

Malaysian Budget 2021



EPF CHANGES

The minimum employee EPF contribution rate is reduced from 11 to 9% from Jan 2021. Also, withdrawals of RM500 per month from EPF Account 1 will be allowed for up to 6 months.



PERSONAL TAX CUTS

The income tax rate paid by those earning between RM50,001 and RM70,000 will be lowered by one percentage point.



LOAN MORATORIUM

B40 borrowers who are recipients of the BSH or the BPR and microenterprises with loans of up to RM150,000 are given the option of a 3 month repayment moratorium or a 50% reduction on their monthly repayments for 6 months

SUPPORT FOR THE B40

BPR (replacing BSH) cash assistance ranging from RM350 to RM1800 for single individuals aged 21 with monthly earnings of up to RM2500 and households with monthly income under RM5000.

FIRST HOME BUYERS

Stamp duty exemption on instrument of transfers and loan agreements for first home buyers extended to 31 December 2025 and the duty limit increased up to RM500,000



SME DIGITALISATION

Additional RM150million is allocated to the SME Digitalisation Grant Scheme and the Automation Grant, and eligibility conditions relaxed for micro SMEs and start ups.

2021 Economic and Fiscal Outlook

- Malaysia's economy forecast to shrink 4.5% in 2020
- Malaysia's economy forecast to grow 6.5 to 7.5% in 2021
- Forecasted deficit for 2020 is RM86.5 billion, or 6.0% of GDP
- Forecasted deficit for 2021 is RM84.8 billion, or 5.4% of GDP
- Federal Government debt is expected to increase by RM81.3 billion in 2020
- Exports are expected to rebound 8.8% in 2021
- Unemployment rate is expected to be 4.2% in 2020 and 3.5% in 2021
- Inflation is forecast to fall 1.0 per cent in 2020 and increase 2.5% in 2021



Tax Announcements

- The cap on 'lifestyle tax relief' has been raised from RM2500 to RM3000, specifically for sports-related expenditure. The scope of the relief has also been expanded to include subscription to electronic newspapers.
- The tax exemption for private healthcare service exports has been extended until 2022.
- Tax relief of up to RM8000 for National Education Savings Scheme (SSPN) net savings will be implemented until 2022.
- Special tax rates of 0-10% for manufacturing companies that relocate their operations to Malaysia extended to 2022

FIND OUT MORE

For more information visit [here](#)

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The Malaysian Government has allocated RM322.5 billion, or 20.6% of Gross Domestic Product (GDP) for Budget 2021. The 2021 Budget has three key areas of focus: ensuring the wellbeing of the people, business continuity, and resilience of the economy.

For more information click [here](#).

THE WELLBEING OF THE PEOPLE

- RM2 billion is allocated to the hiring incentive programme under PERKESO, PenjanaKerjaya, to encourage the employment of disabled, long-term unemployed and retrenched workers, and local workers in sectors with a high reliance on foreign workers.
- The Bantuan Sara Hidup (BSH) assistance package will be changed to Bantuan Prihatin Rakyat (BPR) in 2021.
- Every individual in B40 group will receive a voucher worth RM50 to buy takaful hayat and personal accident insurance.
- RM50.4 billion (15.6 per cent of total budget) has been allocated to the Education Ministry.
- RM95 million is allocated to special micro credit financing through TEKUN, MARA and Agrobank to empower women entrepreneurs.



BUSINESS CONTINUITY

- Human Resource Development Fund (HRDF) levy exemptions for six months from 1 January 2021 for companies in the tourism sector and those still affected by COVID-19.
- Income tax exemption of 50% from the invested amount up to RM50,000 will be given to encourage more individual investors to participate in equity crowdfunding (ECF) platforms.
- Allocation of RM1 billion for a special incentive package for high value added technology such as in aerospace and electronic clusters.
- National Development Scheme (NDS) valued at RM1.4 billion by Bank Pembangunan Malaysia to support the implementation and development of domestic supply chains.



RESILIENCE OF THE ECONOMY

- Measures to curb the smuggling of high duty goods such as tightening the renewal of import license for tobacco products.
- RM15 billion is allocated to implement transport infrastructure projects - Pan Borneo Highway, Gemas-Johor Bahru Electrified Double-Tracking Project and the Klang Valley Double Tracking Project, Rapid Transit System Link from Johor Bahru to Woodlands, Singapore and MRT3.
- RM2.7 billion for rural infrastructure projects such as roads, improving water and electricity supply and building new houses.

