



Blueprint For Long-Term Inclusive Growth

Malaysia's National Budget 2026, with an allocation of RM470 billion, underscores a people-first agenda aimed at easing the rakyat's burden while accelerating the nation's digitalisation and green transition.

KPMG Malaysia's Head of Tax Soh Lian Seng said this year's national budget reflects the Malaysia Madani policy framework, striking a balance between fiscal prudence, sustainability and inclusivity.

“Budget 2026 builds upon Malaysia's reform momentum with an emphasis on inclusivity, sustainability and fiscal resilience. Its success will depend on effective implementation that translates policies into real impact for businesses and the rakyat.”

Soh shared that a key highlight is the introduction of a carbon tax in 2026, targeting high-emission industries such as iron, steel and energy, a move that advances Malaysia's net-zero ambitions by 2050 and enhances its competitiveness in global trade.

“Health and welfare remain priorities under the 'Healthier Malaysia' theme, with higher excise duties on tobacco and alcohol from Nov 1, 2025, expanded vaccine-related tax relief and increased funding for healthcare and elderly care,”

To drive digital and green transformation, Soh said the Budget allocates RM1 billion for green financing, introduces new tax deductions for artificial intelligence and cybersecurity training for micro, small and medium enterprises, and extends the 100% Green Investment Tax Allowance for companies adopting green technology.

On the social front, targeted cash aid schemes such as Sumbangan Tunai Rahmah and Sumbangan Asas Rahmah will be expanded, while PERKESO coverage will extend to gig workers. A full stamp duty exemption remains for first-time homebuyers purchasing properties up to RM500,000, while higher stamp duties for foreign buyers aim to manage ownership and protect local affordability.

The Budget also boosts food security through a 100% income tax exemption for new food production projects and expanded automation incentives for live-stock systems, encouraging agritech innovation and reducing import dependence.

Implementation of the Outcome-Based Incentive Framework in 2026 marks a shift towards quality-driven investments, aligning industrial growth with national strategic outcomes.

“Beyond being a financial plan, Budget 2026 is a strategic blueprint for long-term inclusive growth,” Soh concluded. “It bridges rural-urban disparities, promotes digital and green innovation, and ensures the benefits of economic progress are felt by all Malaysians.”



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