

2024

BUDGET COMMENTARY & TAX INFORMATION



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Foreword

Budget 2024, themed “Economic Reforms, Empowering the *Rakyat*”, exemplified the Unity Government’s unwavering dedication and resolve to realise its goal of elevating both the nation and the economic standing of the *rakyat*. As such, the budget places a strong emphasis on several key areas, namely economic resilience and diversification, human capital development, social welfare and inclusivity, digital transformation and innovation, environmental sustainability, infrastructure development and fiscal responsibility.

The second *Belanjawan Madani* represents a record allocation of RM393.8 billion, which encompasses RM303.8 billion earmarked for operational expenses and RM90 billion for development expenditures. The Government anticipates that the country’s GDP growth in 2024 will range between 4.0% and 5.0%, while pursuing a gradual reduction in fiscal deficit to 4.3% from the forecasted 5.0% of GDP for 2023.

The Government recognised that the country’s greatest asset is its *rakyat*. Budget 2024 places paramount importance on human capital development. Hence, the Government will be investing heavily in education, skills training and healthcare. The Government hopes to empower the *rakyat* to thrive in an ever-evolving landscape. This commitment to nurturing talent and fostering innovation will propel Malaysia towards greater heights in the global arena.

Budget 2024 aims to strengthen Malaysia’s economic resilience by diversifying the country’s income streams. This includes increasing the country’s revenue collection with the introduction of Capital Gains Tax and High-Value Goods Tax and investing in high-growth sectors such as technology, renewable energy and digitalised manufacturing. Efforts will be made to support the needs of local entrepreneurs while attracting foreign direct investment into the country. This is achieved by establishing a cutting-edge industrial zone in Kerian, North Perak, and the formation of the Investment and Coordination Action Committee, which emphasises the Government’s commitment to investment facilitation and coordination.

In pursuit of achieving a net-zero carbon country, the Government is implementing a multifaceted green approach such as the establishment of an RM200 million financing fund to facilitate the country’s industry transition into a low-carbon economy and the launch of the Corporate Green Power Programme to promote the use of renewable energy in businesses. Further, Putrajaya is set to transition into a low-carbon city by installing solar panels on government buildings and the adoption of EVs for official government use.

In conclusion, Budget 2024 adheres to a strategy that operates within the constraints of relatively flat government revenue. The budget achieves its purpose of a light expansionary approach while curbing the country’s deficit and addressing the *rakyat*’s needs.

*Written by: Harvinder Singh
17 November 2023*

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