

Highlights of Budget 2021 (Updated)

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KUALA LUMPUR: The following are the economic highlights of the Budget 2021 tabled in Parliament today by Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz.

The budget, themed "In Our Strength Lies Our Collective Victory", is anchored on three thrusts, namely the people's wellbeing, business continuity and economic resilience.

The government plans to raise the ceiling for the Covid-19 Fund from RM20 billion to RM65 billion to fund the KITA Prihatin supplementary assistance package.

- RM1 billion will be allocated to curb the third wave of the Covid infections.
- The tax relief for personal, spouse and children's medical care expenses for serious illness is increased to RM8,000 from RM6,000.
- RM1,200 in cash assistance will be disbursed to households with one child with a monthly income of less than RM2,500 with one child.
- Personal income tax is reduced by one percentage point for those earning RM50,001-RM70,000.
- Employees' minimum EPF contribution is reduced to nine per cent starting January 2021.

- The government has announced a targeted EPF Account 1 withdrawal facility of RM500 per month, up to RM6,000 for 12 months. Total withdrawal from EPF Account 1 will be RM4 billion.
- The government provides almost RM28 billion specifically for subsidies, assistance and incentives.
- The EPF allows withdrawal from Account 2 for the purchase of life insurance and takaful coverage products and for critical illnesses.
- Individual income tax relief of up to RM3,000 on Private Retirement Scheme contributions is extended until the year of assessment 2025.
- The government to provide RM4.6 billion to empower Bumiputeras.
- The government to allocate RM510 million for the purpose of financing to Bumiputera SMEs and micro SMEs through TEKUN Nasional and PUNB.
- The government to provide RM800 million through Bank Pembangunan Malaysia dan SME Bank's capacity-building programme.
- Government allocates RM95 million for special micro-credit fund to empower women entrepreneurs.
- A guidance programme for more than 2,000 women entrepreneurs will be provided under the Micro Entrepreneur Business Development Programme (BizMe).
- The government has allocated RM500 million to implement the National Digital Network (JENDELA) initiative in 2021.
- Full stamp duty exemption will be given for deeds of transfer and loan agreement for the first house purchase worth up to RM500,000.
- Full stamp duty exemption for deeds of transfer for rescue contractors and original buyers of abandoned housing projects has been extended by another five years.
- RM1 billion allocated for high-tech and value-added investment incentive packages.
- High-tech fund totalling RM500 million will be provided by Bank Negara Malaysia to support companies in the high-tech and innovative sector.
- Relaxing tax incentive requirements for Principal hub, to be extended up to Dec 31, 2022.
- Implementation of tax for the establishment of "global trading centre" at a concession rate of 10 per cent for five years.

- Sales value limit for added-value and additional activities in the Free Industrial Zone and licensed manufacturing warehouse has been raised from 10 per cent to 40 per cent of sales value.
- Special tax rate for selected manufacturing companies to move their business to Malaysia has been extended to Dec 31, 2022.
- The National Development Scheme worth RM1.4 billion by Bank Pembangunan Malaysia has been introduced to support the domestic supply chain development.
- Maritime development schemes, logistics, sustainable development financing schemes, tourism infrastructure schemes and public transport funds will be extended until Dec 31, 2023 with funds totalling RM3.3 billion.
- A targeted recovery assistance facility worth RM2 billion under BNM will be introduced through loans from banking institutions.
- RM100 million from the PRIHATIN sukuk subscription will be allocated for research on infectious diseases, including vaccine developments, studies on treatments and diagnostics.
- RM20 million has been allocated for the continuation of the sustainable palm oil certification programme to encourage growth and enhance the oil palm industry's competitiveness.
- A matching grant totalling RM30 million has been allocated to encourage investment in mechanisation and automation will be introduced.
- The government will increase its guarantee of up to RM10 billion under the business finance guarantee company, with RM2 billion specially allocated for Bumiputera entrepreneurs
- RM3 billion specially allocated for high-skilled companies such as oil and gas and aerospace.
- Budget 2021 is aligned with priority policies under the 12th Malaysia Plan and the Shared Prosperity Vision 2030
- Total expenditure for 2020 is estimated at RM314.7 billion, an increase of RM17.7 billion compared to the original projection.
- The fiscal deficit for 2020 is estimated to increase to 6.0 per cent of Gross Domestic Product compared to the original target of 3.2 per cent.
- Government revenue collection for 2021 is expected to increase to RM236.9 billion.
- Budget 2021 is an expanding or expansionary budget.
- Expenditure for 2021 is the largest expenditure in history with a value of RM322.5 billion.

- Government allocates RM236.5 billion for operating expenditure, RM69 billion for development expenditure and RM17 billion as contingency savings.
- RM50 million allocation in financing to building contractors under the express contract financing scheme.
- RM15 billion has been allocated to finance projects, among others, the Pan Borneo Highway, Gemas-Johor Bahru electrified double track and the Klang Valley double track Phase One.
- Other projects will be continued such as Rapid Transit System from Johor Bahru to Woodlands, Singapore, and Mass Rapid Transit 3 in the Klang Valley.
- The government will continue with the High-Speed Rail project as this project is expected to generate multiplier effects on the nation's economy.
- Several new construction projects worth RM3.8 billion will be implemented including the construction of Sabah Pan Borneo Highway for Serusop to Pituru package.
- A total of RM780 million is allocated for five economic region corridors which will be developed under the allocation for 2021.
- Existing tax for the East Coast Economic Region Development Corridor, Iskandar Malaysia and Sabah Development Corridor is extended until 2022.
- EPF will proceed with the development of Kwasa Damansara with a development value of RM50 million.
- Sabah and Sarawak will receive development expenditure allocation of RM5.1 billion and RM4.5 billion respectively.
- RM20 million has been allocated to carry out social enterprise development under MaGIC and selected agencies.
- The government will issue the nation's first Sustainability Bond for environmental and social initiatives in 2021.
- The existing income tax exemption for SRI green sukuk grant is extended to all types of sukuk and bonds, and will be extended until 2025.
- Green Technology Financing Scheme 3.0 will be continued with a fund totalling RM2 billion for two years until 2022. — *Bernama*