

**TITLE****Budget 2017 Highlights****1. GUIDING PRINCIPLES**

- 1.1 Prioritising national integration and ethnic diversity.
- 1.2 Preserving the sovereignty, upholding the constitution and laws and national security.
- 1.3 Prioritising a cohesive and stable government.
- 1.4 Prioritising clear direction, systematic planning and holistic, efficient and structured implementation plans.
- 1.5 Uphold moderation, balance, social justice, fairness and excellence.

**2. PRINCIPAL FEATURES**

- 2.1 The total allocation of RM260.8 billion for Budget 2017 is an increase of 3.4% from Budget 2016 and comprises the following:-

Operating Expenditure	RM (bil)	Development Expenditure	RM (bil)
Fixed charges and grants	103.9	Economic sector	25.9
Emoluments	77.4	Social sector	12.2
Supplies and services	32	Security sector	5.3
Others	0.817	General admin	2.5
Purchase of assets	0.691	Contingencies	2

- 2.2 The government is expected to achieve a fiscal deficit target of 3% of GDP in 2017 compared to 3.1% this year.
- 2.3 2017 revenue collection is to expand at around 3% to RM219.7 billion.

**3. INCOME TAX**

- 3.1 Lower corporate tax
  - 3.1.1 To reduce the corporate tax rate between 1-4% for companies with significant increase in taxable income for year of assessment 2017 and 2018.
  - 3.1.2 To reduce tax rate from 19% to 18% for SMEs with taxable income up to first RM500,000.

3.1.3 Extend double taxation promotion on operating expenditure borne by anchor companies for the Vendor Development Programme until 31 December 2020.

## 3.2 Personal income tax

3.2.1 Lifestyle tax relief – combined tax relief for the purchase of reading materials, computers and sports equipment up to RM2,500 per year.

3.2.2 Early education tax relief – up to RM1,000 a year for individual taxpayers who enrol their children aged 6 years and below in registered nurseries and pre-schools.

3.2.3 Breastfeeding tax relief – purchase of breast-feeding equipment up to RM1,000 once every two (2) years.

## 4. GST

4.1 GST rate remains at 6%.

4.2 GST collection is expected to increase by 1.82% to RM40 billion in 2017 from RM38.5 billion in 2016.

## 5. CIVIL SERVANTS

### 5.1 Financing

5.1.1 Housing loan – eligibility increased from RM120,000 – RM600,000 to RM200,000 – RM750,000.

5.1.2 Computer loan every 3 years with max loan of RM5,000.

5.1.3 Motorcycle loan increase to RM10,000 from RM5,000.

### 5.2 Leave

5.2.1 Fully paid study leave.

5.2.2 Quarantine leave.

### 5.3 Financial assistance

5.3.1 RM500 for all public servants.

5.3.2 RM250 for government retirees.

### 5.4 Contracts

5.4.1 Officers hired on contracts of service and contracts for service that will expire at the end of this year will be extended for at least one more year.

5.4.2 Grade 56 introduced between Grade 54 & JUSA C for medical and dental specialists to address the issues of specialist doctors exiting and promotion delays.

- 5.4.3 Nearly 2,600 doctors who were unable to undergo housemanship will now serve on contract.

## 6. TOURISM

- 6.1 Increase in tax deduction from RM500,000 to RM700,000 to encourage sponsorship by private sector in local and foreign arts, culture and heritage shows
- 6.2 Extension of e-visa to countries in the Balkans and South Asia region to achieve a target of 32 million tourist arrivals.
- 6.3 Promotion of Malaysia through Visit ASEAN@50 Campaign.
- 6.4 RM400 million for clean air and eco-tourism initiatives.

## 7. TRANSPORTATION

- 7.1 RM29 million to repair the Overhead Motorcycle Ramps at the Federal Highway.
- 7.2 RM55 billion for East Coast Rail Line project.
- 7.3 RM100 million to restore East Coast railway line.
- 7.4 RM1.1 billion to purchase 10 more new train sets in stages up to 2019 for ETS for the Johor Bahru – Padang Besar route.

## 8. AFFORDABLE HOUSING

- 8.1 People's Housing Programme ("PPR"): -
- 8.1.1 RM576 million for 11,250 PPR houses to be sold at RM35,000 – RM42,000; and
- 8.1.2 RM134 million to build 9,850 PPR houses.
- 8.2 My Beautiful New Home – RM200 million to build houses for B40 on their own land, RM20,000 for each unit, with the remaining payable by instalments.
- 8.3 People's Friendly Home ("PMR") – RM200 million to subsidise 5,000 units up to RM20,000 per unit.
- 8.4 Through the National Blue Ocean Strategy ("NBOS"), vacant lands will be provided at strategic locations to GLCs and Perumahan Rakyat 1Malaysia ("PR1MA") to build more than 30,000 houses, the selling price of which will be between RM150,000 and RM300,000.
- 8.5 Youths - 10,000 houses in urban areas will be built for rental to eligible youth with permanent jobs for up to 5 years below market rate.
- 8.6 Cooling measure on property – stamp duty on instruments of transfer of property above RM1 million – increased from 3% to 4%.

## 9. RAKYAT CENTRIC PROJECTS & PROGRAMMES IN URBAN & RURAL AREAS

- 9.1 97,000 street lights and 3,000 LED lights to be installed at crossroads for 7,500 villages nationwide to brighten villages at night.
- 9.2 RM1.2 billion to enhance connectivity of villages, towns and cities, and to build and upgrade 616km of village roads and bridges.
- 9.3 RM4.6 billion is allocated to all states under the Malaysian Road Records Information System to maintain state roads.
- 9.4 RM732 million to increase the supply of clean water targeting 5,200 houses and to upgrade the FELDA water supply system.
- 9.5 RM460 million to provide electricity supply in rural areas, targeting approximately 10,000 houses.
- 9.6 RM100 million to build four (4) more Urban Transformation Centres (“**UTC**”) in Negeri Sembilan, Perlis, Penang and Selangor, and three (3) more Rural Transformation Centres (“**RTC**”) in Selangor, Sabah and Sarawak.

## 10. AGRICULTURE

- 10.1 RM1.3 billion to assist paddy farmers to subsidise price, seeds and fertilisers including hill paddy.
- 10.2 RM250 million for rubber production as an incentive to registered rubber smallholders.
- 10.3 Rainy Season Assistance will be introduced with an amount of RM250 monthly for 3 months in November, December and January.
- 10.4 57,000 fishermen will benefit from the continued monthly cost of living allowance of RM200 to RM300.

## 11. SPORTS DEVELOPMENT

- 11.1 RM1.2 billion allocated to the Ministry of Youth and Sports for sports development.
- 11.2 RM450 million for hosting the 29<sup>th</sup> SEA Games and the 9<sup>th</sup> ASEAN Para Games in 2017.
- 11.3 RM54 million to continue sports development programmes.

## 12. BR1M

### 12.1 RM6.8 billion allocated to 7 million recipients

	2016	2017
e-Kasih	RM1,050 and RM1,000	RM1,200
Households earning RM3,000 – RM4,000	RM800	RM900
Singles earning below RM2,000	RM400	RM450
Bereavement Scheme	RM1,000	RM1,000

## 13. HEALTHCARE

- 13.1 RM25 billion allocated for implementation of healthcare programmes and projects.
- 13.2 RM4.5 billion for the operations of 340 1Malaysia Clinics, 11 Malaysia Mobile Clinics, 959 health clinics and 1,800 existing rural clinics.
- 13.3 RM4 billion for supply for drugs, consumables, vaccines and reagents to all government hospitals and health facilities.
- 13.4 RM536 million to upgrade hospital facilities nationwide.
- 13.5 RM110 million, of which RM70 million is for medical assistance, benefiting nearly 10,000 poor patients.
- 13.6 National Community Health Empowerment programme will be expanded to prevent and control diseases such as dengue and Zika. RM80 million will be allocated for this.
- 13.7 RM20 million in the form of loans for hospital equipment purchases.
- 13.8 RM40 million comprising of one-off grants of RM200,000 for purchasing haemodialysis equipment.
- 13.9 To build and upgrade new hospitals and clinics in Perlis, Kuching, Mukah, Jempol, Muar and Johor Bahru.
- 13.10 To operate non-profit charitable hospitals based on government hospital rates to reduce congestion in government hospitals.

## 14. INFORMATION TECHNOLOGY

- 14.1 Malaysian Communications and Multimedia Commission (MCMC) will provide RM1 billion to ensure the coverage and quality of broadband nationwide reaches up to 20 megabytes per second.

- 14.2 RM162 million is allocated to implement programmes such as e-commerce ecosystem and Digital Maker Movement.
- 14.3 The first Digital Free Trade Zone in the world will be introduced.
- 14.4 Fixed line broadband service providers will offer services at a higher speed for the same price.
- 14.5 Initiative for Ethernet broadband services in public universities to be increased to a maximum 100GB per second.

## 15. EDUCATION

### 15.1 Schools

- 15.1.1 RM570 million to reconstruct 120 destitute schools.
- 15.1.2 RM478 million to complete construction of 227 schools.
- 15.1.3 RM600 million – special fund for improvement and maintenance of schools.

### 15.2 Higher learning

- 15.2.1 RM7.4 billion for 20 public universities.
- 15.2.2 RM1.4 billion for 4 university hospitals.
- 15.2.3 RM300 million for 5 research universities.
- 15.2.4 RM100 million to increase publications and intellectual properties.
- 15.2.5 RM4.3 billion for scholarships in 2017.

### 15.3 Quality of education

- 15.3.1 RM90 million for Cambridge English, Dual Language and Highly Immersive programmes.
- 15.3.2 RM1.1 billion – additional assistance.
- 15.3.3 RM85 million for the Permata programme involving 50,000 children.

### 15.4 Financial aids

#### 15.5 For teachers and assistants

- 15.5.1 Free tablets for 430,000 teachers with an allocation of RM340 million
- 15.5.2 Higher allowance for 11,000 Kemas assistants from RM400 to RM500.

#### 15.6 PTPTN

- 15.6.1 Saving for education – matching grants of up to RM50 for accumulated savings in SSPN-i.

## 15.6.2 Repayment: -

Full settlement	15% discount
50% settlement of outstanding debt in a single payment	10% discount
Salary deduction or direct debit	10% discount

**16. SME**

- 16.1 RM75 million to implement programmes under SME Master Plan to promote the development of SMEs.
- 16.2 Guarantee up to RM15 billion provided under the various schemes of Syarikat Jaminan Pembiayaan Perniagaan to be extended till 2025.
- 16.3 2% rebate on interest rates charged to SME borrowers under SJPP scheme (limited to a total accumulated funding of RM1 billion which involves an allocation of RM100 million for a period of five years)

**17. SECURITY FORCES**

- 17.1 RM55 million to Special Insurgency Incentive Payment to veteran members of the armed forces who are yet to receive their special incentives.
- 17.2 RM1.8 billion for asset defence maintenance.
- 17.3 RM323 million to enhance effectiveness of ESSZone operations including personal deployment at the eastern border of Sabah.
- 17.4 Ministry of Home Affairs allocated RM12.8 billion which includes a sum of RM8.7 billion for the Royal Malaysia Police.
- 17.5 RM80 million to over 200,000 Rela members.

**18. SUBSIDIES**

- 18.1 RM10 billion for fuel subsidies including cooking gas, toll charges, public transport.

**19. BUMIPUTERA**

- 19.1 RM100 million to increase opportunities to Bumiputera entrepreneurs.
- 19.2 RM300 million to assist small-scale entrepreneurs to develop their businesses.
- 19.3 RM120 million to MARA for various entrepreneurship programmes.
- 19.4 RM100 million for various entrepreneurship programmes.
- 19.5 RM200 million to Perbadanan Usahawan Nasional Berhad.
- 19.6 RM500 million to assist Bumiputera companies to expand or start a new business.

19.7 RM100 million for Export Fund.

19.8 RM100 million through Yayasan Peneraju Pendidikan Bumiputera.

## 20. CHINESE, INDIANS & ORANG ASLI

20.1 RM50 million for the development of Chinese New Villages.

20.2 RM20 million for micro-credit loans under the supervision of Malaysian Chinese Women Entrepreneurs Foundation, etc.

20.3 RM50 million for programmes to increase capacity and income as well as RM150 million for business financing programmes through Tekun and Amanah Ikhtiar Malaysia (AIM).

20.4 RM10 million for pre-school programmes for 50 national-type Tamil schools.

20.5 RM350 million to build and refurbish 17,000 units of destitute and dilapidated houses in remote villages and Orang Asli settlements.

20.6 Increase of allowance of Orang Asli village heads, chairmen of Village Development and Security Committee from RM800 to RM900.

20.7 For Native Customary Rights, RM20 million allocated for land survey in Sabah and RM30 million in Sarawak.

## 21. TAXI DRIVERS' WELFARE

21.1 Encouragement of participation as ride-sharing drivers.

21.2 Introduction of Social Security Organisation (Socso) Scheme to individual taxi drivers with monthly income up to RM3,000.

21.3 RM60 million grant of RM5,000 to purchase new vehicles and offer individual taxi permits. This will benefit 12,000 qualified taxi drivers who have ended their leasing contract with taxi companies.

## 22. AMENDMENT TO THE BANKRUPTCY ACT 1967

22.1 To enable bankrupt individuals to rejoin business activities by amending the Bankruptcy Act for social guarantors and those diagnosed with chronic diseases as well as the elderly.



## CONTACTS

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