Industry leaders' take on Budget 2026

BY **ROSALYNN POH**, **INTAN FARHANA ZAINUL** AND **CHERYL POO**

Sim Kwang Gek
Tax and legal leader, Deloitte Malaysia

The scope of some tax reliefs has been widened, such as the tax relief of RM3,000 for life insurance premiums to include payment of the same for children, and the tax relief of RM3,000 on childcare to be expanded to include children up to 12 years of age. These measures should provide some relief to individual taxpayers, but increasing the quantum of these tax reliefs would be more meaningful as rising costs persist.

Farah Rosley
Malaysia managing tax partner, Ernst & Young Tax Consultants Sdn Bhd

Consistent with previous Madani budgets, Budget 2026 focuses on laying the foundation for a more competitive, inclusive and sustainable Malaysia. Beyond targeted tax reforms, the government is advancing a broader fiscal strategy that leverages digitalisation, transformation and enhanced governance to strengthen public finance and service delivery.

This reflects a commitment to inclusive, technology-driven governance and marks a decisive move away from traditional fiscal management towards progressive and responsive policymaking, where resilience is built not by raising rates, but by raising standards.

Soh Lian Seng
Head of tax, KPMG Malaysia

Budget 2026 is a budget that raises the floor, so no Malaysian is left behind.
It signals a shift in Malaysia's fiscal philosophy: from broad-based stimulus to targeted empowerment, from reactive subsidies to proactive inclusion, and from short-term relief to long-term resilience.

The push for digitalisation — particularly in artificial intelligence — and green energy continues to intensify as Budget 2026 allocates RM1 billion to green financing, offers new tax deductions for AI and cybersecurity training for micro, small and medium enterprises (MSMEs) and extends the 100% Green Investment Tax Allowance (GITA) for companies using green technology. As the nation moves forward, responsible development will be crucial to ensure inclusivity, data security and long-standing digital trust.

Steve Chia
Tax leader, PwC Malaysia

Financing the innovation pipeline is supported through enhanced venture capital incentives for 10 years, featuring special tax rates and dividend tax exemptions. This will help crowd in capital for start-ups and scale-ups in strategic verticals like electrical and electronics, AI, cloud and the energy transition.

To build enterprise capabilities at scale, MSMEs can claim an additional 50% tax deduction on recognised AI and cybersecurity training under MyMahir National AI Council for Industry (MyMahir-NAICI) — directly supporting the skills base required for digitalisation and automation.

Mak Joon Nien
CEO, Standard Chartered Bank Malaysia

The RM81 billion in development spending, a slight increase from 2025, demonstrates that the government is investing in areas that will define Malaysia's future competitiveness. The emphasis on energy transition and regional grid interconnectivity to progress towards the Asean Power Grid signals a future powered by sustainability and collaboration.

The government's allocation of RM5.9 billion for research, development, commercialisation and innovation (RDCI), alongside the RM53 million Malaysia Digital Acceleration Grant to accelerate blockchain adoption, reflects a strong commitment to building a future-ready economy.

Malaysia's move to mobilise state-owned enterprises or government-linked investment companies (GLICs) to help drive public spending by over RM50 billion is a brilliant move to reduce direct outlay. The country's GLICs will raise domestic investments under the GEAR-uP initiative to RM30 billion for the energy transition, food security and digital economy industries. The additional financial firepower is on top of the government's planned direct expenditure totalling RM419.2 billion planned for next year.

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

The government's resolve in balancing pressing issues like living costs and uplifting livelihoods with the need to empower businesses and improve basic public infrastructure is highly commendable.

Savings from successful subsidy reforms have accorded the government some measure of fiscal flexibility, part of which has been reallocated to those in need. This is positive for consumer spending and domestic demand, which could be further helped by a possible increase in minimum wages to RM1,800 by 2027. Home ownership and financing availability remains a key imperative of the government. To this end, Bank Simpanan Nasional will provide RM10 billion in low-interest loans for first-time homebuyers.
Efforts on sustainability continue to be prioritised. Among others, the government will allocate RM3 billion to the Green Technology Financing Scheme (GTFS) to encourage private investment in solar, hydrogen and bioenergy while green energy tariffs will be expanded to enable corporate buyers to procure certified renewable electricity.

Kevin Lam
Group managing director and CEO, Hong Leong Bank Bhd

We commend the government's continued two-pronged approach in uplifting revenue and rationalising expenditure, the latest via the phased introduction of Medium-Term Revenue Strategy and Expenditure Optimisation Measures, with the ultimate aim of broadening the revenue base and strengthening fiscal sustainability. Revenue-enhancing measures for 2026 include the increase in the sales tax rate from 8% to 10%, expansion in the service tax scope and improved tax compliance through e-invoicing. Meanwhile, savings from RON95 and diesel subsidy retargeting, adjustment in electricity and water tariffs, as well as the removal of egg subsidies, are all expected to help with the government's commitment to fiscal sustainability.

The GEAR-uP programme will also provide a good platform for government-linked companies (GLCs) and GLICs to drive domestic direct investment, with RM120 billion targeted DDI over 2024-2028. The implementation of new and ongoing infrastructure projects and realisation of various approved investments will continue to underpin expansion in private investment and create more job opportunities.

Datuk Wan Razly Abdullah
President and group CEO, Affin Group

The group acknowledges the government's emphasis and effort into areas of investment and trade initiatives to accelerate the country's industrial framework by attracting quality investments through streamlining approval processes, further efficiency in bureaucratic processes, and realigning incentives focusing on value-add and technological intensity of targeted industries, which will support innovation while adapting digitalisation, leading to economic growth and productivity. This will complement existing initiatives by the government to promote trade as well as deepen Asean economic integration to position Malaysia as a regional hub for intra-regional trade and renewable energy trade within Southeast Asia.

As SMEs continue to be the backbone of Malaysia's economy, we commend the government's efforts to further drive the growth of MSMEs and SMEs through targeted loan and financing facilities. These measures are vital to fostering innovation, digital adoption and resilience among small businesses.

Novan Amirudin
Group CEO, CIMB Group Holdings Bhd

Amid fierce global competition, we laud the government's bold move in championing a high-value economy with the introduction of the Asean Business Entity to support regional expansion of Malaysian companies. We also welcome the continued focus on the Johor-Singapore Special Economic Zone (JS-SEZ), a strategic gateway that enhances the country's regional connectivity and competitiveness.

With facilitation from the Iskandar Malaysia Facilitation Centre, supported by the Johor Super Lane and Single-Family Office Incentive Scheme, this effort will continue attracting high-quality investments and talent.

The government's commitment to sustainability and climate transition is timely and commendable. The initial roll-out of a carbon tax, aligned with the National Carbon Market Policy and National Climate Change Bill, marks an important step forward.

Ng Wei Wei
CEO, UOB Malaysia

We welcome targeted incentives for sectors such as semiconductors, advanced technology, pharmaceuticals and green innovation. These will strengthen supply chains, create high-income jobs and attract quality investments. Strategic economic corridors like the Northern Corridor, Selangor's connectivity and infrastructure, the JS-SEZ and Sarawak's renewable energy hub are key to unlocking regional growth.

Fiscal reforms and the projected narrowing of the deficit to 3.5% of GDP in 2026 reflect sound stewardship. Measures such as carbon pricing, green energy tariffs, and support for exporters through the carbon border adjustment readiness fund are positive steps towards a sustainable energy transition.

We also applaud efforts to strengthen the semiconductor ecosystem through joint ventures, co-investments by GLICs, incubator programmes and targeted financing. These initiatives will deepen Malaysia's role in the global semiconductor value chain.

Support for SMEs remains vital, with RM50 billion allocated for financing, guarantees and programmes for digitalisation and green investment.

Datuk Mohd Rashid Mohamad
Group managing director and CEO, RHB Banking Group

Budget 2026 is a progressive and inclusive fiscal framework that reflects the government's commitment to sustainable growth, economic resilience and social equity. The allocation of RM419.2 billion — with RM338.2 billion for operational and RM81 billion for development expenditure — and a targeted fiscal deficit of 3.5% of GDP demonstrates a balanced approach to fiscal consolidation and nation-building under the 13th Malaysia Plan.

We also welcome the government's continued support for MSMEs, which are the backbone of Malaysia's economy. Through financing guarantees, entrepreneurship incentives and digitalisation programmes, the budget enables smaller enterprises to scale and strengthen resilience. This is further reinforced by the increase in government guarantees under the Skim Jaminan Kredit Perumahan (SJKP) and Syarikat Jaminan Pembiayaan Perniagaan (SJPP) for home financing and business financing.

Jamie Ling
Group CEO, Ambank Group

Over the past three budget cycles, we have seen economic stability and policy certainty, which have benefited the economic sectors and increased investor confidence. While policy clarity has continued to build confidence, external risks remain elevated. To cushion households, we are encouraged by continued government cash handouts, alongside targeted subsidies. These automatic stabilisers will help sustain private consumption amid a challenging external environment.

Budget 2026's emphasis on the services sector will benefit from higher digitalisation adoption through the automation tax incentive, Islamic finance expansion and tourism prospects. Meanwhile, initiatives to support high-tech exports through the New Industrial Master Plan (NIMP) Industrial Development Fund, strategic investments by Khazanah Nasional Bhd and Retirement Fund Inc (KWAP) in the semiconductor system, alongside targeted financing for high-value activities, will drive the industry towards achieving a RM1 trillion export potential by 2030.

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