quarter of 2025, with an emphasis on economic complexities, across sectors, creation of high-income jobs, set up of special economic groupings, and reduction of economic disparities between regions, as well as ESG-oriented investments -
- Facilitate inclusive investments to boost a balanced economic growth nationwide through the introduction of a strategic investment fund to enhance local talent capacity and spur high-value activities within the country **RM1b**
- Government committed to streamline existing incentives, create new non-tax incentives as well as study feasibility of Tax Credit Strategic Investment to mitigate impact of Global Minimum Tax (GMT) -
- MIDA to be the approving authority for employment pass for non-citizen graduates from public higher education institutions to fulfil human capital needs of NIMP sectors -

17. Strategic Investments

- Strategic Co-Investment Fund (CoSIF) under NIMP 2030 for matching investments through equity crowdfunding (ECF) and peer-to-peer (P2P) financing platforms to support expansion of local vendors in electrical and electronics (E&E), specialty chemicals, and medical devices industries to strengthen local supply chains **RM131.5m**

Securities Commission Malaysia (SC)

Programme/ Scheme	Allocation	Purpose	Financing Terms
NIMP 2030 Strategic Co-Investment Fund (CoSIF)	RM131.5m	Co-investment funds through SC-approved ECF and P2P platforms aims to attract investor participation in financing priority sectors and new growth sectors identified under NIMP 2030	<p>ECF/P2P platforms will assess SMEs and Mid-Tier Companies (MTCs) applicant eligibility in NIMP 2030 sectors based on the conditions determined by MITI</p> <p>Financing rate, size and tenure: Determined by ECF/P2P platforms which will publish financing campaign of applicant company</p> <p>Matching ratio of 1:3 (For every RM3 issued from ECF/P2P campaign, RM1 will be funded by CoSIF)</p>

- NIMP Industrial Development Fund to encourage innovation of local companies through technology adoption, targeting creation of 3,000 smart factories by 2030 **RM68.5m**

- Collective pledge by GLICs for domestic direct investments amounting to RM120 billion over the next five (5) years under the first phase of Government-linked Enterprises Activation and Reform Programme (GEAR-uP). RM25 billion will be invested in 2025

Domestic Direct Investment Commitments by Government-linked Investment Companies (GLICs) in line with Key Economic Sectors

<p>A renewed focus on Malaysia ...</p>	<p>... to transform the nation's strategic sectors and companies ...</p>	<p>... and be a lighthouse for Malaysian corporates to workers and communities ...</p>	<p>... acting united as one across GLICs and Government</p>
<p>Domestic Direct Investments RM120b Over 2024-28</p> <p>On top of RM440b steady state investment in public markets</p> 	 <p>Invest to create high value ecosystems to achieve national ambitions ...</p> <p>... with a relay race across GLICs to support Malaysian entrepreneurs at each stage of growth</p>	<p>Recognise responsibility to be a catalyst for nation building and social justice (e.g. GLICs' commitments to RM3,100 living wage)</p> 	 <p>Cross-collaborations across GLICs on strategic areas (e.g. joint investments by Khazanah and KWAP to strengthen the VC ecosystem)</p> <p>Cooperation between GLICs and Government to enhance public healthcare (e.g. <i>Rakan KKM</i>)</p>

Private Market Investment Programmes by GLICs

Programme/Fund	Programme Size (RM million)	Period	Objective
Dana Pemacu (KWAP)	6,000	2024-2028	Strengthen domestic private market across private equity (PE), infrastructure, and real estate classes
Dana Perintis (KWAP)	1,000	2024-2028	Facilitate efforts to advance Malaysia's startup and venture capital (VC) ecosystem via direct and indirect investments
National Fund-of-Funds (NFOF) (Khazanah)	1,000	2024-2028	Invest in innovative and high-growth startups via PE and VC funds
Mid-Tier Companies (MTCs) Programme (Khazanah)	1,000	2024-2028	Enhance competitiveness of local MTCs through funding as well as capacity and capability building programmes
Semiconductor (Khazanah)	1,000	2024-2028	Lead investments that support local semiconductor industry

18. Venture Capital & Startup Ecosystem

- Khazanah to establish National Fund-of-Funds (NFOF) with a total allocation of RM1 billion deployed over next four (4) years to support VC fund managers investing in startup companies **RM300m**
- KWAP through Dana Perintis will allocate RM1 billion over next four (4) years to accelerate development of local startup ecosystem **RM200m**
- Programmes under Cradle Fund to identify and support startups with high potential to expand regionally and globally **RM50m**
- Cradle Fund through Corporate Innovation Accelerator Programme to provide matching grants in strengthening linkages between GLCs with local startups and corporate VC initiatives **RM15m**
- BNM to facilitate the approval process for cross-border fund flows under the Foreign Exchange Administration Policy to strengthen the VC ecosystem, ensuring it remains competitive in attracting foreign investments. Approvals for cross-border fund flows involving VC and PE fund managements companies can now be granted based on the total fund size mandate **-**
- Provide conducive facilities to attract startup companies in Kuala Lumpur **RM5m**
- Various entrepreneurship training programmes for MSMEs under Centre for Entrepreneur Development and Research (CEDAR) **RM2m**

- Business Export Programme for internationalisation of MSMEs in high-value sectors (SME Bank) **RM5m**
- *Dana Mudahcara MySTI* – Catalyst fund to promote use of local R&D innovations for Government procurement **RM5m**
- Allocations for startup ecosystem, including: **RM77.5m**
 - a) Cradle Fund (RM24.5m)
 - b) Malaysia Debt Ventures (MDV) (Technology Acceleration and Commercialisation Scheme – TACT 2.0) (RM30m)
 - c) MDV (Financing Microfund Guarantee Scheme – Tech FMG) (RM18m)
 - d) Malaysian Research Accelerator for Technology & Innovation (MRANTI) (RM5m)

19. Digitalisation & Automation

- Investments totalling USD16.9 billion for the period up to 2038 from global technology giants such as Amazon Web Services (AWS), Microsoft, Google, and Oracle **-**
- Establish National Artificial Intelligence Office (NAIO) to enhance AI adoption through collaboration between academia and industry **RM10m**
- Establish ASEAN AI Safety Network (ASEAN AI Safe) to mobilise AI expertise and security together with neighbouring countries **RM3m**

- Government plans to implement a multi-tiered levy mechanism early next year to reduce dependence on foreign workers. Proceeds from levy will be channelled to the industry for automation and mechanisation -
- Digital PMKS Matching Grant and Digital Penjaja Grant under BSN for local entrepreneurs to remain competitive **RM50m**
- Empower National Information Dissemination Centre (NADI) nationwide as a community platform to increase income through online entrepreneurial activities, allocated for five (5) years under MCMC **RM100m**
- Continue Rural Community Centres' initiative to bridge the digital divide in rural areas **RM10.5m**
- Increase productivity through matching grants for R&D expenditure and eligible training: **RM20m**
 - a) Domestic Investment Accelerator Fund (DIAF) for domestic companies (RM5m); and
 - b) Foreign Investment Accelerator Fund (FI AF) for multinational corporations (RM15m)
- Allocation for promotion of e-commerce activities under MATRADE, MARA, and MDEC **RM24m**
- Upgrade basic infrastructure in existing integrated industrial areas **RM15m**
- Launch InvestMalaysia's one-stop investor portal as the main touchpoint for local and foreign investors to obtain information, data, and strategic narrative related to the country's economic direction -

20. Johor-Singapore Special Economic Zone

- Forest City has been approved as a Duty Free Island to boost tourism and local economic activities. In addition, an incentive package for the Forest City Special Financial Zone was announced in September 2024 to boost financial services activities, such as global business financial services and fintech -
- Single Family Office scheme for Forest City Special Financial Zone to promote family wealth management. The Securities Commission (SC) will serve as the appointed approving authority for pass applications for the entry of capital market investors, subject to stipulated conditions -
- Government will provide special incentives under the Johor-Singapore Special Economic Zone (JS-SEZ) to attract high-quality investments and high-value jobs, which will be announced by the end of this year -
- Establish Invest Malaysia Facilitation Centre - Johor (IMFC-J) to expedite approval processes including advisory services to reduce bureaucracy in facilitating investments in JS-SEZ -

21. Facilitating Export Markets

- Launch of the mid-tier companies (MTCs) programme by Khazanah Nasional aims to provide funding that supports local companies in building their capabilities **RM1b**
- *Skim Insentif Pemampanan Pengeksport* by EXIM Bank to encourage local exporters to expand operations globally **RM750m**

- Market Development Grant to assist Malaysian exporters in promoting Made in Malaysia products and services globally, and focus on exploring new markets in Africa, Latin America, and the Middle East **RM40m**
- Construct and upgrade Pulau Indah Ring Road and Northport Klang, Selangor **RM107m**

22. Tourism & Culture

- Visit Malaysia 2026 campaign to elevate Malaysia as a preferred tourist destination in Asia **RM400m**
- Tourism Sector Matching Grant (GSSP) to organise tourism events **RM50m**
- Cultural Sector Support Grant (GSSK) for arts and cultural events **RM30m**
- International & Charter Flights Matching Grant (GSPC) to increase number of international flights **RM30m**
- *Dana Galakan Melancong Malaysia* (GAMELAN) to enhance tourism promotional activities **RM20m**
- Promote activities related to arts, culture and heritage **RM5m**
- Promote arts and culture through heritage cuisine **RM5m**
- Foster development of handicraft and *batik* communities **RM5m**
- Establish a digital repository of national heritage artifacts to safeguard national treasure and heritage **RM15m**

- Improve and enhance key tourist areas with basic amenities, establish ecotourism partnerships, and support nominations for UNESCO, including: **RM110m**
 - a) Enhance facilities at Endau Rompin National Park, Johor; Pulau Redang, Terengganu; and Tusan Bekenu Beach, Sarawak;
 - b) Establish ecotourism partnerships with UNDP and Habitat Foundation; and
 - c) Nominations for UNESCO such as the Sungai Lembing Tin Mining Site, Pahang; and cultural elements like the Chingay Cultural parade and lion dance
- Restoration efforts to rejuvenate Bangunan Sultan Abdul Samad Complex and Carcosa Seri Negara by Khazanah to uplift Kuala Lumpur as a creative and cultural district. These include building a multi-storey bridge that connects the Perdana Botanical Gardens with Carcosa Seri Negara commencing next year **RM600m**
- Conservation of Putrajaya Monorail Suspension Bridge as a tourist landmark **RM15m**
- Incentive for tourism programmes including international sporting events **RM4m**
- Malaysian Healthcare Travel Council (MHTC) allocation for health tourism related programmes **RM31m**
- Allocation for Malaysia Convention & Exhibition Bureau (MyCEB) **RM8.2m**
- Allocation for museums **RM60m**

23. ASEAN-Malaysia 2025 Chairmanship

- All ministries and departments involved in organising meetings and activities to source handicrafts from local entrepreneurs to support handicraft artisans in conjunction with the ASEAN-Malaysia 2025 Chairmanship -
- Facilitate procurement of souvenirs up to RM100,000 and quotations of up to RM1 million to support local artisans in conjunction with ASEAN-Malaysia 2025 Chairmanship -

24. Energy Transition

- Allocation for National Energy Transition Facility fund to support energy transition projects towards achieving net-zero emission targets by 2050 **RM305.9m**
- NETR projects entering the execution phase: -
 - a) Kenyir Hybrid Hydro-Floating Solar Farm with a generation capacity of 1,000 MW, of which half of the energy output will be allocated towards the first green hydrogen hub project in Terengganu through a collaboration between PETRONAS and Tenaga Nasional Berhad (TNB); and
 - b) Large-Scale Solar (LSS) programme to develop LSS power generation projects with a total quota of 2,000 MW through a competitive bidding process with evaluation to be completed by December 2024
- Initiative to enhance access to renewable energy (RE) -
- Investment by UEM Lestara and TNB to enhance the capacity of transmission and distribution networks as well as decarbonise industrial parks to meet RE demand **RM16b**

- Corporate Renewable Energy Supply Scheme (CRESS) is an open grid access initiative enabling corporates to source green electricity directly from RE generators in the market -
- Extension of existing Net Energy Metering (NEM) programme to 30 June 2025 encouraging solar PV systems installation as follows: -
 - a) Additional quota of 50 MW for domestic category under NEM *rakyat* programme; and
 - b) Additional quota of 300 MW for commercial and industrial category under NEM NOVA programme
- Introduce specific programme prioritising on structural design of dual-layered systems for RE generation such as agrivoltaics concept to avoid the negative impact of the RE power plant on food production -
- Introduce Energy Performance Contracts (EPC) for all Government agencies to save up to 10% of total electricity bills -
- Provision of e-rebates by the *Nikmat Untuk Rakyat PETRA* (NUR@PETRA) programme to encourage: **RM70m**
 - a) Domestic consumers purchase electrical equipment such as refrigerators and air conditioners that are energy-efficient; and
 - b) Industrial and commercial sectors to replace existing chillers to be more energy-efficient

- Provide solar panelled-covered walkways and parking lots in Putrajaya, as an example for other cities -
- The Carbon Capture, Utilisation and Storage (CCUS) Progressive Regulatory Framework Bill will be tabled imminently -
- Continuation of Electric Motorcycle Use Promotion Scheme of RM2,400 cash rebates for purchase of Completely Knocked Down (CKD) electric motorcycles, applicable to *rakyat* with an annual income below RM120,000 **RM10m**
- Financing facilities through the Conditional Energy Audit and Energy Management Grant Programme in the industrial and commercial sectors **RM24m**
- Develop a holistic solar rooftop programme factoring into considerations surrounding grid and network capacity to spur installation of solar photovoltaic (PV) systems on rooftops of residential, commercial, industrial and agricultural premises -

25. Preserving Natural Treasures

- Ecological Fiscal Transfer (EFT) allocation for efforts to protect forests and wildlife, including tree replanting programs by the State Government. 50% of allocated amount distributed is subject to the implementation and expenditure performance by the State Government **RM250m**

- Increase number of community rangers to 2,500 through the Biodiversity Protection and Patrolling Programme (BP3) and Smart Patrol in the Permanent Reserved Forest (PRF) in the Central Forest Spine (CFS): **RM80m**
 - a) Veterans of Malaysian Armed Forces (ATM) and Royal Malaysia Police (RM27m);
 - b) Orang Asli (RM20m); and
 - c) Local communities, Sabah & Sarawak community rangers (RM33m)

National River Trail (DSK) and Community River Cleanup Programmes to be complemented with communication, education & public awareness (CEPA) involving local communities in: **RM10m**

- a) Sungai Anak Bukit, Kedah;
- b) Sungai Pegalan, Sabah; and
- c) Sungai Entanak, Sarawak

- Upgrade existing regional sewage treatment plants and construct a sewage pipeline network to curb water pollution at Sungai Kim Kim, Johor **RM693m**
- Amend National Trust Fund Act 1988 broadening sources of contributions to the National Trust Fund (KWAN) as well as reinforce governance of fund's withdrawal -
- Strengthen enforcement programme by Department of Environment (DOE) and enhancement of Environmental Quality Act 1974 **RM3.9m**

- Improve efficiency of Marine Protected Area (MPA) management, including planning, monitoring and enforcement **RM3.3m**
- Forest restoration projects **RM98m**

26. Food Security

- Continue Land Use Optimisation Programme in collaboration with State Governments for agricultural projects, including: **RM300m**
 - a) Prisma 1: Conservation of Sawah Nogori in Negeri Sembilan;
 - b) Perak Onion Project SADC;
 - c) Commercial Red Tilapia Livestock Project in Pahang;
 - d) Smart Agriculture & IoT Rice Field in Penang; and
 - e) Fishermen's Jetty Repair & Seed Release Programme in Penang
- Utilise nearly 8,800 acres of idle land under regional development authorities and affiliated agencies to implement agricultural projects such as cluster crops, paddy redevelopment and organic chicken and cattle enterprises **-**
- Onion Industry Development Programme for farmers in Perak, Kelantan, Selangor, Johor, Kedah and Penang **RM6m**
- Incentives for small ruminant farmers with an existing livestock birth rate of at least 100% **RM12m**

- Incentives for beef cattle farmers with an existing livestock birth rate of at least 60% **RM8.8m**

- Phase 1 of Five Seasons in Two Years Paddy Cultivation using 11,000 hectares land across the MADA region **RM784m**

- Expand FELCRA paddy estates in Sarawak and Sabah for food security agenda **RM10m**

- Development and maintenance projects on water resources and irrigation infrastructure of rice granary zones and adjacent areas **RM55m**

- Pilot project to introduce precision farming including usage of organic fertilisers through an open tender process following the success of paddy field management -

- Special provisions of subsidies, assistance and incentives for farmers and fishermen, including: **RM2.7b**
 - a) *Skim Takaful Tanaman Padi Perlindungan Pertanian* (RM45m);
 - b) Paddy Price Subsidy Scheme (RM825m);
 - c) Huma or hill paddy allocation (RM57.2m);
 - d) Monthly subsistence allowance for fishermen (RM144.2m); and
 - f) Incentives for fish landings (RM15m)

- Ceiling rate for new construction or relocation assistance for fishermen's houses at RM84,000 for Peninsular Malaysia and RM90,000 for Sabah and Sarawak -

- Fishermen Housing Assistance to refurbish and build new homes for fishermen **RM10m**
- Investment funds through venture fund for agricultural, biotechnology and agritech-based companies **RM10m**
- Expand the MADANI community gardens (*Kebuniti*) programme by All-Party Parliamentary Party Group Malaysia (APPGM) for identified locations to support food security agenda **RM10m**
- Continue the *Pembangunan Semula Hasil Baharu Pekebun Kecil* programme provide income generation opportunities through short-term crops and livestock farming **RM112.6m**
- Sustainable agriculture agenda includes development of agrifood sustainability, soil conservation programmes **RM49m**
- Agricultural Disaster Fund (TBP) to assist those affected by the disaster to ensure the recovery and sustainability of national agrifood projects **RM25m**
- Promotion Programme for Good Agricultural Practices (GAP) Scheme to promote production of quality and safe produce for consumption **RM5.5m**
- Implement a Regulatory Impact Assessment (RIA) in an effort to strengthen enforcement of national agrofood regulation to eradicate middlemen **RM10m**

27. Plantation & Commodities

- Allocation of plantation and commodity agencies namely FELDA, FELCRA and RISDA to mitigate global challenges and incorporate modern technology within agri-commodity sector **RM2.6b**
- Oil Palm Replanting Incentive Programme for smallholders to replace aged oil palm trees that are no longer productive through a hybrid scheme in form of a 50% grant and 50% soft loan **RM100m**
- Collaboration between PETRONAS, and leading palm oil companies to produce sustainable aviation fuel (SAF) using residual palm oil waste from palm oil mill waste **-**
- Empower palm oil industry sustainability and global anti-palm oil campaigns: **RM65m**
 - a) Malaysian Sustainable Palm Oil Certification Programme (MSPO) (RM50m); and
 - b) Anti-palm oil campaign (RM15m)
- Matching grants for Smallholders' Latex Productivity Enhancement (PROTEKS) programme under RISDA to enhance latex production for smallholders in meeting industry demands while reducing import dependence **RM60m**
- Incentive for smallholders to re-cultivate abandoned and untapped rubber plantation areas through a land leasing approach, where abandoned land will be leased for re-cultivation and profits will be divided according to agreement between smallholders, implementing agencies and landowners **RM20m**

- Disaster relief fund for treatment and control of diseases and pests for the agri commodity sector to protect crops from diseases such as Pestalotiopsis Leaf Fall Disease (LDP), bagworms (*Metisa plana*), Ganoderma, Sooty Mold and others **RM10m**
- Upgrade and maintain Smallholder Farm Roads (JLPK) nationwide **RM19m**

28. Islamic Financial Innovation

- Matching grants for Islamic financing based on Islamic principle from Islamic banking institutions and private investors. Pioneered financing options include fair risk and profit-sharing, with a focus on climate finance and food security projects **RM100m**
- Additional allocation for matching grants to support more micro-entrepreneurs and encourage greater participation from financial institutions in the iTEKAD initiative. A total of RM5 million is earmarked for contributions to insurance or takaful premiums, which RM1 million is specifically allocated for the procurement of mobile devices in collaboration with digital banking institutions to assist iTEKAD entrepreneurs in their digitalisation efforts **RM20m**
- Allocation to Malaysia Co-investment Fund (MyCIF) for matching investments in 2025 to promote Islamic financial risk-sharing models based on concepts of *musharakah* and *mudharabah* through ECF and P2P platforms **RM40m**

- Support joint venture between International Islamic University Malaysia and INCEIF University to enhance application of Islamic economic values. Development of research and academic programmes will help to integrate Islamic economics into current policy formulation, ensuring alignment with the principles of *maqasid shariah*, fairness, inclusivity and sustainability for shared prosperity **RM10m**

29. Halal Industry Development

- Addition of 100 new officers as halal auditors under JAKIM to expedite issuance of halal certificates **RM5m**
- Enhance MYeHALAL system to reduce processing time for halal certificates issuance to between 15 and 23 days from 30 days, as well as centralise 20 Government agencies and 100 international halal certification bodies under a single platform **RM5m**
- Halal industry development including Halal Go Global to be more competitive and able to penetrate foreign market **RM20m**
- Assistance for local halal entrepreneurs' transition towards green practices to enhance export businesses abroad in collaboration with BNM, Islamic Development Bank (IsDB), World Bank Group in Malaysia and selected implementation partners **RM15m**

30. Waqf Land Development

- Funds from KWAP to enhance development of waqf land for building independent retirement homes for low-income senior citizen pensioners **RM300m**
- Funding through UDA for the development of affordable housing for *rakyat* on waqf lands **RM200m**
- Funding provision through Public Sector Home Financing Board (LPPSA) for the benefit of civil servants purchasing homes on waqf land -
- Government guarantee through *Syarikat Jaminan Kredit Perumahan* (SJKP) for programmes under financial institutions that offer financing for the purchase of a first house worth up to RM500,000 developed on waqf land -
- PNB through Wakaf ASNB continues to be empowered as a channel for unitholders to make charitable donation while investing with ASNB through a combination of investment and waqf. The unitholders' dividend proceeds will be channelled to waqf projects for the benefit of the ummah -
- Wakaf MARA MADANI fund to attract waqf contributions from the corporate sector, including figures who have benefited from MARA to achieve the RM1 billion fund target -

31. Business Assistance and Financing

- Indian Community Programme – Empowering socio-economy of the community (MITRA) **RM100m**
- Skim Pembiayaan Usahawan Masyarakat India (SPUMI) under TEKUN Nasional **RM30m**
- Allocation for Buy Malaysian Goods Campaign (KBBM) **RM10m**
- Franchise Development Programme: **RM8.7m**
 - a) Enhanced Franchise Development Programme (EFDP) to increase exports (RM2.7m); and
 - b) Be Your Own Boss Project (RM6m)
- Vendor development through research and commercialisation grants: **RM9m**
 - a) Vendor Capacity Development Programme (RM7m); and
 - b) Vendor Research and Commercialisation Programme (RM2m)

Business Loan Facilities

RM40b

- Total value of loans and financing guarantees available for the benefit of MSMEs, include:
 - a) Bank Simpanan Nasional (BSN) micro financing scheme to provide business capital, equipment purchase, premise as well as marketing to hawkers and small traders (RM1.4b);
 - b) Skim Pembiayaan Inklusif to empower micro-entrepreneurs and small traders under TEKUN Nasional (RM330m, including dedicated business financing for the Indian community amounting to RM30m);
 - c) Dedicated allocation to encourage women and youth to venture into business (RM650m);
 - d) BNM Loan Fund to support MSMEs, including RM3.3 billion dedicated for low-income micro enterprises and entrepreneurs, small contractors, to encourage adoption of sustainable practices and sectors related to food security (RM7.1b);
 - e) Government Guarantee Schemes through Syarikat Jaminan Pembiayaan Perniagaan (SJPP) to continue assisting SMEs in focus sectors such as halal, high technology, ESG and tourism (RM20b);
 - f) Malaysia Co-operative Societies Commission (SKM) Working Capital Financing to strengthen capability of co-operatives in supply chain (RM100m); and
 - g) CAKNA 1 and CAKNA 2 schemes to support Government vendors' cash flow (RM200m)

MICRO CREDIT SCHEME

Financing terms subject to conditions and credit ratings by financial institutions

Bank Negara Malaysia (BNM)

Programme / Scheme	Available Funds	Purpose	Financing Terms
Micro Enterprises Facility (MEF)	RM700m	Access to financing for micro-entrepreneurs under the <i>Skim Pembiayaan Mikro</i> , especially for segments that do not or have limited access to financing from financial institutions	Financing rate: To be determined by financial institution Size: Up to RM100,000 Tenure: Up to 7 years
iTEKAD	RM80m	Assist low-income micro-entrepreneurs strengthen financial management and business acumen towards generating sustainable income	Financing rate, size and tenure: To be determined by respective financial institution <i>Note: RM50 million allocation from MEF and RM30 million from startup capital (e.g. matching grants and social finance funds)</i>

Bank Simpanan Nasional (BSN)

Programme / Scheme	Fund Size	Target Group	Financing Terms
Skim Mikro Umum	RM520m	Nano/micro/small businesses in all sectors	Financing rate: 4% Size: Up to RM100,000 Tenure: Up to 5 years
Skim Mikro Wanita	RM250m	Women in nano/micro/small businesses	Financing rate: 4% Size: Up to RM100,000 Tenure: Up to 5 years
Skim Mikro Belia	RM150m	Nano/micro/small traders aged 30 years and below	Financing rate: 4% Size: Up to RM100,000 Tenure: Up to 5 years
Skim MulaNiaga	RM50m	Nano/micro/small businesses, youth entrepreneurs aged 30 years and below	Financing rate: 4% Size: Up to RM20,000 Tenure: Up to 5 years
Skim Mikro Industri Desa	RM40m	Rural industry entrepreneurs in nano/micro/small businesses	Financing rate: 4% Size: Up to RM100,000 Tenure: Up to 5 years
Skim Mikro Bakti	RM20m	Nano/micro/small businesses by veterans of uniformed bodies and civil servant retirees	Financing rate: 4% Size: Up to RM100,000 Tenure: Up to 5 years
Skim Mikro GIG	RM20m	Nano/micro/small businesses by gig workers, including delivery services using motorcycles	Financing rate: 4% Size: Up to RM20,000 Tenure: Up to 5 years

Programme / Scheme	Fund Size	Target Group	Financing Terms
Skim Mikro Penjaja	RM100m	Nano/micro/small businesses by hawkers	Financing rate: 4% Size: Up to RM20,000 Tenure: Up to 5 years
Skim Mikro Sinar	RM50m	Nano/micro/small businesses by former inmates, National Anti-Drugs Agency (NADA) trainers, Department of Social Welfare (JKM), persons with disabilities (PWD), and SOCSO recipients	Financing rate: 4% Size: Up to RM100,000 Tenure: Up to 5 years
Pembiayaan Perkampungan Baru Cina	RM150m	Micro/small businesses of residents of kampung baru Cina or those operating in the area	Financing rate: 4% Size: Up to RM150,000 Tenure: Up to 5 years
Skim Pembiayaan Usahawan Perusahaan Kecil Komuniti Cina	RM90m	Chinese community micro/small businesses	Financing rate: 4% Size: Up to RM100,000 Tenure: Up to 5 years
Skim Penjaja Kecil Cina	RM5m	Chinese community hawkers	Financing rate: 4% Size: Up to RM20,000 Tenure: Up to 5 years

TEKUN Nasional

Programme/ Scheme	Fund Size	Target Group	Financing Terms
Tabung Ekonomi Kumpulan Usaha Niaga – Bumiputera 2.0	RM300m	Bumiputera micro-entrepreneurs	Financing rate: 4% Size: Up to RM100,000 Tenure: Up to 10 years
Skim Pembangunan Usahawan Masyarakat India	RM30m	Members of the Indian community who venture into business	Financing rate: 4% Size: Up to RM100,000 Tenure: Up to 10 years

Bank Negara Malaysia Fund for SMEs – Selected Facilities

- More than RM7 billion available under BNM Fund
- Funds will be channelled through participating financial institutions (PFIs), consisting of licensed banks, designated development financial institutions (DFIs) and Credit Guarantee Corporation Malaysia Berhad (CGC)
- Applications to be made through PFIs and approvals subject to credit assessment by the PFIs

Scheme	Available Funds	Purpose	Financing Terms
All Economic Sectors (AES) Facility	RM2.1b	Improve SMEs' access to financing and support economic growth	Financing rate: Up to 7% (including guarantee fee) Size: Up to RM5m Tenure: Up to 5 years
Agrofood Facility (AF)	RM1.3b	Increase food production for domestic and export markets	Financing rate: Up to 3.75% (including guarantee fee) Size: Up to RM5m Tenure: Up to 8 years

Scheme	Available Funds	Purpose	Financing Terms
High Tech and Green Facility (HTG)	RM1.3b	Assist innovative SMEs and startups to expand businesses and invest in strategic sectors and digital, green and biotechnology	Financing rate: Up to 3.5% (not including guarantee fee); up to 5% (including guarantee fee) Size: Up to RM10m Tenure: Up to 10 years
Low Carbon Transition Facility (LCTF)	RM600m	Assist SMEs to adopt sustainable and low-carbon practices in business operations	Financing rate: Up to 5% (including guarantee fee) Size: Up to RM10m Tenure: Up to 10 years
SME Automation and Digitalisation Facility (ADF)	RM600m	Incentivise SMEs to automate processes and digitalise operations to increase productivity and efficiency	Financing rate: Up to 4% (including guarantee fee) Size: Up to RM3m Tenure: Up to 10 years
PENJANA Tourism Financing (PTF)	RM200m	Dedicated fund for businesses in tourism sectors still affected by the pandemic	Financing rate: Up to 3.5% (including guarantee fee) Size: Up to RM500,000 for SMEs and up to RM75,000 for micro-entrepreneurs Tenure: Up to 7 years (including moratorium tenure)
Disaster Relief Facility (DRF)	RM300m	Alleviate financial burden on SMEs affected by floods and enable them to continue their business operations.	Financing rate: Up to 3.5% (including guarantee fee) Size: Up to RM700,000 for SMEs and up to RM150,000 for micro-entrepreneurs Tenure: Up to 7 years (including moratorium tenure)

From allocation of more than RM7 billion under BNM, RM600 million is allocated for four (4) segments:

1. Low-income micro enterprises and entrepreneurs

- RM200 million under MEF, where RM50 million is specifically allocated for iTEKAD programme

2. Small contractors (G1-G4)

- RM200 million under AES for CAKNA 2 programme to finance pre-contracts of G1-G4 Bumiputera small contractor up to RM1.5 million per contract for small-scale Government projects

3. Food security

- RM100 million under AF to increase food production and import capacity to meet rising demand for food

4. Sustainable and low carbon practices

- RM100 million under LCTF to support certification related to sustainable and green practices

SME SOFT LOANS

Financing terms subject to conditions and credit ratings by financial institutions.

Agrobank

Programme/ Scheme	Fund Size	Target Group	Financing Terms
Dana Pembiayaan Agromakanan	RM200m	Agropreneurs intending to expand operations and new entrants venturing into agro-food sector	Financing rate: As low as 3% Size: Up to RM5m Tenure: Up to 10 years Grace period: Up to 6 months depending on eligibility
Program Modenisasi Rantaian Nilai Agromakanan	RM30m	Agropreneurs intending to adopt technology to modernise operations	Financing rate: As low as 3% Size: Up to RM1m Tenure: Up to 10 years Grace period: Up to 12 months depending on eligibility
Program Tanam Semula Pekebun Kecil Sawit (TSPKS) 2.0	RM100m	Individual smallholders with land ownership of less than 10 hectares for Sabah and Sarawak and 6.5 hectares for Peninsular Malaysia	Financing rate: As low as 0% for first 4 years, 2% after 4 years Size: Up to RM117,000 Tenure: Up to 12 years

Bank Rakyat Malaysia

Programme/ Scheme	Fund Size	Target Group	Financing Terms
BRPlus – i BizLady	RM30m	Women in MSMEs and co-operatives for business continuity and mitigate cash flow issues	Financing rate: SME: BFR+1.5% (including guarantee fee) Co-operative: BFR+0% Micro: 7.5% Size: Up to RM1m Tenure: Up to 7 years
Financing for MSMEs	RM750m	Spur growth and encourage entrepreneurs venturing into MSME sector	Financing rate: As low as BFR+0% Size: Up to RM30m Tenure: Up to 15 years
Financing for Co-operatives	RM250m	Spur growth and competitiveness of co-operative sector	Financing rate: As low as BFR+0% Size: Up to RM10m Tenure: Up to 20 years

EXIM Bank

Programme/ Scheme	Fund Size	Target Group	Financing Terms
Skim Insentif Pemampanan Pengeksport (SIP ²)	RM750m	SMEs to penetrate international markets	Financing rate: Current financing rate – Incentive 1% Size: Up to RM20m Tenure: Up to 7 years

Majlis Amanah Rakyat (MARA)

Programme/ Scheme	Fund Size	Target Group	Financing Terms
SPIKE and SPIKE GLC Entrepreneurship Development Programme	RM320m	Bumiputera contractors for working capital of Government/agencies/GLCs contracts	Financing rate: 6% Size: Up to RM1m Tenure: According to contract duration
Youth Entrepreneurship Development Programme	RM30m	Bumiputera youth aged 40 years and below	Financing rate: 0% Size: Up to RM500,000 Tenure: Up to 5 years
MARA Integrated Smart Auto Financing Scheme	RM20m	Bumiputera entrepreneurs in automotive sector providing 3S services (sales, services and spare parts)	Borrowing rate: 2% Size: Up to RM1m Tenure: Up to 10 years
Professional Entrepreneur Development Financing Scheme	RM40m	Bumiputera entrepreneurs in field of professional entrepreneurship	Financing rate: 4% Size: Up to RM250,000 (Sole proprietorship/ Partnership) or RM500,000 (private limited company) Tenure: Up to 10 years
Special Business Financing Scheme for Women	RM90m	Bumiputera women entrepreneurs	Financing rate: 3.5% Size: Up to RM150,000 Tenure: Up to 10 years

Malaysian Industrial Development Finance (MIDF)

Programme/ Scheme	Fund Size	Target Group	Financing Terms
Skim Pembiayaan Mudah bagi Automasi dan Pemodenan	RM180m	Manufacturing and manufacturing-related services companies	Financing rate: 4% Size: Up to RM20m Tenure: Up to 25 years
Industrial Investment Fund in Aerospace and Electrical and Electronics Fields	RM50m	Aerospace and electrical and electronics companies	Matching grant: Up to 80% based on eligible expenses Total: Up to RM40m Project tenure: Up to 12 months Management fee: 2%
Second Chance Financing	RM29m	SMEs in manufacturing and services sectors	Financing rate: 3% Size: Up to RM5m Tenure: Up to 10 years
Matching Grant for Bumiputera SMEs in the Aerospace Industry	RM10m	Bumiputera SMEs in aerospace industry	Matching grant: Up to 80% based on eligible expenses Size: Up to RM2.5m Project tenure: Up to 12 months Management fee: 2%
Green and Sustainable Business Financing	RM39m	Manufacturing and services companies in green technology ecosystem	Financing rate: 2% Size: Up to RM10m Tenure: Up to 25 years

Programme/ Scheme	Fund Size	Target Group	Financing Terms
Sustainable Mobility Business Financing	RM10m	Companies in automotive ecosystem	Financing rate: 2% Size: Up to RM5m Tenure: Depending on type of financing

Perbadanan Usahawan Nasional Berhad (PUNB)

Programme/ Scheme	Fund Size	Target Group	Financing Terms
PROSPER Financing	RM300m	Bumiputera SMEs	Financing rate: 5% – 8% Size: Up to RM10m Tenure: Up to 7 years

Malaysia Co-operative Societies Commission (SKM)

Programme/ Scheme	Fund Size	Target Group	Financing Terms
Working Capital Financing (TMP)	RM100m	Co-operatives to undertake viable projects	Financing rate: 1% – 6% Size: Up to RM30m Tenure: Up to 25 years Grace period: 3-6 months

SME Bank

Programme/ Scheme	Fund Size	Target Group	Financing Terms
SME Technology Transformation Fund	RM400m	MSMEs that undertake technological transformation and/or adopt Industry4WRD	Financing rate: Up to 6% Size: Up to RM3m Tenure: Up to 10 years
Jaguh Serantau Programme	RM200m	Bumiputera SMEs in regional markets or ready to penetrate regional markets	Financing rate: Based on risk Size: Up to RM10m Tenure: Up to 10 years
Program Pembiayaan HalalBiz	RM100m	MSMEs in halal industry ecosystem	Financing rate: Up to 6% Size: Up to RM1m Tenure: Up to 7 years
MySMELady 2.0	RM100m	Women MSMEs	Financing rate: 5% Size: Up to RM3m Tenure: Up to 5 or 7 years
Tabung Khas Pelancongan ("TKP")	RM200m	MSMEs in tourism industry to meet working capital and/or asset acquisition requirements	Financing rate: Up to 5.5% per annum Size: Up to RM20m Tenure: Up to 20 years

Programme/ Scheme	Fund Size	Target Group	Financing Terms
Skim Pembiayaan Perusahaan Sosial	RM15m	Social enterprises to meet working capital and asset acquisition requirements	Financing rate: 3% – 4% Size: Up to RM500,000 Tenure: Up to 5 or 7 years
Pembiayaan Ekosistem Payung	RM50m	Bumiputera MSME entrepreneurs	Financing rate: 4% Size: Up to RM1m Tenure: Up to 7 years
Dana Kelestarian Alam	RM100m	Bumiputera MSME entrepreneurs	Financing rate: Up to 6% Size: Up to RM5m Tenure: Up to 5 or 7 years

Bank Pembangunan Malaysia Berhad (BPMB)

Type	Programme/ Scheme	Fund Size	Target Group	Terms
Subsidised loans	MADANI Development Scheme	RM2b	Companies involved in activities contributing to Twelfth Malaysia Plan, Ekonomi MADANI and not within coverage of existing programmes, including general infrastructure related development, utilities, social infrastructure development, food security and tourism	Financing rate: Government: COF + Margin - Subsidy 1% Commercial: BFR + Margin - Subsidy 1% Sukuk/Bond: Guarantee Fee - Subsidy 1% Size: RM20m and above
	Logistics and Transportation Scheme	RM1b	Companies involved in activities related to marine, oil and gas supply chain, aerospace, logistics and transportation	
	Sustainable Development and Transition Scheme	RM1.4b	Companies involved in activities related to climate adaptation and risk mitigation, sustainable development, circular economy as well as transition (excluding energy)	
	Renewable Energy and Energy Transition Programme	RM500m	Companies involved in energy activities under National Energy Transition Roadmap (NETR)	
	Bumiputera Economic Development Programme	RM500m	Bumiputera companies involved in activities contributing to Bumiputera Economic Transformation Plan 2035 such as (but not limited to) halal ecosystem and supply chain	
	Digital Infrastructure Programmes and High-Impact Sectors	RM600m	Companies involved in activities related to Fourth Industrial Revolution (including Digital Economy) as well as projects contributing to New Industrial Master Plan 2030 (NIMP 2030)	
Loan/equity financing	Capital Access Programme	RM400m	Companies involved in activities related to new growth sectors as well as support development of MSMEs requiring capital	Financing rate: As low as 8% Size: Up to RM30m Tenure: Up to 5 years

Financing Guarantee Scheme

1. Green Technology Funding Scheme (GTFS 5.0) with total financing value of RM1 billion (without profit rate subsidy)
2. Syarikat Jaminan Pembiayaan Perniagaan (SJPP) Guarantee Schemes amounting to RM20 billion will be provided for financial institutions funding. Focus sectors for guarantees include:
 - Bumiputera (RM5 billion)
 - High Technology and ESG (RM3 billion)
 - Halal (RM1 billion)
 - Tourism (RM1 billion)

SJPP Guarantee	Funding Terms
Funding Guarantee	Up to 70% Focus sector: Up to 80%
Funding Limit	Up to RM20m
Guarantee Fee	Up to 1% a year Focus sector: Up to 0.75%
Tenure	Up to 7 years

Women

Programme/ Scheme	Fund Size	Target Group	Financing Terms
Bank Rakyat Malaysia BRPlus - i BizLady	RM30m	Women in MSMEs as well as co-operatives for business continuity and to reduce cash flow issues	Financing rate: SME: BFR+1.5% (including guarantee fee) Co-operative: BFR+0% Micro: 7.5% Size: Up to RM1m Tenure: Up to 7 years
BSN Women Micro Scheme	RM250m	Women in micro/small businesses	Financing rate: 4% Size: Up to RM100,000 Tenure: Up to 5 years
SME Bank MySMELady 2.0	RM100m	Women MSMEs	Financing rate: 5% Size: Up to RM3m Tenure: Up to 7 years
MARA Special Business Financing Scheme for Women	RM90m	Bumiputera women entrepreneurs	Financing rate: 3.5% Size: Up to RM150,000 Tenure: Up to 10 years

32. Hawkers and Small Traders Facilities

- Allocation for the following purposes: **RM100m**
 - a) construct and repair of stalls and public market infrastructure in local PBT nationwide;
 - b) provide business spaces for hawkers at Tamu Desa Sabah and Sarawak; and
 - c) upgrade business facilities under DBKL and MARA
- SHIFT@Wilayah Programme to facilitate business registration and licensing process for 2,000 informal entrepreneurs **RM1.2m**

33. Bumiputera Economic Transformation

- Strengthen support chain throughout Bumiputera business lifecycle: -
 - a) Early-stage: MARA to assist Bumiputera startup companies;
 - b) Mid-stage: Ekuinas to investment in preparing Bumiputera companies for public listing; and
 - c) Final-stage: PNB to undertake role as a strategic investor in next phase of development
- Total allocation for small and medium contractors G1-G4 to provide opportunities for contractors of small and medium projects **RM1.3b**

- 50 acres of the Bandar Malaysia strategic development project will be allocated as Malay Reserve Land -
- PNB and PHB to enhance cooperation in development of Malay reserve land for affordable housing projects, houses for rent, student accommodation and elderly care facilities -
- Initiatives under Bumiputera Economic Transformation Plan (PuTERA35) to raise Bumiputera status and dignity **RM100m**
- Empower Bumiputera entrepreneur development programme under MARA **RM500m**
- Loan facility for Bumiputera entrepreneurs: **RM185.5m**
 - a) Evaluation and Counselling (RM29.5m);
 - b) Islamic Loan/Financing (RM140m); and
 - c) Rural Economic Development (RM16m)

FOCUS III: PROSPERING THE *RAKYAT*

34. Cost of Living of the *Rakyat*

- *Sumbangan Tunai Rahmah (STR)* and *Sumbangan Asas Rahmah (SARA)*:

RM13b

- a) 5.4 million STR recipients in the household category will receive SARA of up to RM100 per month;
- b) SARA assistance will be distributed through the MyKAD to eligible recipients commencing April 2025;
- c) STR rate for single's category is increased to RM600; and
- d) Maximum amount received by households is increased to RM4,600

STR & SARA Assistance Rate

Recipient Category	STR & SARA Category / Monthly Income	No. of Children	Sum STR Assistance	STR Recipients eligible for SARA (RM100 / RM50 for 9 months)	Total STR & SARA	Additional SARA for the Poor & Hardcore Poor Categories	Maximum & Minimum STR & SARA
Household (no age limit)	RM2,500 and lower <i>(3.1 million recipients)</i>	Nil	RM1,000	RM900	RM1,900	RM1,200/ RM600 yearly (RM100/ RM50 monthly)	Maximum RM4,600 Minimum RM600
		1 – 2	RM1,500	RM900	RM2,400		
		3 – 4	RM2,000	RM900	RM2,900		
		≥ 5	RM2,500	RM900	RM3,400		
	RM2,501 - RM5,000 <i>(1.0 million recipients)</i>	Nil	RM500	RM900	RM1,400		
		1 – 2	RM750	RM900	RM1,650		
		3 – 4	RM1,000	RM900	RM1,900		
		≥ 5	RM1,250	RM900	RM2,150		
Single Senior Citizen <i>(≥60 years)</i>	RM5,000 or lower <i>(1.3 million recipients)</i>	Nil	RM600	RM450	RM1,050		
Single <i>(21 - 59 years)</i>	RM2,500 or lower <i>(3.4 million recipients)</i>	Nil	RM600	-	RM600		

- Continuation of the Electricity Bill Rebate Programme of up to RM40 per month for hardcore poor households **RM55m**
- Price Standardisation Programme in Sabah, Sarawak and Labuan **RM40m**

35. Income of the *Rakyat*

- Raising minimum wage from RM1,500 per month to RM1,700 per month, effective 1 February 2025 -
- Enforcement of a minimum wage of RM1,700 per month for employers with fewer than five (5) workers will have a grace period of six (6) months, effective from 1 August 2025. The Ministry of Human Resources (KESUMA) will publish a starting salary guideline as a reference for all employment sectors -
- Progressive Wage Policy piloted in June 2024 to reform labour market with the goal of increasing workers' incomes, to be fully enforced in 2025 and benefit 50,000 employees **RM200m**
- People's Income Initiative (IPR) – assistance for hardcore poor and B40 to generate additional income sustainably through agriculture (INTAN), food business (INSAN) and service operator (IKHSAN) initiatives **RM250m**
- *Ekonomi MADANI Dalam Kem Tentera* aims to provide entrepreneurial opportunities to the wives of armed forces personnel at army camps throughout Malaysia **RM10m**
- Malaysia Short-term Employment Programme (MySTEP) initiative will be continued in 2025 -

- 2-Years Exit Program (2YEP) by the Department of Social Welfare (JKM) which aims to encourage welfare recipients towards self-sufficiency through employment opportunities and income-generating programmes **RM2m**

36. Social Protection

- Increment in the Government's matching incentive rate for the i-Saraan programme from 15% to 20% from total annual contribution of individuals, subject to a maximum annual matching incentive limit of RM500 or RM5,000 for lifetime **RM150m**
- Continuation of the EPF i-Suri Programme matching incentive, with the Government contributing 50% of annual contributions. Maximum annual incentive is capped at RM300 or RM3,000 for lifetime, with active contributions required from participants **RM20m**
- Continuation of the Self-Employment Social Security Scheme (SKSPS) Subsidy Programme under SOCSO: Government will cover up to 70% of the contribution amount by self-employed individuals such as food delivery riders, farmers, fishermen, artists and others **RM100m**
- Continue the Perlindungan Tenang scheme, a collaboration between BNM, insurance and takaful industries benefiting 2 million STR recipients. Eligible STR recipients may claim a RM30 voucher to finance part of the Perlindungan Tenang cost that offer protection from death, personal accidents and general risks such as fire and flood **RM60m**

- EPF is reviewing its scheme to strengthen its intergenerational transfer approach, whereby a portion of members' EPF savings can be transferred directly into the EPF accounts of their immediate family members -
- The Government plans to make it mandatory for all non-citizen employees to contribute to the EPF. This proposal will be implemented in phases. -
- MYInsentif KESUMA Programme under the purview of HRD Corp as follows: **RM30m**
 - a) Persons with Disabilities (PWD) development;
 - b) Seniors Back in Action (SEBA);
 - c) Second Chance and Opportunities for People to Excel (SCOPE); and
 - d) Initiative to upskill Indian youth

37. Mainstream Education

- Allocation for Ministry of Education (MoE) **RM64.1b**
- Maintenance, improvement and upgrade of school buildings and facilities nationwide, including: **RM2b**
 - a) Maintenance of facilities, including canteens for all types of schools: national schools, Chinese schools, Tamil schools, religious schools, schools in military camps, and special education schools for persons with disabilities (RM1 billion); and
 - b) Upgrade of dilapidated infrastructure in 543 schools, particularly in Sabah and Sarawak (RM1 billion)

- Construct 44 new schools, including: -
 - a) SK Bandar Putra Indah, Batu Pahat, Johor;
 - b) SMK Bandar Seri Putra (2), Hulu Langat, Selangor;
 - c) SMK Lok Kawi, Putatan, Sabah;
 - d) SMK Semeling, Sungai Petani, Kedah; and
 - e) SK Dudong, Sibul, Sarawak
- Fixed-Line Broadband Infrastructure Connectivity Programme for internet connectivity at 4,323 schools in remote areas of Peninsular Malaysia, Sabah and Sarawak **RM100m**
- Continued funding for point-of-presence (PoP) projects under *Pelan Jalinan Digital Negara* (JENDELA) **RM830m**
- Repair facilities such as sinks, lights, fans, dining tables and dilapidated surroundings at canteens and musollas **RM100m**
- Encourage contributions from private entities, GLCs, alumni associations, and philanthropists for improvement of facilities such as school assembly halls -

- Total allocation for 17 types of educational assistance, including meal programmes for dormitories and preschools, such as: **RM5.3b**
 - a) Boarding School Food Assistance (BMA) (RM2b);
 - b) *Rancangan Makanan Tambahan* (RMT) for 867,000 students to ensure children from low-income families receive nutritious meals (RM870m); and
 - c) Early School Assistance (BAP) amounting to RM150 will be provided to students from Standard 1 to Form 5, regardless of their parents' income levels. This assistance will benefit 5.2 million students, with payment starting January 2025 (RM791m)
- Increase Poor Students' Trust Fund (Kumpulan Wang Amanah Pelajar Miskin) **RM180m**
- Raise TVET Education Per Capita Grant rate to 15% **RM913m**
- Additional Rural School Assistance for 687 rural schools **RM10m**
- Increase in the living allowance for trainer teachers under the Bachelor of Education Programme in *Institut Pendidikan Guru* (IPG) to RM530 per month -
- STI 100³ programme involving 100 local scientists with a target of 100 schools within 100 days to promote the adoption of STI in schools **RM1m**
- Empower science, technology, engineering, and mathematics (STEM) education in MoE schools by computer laboratories upgrade and new equipment supplies **RM36m**
- Preschool Food Assistance (BMP) **RM137m**

38. Higher Education

- Allocation for Ministry of Higher Education (MoHE) **RM18b**
- Allocation for scholarships, loans and education allowances to benefit all youth in pursuing higher education **RM4b**
- GLICs and GLCs commitment to ensure at least 50% of scholarships are allocated for children from low- and middle-income families -
- *Perbadanan Tabung Pendidikan Tinggi Nasional* (PTPTN) education financing funds to prioritise students pursuing studies in STEM fields at public HEIs **RM500m**
- GAPAI matching grants initiative of RM5,000 for savings under the *Simpan SSPN* account for students who continue their studies at HEIs is expanded to cover families with an income of up to RM6,000 **RM5m**
- Implement Celik MADANI Programme by Permodalan Nasional Berhad (PNB) with Amanah Saham Bumiputera (ASB) accounts opening worth RM50 for free to 100,000 students pursuing higher education **RM5m**
- Replace, upgrade and restore outdated infrastructure and equipment in public HEIs to create a conducive higher education environment that aligns with industry needs **RM501.6m**
- Digitisation of higher education through DIGITAL FIRST initiative, involving teaching and learning (PdP) in public universities, cloud computing, upgrade and expand dilapidated campus local area network (LAN) and Wi-Fi network infrastructure **RM135.6m**

- Allocation for UiTM to produce more E&E engineers **RM20m**
- Construction of Matriculation College Terengganu **RM27m**
- Upgrade Advanced Medical and Dental Institute, Universiti Sains Malaysia (IPPT USM) to the Clinical and Cancer Research Specialist Centre, Universiti Sains Malaysia (PPKPK USM) **RM2m**
- Nurturing knowledge and skills aligned with E&E industry needs through implementation of programmes such as: **RM3.1m**
 - a) Structured Industry Apprenticeship Programme (SIAP); and
 - b) MOHE-Intel Elite Internship Programme
- Enhance capacity and targeted community development by making public research outcomes from public HEIs via Komuniti@UniMADANI programme, including proposed lighting project for the northern border area of the country through installation of solar lights by UniMAP in collaboration with MINDEF (RM3m) **RM15m**
- Malaysia Research and Education Network (MYREN) project at public HEIs, polytechnics, and community colleges will continue to upgrade broadband capacity **RM80.7m**

39. Artificial Intelligence (AI)

- Expansion of facility upgrades and provide platforms to empower AI for Research Universities: **RM50m**
 - a) Universiti Malaya focusing AI for medical field to address life-threatening diseases such as cancer;
 - b) Universiti Putra Malaysia advancing AI application in quantum computing to boost readiness against complex cybersecurity threats;
 - c) Universiti Sains Malaysia exploring AI developments in semiconductors, aligning with Malaysia's status as a global semiconductor hub; and
 - d) Universiti Kebangsaan Malaysia leading AI efforts in language translation to elevate Malay language as a language of knowledge
- R&D funds under MoHE and Ministry of Science, Technology, and Innovation (MOSTI) as follows: **RM595m**
 - a) MoHE (RM400m)
 - b) MOSTI (RM195m)
- Malaysia Science Endowment (MSE) Trust Fund to drive R&D initiatives in science and technology involving private entities and industry players through provision of matching grants **RM170m**
- Inculcate Science, Technology and Innovation (STI) through Malaysia Techlympics Programme, which include tournaments, exhibitions, focused trainings and conventions **RM10m**

40. TVET Empowerment

- Total allocation for TVET programmes with priority to: **RM7.5b**
 - a) Enhance cooperation with industry
 - b) Provide training opportunities for vulnerable youth including urban poor, marginalised, remote and Orang Asli communities; and
 - c) Deliver TVET services for the benefit of community
- Matching grants for 'Anak Angkat ILKA' programme by industries **RM50m**
- GLCs will lead development of new skills training for their respective industries such as TNB (energy transition) and SD Guthrie (mechanisation and automation in plantation) -
- Employers entitled to utilise up to 50% of HRD Corp funds to finance skills training facilities, including equipment purchases and renovations of training facilities -
- Incentive of RM600 per month for three months to employers who employ vulnerable groups such as PWDs and inmates under supervision of SOCSO **RM20m**
- Vocational colleges and technical secondary schools to continue training for 77,000 students **RM1.2b**
- Funding by the Skills Development Fund Corporation (PTPK) to benefit over 20,000 trainees including RM100 million dedicated to priority sectors of NIMP such as MRO, EV, aerospace and AI **RM543m**

- HRD Corp will offer 3 million training opportunities and re-allocate special fund of 15% from total levy collection to MADANI training programmes for vulnerable groups. Employers are permitted to utilise levies to cover allowances of up to RM1,000 for one year, aimed at graduates and including provisions for skills training

RM3b
- Khazanah Youth Development Programme (K-Youth) under Khazanah developing 11,000 local talents in key sectors such as semiconductor

RM200m
- Tahfiz TVET Empowerment programme for Bumiputera to increase skilled professional huffaz, including:

RM55m

 - a) A target of 10,000 Tahfiz TVET students undergo training under GIATMARA and community colleges over a period of five (5) years for those without SPM qualifications;
 - b) Tahfiz TVET programmes for SPM graduates from Tahfiz schools to diversify skills while continuing their memorisation studies; and
 - c) Expanding access for students of tahfiz institutions and religious schools through TVET Skills Training @Community Colleges, incorporating digital technology and artificial intelligence (RM5m)
- Short-term training for over 3,000 gig workers by GiatMARA

RM10m
- SOCSO will build a rehabilitation centre in Terengganu that offers comprehensive services covering rehabilitation treatment as well return to work programme

RM600m

- Enhance involvement of target communities with TVET skills, entrepreneurship and digital technology through the lifelong learning programmes at community colleges to improve socio-economic conditions **RM5m**
- Establish Malaysia-China Institute (MCI) in Bagan Datuk, Perak for High Impact TVET **RM20m**
- Implement courses for Sports TVET and Autistic Youth TVET to produce skilled youth **RM1m**
- Empower TVET talents in aerospace industry through MyAERO Centre of Excellence, NAICO **RM15m**
- Funding of skills training by the port authority for 60 local seafarers to obtain a Certificate of Competency in Unlimited Trade Voyage, to improve the skills of local seafarers and reduce dependency on foreign seafarers **RM1.5m**
- Collaborative Research in Engineering, Science and Technology (CREST) in collaboration with Qualcomm to develop certification modules for Bluetooth Radio Frequency Testing and Wi-Fi for the automotive sector **RM10m**

41. Healthcare

- Allocation for the Ministry of Health (MoH) **RM45.3b**
- Medicine supply, reagents, vaccines and consumables **RM6b**
- Overall allocation for maintenance of healthcare infrastructure, such as dilapidated toilets and wards, including allocation of RM300 million to continue actively upgrading dilapidated clinics across the whole country **RM1.3b**

- Revenue gained from this additional collection of excise duty on sugary drinks will be used for these initiatives:
 - a) Strengthen Diabetes Mellitus treatment which use SGLT-2 inhibitors in hospitals and clinics across the country;
 - b) Expand Peritoneal Dialysis (PD) treatments for End Stage Kidney Disease (ESKD) for more MoH patients nationwide, apart from FELDA which will also improve dialysis centres in FELDA settlements; and
 - c) Strengthen cancer patient treatment with Targeted Therapy Method in MoH hospitals

- Agenda Nasional Malaysia Sihat (ANMS) 2.0 **RM51m**

- Enhance public accessibility to sports (Sports for All) by increasing access to sports facilities and programmes for specific target groups such as: **RM23.9m**
 - a) Development of motorsports;
 - b) PWD Sports Development Programme;
 - c) Basic Sports Skills Training Program (KLAS) for swimming;
 - d) Sports Culture Programme for the Senior Citizens;
 - e) Large Screen Viewing Events;
 - f) Empower Wall Climbing Sports; and
 - g) Fitness Talent Development Programme (Cheerleading and Aerobic Dance)

- Organisation of National Sports Day **RM3m**

- The *Rakan KKM* initiative in cooperation with GLICs to enhance public healthcare service, while providing options for paid services at reasonable rates. The pilot phase will commence with five selected MoH hospitals that have high demand and suitable infrastructure, such as Hospital Cyberjaya **RM25m**
- Allocation for outsourcing patients to military, public and private hospitals, through a public-private partnership with 91 private hospitals to outsource patients from public hospitals for specific treatments and services such as cardiology, radiology, and nephrology **RM144m**
- Implementation of the offtake policy or specific procurement of critical pharmaceutical products and medical devices using appropriate focused mechanisms from local firms, aimed at providing local suppliers with opportunities to expand their businesses and foster growth in the national pharmaceutical and medical device industries -
- Establish halal vaccine production -
- Enhancements to identified Centres of Excellence, including procurement of latest equipment **RM100m**
- Establishment of a Cancer Specialist Hospital in Kuching and a Heart Specialist Hospital in Kota Kinabalu -
- Procurement of new state-of-the-art healthcare medical equipment **RM520.3m**
- Build 15 new healthcare facilities including Klinik Kesihatan in Mersing, Johor; Keningau, Sabah; Betong, Sarawak; Pasir Puteh, Kelantan and Chemor, Perak **RM1b**

- Medical costs for treatment of rare diseases that are increasingly on the rise **RM25m**
- Expand mySalam scheme to cover, among others, rare diseases and Rheumatoid Arthritis **-**
- Improve and replace equipment for physiotherapy services at MoH clinics **RM5m**
- Ambulance procurement to ensure healthcare service readiness to respond to emergency calls **RM195m**
- Allocation for Cloud-based Clinical Management System (CCMS) **RM19.8m**
- Mental Health Initiatives **RM24.6m**
- Dental Health Initiatives **RM119.4m**
- Allocation for MADANI Healthcare Scheme (*Skim Perubatan MADANI*) **RM100m**
- Initiatives for babies and children **RM380m**
- *Skim Peduli Kesihatan Untuk Kumpulan B40 (PeKA B40)* **RM80m**
- Haemodialysis and peritoneal dialysis services for vulnerable groups in collaboration with Yayasan Hasanah **RM5m**

42. *Rakyat Residential Homes*

- Continuing 48 *Projek Residensi Rakyat* (PRR), including two new ones in Port Dickson, Negeri Sembilan and Seberang Perai Tengah, Penang. A total of 30 PRR projects is expected to be completed by end-2025, benefiting nearly 17,500 new residents **RM405m**
- 14 *Rumah Mesra Rakyat* (RMR) to be continued which involves construction of 5,410 unit of new housing units **RM452m**
- Government Guarantees under SJKP on housing financing for the benefit of 20,000 home buyers **RM10b**
- Streamline and increase the assistance to build new public houses such as PPRT residents, fishermen, Kampung Baru Cina, to a maximum of RM90,000. Ceiling rate for public housing repairs has also been raised to a maximum of RM20,000 **-**

Housing Assistance Rate Adjustment – New Build

Ministries	Region	Area (Existing) (sq. ft.)	Ceiling / House Price (Existing) (RM)	Area (Revised) (sq. ft.)	Ceiling / House Price (Revised) (RM)
KPKT	Semenanjung	750	85,000.00	750	90,000.00
	Sabah, Sarawak, Labuan				
KKDW	Semenanjung	660	66,000.00	700 (minimum)	84,000.00 (minimum)
	Sabah, Sarawak, Labuan		79,000.00	750 (maximum)	90,000.00 (maximum)
KPKM NEWLY BUILT/ RESETTLEMENT OF FISHERMEN (PSN)	Semenanjung	700	56,000.00	700 (minimum)	84,000.00 (minimum)
	Sabah, Sarawak, Labuan		68,000.00	750 (maximum)	90,000.00 (maximum)

Housing Assistance Rate Adjustment – Repairs

Ministry	Region	Area (Existing) (sq. ft.)	Cost (Existing) (RM)	Area (Revised) (sq. ft.)	Cost (Revised) (RM)
KPKT	All	750	Up to 20,000.00	750	Up to 20,000.00
KKDW	Peninsular	660	Up to 15,000.00	660	Up to 20,000.00
	Sabah, Sarawak, Labuan		Up to 17,000.00		
KPKM	Peninsular	700	Up to 13,000.00	700	Up to 20,000.00
	Sabah, Sarawak, Labuan		Up to 15,000.00		

- Maintenance of low-cost and medium-cost strata public housing **RM97m**
- Maintenance and replacement of lifts under *Penyelenggaraan Perumahan Mampu Milik Berstrata* (LIF) programme **RM88.1m**
- Upgrade 48 MADANI Public Parks and landscapes for the use of urban and small-town local communities **RM96m**
- Upgrade basic and social amenities for Kampung Baru Cina **RM84m**
- Coordinate needs among village areas for the Indian community **RM10m**
- Empower *Anak Kita* programme under Yayasan Hasanah to address the school dropout issue affecting approximately 80,000 school children **RM30m**
- A Government pilot project jointly funded with UNICEF to address child malnutrition issues in Klang Valley People's Housing Programme (PPR) **RM5m**
- Dapur Digital platform by Pepper Labs and Yayasan Hasanah to stimulate economic activities at the *rakyat* level such as food enterprises **RM5m**
- Installation of 180 high-definition closed-circuit cameras (CCTV) and 45 panic buttons to strengthen public safety in Putrajaya and Labuan **RM11m**
- A community empowerment framework to strengthen the role of residents' associations as facilitators at the community level with the leadership training by Yayasan Sime Darby, non-governmental organisations (NGO) and relevant Government agencies **RM10m**

- Construction of crematoriums in several states, including Kedah, Johor, Selangor, Negeri Sembilan and Penang **RM20m**

43. Basic Rural Infrastructure

- Allocation for basic infrastructure in rural, village, and remote areas will be further upgraded to provide comfort to the residents, including: **RM2.9b**
 - a) Construction and repair of village roads like in Kota Belud, Sabah; Pasir Puteh, Kelantan and Kuala Lipis, Pahang;
 - b) Construction and upgrade of 142 bridges that are no longer safe;
 - c) Project Lampu Jalan Kampung;
 - d) Electricity supply connectivity specifically for Sabah and Sarawak covering 1,050 housing units;
 - e) Clean water supply specifically for Sabah and Sarawak covering 4,100 housing units; and
 - f) Construction and repair of other basic facilities such as village halls, public halls, and covered walkways in rural and interior areas
- Support will be given for collaborations among public HEIs to improve village infrastructure -
- *Skim Pembangunan Kesejahteraan Rakyat*, to refurbish rural housing **RM464m**

44. Digital Connectivity

- Development announcements of the second 5G network will be made to increase competitiveness in the ICT field -
- Implement 5G Use Case Pilot Project (ASEAN 5G Showcase) to fund the implementation of 5G enterprise pilot projects for various sectors **RM20m**
- Allocation to enhance internet coverage in public HEIs, schools, army camps and MARA institutions through MCMC **>RM300m**

45. Public Transport and Road Network

- Subsidies for air transport services to benefit *rakyat* of Sabah and Sarawak, including opening new routes such as from Kota Kinabalu to Layang-Layang and from Miri to Long Banga **RM209m**
- Continue monthly My50 pass: **RM216m**
 - a) Benefit 180,000 Klang Valley residents using buses and Prasarana rail services
 - b) Subsidy of RM150 per month or RM1,800 per annum
- Expand Stage Bus Service Transformation (SBST) and Interim Stage Bus Support Fund (ISBSF) in every state and major city. Expand complimentary travel on all BAS.MY rides across the country for students at all universities, polytechnics, community and matriculation colleges under the SBST programme **RM273m**

- Expand dedicated bus lanes encompassing three corridors, namely Jalan Ipoh, Jalan Cheras and Jalan Gombak, spanning 47km **RM10m**

- Procure 250 electric buses by Prasarana Malaysia Berhad and 12 passenger train sets by Ministry of Transport. Further 50 passenger train sets will be procured on lease through a collaboration with Government of China -

- Strategic collaboration between GLCs and private entities to upgrade 100 bus stops in the Klang Valley -

- Expand current Demand Responsive Transit (DRT) by Prasarana in the areas nearby and around schools from selected train stations with a fare of 50 cents per trip: -
 - a) Stations at LRT Sri Rampai ke Giant Ulu Kelang and SMK Seksyen 5, Wangsa Maju; and

 - b) Stations at LRT Melati ke Danau Kota, SMK Gombak Setia Seksyen 1 and 2, SRA Al-Nawawi, Setapak as well as SRA Zaid Harithah, Gombak

- Construct new roads to enhance accessibility, such as: -
 - a) Construct bridges and roads from Nanga Belawai to Song-Kapit, Kapit, Sarawak (RM321m);

 - b) Upgrade Jalan Bahau-Keratong, Jempol, Negeri Sembilan (RM190m);

 - c) Upgrade Jalan Persiaran Wawasan, Kangar, Perlis from two to four lanes (RM80m); and

 - d) Upgrade motorcycle lane of Lebuhraya Persekutuan (RM20m)

- Repair secondary, FELDA and industrial roads, including bridge upgrade works, and federal roads damaged from flooding **RM1.2b**
- Allocation to upgrade Federal Roads in 2025, including RM450 million designated for G1 to G4 small and medium Bumiputera contractors **RM1.6b**
- Funding for the Malaysian Road Records Information System (MARRIS) to maintain state roads, including damaged drainage, slopes and bridges due to disasters, as well as procurement of temporary Bailey bridges for all State Government **RM5.5b**
- Enhance road user safety through the maintenance of streetlights, smart traffic lights, and Federal Road infrastructure **RM178m**
- Enhance District Engineers' services to address minor and unexpected complaints of Federal Roads through the allocation of 115 District Engineers **RM30m**
- Install High-Speed Weigh in Motion (HS-WIM) through strategic collaborations with private entities to reduce the accident risk, road congestion and damaged roads due to overweight vehicles **-**
- Subsidy for the operating costs of uneconomical train services in East Coast **RM22m**
- Replacement of streetlights to LED in phases in urban and rural areas **-**
- Upgrade bridges in rural areas **RM85.8m**
- Allocation for *Dana Mudah Cara Infrastruktur* **RM55m**

46. Women

- Target to have at least 30% of female representation in decision-making management level among the listed companies. The Government urges all companies to achieve this target by the end 2027 -
- Advocacy and Women's Professionalism Enhancement Programmes such as: **RM25m**
 - a) Empowerment of Women's Professionalism;
 - b) Women's Leadership Apprenticeship (PERANTIS);
 - c) Empowerment of Single Mothers;
 - d) Mammogram and Cervical Cancer Subsidy;
 - e) Providing Post-Breast Cancer Assistance
 - f) Women's Welfare; and
 - g) Women's Wellbeing and Empowerment
- BNM and SC to organise a returnship programme, a pilot initiative to facilitate women's return-to-work in the financial sector through a pilot initiative. Targeted programmes funded by the Asian Banking School and InvestED are aimed to encourage women returning to the workforce in financial and capital market sector **RM5m**

- Family institution empowerment via the following programmes: **(a)(b)(c)**
RM20m
 - a) National Family Foundation Building programme;
 - b) Youth Value Strengthening Programme (Social Health Programme);
 - c) Subsidy for Fertility Treatment; and
 - d) Increase in the eligibility threshold for bedridden patient assistance under JKM based on household income to RM5,000

- *Pusat Sokongan Sosial Setempat* (PSSS) offers social services providing emotional support, including guidance and counselling, to target groups such as women, children, elderly and PWDs to address and reduce psychosocial issues **RM8m**

- Introduce *Kesejahteraan Komuniti* initiative with the aim to improve the living of the *rakyat* in Federal Territories, while creating a competitive society via the following programmes: **RM3m**
 - a) Empower Women Programme;
 - b) Federal Territory Urban Poverty Eradication Synergy Programme;
 - c) Reactivate of the Anjung Kelana Homeless Transformation Center;
 - d) TUAH Fund Programme for children born in the Federal Territories starting January 1, 2025;

- e) Expand the social protection and security scheme to hawkers and housewives in the hardcore poor category;
 - f) Expand of the Tuition Mission programme in all three Federal Territories; and
 - g) Organise e-sports programmes in the Federal Territories
- Improve quality of life for the *rakyat* of the Federal Territories through the maintenance and upgrading of basic facilities at PPR & PA in Kuala Lumpur, as well as in Taman Mutiara Damai and Taman Mutiara Permai, Labuan
 - Continue to strengthen the awareness on Gender Responsive Budgeting (GRB) comprehensively to the Ministries and agencies

47. Youth

- The National Service Training Program (PLKN) 3.0 will be initiated as a pilot project with a new concept for cadet training. The Royal Malaysia Police (PDRM) and other uniformed agencies will also be involved in the execution of PLKN 3.0, utilising existing facilities in collaboration with the National Academy **RM50m**
- Implementation of the Rakan Muda Programme as a platform for developing the youth's potential and identity **RM25m**
- Step-Up Financing Scheme under SJKP to be introduced as a government guarantee specifically for youngsters seeking to purchase their first home with a reduced interest loan repayment term for the first 5 years **RM5b**
- Matching Grant (LiKES) under TalentCorp for SMEs and startups catered to university students, especially those in the STEM fields, to offer structured industrial training placements **RM10m**
- Extending Tunas Usahawan Belia Bumiputera (TUBE) programme to continue its efforts: **RM20m**
 - a) Pushing the youth to leap into the world of entrepreneurship; and
 - b) Training and guidance by SME Corporation Malaysia with a comprehensive model
- Anjung Sinar - Transit Centre, a temporary transit centre providing social support systems for children who have phased out institutions under the Department of Social Welfare (JKM), to empower the potential of these children by offering educational and skills opportunities **RM4.5m**

48. Children

- Implementation of the First 1,000 Days of Life Programme through the Hepatitis B Transmission Elimination Programme from mother to child via early screening, for the benefit of 420,000 expecting mothers **RM5m**

- Construction of 34 new preschools (RM224m), **RM262m** including:
 - a) Sekolah Kebangsaan Pakatan Jaya, Kinta Utara, Perak;
 - b) Sekolah Kebangsaan Jalan Kebun, Klang, Selangor;
 - c) Sekolah Kebangsaan Tawang, Bachok, Kelantan;
 - d) Sekolah Kebangsaan (FELDA) Palong 1, Jempol, Negeri Sembilan;
 - e) Sekolah Kebangsaan Kelebang Jaya, Chemor, Perak; and
 - f) Sekolah Kebangsaan Tanjong Tokong, Timur Laut, Penang

- 16 new *TASKA* and *TABIKA KEMAS* (RM38m), including:
 - a) Taska KEMAS Pekan PKM Gopeng, Kampar, Perak;
 - b) Taska KEMAS PKM Simpang Pertang, Jelebu, Negeri Sembilan;
 - c) Taska KEMAS Taman Seri Duyong, Melaka Tengah, Melaka;

- d) Tabika KEMAS Taman Astaka Jaya A, Segamat, Johor;
- e) Tabika KEMAS Ayer Baloi, Pontian, Johor;
- f) Tabika KEMAS Kampung Sungai Kual, Pontian, Johor;
- g) Tabika KEMAS Sg. Puteri, Rompin, Pahang;
- h) Tabika KEMAS Kg. Bukit Mengawan, Hulu Terengganu, Terengganu
- i) Tabika KEMAS Bukit Besi, Dungun, Terengganu;
- j) Tabika KEMAS Kampung Sungai Tapang, Kuching, Sarawak;
- k) Tabika KEMAS Sentosa Salim, Sib, Sarawak;
- l) Tabika KEMAS Kampung Tambirat, Asajaya, Samarahan, Sarawak;
- m) Tabika KEMAS Berkembar Medan Klebang Putra 2 dan 3, Kinta, Perak;
- n) Tabika KEMAS Taman Ayer Keroh Heights, Melaka Tengah, Melaka;
- o) Tabika KEMAS Pekan Juasseh, Kuala Pilah, Negeri Sembilan; and
- p) Pusat Pendidikan Awal Kanak-Kanak (PPAK) Kemas Bukit Katil, Melaka

- Construction of 11 new PERMATA Kurnia centres: **RM125.4m**
 - a) PERMATA Kurnia centre in Melaka;
 - b) PERMATA Kurnia centre in Negeri Sembilan;
 - c) PERMATA Kurnia centre in Perak;
 - d) PERMATA Kurnia centre in Sarawak;
 - e) PERMATA Kurnia centre in Terengganu;
 - f) PERMATA Kurnia centre in Selangor;
 - g) PERMATA Kurnia centre in Pahang;
 - h) PERMATA Kurnia centre in Penang;
 - i) PERMATA Kurnia centre in Sabah;
 - j) PERMATA integrated early childhood centre in Pasir Mas, Kelantan; and
 - k) PERMATA integrated early childhood centre in Johor

- Construction of two new schools for students with special needs, namely Sekolah Menengah Pendidikan Khas Vokasional (SMPKV) Tuaran, Sabah and Sekolah Menengah Kebangsaan Pendidikan Khas Johor Bahru, Johor. The school in Johor Bahru will be the first school to fully focus on education for autistic children **RM300m**

- Special Needs Student Allowance of RM150 per month for more than 110,000 students with disabilities **RM200m**

- Assistance and support for parents and autistic children are as follows: **RM33m**
 - a) Learning Fees Assistance for 30,000 autistic children to ease the burden on eligible children (RM15m);
 - b) Assistance to MoE-registered private autistic schools to complete learning facilities (RM10m);
 - c) Develop Autistic Service Centres (RM5m); and
 - d) Increase allowance rate for children in institutions under the Department of Social Welfare (RM3m)

- Child development programmes, including: **RM9m**
 - a) Childcare Fee Subsidy for parents/families with per capita income below RM800 for urban and RM500 for rural at institutional nursery
 - b) Childcare fee subsidy for income of RM5,000 and below at community nursery
 - c) Child welfare team/child protection team
 - d) Children's activity centres

- Management and operations of temporary childcare shelters for children affected by the migration processes in Malaysia under the 'Alternative to Detention' initiative **RM2m**

- Allocation for early childhood education programmes under the Department of Community Development (KEMAS) **RM373m**

49. Senior Citizens

- Allocation for welfare of senior citizens comprising of: **RM1b**
 - a) Allowances for senior citizen institutions;
 - b) Socioeconomic assistance for senior citizens;
 - c) Senior Citizens Activity Centres (PAWE); and
 - d) Senior Citizens Care Unit (UPWE)
- Operational grants for senior citizens, children, PWDs institutions by NGOs **RM20m**

50. Persons with Disabilities (PWD)

- Allocation for the wellbeing of PWDs including assistance for chronic patient care, allowances for unfit PWDs and PWD workers **RM1.3b**
- Salary eligibility threshold for recipients of Incentive Allowance for Disabled Workers Salary to be increased to RM1,700 **-**
- Develop and upgrade public HEIs facilities to PWD-friendly **RM20m**

- Enhancing the living standards of PWD to improve the standards of living and income of the community through the Community-Based Rehabilitation Programme (CBR)
 RM10m

- Enhancement of Government Digital Services through GovTech, a unit under Kementerian Digital, which includes ensuring that all contents on the Government's websites are accessible to PWDs, particularly in terms of visual and hearing
 RM10m

- PWD-Friendly Call Center by MyGCC to meet the needs of PWD callers by providing video call facilities with sign language
 RM10m

- Enhance education facilities for student with special needs by improving facilities and infrastructure to be PWD-friendly, as well as providing teaching and learning (PdP) equipment
 RM30m

- Abolishment of business registration renewal fees for PWDs through the *Skim 1 OKU 1 Perniagaan* (S1O1P)
 -

- Critical equipment needs for autistic patients (MOH)
 RM2m

51. Orang Asli

- Allocation for the Orang Asli community, including the Orang Asli Plantation Redevelopment Project across the country **RM376m**
- Collaboration between JAKOA and NGOs to safeguard the welfare of the Orang Asli through:
 - a) Construction of EPIC Homes; and
 - b) Providing water and electricity using innovative, fast, and cost-effective methods
- Development of profile and mapping of high-risk slope areas in Orang Asli villages **RM18m**
- Community Feeding Programme for Orang Asli children **RM15.3m**
- Sponsorship for Orang Asli education in HEIs by MARA **RM7.5m**

52. Second Chance

- Improvement to the Second Chance Policy Initiative (Insolvency 2.0) – "Out of the Box Strategy" to expedite bankruptcy processing, extended to insolvent companies **-**
- Continue to intensify the Second Chance Programme (PEKA) for prisoners to return to society as reformed individuals through the following programmes: **RM10m**
 - a) PEKA by Malaysian Prison Department (RM7m); and
 - b) PEKA by National Anti-Drugs Agency (NADA) (RM3m)

- Expand *Baitul Mahabbah* programme under Immigration Department of Malaysia in collaboration with NGOs and relevant international organisations to ensure children of foreign nationality receive protection in appropriate temporary shelters, besides immigration detention centres -
- Draft new Act to allow provisions for home detention as alternative to imprisonment avenue at appropriate places such as residences, care homes and work dormitories under specific conditions and monitoring system by prison officers -
- Drug Dependants (Treatment and Rehabilitation) (Amendment) Bill 2024 approved in the Senate on August 1, 2024, and will be enforced in 2025. Policy of diverting drug users from imprisonment to treatment and rehabilitation programs, as reflected in the amendments to the Drug Dependants (Treatment and Rehabilitation) Act 1983, is a balanced approach taken by the Government to address the need for drug treatment and rehabilitation while ensuring that public safety and order are maintained -

53. Islamic Principles

- Allocation to the Ministry of Women, Family and Community Development (KPWKM) to handle abused children and restore faith (*aqidah*) following to the ongoing Ops Global **RM25m**
- Total allocation for Islamic Affairs **RM2b**

- Allocation for the maintenance of *sekolah agama rakyat, tahfiz* schools and institutions that implement Al-Quran and Fardu Ain classes (KAFA) across premises beyond the governance of Ministry of Education Malaysia (KPM) **RM150m**
- Increase of 1,500 KAFA teachers which aims to improve the PdP quality and effectiveness of KAFA for students with special needs and Pre-Tahfiz to align to mainstream education -
- Increase allowance for students at the *Institut Pengajian Islam dan Dakwah Sabah (IPDAS) Kampus Kudat dan Keningau, Institut Kemahiran Islam Malaysia Sarawak (IKMAS)* in Kuching and *Darul Quran JAKIM* in Kuala Kubu Bharu, as follows: **RM14m**

 - a) Darul Quran Scholarships
Certificate/Diploma:
From RM450/month to RM550/month
Degree: From RM550/month to RM650/month
 - b) Institut Kemahiran Islam Malaysia Sarawak (IKMAS) Allowance
Certificate/Diploma:
From RM100/month to RM200/month
 - c) Institut Pengajian Islam dan Dakwah Sabah (IPDAS) Allowance
Advanced Certificate/Diploma:
From RM100/month to RM200/month
Certificate: From RM75/month to RM175/month
- Special contributions of RM500 for more than 70,000 KAFA teachers, *Guru Takmir, Imam, Bilal, Siak, Noja and Marbut* **RM35m**

- Develop three JAKIM school projects involving construction of: **RM92m**
 - a) Sekolah Rendah Agama Presint 16, Putrajaya;
 - b) Sekolah Rendah Agama Al-Mahmudiah, Segambut, Kuala Lumpur; and
 - c) New classroom blocks at Sekolah Rendah Agama Saidina Hamzah, Batu Muda, Kuala Lumpur
- Construct Sekolah Menengah Agama MAIWP Labuan (SMA-MAIWPL) in Kg. Sg. Bedaun **RM20m**
- Construct Kompleks Sekolah Menengah Integrasi Sains Tahfiz (SMISTA) Kuala Lumpur **RM10m**
- Grants amounting to RM20,000 to all *sekolah agama rakyat* registered under JAKIM -
- Monthly allowance for *Imam, KAFA teachers* and *Guru Takmir* **RM730m**

54. Sports Development

- Empower high-performance sports in preparation for Olympics, including the Podium Programme, Sports Special Projects - Olympic Sports Development Programme for eight sports (squash, athletics, swimming, diving, badminton, archery, taekwondo, and cycling), and the Road to Gold (RTG) programme **RM134m**
- Paralympians Special Development Programme including participation of the Malaysian Deaf Sports Association (MSDeaf) in the Summer Deaflympics 2025 in Tokyo **RM20m**

- Maintenance of KBS buildings and facilities, which also involves ILKBS and JBSN, with the following scope:
 - a) Maintenance and/or minor repair works such as toilet repairs, replacement of broken tiles, cementing of potholes, minor damage to fences/roofs, painting, and other related tasks; and
 - b) Purchase of loose furniture
- Sports Matching Grant (GPS) with limited scope to the organisation of programmes involving sports competitions and associations/NGOs that are unable to cover their expenses to organise competitions
- Allocation for Harimau Malaya, Under-18 and Under-13 teams in collaboration with Football Association Malaysia (FAM) to secure the best coaches, participate in the best training sessions, and provide fair rewards to the players
- Allocation for cricket
- Empowerment of e-sports through talent development, e-sports TVET, and upgrading existing facilities to be used for e-sports
- Allocation to the National Athletes Welfare Foundation (YAKEB) to meet the medical needs and provide support equipment for those in need
- Development of water sports, including upgrading facilities, maintaining equipment, and promoting the organisation of national and international water sports events in the Federal Territories
- Allocation to maintain, upgrade and build sports facilities

RM50m

RM30m

RM15m

RM1m

RM20m

RM2m

RM5m

RM136m

55. Volunteerism

- Implementation of Unity, National Integration, and Harmony Programmes to foster a spirit of unity and national identity **RM50m**
- Matching grants with GLIC/GLC foundations and NGOs to mobilise various social service programmes **RM100m**
- MADANI *Gotong-Royong* Parent-Teacher Association (PIBG) initiative at all schools across the country **RM20m**
- Empowering the role of Neighbourhood Watch Areas (KRT) as a bridge builder within communities **RM20m**
- Repair and maintenance of unity premises to improve public services for the *rakyat* **RM10m**
- Maintenance of places of worship for non-Muslims (RIBI) nationwide, including Sabah and Sarawak, to assist with repairs, renovations, and maintenance works as designated by the Government under the programme **RM50m**
- *Program Jiwa Murni* or Civil Military Cooperation (CIMIC) as a platform to strengthen the relationship between the armed forces and the *rakyat* through community service events and upgrading of community infrastructure **RM10m**

56. Language and Creative Works

- Allocation for Dewan Bahasa dan Pustaka (DBP) to collaborate with cultural and language activists to intensify culture, language and literature, specifically among the younger generation, including preserving languages of ethnic minorities such as Siamese **RM50m**
- Allocation for the Creative Content Fund (CCF) to promote creative works, especially those that embody the spirit of nationalism **RM65m**
- Film in Malaysia Incentive (FIMI) initiative through cash rebates provisions to continue promoting Malaysia as an international film destination **RM38m**
- Develop creative works for the local arts and creative industry through MyCreative Ventures, including:
 - a) Equity injection for high-potential companies (RM10m);
 - b) *Kembara RIUH* programme (RM10m); and
 - c) Financing for Creative Social Entrepreneurs (RM5m)
- MADANI Community Creative Youth programme under the MCMC for youths to increase the production of high-quality creative content, particularly in filmmaking for a period of two years **RM30m**
- Transform Old Post Office building in Ipoh, Perak into a visual arts hub featuring a gallery based on innovation and digital art technology **RM5m**

- Allocation for ASWARA **RM44.3m**
- Concerts & Events in Malaysia Initiative (CEMI) to attract internationally acclaimed artists to perform in Malaysia as a stimulus to domestic economy **RM10m**

57. National Security & Defence

- Allocation for the Ministry of Home Affairs (KDN) **RM19.5b**
- Allocation for specialised assets for the Royal Malaysia Police (RMP) and uniformed agencies under KDN to ensure national security **RM2.1b**
- Construction of new police stations including: **RM2.1b**
 - a) Ibu Pejabat Polis Kontinjen Pahang;
 - b) Ibu Pejabat Polis Daerah Wangsa Maju;
 - c) Ibu Pejabat Polis Daerah Petaling Jaya; and
 - d) Balai Polis Tanjung Minyak
- Allocation for the Ministry of Defence (MINDEF) **RM21.2b**
- Allocation for maintenance and repair work as well as the procurement of new military assets to ensure full readiness of the Malaysian Armed Forces (ATM). Next year, the Government will receive new assets, including: **RM5.8b**
 - a) Three Unmanned Aerial System (UAS) under TUDM; and
 - b) Nine Fast Interceptor Craft (FIC) for TLDM

- Veteran-PROTÉGÉ programme will be introduced specifically to make it mandatory for contractors to provide employment opportunities for ATM veterans, especially those with TVET qualifications -
- Allocations for prison maintenance: **RM80m**
 - a) Facility improvement (capital asset) at the training centres for Malaysian prisons' officers; and
 - b) Building a parade ground and covered open hall as well as other related facilities at the Malaysian Correctional Institute
- Allocation for enforcement activities and Search & Rescue, including K9 dogs, Fire & Rescue Department (BOMBA), KDN and Royal Malaysian Customs Department (JKDM) **RM75m**
- Allocation for developing the military industry through technology transfer from domestic military asset providers, such as Aerodyne -

58. National Borders

- Increase maritime assets, including new procurement under the Malaysian Maritime Enforcement Agency (APMM), namely: **RM660m**
 - a) Six vessels under the Phase 2 Ship Life Extension Programme (RM150m);
 - b) One Multi-Purpose Mission Ship (RM350m); and
 - c) Two New Generation Patrol Vessels (RM160m)
- Projects to strengthen country borders, including: **RM1b**
 - a) Construct new and upgrading of ICQS in Rantau Panjang and Bukit Berapit;
 - b) Construct two new border posts in Bantul and Serudung, Sabah;
 - c) Equip enforcement agencies with drone technology to enhance monitoring capabilities; and
 - d) Prioritise the development of bordering towns with Kalimantan, Indonesia and Southern Thailand through provision for complete basic infrastructure, including RM50m for the construction of connecting bridges in Rantau Panjang-Golok and Pengkalan Kubor-Tumpat

- RM5m**
 - *Projek Transformasi Bekalan Air Bersih* through hybrid rainwater and groundwater systems at the Eastern Sabah Security Zone (ESSZONE) to address water supply constraints

- - With regards to the management of border entry and exit:
 - a) Establish the Malaysian Border Control and Protection Agency (MCBA) to enhance border management (RM24.9m);
 - b) Expand use of automated gate system to further countries to ease immigration clearance process; and
 - c) Implement QR code immigration clearance at Bangunan Sultan Iskandar (BSI) CIQ and Kompleks Sultan Abu Bakar (KSAB) as the main southern entry point to expedite inspection process of bus passengers and motorcyclists (projected time reduction by up to 40%) (RM20m)

- RM15m**
 - Allocation for maintenance and repair of the United States Coast Guard Cutter (USCGC)

59. Civil Servants

- Implementation of new work system by MoH across all hospitals and health clinics in a targeted manner. The on-call duty allowance at the medical facilities participating in the new system will be increased between RM55 to RM65 for public sector medical and dental officers depending on field service and department -
- Coverage of 50% or a maximum of RM15,000 of tuition fees by the Government for APEL.Q programme managed by INTAN for civil servants with over 15 years of service to further their studies **RM15m**
- Expanding the reach of the Trade Union Affairs Program (PHEKS) to provide more eligible trade unions with support for training initiatives, benefiting a total of 1,743 primary unions and union branches **RM10m**
- The Work-Based Learning (WBL) initiative aims to elevate the education level of ATM personnel, particularly those with SPM qualification **RM3m**
- Build, maintain and refurbish all quarters for civil servants including teachers, army, police, fire and prisons department personnel as well as *Rumah Keluarga Angkatan Tentera* (RKAT) **RM1.8b**
- Enhancing the Consular offices abroad including assets refurbishments **RM5m**
- Youth Housing Financing Scheme under the LPPSA to benefit young civil servants seeking mortgage financing for a term of up to 40 years -

- The Ex-Gratia Work Disaster Scheme has been improved to include the following: -
 - a) One-off Ex-Gratia Operational Benefit (EXO) payment of up to RM50,000, specifically for members of the Security Forces and Enforcement Agencies who suffer permanent disability due to accidents while on duty (wounded in action), for work accidents starting 2024;
 - b) One-off Ex-Gratia Lump Sum Benefit (EXP) of RM20,000 will be provided as an additional payment to the next of kin in cases of death resulting from accidents during duty starting 2024;
 - c) Constant Service Allowance (ELA) will be increased by 200% from RM500 per month to RM1,500 per month for eligible officers;
 - d) Ex-Gratia Temporary Disability Benefit (EXS) will be provided for officers who have been granted Extended Sick Leave due to accidents while on duty, at a rate of RM25 per day, limited to 180 days per year; and
 - e) The coverage scope of the Ex-Gratia Work Disaster Scheme has also been expanded to provide protection for officers directed to attend health appointments at hospitals or health facilities
- Subsistence Assistance Rate for non-pensionable ATM Veterans increased to RM500 in appreciation of their contribution -

- Extension of Special Appreciation Payments to pension recipients from January to December 2025 -
- Organisation of the MADANI Public Service Awards to encourage civil servants to provide the best service to the public, including promoting a culture of innovation -
- Implementation of the Public Service Remuneration System (SSPA) in phases, effective from 1 December 2024, involving a salary adjustment of 15% for the Executive and Professional Management Group, and 7% for the Top Management Group. With the new SSPA, civil servants will receive a minimum income of RM2,115 per month -
- Phased pension adjustments based on a percentage of the retirees' final salary according to their respective service groups, including retirees from the Malaysian Armed Forces (ATM), in line with the implementation of the SSPA -
- Incentive payments for civil servants to be disbursed at the end of February 2025, as follows: -
 - a) Special Financial Assistance of RM500 to all civil servants in grade 56 and below, including contract appointees; and
 - b) Special Financial Assistance of RM250 for all Government pensioners, including pensioned veterans and non-pensioned veterans



Appendix II

Tax Measures

Budget 2025



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REVIEW OF INDIVIDUAL INCOME TAX RELIEF ON MEDICAL TREATMENT EXPENSES FOR SELF, SPOUSE AND CHILD

Current Position

From the year of assessment 2023, the limit for individual income tax relief on medical treatment expenses has been increased from RM8,000 to RM10,000. The scope of medical treatment expenses includes:

- i. serious illness for self, spouse or child;
- ii. fertility treatment for self or spouse;
- iii. vaccination for self, spouse or child, limited to RM1,000;
- iv. dental examination and treatment expenses for self, spouse or child, limited to RM1,000;
- v. full medical check-up, mental health check-up or consultation and COVID-19 detection test inclusive of the purchase of self-test kit for self, spouse or child limited to RM1,000; and
- vi. assessment and diagnosis, early intervention programme and rehabilitation treatment for children aged below 18 years with learning disability such as autism, attention deficit hyperactivity disorder (ADHD), global developmental delay (GDD), intellectual disability, down syndrome and specific learning disabilities, limited to RM4,000.

Proposal

To encourage the public to undertake improved health screening and treatment, it is proposed the current scope of individual income tax relief for medical expenses be reviewed as follows:

- A. Relief for the following expenses be maintained:
 - i. serious illness for self, spouse or child;
 - ii. fertility treatment for self or spouse;
 - iii. vaccination for self, spouse or child, limited to RM1,000; and
 - iv. dental examination and treatment expenses for self, spouse or child, limited to RM1,000.

- B. Relief for full medical check-up, mental health check-up or consultation and COVID-19 detection test limited to RM1,000, be expanded as follows:
 - i. full medical check-up, mental health check-up or consultation;
 - ii. purchase of self-test kit, such as COVID-19 and influenza test kit;
 - iii. purchase of self-testing medical devices such as glucometer, pulse oximeter, blood pressure monitor and thermometer; and
 - iv. fees for disease detection examination conducted at clinic or hospital, such as blood test, ultrasound, mammogram and pap smear.

- C. For relief of assessment and diagnosis, early intervention programme and continuous rehabilitation treatment for children aged below 18 years with learning disability such as autism, ADHD, GDD, intellectual disability, down syndrome and specific learning disabilities, the limit be increased from RM4,000 to RM6,000.

Effective Date

From the year of assessment 2025.

REVIEW OF INDIVIDUAL INCOME TAX RELIEF FOR DISABLED PERSON

Current Position

Each individual taxpayer is provided personal income tax relief of RM9,000. Disabled taxpayers registered with the Department of Social Welfare are given further tax relief of RM6,000.

In addition, individual taxpayers are also eligible to claim tax relief, as follows:

- i. further tax relief of RM5,000 for disabled spouse; and
- ii. further tax relief of RM6,000 for unmarried children with disabilities.

Proposal

To ease the burden of individual taxpayers, in line with the core values of MADANI, to care and be compassionate, it is proposed tax relief for the disabled be reviewed as follows:

- i. further tax relief for the disabled individual taxpayer, be increased from RM6,000 to RM7,000;
- ii. further tax relief for the individual taxpayer with a disabled spouse, be increased from RM5,000 to RM6,000; and
- iii. further tax relief for the individual taxpayer with unmarried disabled children, be increased from RM6,000 to RM8,000.

Effective Date

From the year of assessment 2025.

INDIVIDUAL INCOME TAX RELIEF FOR SPORTS ACTIVITIES, HEALTH AND ELDERLY CARE

Current Status

Individual income tax relief is given for expenses incurred for sports activities, health and child care at registered child care centres as follows:

No.	Tax Relief	Amount
1.	Individual income tax relief on expenses for sports equipment and activities for self, spouse or child	Up to RM1,000
2.	Individual income tax relief on medical treatment, special needs and parental care expenses, covering: <ul style="list-style-type: none"> i. medical treatment at clinics and hospitals; ii. treatment and homecare nursing, day care centres and nursing home; iii. dental treatment not including cosmetic dental treatment; and iv. full medical check-up limited to RM1,000. 	Up to RM8,000

In addition, individual income tax exemption of up to RM3,000 per year is given on child care allowance received by employees or paid directly by employers to child care centres for children aged 12 years and below.

Moreover, employers are also given further tax deductions for the following expenses:

- i. provision and maintenance of child care centres; and
- ii. child care allowance paid by employers to employees.

Proposal

To encourage continuous well-being, welfare and elderly care as the country approaches aging nation status, it is proposed:

A. Individual income tax relief

The scope of individual income tax relief for sports activities, health and medical care be reviewed as follows:

- i. individual income tax relief of up to RM1,000 for expenses on sports equipment and activities for self, spouse and child be expanded to parents;
- ii. full medical check-up expenses for parents, limited to RM1,000 be expanded to include vaccination;
- iii. medical treatment, special needs, and parental care expenses be expanded to grandparents as follows:
 - a. medical treatment at clinics and hospitals;
 - b. treatment and homecare nursing, day care centres and residential care centres;
 - c. dental treatment not including cosmetic dental treatment; and
 - d. full medical check-up and vaccination, limited to RM1,000.

B. Individual income tax exemption

The individual income tax exemption of up to RM3,000 per year given on child care allowance received by employees or paid directly by employers to child care centres be expanded to include elderly care (parents/grandparents).

C. Further tax deduction

The further tax deductions on child care allowance paid by employers to employees be expanded to include elderly care (parents/grandparents).

Effective Date

From the year of assessment 2025.

EXTENSION OF INDIVIDUAL INCOME TAX RELIEF ON CONTRIBUTION TO PRIVATE RETIREMENT SCHEMES AND DEFERRED ANNUITIES

Current Position

Individual income tax relief of up to RM3,000 is given on contributions to Private Retirement Scheme (PRS) approved by the Securities Commission Malaysia and on premiums paid for deferred annuities. The relief is available from the year of assessment 2012 until the year of assessment 2025.

A withholding tax at a rate of 8% is imposed on the withdrawal of contributions before reaching the age of 55, except for permitted purposes as follows:

- i. permanent total disability;
- ii. serious illness;
- iii. mental incapacity;
- iv. death;
- v. permanent departure from Malaysia;
- vi. healthcare; and
- vii. housing.

Proposal

To further encourage the *rakyat* to save in retirement funds, it is proposed the individual income tax relief of up to RM3,000 on contributions to PRS and premiums paid for deferred annuities be extended for 5 years.

The current withholding tax at a rate of 8% will continue to be imposed on any amounts withdrawn, except for permitted purposes.

Effective Date

From the year of assessment 2026 until the year of assessment 2030.

**REVIEW OF INDIVIDUAL INCOME TAX RELIEF
ON EDUCATION AND MEDICAL INSURANCE**

Current Position

Individual income tax relief of up to RM3,000 is given on premiums paid for education and medical insurance for self, spouse and child.

Proposal

To promote savings for children's education and enhance access to medical services, it is proposed the individual income tax relief on premiums paid for education and medical insurance be increased from RM3,000 to RM4,000.

Effective Date

From the year of assessment 2025.

**EXTENSION OF INDIVIDUAL INCOME TAX RELIEF ON NET SAVINGS
IN THE NATIONAL EDUCATION SAVINGS SCHEME**

Current Status

Individual income tax relief of up to RM8,000 is given on net annual savings in the National Education Savings Scheme (*Skim Simpanan Pendidikan Nasional* (SSPN)) effective from the year of assessment 2007 until the year of assessment 2024.

Proposal

To further encourage savings among parents for children's tertiary education, while ensuring more targeted tax relief, it is proposed the individual income tax relief of up to RM8,000 on net annual savings in SSPN be extended for 3 years, subject to the following additional conditions:

- i. the tax relief can only be claimed by either parent, for SSPN savings, with maximum claim limited to RM8,000; and
- ii. withdrawals from the SSPN fund intended to finance education costs for further studies will not be considered in the calculation of net savings for that particular year and will not affect the eligible amount for tax relief.

Effective Date

From the year of assessment 2025 until the year of assessment 2027.

INDIVIDUAL INCOME TAX RELIEF ON HOUSING LOAN INTEREST PAYMENT FOR FIRST RESIDENTIAL HOME

Current Position

Individual income tax relief of up to RM10,000 per year was given on housing loan interest payment, subject to the following conditions:

- i. the taxpayer is a Malaysian citizen and resident;
- ii. limited to one residential property including flats, apartments or condominiums; and
- iii. the sales and purchase agreement executed from 10 March 2009 until 31 December 2010.

Individual income tax relief was given for 3 consecutive years of assessment, commencing from the first year the housing loan interest was paid.

Proposal

To encourage the purchase of a first residential home among *rakyat* and to increase disposable income, it is proposed individual income tax relief be given on the interest payments for the first residential home loan (individually or jointly owned), as follows:

No.	House Price	Total Tax Relief Per Year
1.	Up to RM500,000	RM7,000
2.	Above RM500,000 up to RM750,000	RM5,000

Individual income tax relief on the interest payment is subject to the following conditions:

- i. the residential home must not be used to generate any income;
- ii. the sales and purchase agreement must be executed from 1 January 2025 until 31 December 2027;
- iii. the amount of individual income tax relief on allowable interest payments is applicable for 3 consecutive years of assessment, commencing from the first year the housing loan interest is paid; and
- iv. two or more individuals are eligible to claim tax relief on housing loan interest for the same residential home based on apportionment of the interest payment.

Effective Date

For the sales and purchase agreement of the first residential home executed from 1 January 2025 until 31 December 2027.

**EXTENSION OF INDIVIDUAL INCOME TAX RELIEF
FOR NURSERY OR KINDERGARTEN FEES**

Current Position

Individual income tax relief of up to RM2,000 is provided for fees paid to Child Care Centres (TASKA) registered with the Department of Social Welfare or Kindergartens (TADIKKA) registered with the Ministry of Education Malaysia, for children up to 6 years old. This tax relief can only be claimed by either parent.

The tax relief limit has been increased to RM3,000 for a limited period from the year of assessment 2020 until the year of assessment 2024.

Proposal

To continuously assist parents in obtaining childcare and early education services for children, it is proposed the individual income tax relief of up to RM3,000 be extended for 3 years.

Effective Date

From the year of assessment 2025 until the year of assessment 2027.

**INDIVIDUAL INCOME TAX RELIEF ON EXPENSES FOR THE PURCHASE
OF DOMESTIC FOOD WASTE COMPOSTING MACHINE****Current Position**

Food waste composting machines are among the technologies for recycling food waste to help reduce waste disposal at landfills. The use of food waste composting machines can produce end products such as organic fertilisers as well as support the circular economy through more sustainable waste management practices.

Local Authorities are actively conducting pilot projects for the use of industrial composting machines in public markets, food courts and residential areas. However, the use of food waste composting machines among households remains low.

Proposal

To encourage food waste recycling activities at home that can be converted into organic fertiliser, it is proposed the scope of relief on expenses for electric vehicle charging equipment be expanded to include the purchase of food waste composting machines for household use, with the relief limit remaining at RM2,500. The relief for the purchase of food waste composting machines be allowed to be claimed once within 3 years of assessment.

Effective Date

From the year of assessment 2025 until the year of assessment 2027.

**IMPOSITION OF TAX ON DIVIDENDS RECEIVED BY
INDIVIDUAL SHAREHOLDERS**

Current Position

Prior to the year of assessment 2008, income tax on distributed dividends by companies was based on the full imputation system. Under this system, tax on dividends was imposed at the company and shareholder levels. However, the tax imposed on shareholders would be adjusted to reflect the amount already paid by the company through tax credits.

Since the year of assessment 2008, income tax has been imposed at a single level (single-tier) on dividends distributed by companies. Under this single-tier tax system, the tax on company profits is final, and dividends distributed are exempted from tax at the shareholder level.

Proposal

To make the individual income tax structure more progressive and broaden the tax base, it is proposed a Dividend Tax be introduced as follows:

- A. Scope of taxation on dividends
 - i. dividend income received by individual shareholders for dividends paid, credited or distributed from company profits; and
 - ii. individual shareholders consist of resident individuals, non-residents and individuals who hold shares through nominees.

B. Threshold and formula to determine dividend chargeable income

i. Threshold:

Annual dividend income exceeding RM100,000.

ii. Determination formula for dividend chargeable income:

If the taxpayer has dividend income and other than dividend income, the determination of the distribution of the amount of chargeable income from dividends is based on the following formula:

$$\frac{A}{B} \times C = D$$

A - Dividend statutory income

B - Aggregate income

C - Chargeable income

D - Chargeable dividend income

C. Tax rate

A rate of 2% is imposed on chargeable dividend income after taking into account allowances and deductions.

- D. Exemption from Dividend Tax is on:
- i. dividend income from abroad;
 - ii. dividend income distributed from the profits of companies that received pioneer status and reinvestment allowances;
 - iii. dividend income paid, credited or distributed from the profits of shipping companies that is exempted from tax;
 - iv. dividend income distributed by cooperatives;
 - v. dividend income declared by closed-end funds;
 - vi. dividend income received by residents from Labuan entities; and
 - vii. any exemption given on dividend income at individual shareholder level as determined by Minister of Finance.
- E. Imposition of Dividend Tax is not applicable to profit distributions made to contributors and depositors by:
- i. Kumpulan Wang Simpanan Pekerja (KWSP);
 - ii. Lembaga Tabung Angkatan Tentera (LTAT);
 - iii. Amanah Saham Nasional Bumiputera (ASNB); or
 - iv. any unit trust.

Effective Date

From the year of assessment 2025.

TAX INCENTIVES FOR IMPLEMENTATION OF E-INVOICING

Current Position

From the year of assessment 2024, the rates of capital allowance allowed to be claimed on capital expenditure for information and communication technology (ICT) equipment and computer software have been revised as follows:

No.	Qualifying Expenditure	Capital Allowance Rate
1.	Purchase of ICT equipment and computer software package	Initial Allowance: 40%
2.	Consultation, licensing and incidental fees related to customised computer software development	Annual Allowance: 20%

The period to claim the capital allowance has been accelerated to 3 years.

Proposal

To encourage taxpayers to fully implement e-Invoicing, it is proposed the expenses for the purchase of ICT equipment, computer software packages and consulting fees be given accelerated capital allowance that can be fully claimed within a period of 2 years as follows:

No.	Qualifying Expenditure	Capital Allowance Rate
1.	Purchase of ICT equipment and computer software package	Initial Allowance: 20%
2.	Consultation, licensing and incidental fees related to customised computer software development	Annual Allowance: 40%

Effective Date

From the year of assessment 2024 until the year of assessment 2025.

EXTENSION OF TAX DEDUCTION FOR SPONSORSHIP OF SMART ARTIFICIAL INTELLIGENCE DRIVEN REVERSE VENDING MACHINE

Current Position

Malaysia's Plastics Sustainability Roadmap 2021-2030 aims to increase the rate of plastic collection for recycling of 40% by 2025. To promote recycling practices through education and to reduce plastic pollution, Artificial Intelligence (AI) technology has been adapted through the use of Smart AI Driven Reverse Vending Machines (RVM).

The Smart AI Driven RVM serves as a plastic waste depository, designed for recycling through a more effective and structured collection programme. By utilising a deposit return scheme which supports the circular economy, this programme ensures that the collected-for-recycling rate be increased.

Tax deductions under subsection 34(6)(h), Income Tax Act 1967 is given to contributions for community projects, including sponsorships of Smart AI Driven RVM for applications received by the Ministry of Finance from 1 April 2023 until 31 December 2024.

Proposal

To further support plastic waste recycling practices and to increase the collected-for-recycling rate, it is proposed the current tax deductions given to contributions or sponsorships of Smart AI Driven RVM be extended for 2 years.

Effective Date

From 1 January 2025 until 31 December 2026.

EXPANSION OF INCOME TAX EXEMPTION FOR ISLAMIC FINANCIAL ACTIVITIES UNDER LABUAN INTERNATIONAL BUSINESS AND FINANCIAL CENTRE

Current Position

Income tax exemption is provided for 5 years from the year of assessment 2024 until the year of assessment 2028 to Labuan trading entities that undertake Islamic finance activities such as Islamic digital banking, Islamic digital bourses, *ummah*-related companies and Islamic digital token issuers.

Proposal

To further attract investment in the Islamic finance sector driven by digital technology at the Labuan International Business and Financial Centre, it is proposed full income tax exemption given to Labuan trading entities that undertake Islamic finance activities be expanded to include qualifying Labuan takaful business activities and Labuan takaful related activities as follows:

No.	Labuan Trading Entity	Qualifying Activities
1.	Labuan insurer; Labuan reinsurer; Labuan operator; or Labuan re-takaful operator.	Takaful and re-takaful businesses that comply with Shariah principles: i. risk management; or ii. product development.
2.	Labuan captive insurer; or Labuan captive takaful.	Takaful and re-takaful businesses that comply with Shariah principles where takaful participants are related companies or associated companies or as approved by the Labuan Financial Services Authority: i. risk management; or ii. product development.
3.	Labuan underwriting manager; or Labuan underwriting takaful manager.	Provides underwriting services including administration related to Labuan takaful business.
4.	Labuan insurance manager; or Labuan takaful manager.	Provides management or administrative services related to Labuan takaful business.
5.	Labuan insurance broker; or Labuan takaful broker.	Provides services such as: i. arrange Labuan takaful and re-takaful business; or ii. financial analysis.

Effective Date

From the year of assessment 2025 until the year of assessment 2028.

REVIEW OF STAMP DUTY ON THE ASSIGNMENT OF LIFE INSURANCE POLICY AND FAMILY TAKAFUL CERTIFICATE

Current Position

The deed of assignment for life insurance policy and family takaful certificate is subject to stamp duty under Item 32(a), First Schedule, Stamp Act 1949, at the following *ad-valorem* rates:

No.	Ownership Transfer Value	Stamp Duty Rate
1.	The first RM100,000	1%
2.	Above the first RM100,000 to RM500,000	2%
3.	Above RM500,000 to RM1,000,000	3%
4.	More than RM1,000,000	4%

Proposal

To help reduce the deed of assignment costs and promote insurance and takaful protection of family members, it is proposed the deed of assignment for life insurance policy and family takaful certificate given by way of love and affection or through a trustee, be subject to stamp duty at a fixed rate as follows:

No.	Ownership Transfer Value	Stamp Duty Rate
1.	The first RM100,000	RM10
2.	Above the first RM100,000 to RM500,000	RM100
3.	Above RM500,000 to RM1,000,000	RM500
4.	More than RM1,000,000	RM1,000

Effective Date

For deed of assignments for life insurance policy and family takaful certificate executed from 1 January 2025.

REVIEW OF STAMP DUTY ON LOAN OR FINANCING AGREEMENTS BASED ON SHARIAH PRINCIPLES

Current Position

Loan or financing agreements for the purchase of goods through hire purchase under the First Schedule of the Hire Purchase Act 1967, based on conventional methods or Shariah principles such as *Al Ijarah Thumma Al Bait* (AITAB), are subject to a fixed stamp duty of RM10 in accordance with Item 22(6), First Schedule, Stamp Act 1949.

Meanwhile, loan or financing agreements for the purchase of goods other than hire purchase based on Shariah principles such as *Murabahah* and *Tawarruq* are subject to an *ad-valorem* stamp duty rate of 0.5%.

Proposal

To streamline the imposition of stamp duty on loan or financing agreement based on Shariah principles for the purchase of goods under the First Schedule of the Hire Purchase Act 1967, it is proposed a fixed stamp duty of RM10 be imposed on loan or financing agreement for the purchase of goods based on Shariah principles, other than hire purchase.

Effective Date

For loan or financing agreements based on Shariah principles executed from 1 January 2025.

**EXEMPTION OF STAMP DUTY ON LOAN OR FINANCING AGREEMENTS
THROUGH THE INITIAL EXCHANGE OFFERING PLATFORM
FOR MICRO, SMALL AND MEDIUM ENTERPRISES**

Current Position

Loan or financing through the Initial Exchange Offering (IEO) platform is an alternative method that enables Micro, Small and Medium Enterprises (MSMEs), especially new entrepreneurs, to raise business capital. IEO platforms registered with the Securities Commission Malaysia allow MSMEs to connect with various investors based on their respective business needs.

Loan or financing agreements executed by MSMEs and investors through the IEO platforms are subject to stamp duty at a rate between 0.05% and 0.5% under Item 27, First Schedule, Stamp Act 1949.

Proposal

To facilitate expanding MSMEs access to raising business capital through alternative financing, it is proposed a 100% stamp duty exemption be given on loan or financing agreements executed by MSMEs and investors through the IEO platforms registered with the Securities Commission Malaysia for 2 years.

Effective Date

For loan or financing agreements executed from 1 January 2025 until 31 December 2026.

**REVISION OF STAMP DUTY EXEMPTION ON LOAN
OR FINANCING AGREEMENTS FOR *SKIM PEMBIAYAAN MIKRO***

Current Position

Loan or financing agreements under the *Skim Pembiayaan Mikro* (SPM), approved by the National Small and Medium Enterprises Development Council, for amounts of up to RM50,000 between Micro, Small and Medium Enterprises (MSMEs) and financial institutions are exempted from stamp duty. This exemption applies to agreements executed on or after 1 January 2012.

Proposal

To further assist MSMEs in obtaining unsecured loans or financing, it is proposed stamp duty exemption be given for SPM loan or financing agreements, for amounts up to RM100,000.

Effective Date

For loan or financing agreements under the SPM executed from 1 January 2025.

IMPLEMENTATION OF SELF-ASSESSMENT SYSTEM FOR STAMP DUTY

Current Position

Prior to 2021, the stamping of instruments or agreements could be done manually using the Digital Franking System (SFD) or online through the Stamp Assessment and Payment System (STAMPS). The SFD was discontinued from 30 June 2021, making STAMPS the primary platform for online stamping process.

Although STAMPS has been fully implemented, and the entry of stamp duty information is done by the duty payers, the assessment of stamp duty remains the responsibility of the Inland Revenue Board of Malaysia (LHDNM). The duty payers will make stamp duty payments based on the assessment notice issued by LHDNM through STAMPS.

Proposal

In order to ensure the stamping and self-payment system is more efficient and further enhance compliance, it is proposed the self-assessment stamp duty system (STSDS) be implemented in phases based on the types of instruments or agreements.

STSDS requires duty payers or appointed agents to upload information in STAMPS and undertake self-assessment of the value of stamp duties for the instruments or agreements, and subsequently make payments within the specified timeframe.

Effective Date

No.	Phase	Effective Date	Types of Instruments
1.	Phase 1	From 1 January 2026	Instruments or agreements related to rental or lease, general stamping and securities
2.	Phase 2	From 1 January 2027	Instruments of transfer of property ownership
3.	Phase 3	From 1 January 2028	Instruments or agreements other than stated in Phase 1 and Phase 2

TAX INCENTIVE FOR SMART LOGISTICS COMPLEX

Current Position

The Smart Logistics Complex (SLC) is a modern warehouse that uses technologies such as the Internet of Things (IoT) and Artificial Intelligence (AI) to automate various warehouse operations, reduce costs and enhance overall supply chain performance. However, there are no specific incentives for companies in Malaysia that incorporate Fourth Industrial Revolution (IR4.0) elements in smart warehousing.

For Integrated Logistics Services (ILS) such as delivery, transportation and warehousing, tax incentives are provided as follows:

- i. Pioneer Status with a tax exemption of 70% of statutory income for a period of 5 years; or
- ii. Investment Tax Allowance (ITA) of 60% on qualifying capital expenditure incurred within 5 years. This allowance can be set-off against up to 70% of statutory income for each year of assessment.

Additionally, tax incentives for automation in the form of Accelerated Capital Allowance and income tax exemptions equivalent to the ITA are available to companies in the services sector that invest in machinery and automation equipment with IR4.0 elements. The qualifying capital expenditure for the first RM10 million can be claimed under this incentive. The incentive is available for applications received by the Malaysian Investment Development Authority (MIDA) until 31 December 2027.

Proposal

To further enhance supply chain efficiency through advanced technologies adaptation in logistics, including the use of IR4.0 elements such as AI, IoT and blockchain, it is proposed income tax exemption equivalent to an ITA of 60% on qualifying capital expenditure incurred for a period of 5 years be provided to SLCs. This allowance can be set-off against up to 70% of statutory income for each year of assessment, subject to the following conditions:

- A. Eligible SLC companies
 - i. SLC Investor and Operator that invest in the construction of smart warehouses and undertake eligible logistics services activities; or
 - ii. SLC Operator that leases a smart warehouse under a long-term lease of at least 10 years and undertakes eligible logistics services activities.
- B. Eligible logistics services
 - i. regional distribution centres;
 - ii. integrated logistics services;
 - iii. storage of hazardous goods; or
 - iv. cold chain logistics.
- C. Warehouse with a minimum build-up area of 30,000 square metres;
- D. Adaptation of at least three IR4.0 elements; and
- E. Other conditions as prescribed.

Effective Date

For applications received by MIDA from 1 January 2025 until 31 December 2027.

**TAX INCENTIVE FOR EMPLOYERS IMPLEMENTING
FLEXIBLE WORK ARRANGEMENTS****Current Position**

In Budget 2014, double tax deduction was given to employers who implemented or made improvements to the Flexible Working Arrangements (FWA), verified by Talent Corporation Malaysia Berhad from 1 January 2014 until 31 December 2016.

Meanwhile, under the National Economic Recovery Plan, employers implementing FWA were given a double tax deduction on eligible expenses capped at RM500,000 for consultancy fees, capacity building for flexible work arrangements, including employee training costs and the cost of acquiring virtual working environment software from 1 July 2020 until 31 December 2022.

Proposal

To further encourage more employers to offer flexibility to employees and create a work life balance, it is proposed expenses for capacity building and software acquisition incurred by employers for implementing FWA be given a 50% further deduction.

The expenses eligible for further deduction is capped at RM500,000, subject to a one-off claim and to be verified by Talent Corporation Malaysia Berhad.

Effective Date

For applications received by Talent Corporation Malaysia Berhad from 1 January 2025 until 31 December 2027.

TAX INCENTIVE FOR EMPLOYERS PROVIDING CAREGIVING LEAVE BENEFIT

Current Position

Employers who provide paid leave benefit for employees are eligible for tax deductions under Section 33 of the Income Tax Act 1967. However, there are no tax incentives for employers who provide additional paid leave to employees caring for children or ill or disabled family members.

Proposal

To cushion the impact of loss of income on affected individuals and to support job retention in line with the care economy policy, it is proposed a 50% further deduction be given to employers who provide additional paid leave of up to 12 months for employees caring for children or ill or disabled family members.

Effective Date

For applications received by Talent Corporation Malaysia Berhad from 1 January 2025 until 31 December 2027.

TAX INCENTIVE FOR HIRING WOMEN RETURNING TO WORK**Current Position**

Women on a career break for at least 2 years and return to work are eligible for income tax exemption on remuneration received for a maximum period of 12 consecutive months. This incentive is provided for applications received by Talent Corporation Malaysia Berhad from 1 January 2018 to 31 December 2027.

Employers are eligible for tax deductions on employee salary payments under Section 33 of the Income Tax Act 1967.

Proposal

In an effort to increase women's participation in the labour market, it is proposed a 50% further deduction be given to employers on employment expenses paid for a period of 12 months for hiring women returning to work.

Effective Date

For applications received by Talent Corporation Malaysia Berhad from 1 January 2025 until 31 December 2027.

TAX INCENTIVE FOR INCREASED EXPORTS

Current Position

Companies engaged in selected service activities and successfully increase exports are eligible to claim tax exemption up to 70% of the statutory income equivalent to 50% of the value of increased exports. The selected services activities are as follows:

- i. legal;
- ii. accounting;
- iii. architecture;
- iv. marketing;
- v. business consultancy;
- vi. office services;
- vii. construction management;
- viii. building management;
- ix. plantation management;
- x. private education;
- xi. publishing;
- xii. printing;
- xiii. information technology and communication;
- xiv. engineering; and
- xv. local franchise.

This incentive has been in effect since the year of assessment 2002.

Proposal

In line with the mission of the New Industrial Master Plan 2030 (NIMP) to establish Malaysia as a hub for Advanced Integrated Circuit (IC) Design Technology and Solutions, it is proposed the increased export incentive for the services sector be expanded to IC Design services.

Effective Date

From the year of assessment 2025.

**REVIEW OF TAX DEDUCTION ON THE COST OF DEVELOPING NEW COURSES
AT PRIVATE HIGHER EDUCATION INSTITUTIONS****Current Position**

Effective from the year of assessment 2006, Private Higher Education Institutions (PHEIs) are eligible for tax deduction on expenses incurred for:

- i. development of new courses; and
- ii. compliance with regulatory requirements for introducing new courses.

The tax deduction is allowed from the year of completion of development of new courses over a period of 3 years.

Proposal

To develop a highly skilled and competitive workforce in the industrial revolution era with a focus on digital technology and innovation which includes digital technology and artificial intelligence (AI), it is proposed a tax deduction on cost of developing new courses by PHEIs be allowed to be fully claimed within the same year of assessment. This incentive is also extended to include the development of Technical and Vocational Education and Training (TVET) courses by private skills training institutions.

Effective date

From the year of assessment 2025 until the year of assessment 2030.

REVIEW OF EXCISE DUTY RATE ON SUGAR SWEETENED BEVERAGES

Current Position

Effective 1 July 2019, an excise duty of 40 sen per litre was imposed on sugar sweetened beverages based on the threshold of sugar content. This rate was increased to 50 sen per litre from 1 January 2024, involving the following types of beverages:

No.	Tariff Code	Type of Beverages	Sugar Content Threshold
1.	22.02	Beverages including carbonated drink containing added sugar or other sweetening matter or flavoured and other non-alcoholic beverages	>5g/100ml
		Flavoured milk-based beverages containing lactose	>7g/100ml
2.	20.09	Fruit juices and vegetable juices whether or not containing added sugar or other sweetening matter	>12g/100ml

Proposal

In line with the effort to improve the health and well-being of the *rakyat*, particularly the prevention of diabetes and obesity, it is proposed the excise duty on sugar sweetened beverages be increased in phases starting from 1 January 2025 at 40 sen per litre.

Effective Date

From 1 January 2025.

REVIEW OF EXPORT DUTY EXEMPTION ON CRUDE PALM OIL

Current Position

The Customs Duty Order 2022 determines the export duty rate on crude palm oil (CPO) according to market price range of CPO as follows:

No.	CPO Market Price (RM/metric tonne)	Export Duty Rate
1.	≤ 650	NIL
2.	> 650 - 700	10%
3.	>700 - 750	15%
4.	>750 - 800	20%
5.	> 800 - 850	25%
6.	> 850	30%

Effective 1 January 2020, the export duty for CPO was revised through a partial exemption as follows:

No.	CPO Market Price (RM/metric tonne)	Export Duty Rate
1.	< 2,250	NIL
2.	2,250 – 2,400	3.0%
3.	2,401 –2,550	4.5%
4.	2,551 – 2,700	5.0%
5.	2,701 – 2,850	5.5%
6.	2,851 – 3,000	6.0%
7.	3,001 – 3,150	6.5%
8.	3,151 – 3,300	7.0%
9.	3,301 – 3,450	7.5%
10.	> 3,450	8.0%

Proposal

In an effort to ensure the supply of CPO in the domestic market and encourage midstream and downstream processing activities for the production of value-added products such as biodiesel and oleochemicals, it is proposed export duty for CPO, taking into accounts the partial exemption, be revised as follows:

No.	CPO Market Price (RM/metric tonne)	Export Duty Rate
1.	< 2,250	NIL
2.	2,250 – 2,400	3.0%
3.	2,401 – 2,550	4.5%
4.	2,551 – 2,700	5.0%
5.	2,701 – 2,850	5.5%
6.	2,851 – 3,000	6.0%
7.	3,001 – 3,150	6.5%
8.	3,151 – 3,300	7.0%
9.	3,301 – 3,450	7.5%
10.	3,451 – 3,600	8.0%
11.	3,601 – 3,750	8.5%
12.	3,751 – 3,900	9.0%
13.	3,901 – 4,050	9.5%
14.	> 4,050	10.0%

Effective Date

From 1 November 2024.

REVIEW OF THRESHOLD VALUE FOR WINDFALL PROFIT LEVY

Current Position

The windfall profit levy is imposed on the production of fresh fruit bunches (FFB) when the market price of crude palm oil (CPO) exceeds the threshold. As of 1 January 2022, the threshold was reviewed and the levy for Sabah and Sarawak has been streamlined with Peninsular Malaysia rates, as follows:

No.	Location	Threshold of CPO Prices (RM/metric tonne)	Rates of Levy
1.	Peninsular Malaysia	3,000	3%
2.	Sabah and Sarawak	3,500	3%

Proposal

To continuously support the sustainability of the palm oil industry, it is proposed the threshold of windfall profit levy for Peninsular Malaysia, Sabah and Sarawak be revised as follows:

No.	Location	Threshold of CPO Prices (RM/metric tonne)	Rates of Levy
1.	Peninsular Malaysia	3,150	3%
2.	Sabah and Sarawak	3,650	3%

Effective Date

From 1 January 2025.

**SALES TAX EXEMPTION ON MASTECTOMY BRA
FOR BREAST CANCER PATIENTS**

Current Position

Mastectomy bras for cancer patients are subject to following duties/taxes:

No.	Product	Tariff Code	Import Duty	Sales Tax
1.	Mastectomy bra (made from cotton)	6212.10.1100	0%	10%
2.	Mastectomy bra (made from other textile materials)	6212.10.9100		

Proposal

In line with the value of compassion and to ease the burden of breast cancer patients, it is proposed sales tax exemption be given for mastectomy bras.

Effective Date

For applications received by the Ministry of Finance from 1 November 2024 until 31 December 2027.

REVIEW OF THE RATES OF SALES TAX AND THE EXPANSION OF SERVICE TAX SCOPE

Current Position

Sales tax is imposed on taxable goods manufactured in Malaysia as well as imported goods. Under the Sales Tax Act 2018, there is a list of goods exempted from sales tax (0%) consisting mainly essential items, meanwhile for other goods, sales tax at 5%, 10% or specific rates are imposed depending on the type of goods.

Service tax is imposed on taxable services provided by service providers including imported taxable services and digital services as specified in the Service Tax Regulations 2018 and Service Tax Regulations (Digital Services) 2019. The service tax rates are 6%, 8%, or a specific rate depending on the services provided.

To provide a conducive and business-friendly environment, the following treatments have been given:

- i. sales tax exemption on manufacturing inputs used by registered manufacturers to produce taxable goods under the Sales Tax Act 2018;
- ii. business-to-business (B2B) exemption for professional services, logistics, advertising and telecommunications;
- iii. service tax exemption for maintenance, repair and overhaul (MRO) services; and
- iv. Group Relief facility under service tax.

Proposal

In an effort to strengthen the fiscal position, sales tax and service tax will be reviewed as follows:

- i. sales tax exemption be maintained on basic food items consumed by the rakyat;
- ii. sales tax be increased on non-essential items such as imported premium goods; and
- iii. the scope of service tax be expanded to include new services such as commercial service transactions between businesses (B2B).

To ensure that business remains as usual, the Government will undertake industry consultation to provide balancing measures as well as finalising the scope and applicable tax rates.

Effective Date

From 1 May 2025.

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