

BUDGET 2027 COMMENTARY

What Does It Mean for Your Business?



Tuesday, 13 October 2026



10:00 AM–12:00 noon



Zoom | Free Session



Agnes Wong

Managing Partner
Syarikat Ong



Prof. Dr. Wong Chin Yoong

Professor of Economics
Universiti Tunku Abdul Rahman
(UTAR)



Soh Lian Seng

Partner & Head of Tax, KPMG Malaysia
Immediate Past President,
Chartered Tax Institute of Malaysia
(CTIM)



The Fifth Madani Budget 2027

Eight Principal Foundations



1 Foundation 1: Addressing the Cost of Living for the Rakyat



- Cost-of-Living Assistance
- Decent Wages for the Rakyat
- Rights of Gig Workers

2 Foundation 2: Prioritising Every State



- Equitable Development Across States
- Prosperity for Sabah and Sarawak
- A Capital for The Rakyat
- Basic Infrastructure and Housing

3 Foundation 3: Safeguarding the Welfare of All Rakyat



- Bumiputera and Islamic Economy
- Welfare for Targeted Groups

4 Foundation 4: Elevating the Quality of Services for the Rakyat



- Healthcare Service Agility
- Education for All
- Transport and Road Safety
- Service Delivery Agility

5 Foundation 5: Safeguarding National Supplies and Preparedness



- Energy Transition
- Agricommodity Security
- Security and Defence

6 Foundation 6: Surpassing the Limits of Economic Potential



- Empowering Home-Grown Innovation
- Investment in High-Value Sectors
- Gross-Border Economy
- Youth Talent: Bakat MADANI
- AI for Rakyat

7 Foundation 7: Preserving the Nation's Identity



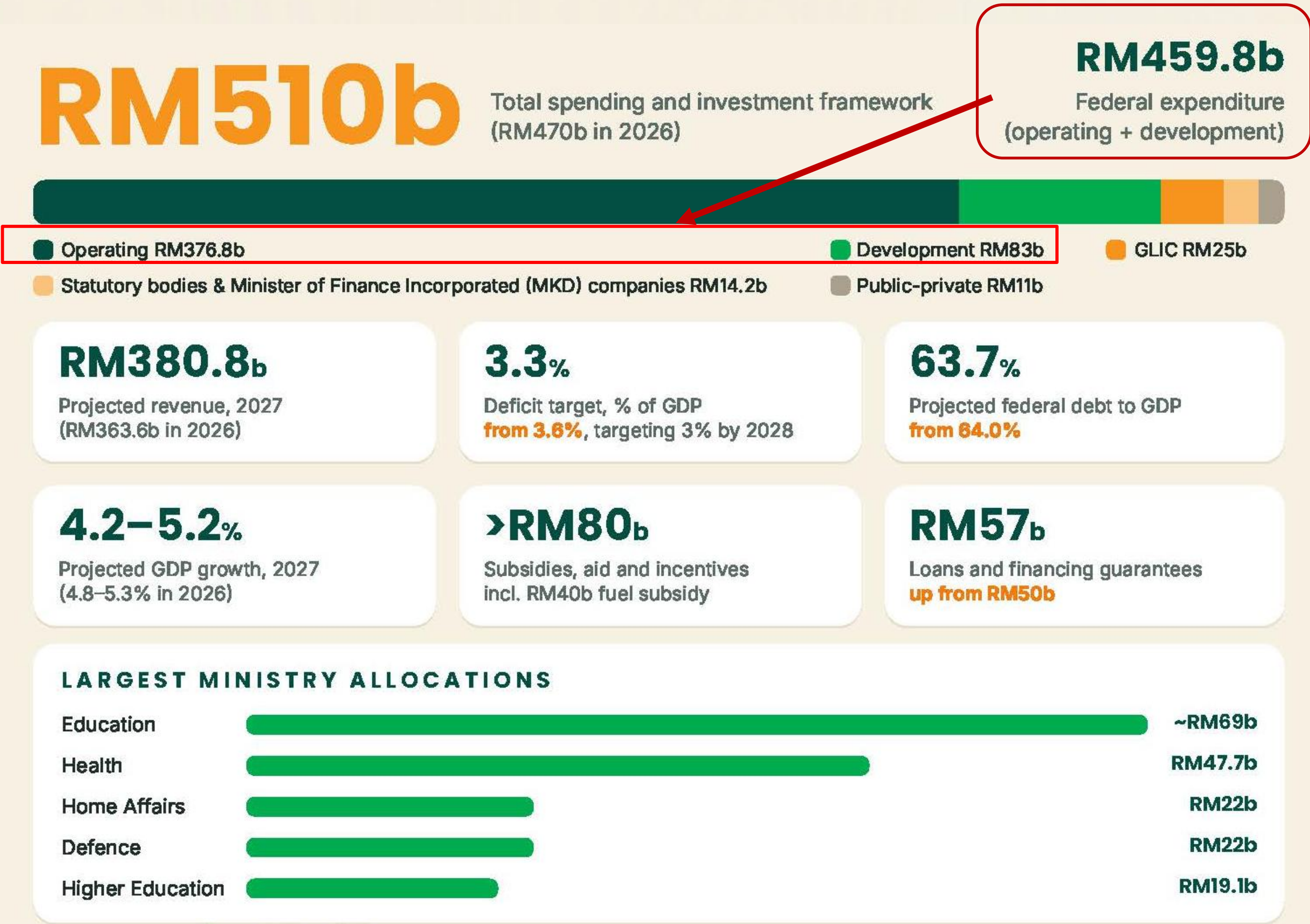
- Natural Heritage, Culture, Language and The Creative Arts
- Sports and Unity
- Visit Malaysia Year 2027
- Upholding Islamic Principles

8 Foundation 8: Managing the Rakyat's Money with Integrity

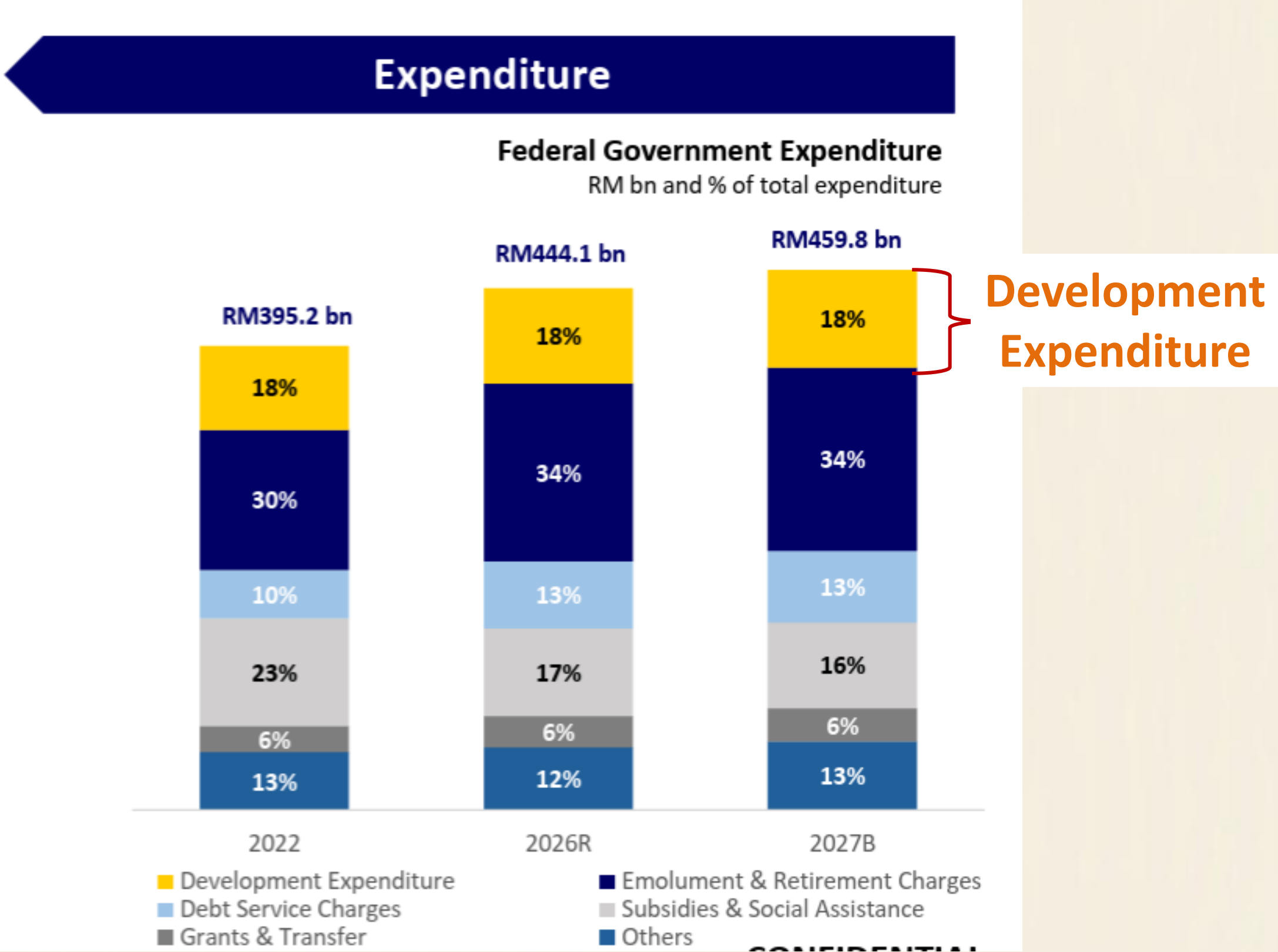


- Reform without Fear
- Expenditure and Revenue Estimates for 2027
- Civil Servants' Well-Being

Budget 2027 Allocation



Strengthening Fiscal Position: Expenditure Priorities

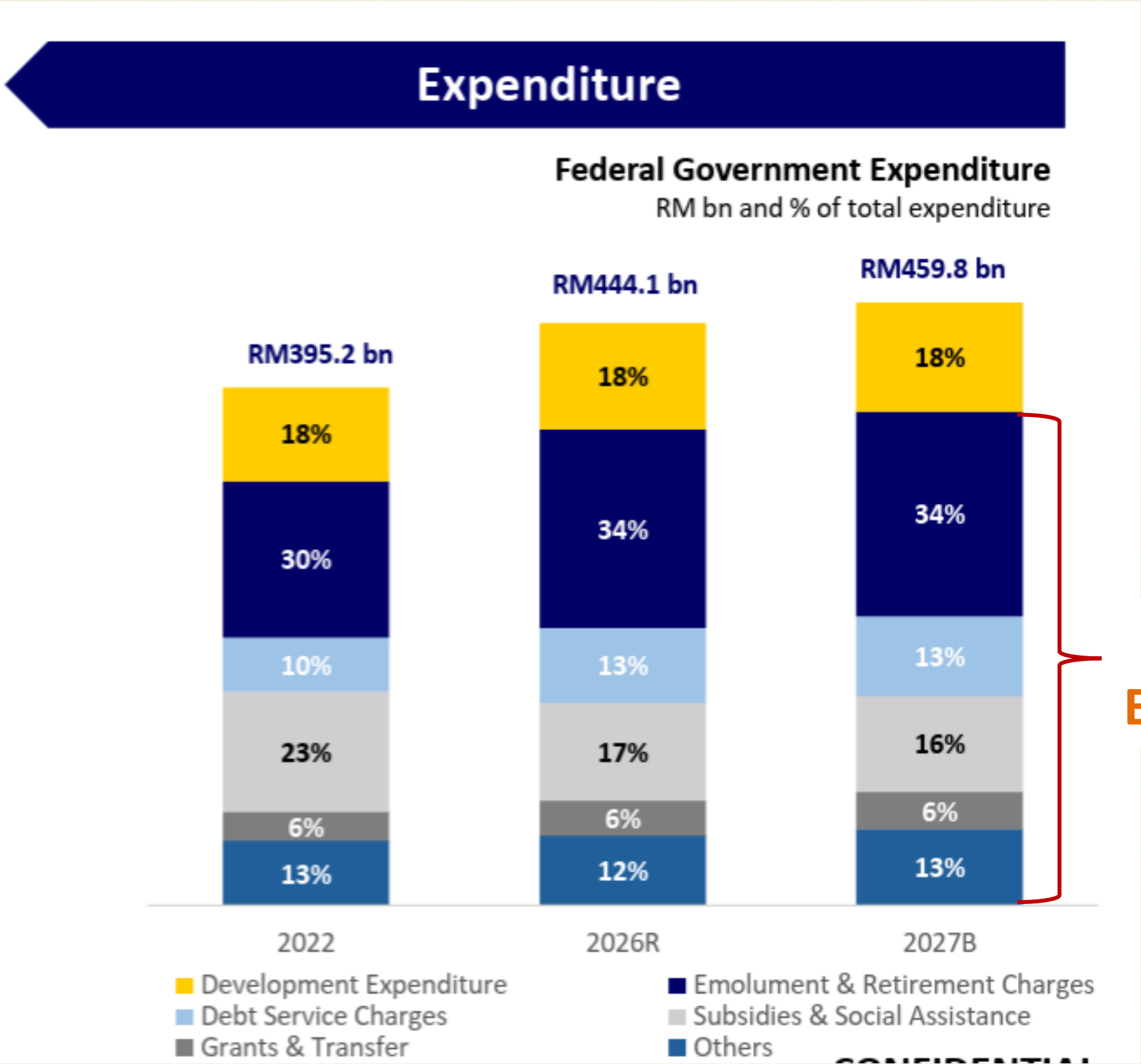


SECTOR	RM MILLION		
	2025	2026 ¹	2027 ²
Economic	38,758	37,135	37,655
of which:			
Transport	17,706	17,234	17,557
Trade and industry	3,020	3,281	3,513
Energy and public utilities	2,574	2,490	2,751
Agriculture	2,804	2,793	2,921
Environment	2,825	3,418	3,605
Social	27,592	27,442	27,988
of which:			
Education and training	14,115	13,951	13,550
Health	6,068	6,669	6,907
Housing	1,836	1,457	1,681
Security	11,918	11,788	12,240
General administration	3,653	4,635	5,117
Total	81,921	81,000	83,000
% of GDP	4.0	3.7	3.6

¹ Revised estimate

² Budget estimate, excluding Budget 2027 measures

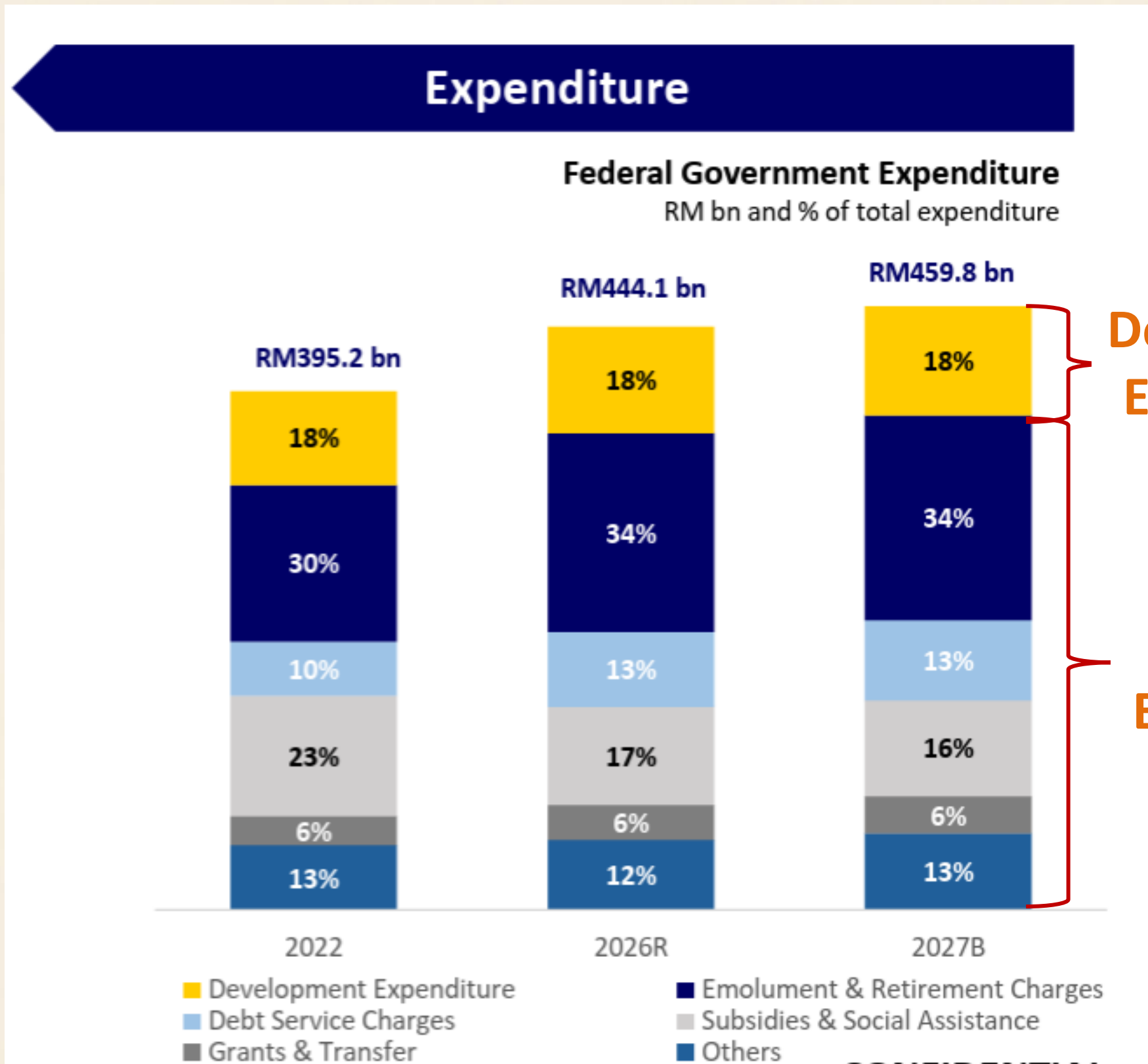
Strengthening Fiscal Position: Expenditure Priorities



COMPONENT	RM MILLION		
	2025	2026 ¹	2027 ²
Emoluments	101,451	108,417	111,606
Retirement charges	38,559	42,801	44,597
Debt service charges	53,711	57,300	61,013
Grants and transfers to state governments	9,808	11,403	11,504
Supplies and services	42,174	41,629	45,052
Subsidies and social assistance	55,268	74,473	72,729
Asset acquisition	1,281	922	1,312
Refunds and write-offs	435	547	552
Grants to statutory bodies	15,120	15,037	17,094
Others	12,969	10,526	11,381
Total	330,776	363,055	376,840
% of GDP	16.3	16.6	16.2

¹ Revised estimate
² Budget estimate, excluding Budget 2027 measures

Strengthening Fiscal Position: Expenditure Priorities



Operating + Development Expenditure

RM376.8 B
+
RM83.0 B

RM459.8 B

Source: Ministry of Finance, Malaysia

Budget 2027 Allocation

RM510b

Total spending and investment framework
(RM470b in 2026)

RM459.8b

Federal expenditure
(operating + development)



RM380.8b

Projected revenue, 2027
(RM363.6b in 2026)

3.3%

Deficit target, % of GDP
from 3.6%, targeting 3% by 2028

63.7%

Projected federal debt to GDP
from 64.0%

4.2–5.2%

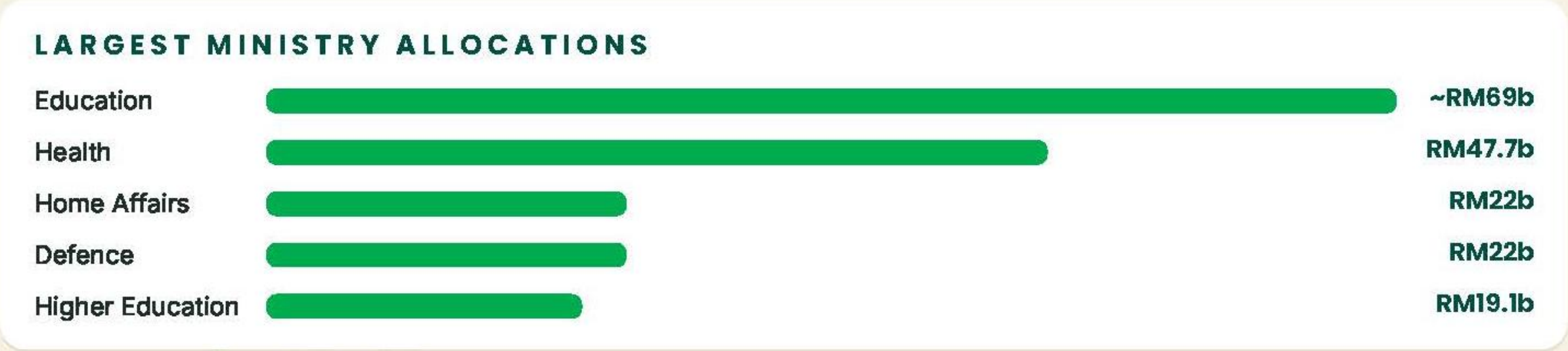
Projected GDP growth, 2027
(4.8–5.3% in 2026)

>RM80b

Subsidies, aid and incentives
incl. RM40b fuel subsidy

RM57b

Loans and financing guarantees
up from RM50b



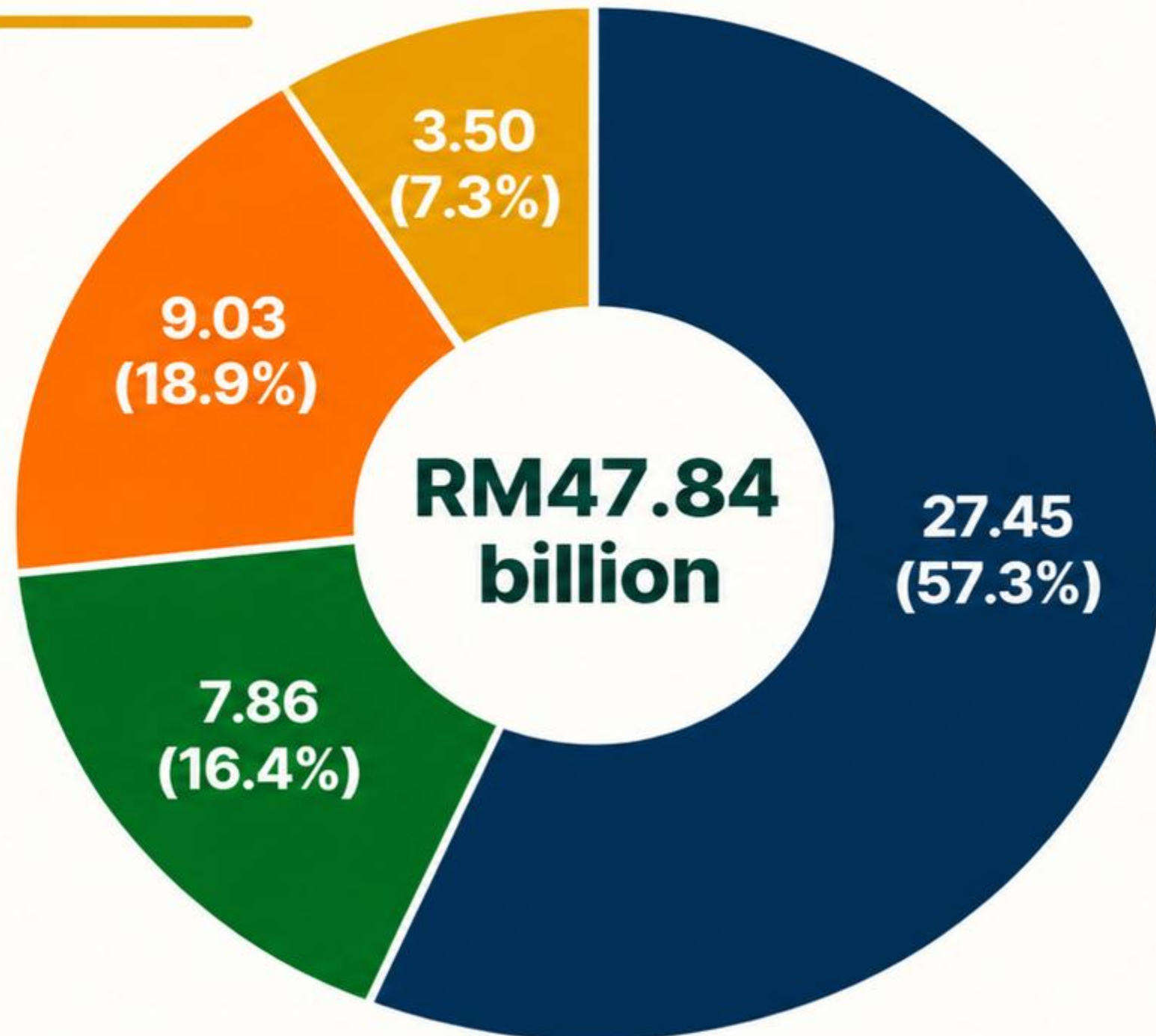
Total Expected Provision for Subsidies, Assistance & Incentives > RM80 Billion

No.	Category	2027 Allocation (RM)
1	Fuel Subsidies	40.00 Billion
2	Sumbangan Tunai Rahmah (STR) and Sumbangan Asas Rahmah (SARA)	16.00 Billion
3	Assistance through the Social Welfare Department (JKM)	Nearly 3.30 Billion
4	Jualan Rahmah MADANI and Jualan Agro MADANI	0.75 Billion
SUBTOTAL of the above Identified Allocations		Nearly 60.05 Billion
Other Subsidies, Assistance and Incentives		Not Separately Reconciled in the Speech
Overall Provision Announced		More than 80.00 Billion

Summary of Sumbangan Tunai Payout since 2012 - 2027

Year	Program Name	Government Era	Total Budget Allocation
2012	BR1M 1.0	Najib Razak	RM1.8 billion
2013	BR1M 2.0		RM3.0 billion
2014	BR1M 3.0		RM4.6 billion
2015	BR1M 4.0		RM4.9 billion
2016	BR1M 5.0		RM5.4 billion
2017	BR1M 2017		RM6.3 billion
2018	BR1M / BSH	Najib Razak / Mahathir Mohamad	RM6.1 billion
2019	BSH 2019	Mahathir Mohamad	RM4.2 billion
2020	BSH 2020	Mahathir Mohamad / Muhyiddin Yassin	RM5.0 billion
2021	BPR 2021	Muhyiddin Yassin / Ismail Sabri	RM6.5 billion
2022	BKM 2022	Ismail Sabri	RM7.8 billion
2023	STR 2023	Anwar Ibrahim	RM8.0 billion
2024	STR & SARA 2024		RM10.0 billion
2025	STR & SARA 2025		RM13.0 billion
2026	STR & SARA 2026		RM15.0 billion
2027	STR & SARA 2027		RM16.0 billion

Financing Fund Allocated – RM47.84 Billion



Advancing in
Bumiputera economy

RM billion

3.50



Economy MSMEs
and local business

7.86



Catalysing
domestic investment

27.45



Strengthening startup
and mid-tier ecosystem

9.03

1) Advancing in Bumiputera economy

Fund Allocated	Channel / Platform	Details / Initiatives
2 billion	Government-linked investment companies (GLICs)	Listing support from Ekuinas and PHB; RM250 million Dana Ciptawan by Khazanah & TERAJU for Bumiputera mid-tier firms
1 billion	Unit Peneraju Agenda Bumiputera (TERAJU)	Enhanced Bumiputera project oversight
500 million	Perbadanan Usahawan Nasional Berhad (PUNB)	Increase in financing fund from RM350 million



2) Empowering MSMEs and local businesses

Fund Allocated	Channel / Platform	Details / Initiatives
 200 million	Geran Sejahtera MADANI	Equipment and training grants for 40,000 recipients, especially women
 6.6 billion	Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN) & Bank Simpanan Nasional (BSN)	Micro-financing in 2027; RM1.3 billion from TEKUN; RM1.7 billion from BSN
 1 billion	Bank Pembangunan Malaysia Berhad (BPMB)	Financing for MSMEs exploring export markets
 60 million	Malaysia External Trade Development Corporation (MATRADE)	To build export capacity of local companies

3) Catalysing domestic investment

Fund Allocated	Channel / Platform	Details / Initiatives
 25 billion	Mobilised by GLICs	Through GEAR-uP, to build the resilience of the domestic economy and enhance the capabilities of local companies in high-value sectors.
 1.25 billion	Sime Darby Property, EPF and LTAT	New Economy Venture Fund for data centres and logistics in Elmina
 1.2 billion	Khazanah and KWAP	For local semiconductor firms

4) Strengthening startup and mid-tier ecosystem

Fund Allocated	Channel / Platform	Details / Initiatives
450 million	Khazanah's Jelawang Capital and KWAP's Dana Perintis	Developing startups
270 million	Equity Crowdfunding (ECF) and P2P platforms	To attract private capital, to support SMEs, mid-tier companies and social enterprises.
7 billion	BPMB Group	Across seven strategic sectors to support growth in high-impact industries and core sectors of national development, including renewable energy, logistics, aerospace and semiconductors.

4) Strengthening startup and mid-tier ecosystem

Fund Allocated	Channel / Platform	Details / Initiatives
270 million	BSN and Agrobank	Provide financing facilities for gig workers seeking to start a business or purchase a first home.
1 billion	Agrobank, Bank Rakyat and the Suruhanjaya Koperasi Malaysia	Support higher agricultural output, including through technology adoption.
40 million		To support the production of high-value products using modern technology. These include premium bean-to-bar chocolate, agarwood oil extracts, and aromatherapy products.

Government Guarantees

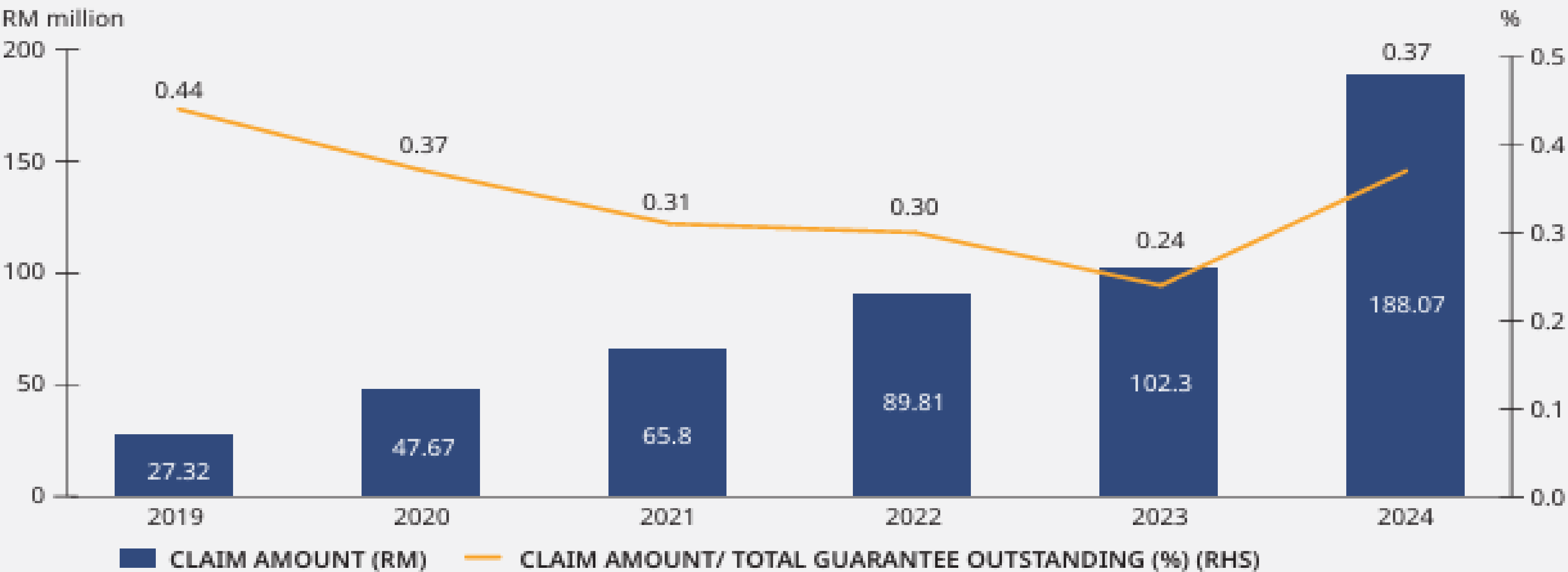


134. Next year, **SJPP AND CGC WILL PROVIDE FINANCING GUARANTEES OF UP TO 32 BILLION RINGGIT.** SJPP will also extend its coverage to mid-tier companies across all sectors, with the guarantee limit raised to 50 million ringgit. A total of 1 billion ringgit guarantees by SJPP will be earmarked to support the expansion of local companies through mergers and acquisitions.

135. **THIS MEANS THAT THE TOTAL VALUE OF LOAN FACILITIES AND FINANCING GUARANTEES WILL INCREASE FROM 50 BILLION TO 57 BILLION RINGGIT IN 2027.**



FIGURE 6. *Claimable Amount Versus Outstanding Guarantee Schemes, 2019 – 2024*



Source: Syarikat Jaminan Kredit Perumahan Berhad, Syarikat Jaminan Pembiayaan Perniagaan Berhad and Credit Guarantee Corporation Malaysia Berhad

Changes in Tax Matters



1) Impact on Company



2) Impact on Company as Employer



3) Impact on Individual



4) Impact on Property Industry



Changes in Tax Matters



1) Impact on Company



Tax Deduction, Exemption & Incentive

1. Review of **Income Tax Rates for MSME**

2. Review of **Capital Allowance for Small Value Assets**

3. Review of income tax exemption for **Shariah-compliant fund management services provider**

4. Income tax deduction on the **issuance costs of Sukuk Prisma**

5. Review of tax incentive for **Global Services Hub**

6. Review of tax incentives for **shipping companies**

7. Review of **Green Technology Tax Incentive**

8. Extension of tax incentive for **equity crowdfunding**

9. Extension of tax incentive for **angel investors**

10. Extension of **accelerated capital allowance** on capital expenditure for plant, machinery and ICT equipment

Tax Deduction, Exemption & Incentive

11. Extension of tax incentive for **organizing international incentive trips, conferences and trade exhibitions**

12. Review of **import duty exemption** for **Langkawi origin goods**

13. Review of **import duty and sales tax exemption** treatment for **goods transported out of duty-free islands**

14. **Sales tax refund** facility for traders on supplies to manufacturers

15. Improvement on **service tax treatment for elderly care services**

16. Review of **entertainment duty exemption** in Federal Territories

17. **Entertainment duty exemption** for **selected facilities** in Federal Territory

Extension of Time for Accelerated Capital Allowance on Capital Expenditure for Plant, Machinery and ICT Equipment

Initial Allowance: 20%
Annual Allowance: 40%



Period: 11 October 2025 – ~~31 December 2026~~
Extended until 31 December 2030

Extension of Time for Tax Incentive for Equity Crowdfunding (ECF)

Individual investors who invest through approved ECF platforms can enjoy an **income tax exemption of 50% of their investment amount** (capped at RM50,000 annually) and **limited to 10% of aggregate income**, with the incentive proposed to be **extended** until **31 December 2030**.

Extension of Time for Tax Incentive for Angel Investors

Angel investors in technology start-ups at the pre-seed and seed stages can continue to enjoy an **income tax exemption equivalent to their investment amount in qualifying companies**, with the incentive proposed to be **extended** for **investments made from 1 January 2027 to 31 December 2030**.

Green Technology Tax Incentive

Restructures the Green Investment Tax Allowance (GITA) for projects and assets into tiers, expanding qualifying activities to include ocean thermal energy conversion and selected locally produced EV and waste technology.

Tier 1 assets qualify for 100% GITA, while Tier 2 assets qualify for 60% GITA, with up to 70% statutory income set-off.

Extended to 31 December 2030



Sales Tax Refund for Traders on Supplies to Manufacturers

Local traders can claim back sales tax paid on machinery, parts, equipment and listed inputs supplied to manufacturers.

Effective from 1 January 2027.

Review of Stamp Duty Treatment

No.	Category	Proposed Stamp Duty Treatment	Effective Date
1	Opening Savings and Current Accounts	100% Exemption on instruments for opening of accounts	From 1 January 2027
2	Foreign Currency Loan or Financing Agreement	- Stamp Duty Cap of RM2,000 for loan or financing up to RM100 million - Stamp Duty Cap of RM5,000 for loan or financing exceeding RM100 million	For loan or financing agreements from 1 January 2027
3	Peer-to-Peer (P2P) Financing	RM10 on loan agreements through P2P financing platforms	For loan or financing agreement from 1 January 2027 – 31 December 2030
4	Financing Facilities to MSME and small contractors (CAKNA I Scheme)	RM10 on loan and financing agreements	For loan or financing agreements from 1 January 2029 – 31 December 2030
5	Financing Facilities to MSME and small contractors (CAKNA II Scheme)	Re-introduction of RM10 on loan and financing agreements	For loan or financing agreements from 1 January 2027 – 31 December 2030

Lower Tax, Faster Write-Offs

Proposed lower income-tax rates for MSMEs from YA 2027

14%

First RM150,000 of chargeable income

~~15%~~

16%

RM150,001 to RM600,000

~~17%~~

Proposed faster Capital Allowance for Small Value Assets

RM3,000

Small Value Asset for CA

~~RM2,000~~

RM30,000

Overall CA for Small Value Asset claimed by non-MSME

~~RM20,000~~

Budget 2027 Allocation

RM510b

Total spending and investment framework
(RM470b in 2026)

RM459.8b

Federal expenditure
(operating + development)



RM380.8b

Projected revenue, 2027
(RM363.6b in 2026)

3.3%

Deficit target, % of GDP
from **3.6%**, targeting 3% by 2028

63.7%

Projected federal debt to GDP
from **64.0%**

4.2–5.2%

Projected GDP growth, 2027
(4.8–5.3% in 2026)

>RM80b

Subsidies, aid and incentives
incl. RM40b fuel subsidy

RM57b

Loans and financing guarantees
up from **RM50b**

LARGEST MINISTRY ALLOCATIONS

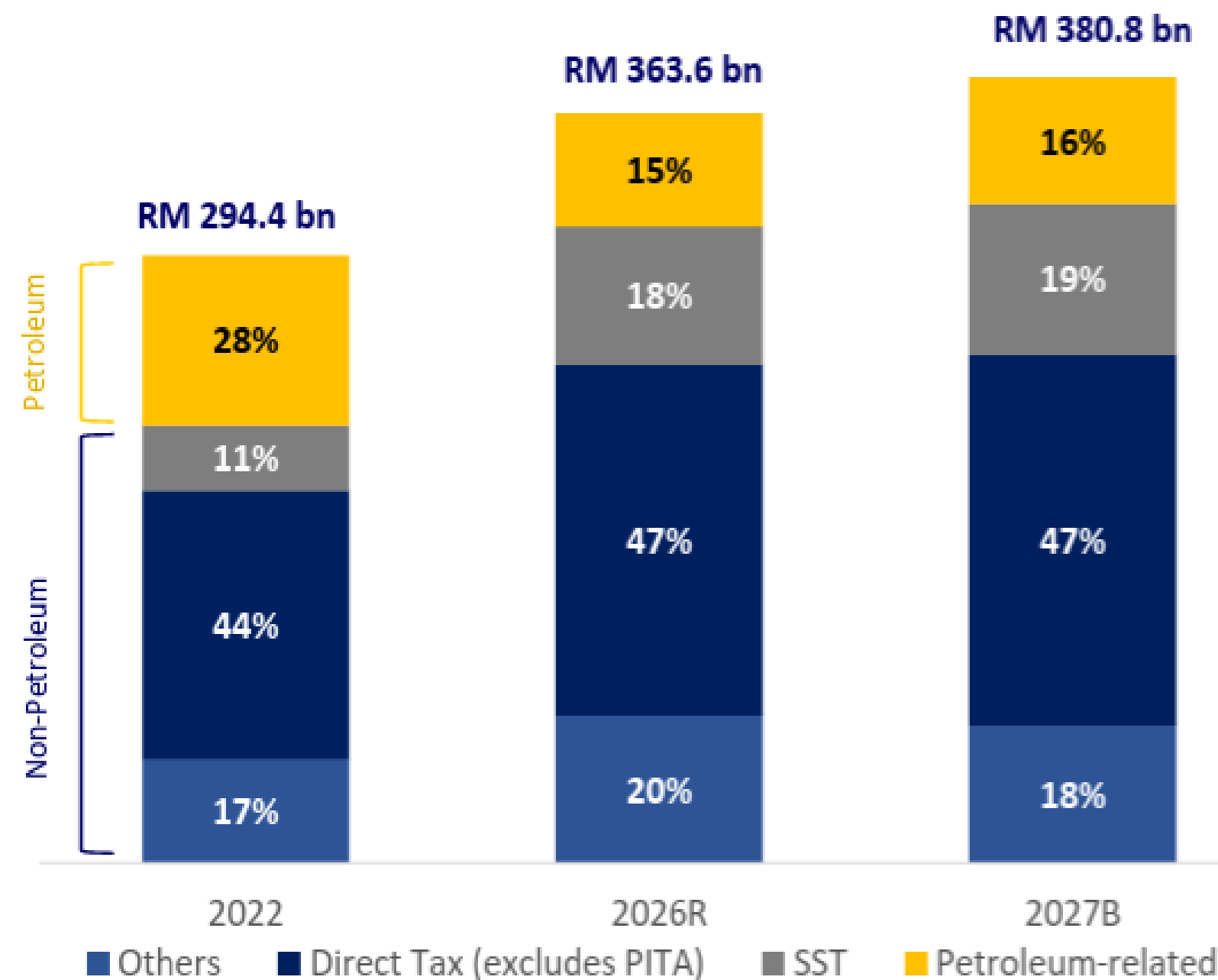


Strengthening Fiscal Position: Revenue Priorities

Revenue

Federal Government Revenue

RM bn and % of total revenue



COMPONENT	RM MILLION			%
	2025	2026 ¹	2027 ²	
Tax revenue	259,826	280,762	297,060	78.0
Direct tax	180,558	191,025	199,898	52.5
of which:				
CITA	97,816	101,688	106,614	28.0
Individual	45,570	48,829	51,837	13.6
PITA	18,063	20,528	20,528	5.4
Indirect tax	79,268	89,737	97,162	25.5
of which:				
SST	55,874	66,999	73,341	19.2
Excise duties	12,789	11,746	11,784	3.1
Import duty	3,064	3,203	3,323	0.9
Export duty	1,808	1,845	1,914	0.5
Non-tax revenue	76,243	82,878	83,757	22.0
of which:				
Licences and permits	15,526	15,544	17,229	4.5
Investment income	43,982	46,108	46,656	12.3
Total revenue	336,069	363,640	380,817	100.0
Share of GDP (%)	16.6	16.6	16.4	

¹ Revised estimate

² Budget estimate, excluding Budget 2027 measures

Strengthening Fiscal Position: Revenue Priorities



Projected
Revenue for 2027:

RM380.8
Billion

COMPONENT	RM MILLION			%
	2025	2026 ¹	2027 ²	2027 ²
Tax revenue	259,826	280,762	297,060	78.0
Direct tax	180,558	191,025	199,898	52.5
<i>of which:</i>				
CITA	97,816	101,688	106,614	28.0
Individual	45,570	48,829	51,837	13.6
PITA	18,063	20,528	20,528	5.4
Indirect tax	79,268	89,737	97,162	25.5
<i>of which:</i>				
SST	55,874	66,999	73,341	19.2
Excise duties	12,789	11,746	11,784	3.1
Import duty	3,064	3,203	3,323	0.9
Export duty	1,808	1,845	1,914	0.5
Non-tax revenue	76,243	82,878	83,757	22.0
<i>of which:</i>				
Licences and permits	15,526	15,544	17,229	4.5
Investment income	43,982	46,108	46,656	12.3
Total revenue	336,069	363,640	380,817	100.0
Share of GDP (%)	16.6	16.6	16.4	

¹ Revised estimate
² Budget estimate, excluding Budget 2027 measures

Changes in Tax Matters



2) Impact on Company as Employer



Impact for Employer



Increase in minimum wage
(from June 2027)

RM1,700 → RM2,000



MSMEs below RM50m in annual sales are exempted.



RM2,500 minimum wage
for semi-skilled workers
and graduates



Tax deduction for repayment
of PTPTN loan by employers
on behalf of employees

(from 1 Jan 2027 until
31 Dec 2028)



Tax deduction for salary
payments through
financial institutions and
cashless payment
instruments
(from year of assessment 2028)



Zaobao Singapore

Moderator: Singapore is not a cheap place to live.

PM: Not at all.

Moderator: And so how do you cope with that politically?

PM: Well, we always remind people – cost and incomes are two sides of the same coin. You cannot ask for high incomes and low prices because the services that you consume, what you pay, forms a salary for the people who provide those services. So what is critical is real incomes – incomes after netting off inflation – and so we watch that very carefully and make sure that real incomes continue to rise across all segments of our population, not just at the top level, not even at the median, but especially at the lower end. And we want, of course, income inequalities to continue to come down. And so far, it has been happening. And our general approach, where it comes to cost and affordability, is to say, look, if prices are high, we recognise that these are legitimate price signals. We should not artificially have the Government intervene to cap prices because that may lead to a lot of unintended consequences.

Moderator: Yes, always.

PM: Always. One of the reasons why, during the energy crisis, we have been able to get supplies of crude oil into Singapore is that we are buying oil at market prices, whatever the market price. If we were to say no, I should not buy at \$120, I will only buy at \$80, who is going to sell to us? Then you will have a supply crunch. So if prices are high, we accept that these are market prices. But what we do, instead of intervening to cap the price, is to provide targeted support for the households and the groups that need that support. So we do that for utility rebates. We do that for targeted cash support for low-income and middle-income families.

Source: PM Lawrence Wong at the 24th Forbes Global CEO Conference Grand Finale Dinner (Oct 2026) | Prime Minister's Office Singapore

Changes in Tax Matters



3) Impact on Individual



Individual Income Tax Changes

Chargeable income (RM)	Current	Proposed
0–5,000	0%	0%
5,001–20,000	1%	1%
20,001–35,000	3%	3%
35,001–50,000	6%	6%
50,001–70,000	11%	11%
70,001–100,000	19% ↓ Reduce 1%	18%
100,001–150,000	25% New Tax Band	24%
150,001–400,000	25%	25%
400,001–600,000	26%	26%
600,001–1,000,000	28%	28%
1,000,001–2,000,000	28%	30%
Above 2,000,000	30%	30%

LOWER RATES

19% → 18% | 25% → 24%

For RM70k–100k and RM100k–150k bands

TOP TAX BAND STARTS EARLIER

Above RM2m → Above RM1m

The highest rate stays at 30%. Only its starting threshold changes.

Upper Band Narrowed

30% Tax Band Starts Earlier at RM1m

Individual Tax Relief

Individual and Dependent Tax Relief

From	To
RM9,000	RM12,000



First revision
since 2010



More disposable
income for Malaysian



Individual Tax Relief

Health and Well-being (Medical Expenses Relief)

EXISTING SCOPE



Medical Expenses On:

- Serious disease for self, spouse or child
- Fertility treatment for self or spouse
- Vaccination for self, spouse and child (restricted to RM1,000)
- Dental examination and treatment for self, spouse or child (restricted to RM1,000)



Expenses (Restricted to RM1,000) On:

- Complete medical examination or payment of fees for disease detection test for self, spouse or child
- Purchase of self-testing medical device registered under the Medical Device Act 2012
- Mental health examination or consultation for self, spouse or child



Expenses (Restricted to RM6,000) on child of the age of 18 years and below, in respect of:

- Assessment for the purposes of diagnosis of learning disability
- Early intervention programme or rehabilitation treatment for learning disability



Proposed Additional Scope



Postnatal care service expenses provided by a confinement centre or qualified individual limited to

RM3,000



Breastfeeding equipment for children aged 2 years old and below paid by self or spouse limited to

RM1,000

(Previously was a separate allocation of RM1,000 and now merged under the total of RM10,000)



All the above expenses are Restricted to RM10,000

Individual Tax Relief

Lifestyle Relief

EXISTING SCOPE



Lifestyle



Purchase or subscription of books / journals / magazines / newspapers / other similar publications



Purchase of personal computer, smartphone or tablet



Payment of monthly bill for internet subscription



Payment of any course for the purpose of upskilling or self-enhancement

Total relief RM2,500

PROPOSED ADDITIONAL SCOPE



1. Subscription expenditures for AI software and applications for personal use, spouse or child



2. Cost of pet adoption from registered animal shelters; and Registered veterinary services for vaccination and spaying or neutering procedures.



Remove from this categories and merge into tax relief for education and skills training fees

Individual Tax Relief

Additional Lifestyle Relief

EXISTING SCOPE

-  Additional Lifestyle
-  Purchase of sports equipment for sports activity
-  Payment of rental or entrance fee to any sports facility
-  Payment of registration fee for any sports competition
-  Payment of fees for gym membership or sports training

Total relief

RM1,000

PROPOSED ADDITIONAL SCOPE

-  Purchase of sports shoes limited to

RM300



Extension & Expansion of scope

Domestic tourism related relief – (i) Tourist attractions and (ii) Cultural and arts programmes. (total relief RM1,000)	Extended for year of assessment 2027
Tax relief for Parents and Grandparents (total relief RM8,000)	Expanded to cover all types of care expenses and not limited to medical care and removes the requirement for a medical practitioner's verification.
Tax relief for Education Fees and Lifestyle (total relief RM7,000)	Reclassifies the category as “Education and Skills Training Fees” and expands it to cover broader university levels, TVET courses (up to RM3,000) and STEM/arts/language classes for children (up to RM2,000).
Tax relief for SOCSSO Contributions (total relief RM350 + RM150)	Expanded to cover mandatory employee contributions to SOCSSO (LINDUNGAN KENDIRI) for 3 mandatory sectors (passenger transport, goods or food transport and hawkers) – limited to RM350. Additional tax relief on voluntary employee contributions to the Non-Employment Injury Scheme (LINDUNG 24) – limited to RM150.

Changes in Tax Matters



4) Impact on Property Industry



Stamp Duty Exemption for First Home Buyer

Summary:

- ✓ For instrument of transfer & loan agreement
- ✓ For first home buyers of residential property



Effective	Value of Property	SPA Execution Period	Exemption
1 January 2027	Up to RM500,000	1 January 2027 to 31 December 2030	100%
1 January 2027	Up to RM750,000	1 January 2027 to 31 December 2030	First RM500,000 – 100% Remaining – 50%

Stamp Duty Exemption for Revival of Abandoned Housing Project

Stamp duty exemption of
100%

be reintroduced on loan agreements and instruments of transfer executed by rescue contractors or developers and original buyers in relation to the revival of abandoned housing projects certified by the Ministry of Housing and Local Government.



Loan agreement and instruments of transfer executed:
1 Jan 2027 to 31 Dec 2030

Contact Us

You can find us at:

Tel : +603 2770 8818

Mobile : +6016 424 1931

Email : tax@syarikatong.com

Website : <http://www.syarikatong.com>



@Syarikat Ong



@syarikatong

