

What captains of industry have to say

COMPILED BY CHERYL POO

Tan Sri Nor Mohamed Yakcop Chairman, Khazanah Research Institute



Boost to the existing social protection framework is timely. This includes measures to raise government contribution to Socso's Self-Employment Social Security Scheme and matching contribution limit for the EPF's i-Saraan and i-Suri schemes. The increased allocation for Sumbangan Tunai Rahmah (STR) as well as the expansion of the Sumbangan Asas Rahmah (SARA) programme are timely as well.

KRI applauds the reformist nature of the 2024 budget in the context of the nation's development strategy. We are confident that Budget 2024 will set Malaysia on a growth trajectory that will safeguard the rakyat's well-being while advancing the nation's economic and industrial transformation agenda as well as its resilience.

Tan Sri Dr Tay Ah Lek Managing director and CEO, Public Bank Bhd



While Budget 2024 will see a total expenditure bill of RM393.8 billion, the government's resolve to continue to champion fiscal prudence is to be applauded.

For those in need, various social assistance frameworks have been strengthened through wealth reallocation from subsidy rationalisation. With an estimated 20% of the M40 group having fallen into the B40 category due to the Covid-19 pandemic, it is imperative that social safety nets are widened. On this note, allocation to the Sumbangan Tunai Rahmah (STR) initiative will be increased to RM10 billion from RM8 billion, benefiting nine million recipients. For 2024, a total of RM58.1 billion will be set aside for the purpose of financing various aid to the rakyat, encompassing subsidies, incentives and financial aid.

We welcome the continued support extended to the MSMEs. Some RM1.5 billion will be set aside by government-linked corporations (GLCs) and government-linked investment corporations (GLICs) to encourage start-ups, including bumiputera MSMEs to venture into high-growth high-value industries.

Datuk Khairussaleh Ramli Group president & CEO, Malayan Banking Bhd



The allocation of an additional RM10 million to enhance the effectiveness of the National Scam Response Centre (NSRC) is highly important. The banking industry is committed to working closely with Bank Negara Malaysia on the setting up of a national fraud portal by mid-2024, where key data collected can be used to detect patterns and connections between the accounts used by scammers.

The initiative to develop the National Digital Identity will spur digital economic activities in the country and will certainly boost financial transactions and payment activities, apart from promoting greater efficiency and enhanced security for digital transactions. Banks are committed to participating actively in this initiative.

Datuk Abdul Rahman Ahmad Group CEO of CIMB Group



We are pleased to see the government's continued focus on driving sustainable economic growth through the second Madani budget.

In accelerating economic growth, we are encouraged to see measures to support micro, small, and medium enterprises (MSMEs) as well as the start-up ecosystem. These include, among others, RM2.2 billion in total funding support for MSMEs to automate business processes, digitalise their operations and increase their international footprint. In addition, we laud the focus on environmental sustainability and food security with specific allocation for MSMEs that operate within these two crucial areas. This will help support their growth and resilience and subsequently future-proof the socioeconomic well-being of all Malaysians.

Mohd Rashid Mohamad Group MD and group CEO, RHB Banking Group



The government's steadfast dedication to strike a balance between economic development and fiscal sustainability is noteworthy. This approach will ensure that the nation prospers while safeguarding financial stability.

The goal of transforming the nation into an Islamic investment hub is a commendable move as it will attract investments to stimulate economic growth and is very well aligned with the theme of "Economic Reformation, People Empowerment".

We will support government aspirations under the National Energy Transition Roadmap (NETR) towards net carbon zero emissions by 2050 and will continue to play a significant role in elevating the nation's economic growth and development, particularly the growth of SMEs, and driving financial inclusivity among the underserved segments by providing access to financial services that are digital secure and nimble.

Datuk Wan Razly Abdullah President and group CEO, Affin Bank Bhd



We welcome the RM350 million allocation for the promotion and marketing of our tourism industry, including Visit Malaysia 2026, [and] relaxation of the Malaysia My Second Home (MM2H) programme conditions.

We also support the government's initiative to facilitate the growth and development of MSMEs and SMEs through loan and financing facilities. Tax exemption for those involved in Islamic securities selling and buying must also be lauded.

Additionally, the high-tech industrial area in the northern region for the electrical and electronics (E&E) cluster will be one of the key drivers of economic growth and technological advancement.

The implementation of tiered reinvestment tax incentives, offering investment tax allowances ranging from 70% to 100%, will be a strategic move to empower the high-growth and high-value sector.

Kevin Lam Group managing director and CEO, Hong Leong Bank



We are very encouraged to see the follow-through announcement of additional details and actionable plans outlined in Budget 2024, covering not only the welfare of the rakyat but also enhancing the MSME ecosystem, strengthening the Islamic banking positioning, combating financial scams and fraud and providing welcoming policies to attract FDI.

As a community bank, we are also pleased to see the government's dedicated commitment to fortify the SME ecosystem through an array of ongoing tax and non-tax incentives, coupled with financing grants that are poised to significantly bolster the competitiveness of SMEs within the global value chain. This will pave the way towards doubling the share of export-oriented SMEs to 25% of vendor development by 2030, and lifting the share of domestic value-added in manufacturing to 65% by the same time frame.

Tan Chor Sen CEO, OCBC Bank (Malaysia) Bhd



Being part of a financial institution with strong reach in the Asean-Greater China region, we can see the wisdom behind the big picture of fostering greater economic integration with our neighbouring countries, nurturing more competitive companies to penetrate the Asean market and facilitating trading activities.

Budget 2024 also ensures that the nation's economic backbone — MSMEs — continues to grow through the RM44 billion allocation in loans and guarantees, including grants for digitalisation.

The move to improve efforts to encourage the adoption of sustainable practices such as installing solar panels is on the right track and OCBC Bank will lend its utmost support to this. And we are excited about the government's proposal to extend support and tax benefits to those involved in sustainable and responsible investments.

Datuk Sulaiman Mohd Tahr Group CEO, AMMB Holdings Bhd



The RM2.4 billion earmarked for micro-entrepreneurs and small traders through agencies such as Bank Negara Malaysia, Bank Simpanan Nasional and Tekun Nasional is expected to spur greater opportunities and ease the financial burden of SMEs, which is certainly timely amid the current economic volatility.

Supporting this, the allocation of additional funds of up to RM25 million in matching grants with financial institutions under the existing i-Tekad social finance programme is set to benefit more entrepreneurs. Alongside this, the RM900 million loan fund available under Bank Negara will unlock potential for SMEs to move up the global value chain and increase productivity through automation and digitalisation.

Ng Wei Wei CEO, UOB Malaysia



We welcome the measures to improve Malaysia's competitiveness and ease the cost of doing business, which will spur high-impact investments in targeted sectors. These will help elevate foreign direct investment, broaden domestic linkages, spur industrial development and reinforce Malaysia's diversified economic structure.

The RM2 billion fund under Dana Mudah Cara Peralihan Tenaga Negara [and] additional tax cuts of up to RM300,000 for measurement, reporting and verification (MRV) expenses relating to the development of carbon projects are positive moves to build a green economy for a sustainable future. Further efforts to boost the development of electric vehicles and installation of solar panels in the budget are also in line with UOB's focus on encouraging a low-carbon lifestyle.

Mak Joon Nien CEO, Standard Chartered Malaysia



We believe that tax reform measures such as raising the sales and service tax to 8%, with the exception of the food and beverage and telecommunications industries, as well as introducing the luxury goods tax, will positively contribute to Malaysia's revenue efficiently and effectively.

We support the government's commitment to move the country towards a digital economy via the allocation of RM900 million to encourage SMEs to increase business productivity through automation and digitisation, among other initiatives.

We laud the government's benchmark of increasing the participation rate of women in the labour force to 60%, as well as the tax incentive (extended until December 2027) to encourage women to return to work. We also welcome the government's allocation of RM720 million for women and youths to start their own businesses under Tekun Nasional to lift and drive greater economic participation from this segment.

Soh Lian Seng Head of Tax, KPMG in Malaysia



A clear approach to expanding the tax revenue base with the introduction of the capital gains tax, which will be imposed at the rate of 10% on the net profit arising from the disposal of unlisted shares by local companies from March 1, 2024, and the high value goods tax at a rate of between 5% and 10% on selected high value goods such as jewellery and watches based on the threshold value of the goods. It is hoped that clear regulations and guidelines with a reasonable transition plan will accompany these tax reforms to facilitate successful implementation.

Based on the fiscal outlook and federal government revenue estimates 2024, the estimated service tax revenue for 2023 is RM16.6 billion. Taking a simple and direct mathematical extrapolation, a 2% increase could result in about RM5.5 billion more — however, this 2% increase does not cover all taxable services. Food and beverage and telecommunications, which are significant contributors to the service tax collection, will still be subject to 6% service tax.