



2025 Budget Snapshots

Membugar Ekonomi, Menjana Perubahan,
Mensejahtera Rakyat

—
KPMG in Malaysia
October 2024



Overview and commentary

Friday, 18 October 2024 marks a significant phase in the MADANI Government pursuit of advancing Malaysia economy with the tabling of the 2025 Budget by our Prime Minister and Finance Minister, YAB Dato' Seri Anwar bin Ibrahim.

2025 Budget themed “Membugar Ekonomi, Menjana Perubahan, Mensejahtera Rakyat” reflects the Government continual commitment and determination to revitalize and grow the economy while emphasizing the *Rakyat* wellbeing.

Expectedly, 2025 Budget is the highest of all budgets at RM421 billion (2024:RM407.5 billion) with RM335 billion being earmarked for Operating Expenditure (79.6%) and RM86 billion for Development Expenditure (20.4%). Correspondingly, the Government has set a record-breaking revenue collection target of RM340 billion (2024: RM322 billion).

The Government is confident to achieve a GDP growth of 4.5% to 5.5% for 2025 while the nation's fiscal deficit will be managed around 3.8% (2024: 4.3%) even in the face of increasingly violent global uncertainty.

In the effort to *Revitalize the Economy (Membugar Ekonomi)*, a New Investment Incentive Framework has been introduced with the aim of attracting and facilitating high-value investments to stimulate a balance economic growth. Some of the measures includes providing tax incentives to promote the logistic sector and to strengthen the local supply chain while continuing concessionary tax rates and financial support for Micro, Small and Medium Enterprises.

The Government in *Facilitating Change (Menjana Perubahan)* has set out to widen the nation's tax revenue base with the planned imposition of a 2% Dividend Tax (on local dividend income over RM100,000 earned by individual shareholders), broadening of the Sales and Services Tax (scope and rate coverage), increase the excise duty rates on sugary drinks and introduction of Carbon Tax (on steel, metal and energy industries come 2026).

The rationalization of subsidies (e.g. petrol, education and healthcare) via a targeted approach on the top 15% without burdening the remaining 85% of the *Rakyat* further exemplify the Government resolve for a sustainable and equitable change.

As for the *Prosperity of the Rakyat (Mensejahtera Rakyat)*, it brings comfort that the Government continues to provide extension of personal income tax reliefs with broader coverage to include disabled individuals and senior citizens, increase in minimum wages, provision of higher cash handouts, and a 10-year extension of the tax exemption on foreign-sourced income received by individuals in Malaysia.

Lastly, the Government efforts to reform and centralize government agencies with overlapping roles (such as INVESTKL/MIDA, MAVCOM/CAAM and HDC/MATRADE) will certainly reduce bureaucracy, expedite processes and enhance service efficiency which will ultimately increase investors confidence and spur the nation's economy.

The following pages set out some economic statistics and a quick snapshot of the key tax changes announced in this year's Budget.

Should you have any queries relating to this snapshot or any other tax matters, please contact your KPMG consultants or send us an email at info@kpmg.com.my.

Happy reading!



Soh Lian Seng

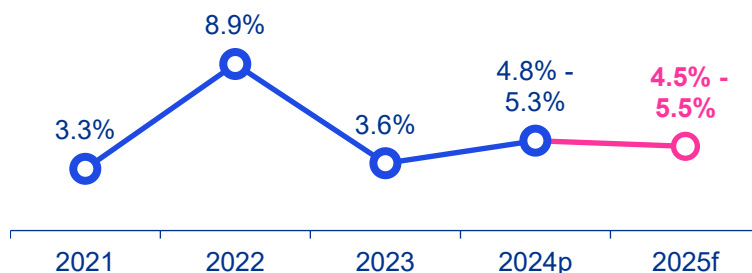
Partner
Head of Tax
KPMG Tax Services Sdn Bhd

State of our economy

GDP growth

- Malaysia's economy is anticipated to expand approximately between 4.8% to 5.3% in 2024. The growth momentum is driven by robust domestic demand combined with recovery in exports and positive development among all sectors.
- In 2025, the economy is expected to grow between 4.5% and 5.5%, supported by a resilient external sector, fueled by strong domestic demand and private sector expenditure.

YoY GDP growth



Source: Ministry of Finance, Economic Outlook 2025

GDP growth by sectors

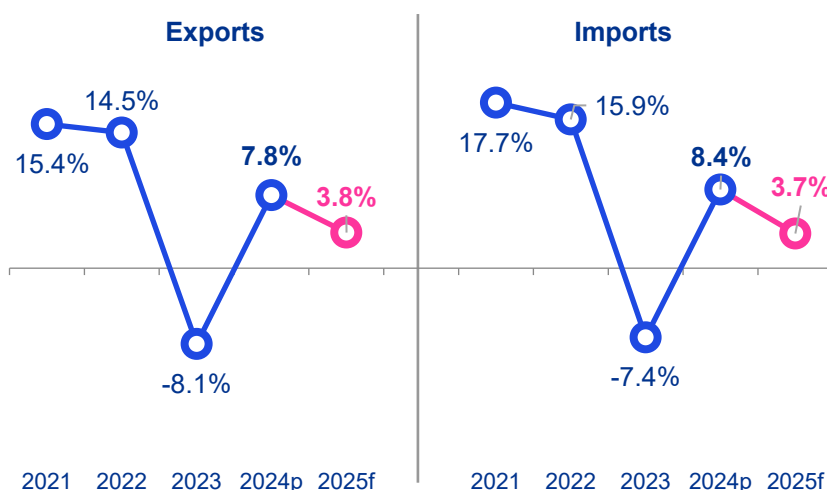
- The services sector continues to be one of the main drivers of the economy, poised to sustain growth trajectory. Expansion is driven by robust household spending and vibrant tourism-and-travel-related activities.
- The manufacturing sector is anticipated to strengthen, driven by the implementation of major policies such as the NIMP 2030 and National Semiconductor Strategy (NSS), resilient domestic demand and favorable external environment.

YoY GDP growth (%)	2021	2022	2023	2024p	2025f
Manufacturing	9.5	8.1	0.7	4.1	4.5
Agriculture	-0.3	1.3	0.7	2.0	1.9
Services	2.2	11.0	5.1	5.3	5.5
Mining	0.9	3.5	0.5	2.2	-1.0
Construction	-5.2	5.1	6.1	14.1	9.4

Source: Ministry of Finance, Economic Outlook 2025

Trade

- In 2024, total trade is expected to grow by 9.4% to RM2,884.3 billion, supported by a recovery in the global technology cycle, robust economic growth in major economies, and stable commodity prices.
- In 2024, both exports and imports are projected to record 7.8% and 8.4% of growth, respectively.
- In 2025, external sector is anticipated to remain favorable. Both exports and imports are envisaged to grow by 3.8% and 3.7%, respectively.



Note: p - Preliminary data f - Forecast data

Source: Ministry of Finance, Economic Outlook 2025

Domestic demand

- Domestic demand is forecasted to be resilient and expand by 6.3% in 2024 and 6.1% in 2025, buoyed by strong consumption and investment spendings by private sector.
- Private sector, as the key engine of growth, contributes 5.1 percentage points to GDP growth. Meanwhile, the public sector expenditure is anticipated to improve by 5%, contributes 0.9 percentage point to GDP growth.

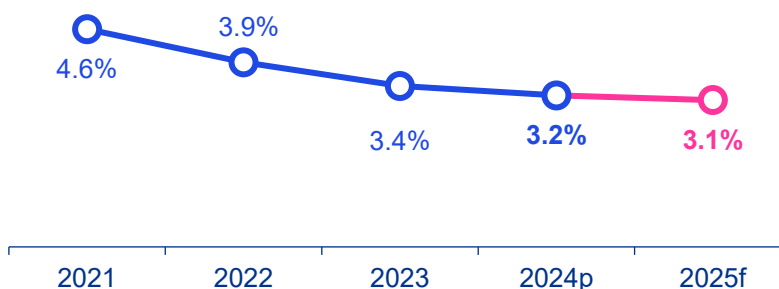
Year-on-year change, in %	2021	2022	2023	2024p	2025f
Public consumption	5.3	4.5	3.3	3.5	3.8
Public investment	-11.3	5.3	8.6	9.3	4.9
Private consumption	1.9	11.2	4.7	5.5	5.9
Private investment	2.6	7.2	4.6	11.1	8.9

Sources: Ministry of Finance, Economic Outlook 2025

Labor market

- The labor market demonstrated constant improvement in 2024 with robust economic growth, driven by strong domestic demand and recovery in external sector. The services sector remains as the major source of employment.
- In 2025, the labor market is predicted to sustain with better economic growth prospects with total employment is forecasted to expand by 2.1% to 16.6 million persons. The unemployment rate is estimated to improve further to 3.1%.

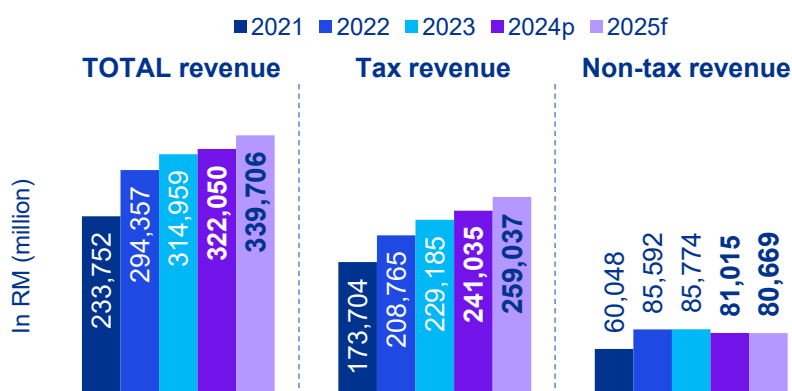
Unemployment rate



Source: Ministry of Finance, Economic Outlook 2025

Federal government revenue

- Revenue in 2024 is estimated to rise by 2.3% to RM322.1 billion, mainly contributed by tax revenue. The revenue is expected to increase by 5.5% to RM339.7 billion in 2025.
- In 2025, tax revenue continues to be the primary contributor (76.3% of total revenue, 12.4% of GDP), while non-tax revenue is projected at RM80.7 billion (represents 3.9% of GDP).
- Direct tax is expected to surge by 6.6% to RM188.8 billion, backed by higher collections from companies' income tax (CITA) and individual income tax. Indirect tax is forecast to improve further by 9.8% to RM70.2 billion, due to higher SST collection.



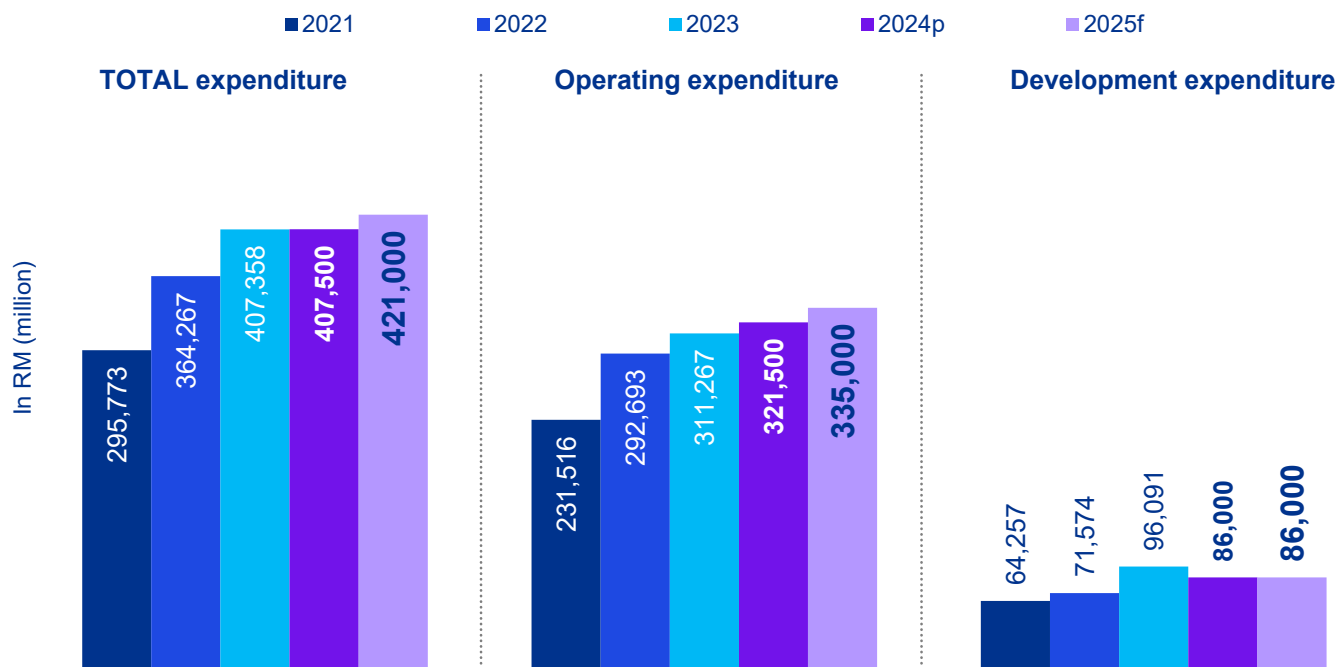
in RM million	2021	2022	2023	2024p	2025f
Direct tax	130,116	153,476	171,336	177,060	188,799
Indirect tax	43,588	55,289	57,849	63,975	70,238

Note: p - Preliminary data f - Forecast data

Source: Ministry of Finance, 2025 Fiscal Outlook and Federal Government Revenue Estimates

Federal government expenditure

- Total expenditure for 2024 was revised upwards by 3.5% to RM407.5 billion. Operating expenditure is estimated to rise by 3.3% to RM321.5 billion (78.9% of total allocation) due to higher subsidies and social assistance, emoluments, retirement charges as well as debt service charges. Meanwhile, development expenditure is expected to decline to RM86 billion.
- Looking forward to 2025, total expenditure is projected to increase to RM421 billion (20.2% of GDP), due to higher emoluments, retirement charges and debt service charges. The three primary beneficiaries of Budget 2025 are the Ministry of Education, Ministry of Health and Ministry of Defence, collectively accounting for 31% of the total expenditure.



In RM million	2021	2022	2023	2024p	2025f
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Operating expenditure (OE)

Economic	17,047	21,647	21,651	23,091	22,247
Social	90,966	101,707	106,570	122,930	133,120
Security	24,821	26,325	27,424	27,592	30,258
General administration	14,488	12,444	13,655	13,011	19,286
Others	84,194	130,570	141,967	134,876	130,089

Development expenditure (DE)

Economic	31,284	39,115	57,238	41,371	39,976
Social	22,603	21,132	24,247	28,220	29,902
Security	7,498	8,210	11,381	12,514	12,334
General administration	2,872	3,117	3,225	3,895	3,788




Source: Ministry of Finance, 2025 Fiscal Outlook and Federal Government Revenue Estimates

Note: p - Preliminary data f - Forecast data

MADANI Economy

Negara Makmur, Rakyat Sejahtera

Three thrusts and short-term priorities to realize the goals of MADANI Economy:

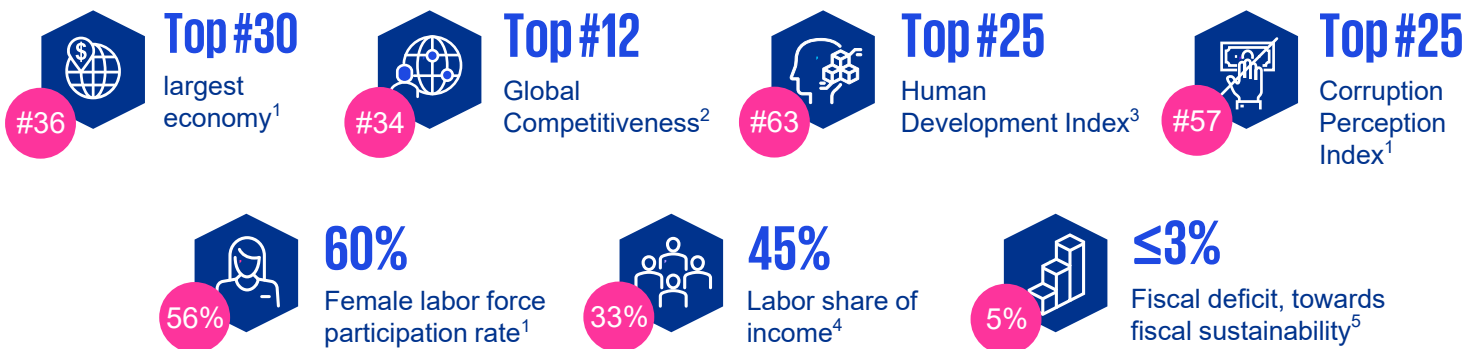
 <p>Raise the ceiling To restructure the economy towards national competitiveness and lead the Asian economy</p>	 <p>Raise the floor To improve the quality of life for all Malaysians and inclusiveness of opportunities</p>	 <p>Good governance and public sector reform To enhance transparency, efficiency and accountability in the Government</p>
<ul style="list-style-type: none"> Competitive and world-class investment destination. Digital and innovation-led industry. Global leader in Islamic finance. Micro, Small, and Medium Enterprises (MSMEs) as regional champions. Security and sustainability of economy. 	<ul style="list-style-type: none"> Respectable jobs and decent standard of living. Equality and inclusive opportunities. Universal access to quality education and healthcare services. World-class basic infrastructure. Social protection for all. 	<ul style="list-style-type: none"> In the spirit of unity Agile and collaborative public delivery system. Good governance (rooting out corruption).

Supported by 6 MADANI values

Sustainability
Prosperity
Innovation
Respect
Trust
Care & Compassion

Sources: Prime Minister's Office of Malaysia and Ministry of Finance.

Key targets and current progress of Ekonomi MADANI framework

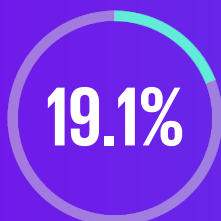


Sources:
 1. Ministry of Finance. Economic Outlook 2025.
 2. International Institute for Management Development. IMD World Competitiveness Booklet 2024.
 3. United Nations Development Programme. UNDP Human Development Report 2023/24
 4. Department of Statistics Malaysia: Gross Domestic Income Approach.
 5. Ministry of Finance. Government succeeds in achieving fiscal deficit target of 5% in 2023.

● Current progress
● Ekonomi MADANI targets

A year of MADANI Economy

Expenditure of RM101.2 billion budget allocated⁷



Implementation status of 379 initiatives⁷

Completed

8%

In progress

92%



Raise the ceiling

(Allocation in 2024: RM64.0 billion, 142 initiatives)⁷

Key policies

- **New Industrial Master Plan 2030 (NIMP 2030):** The **total investments** and the value added in terms of GDP in the **manufacturing sector increased by RM 151.97 billion** and 61%, respectively⁶. Notable investments: Infineon Technologies (Kulim) Sdn Bhd, ByteDance System Sdn Bhd, Amazon Web Services (AWS) and Lam Research International Sdn Bhd⁷.
- **National Energy Transition Roadmap (NETR):** **Total investments** have reached **RM60.7 billion, exceeding the initial forecast of RM25 billion**. The reduction in Greenhouse Gas (GHG) emissions is now estimated at 24,264 Gg CO₂eq per year, exceeding the initial forecast of 10,000 Gg CO₂eq⁶. Ongoing flagship projects include hybrid hydro floating solar, integrated renewable energy zone, biomass co-firing (starting in Tanjung Bin Power Plant), Projek Kerian Integrated Green Industrial Park (KIGIP)⁷.
- **National Semiconductor Strategy (NSS):** Targets to attract **RM500 billion in investments in Phase 1**, focusing on the integrated circuit (IC) design, advanced packaging and wafer fabrication, while allocates **RM25 billion for fiscal support and targeted incentives**⁸. The recent launch of the Malaysian Semiconductor IC Design Park in Puchong, Selangor, strengthens innovation and enhances Malaysia's reputation in high-tech manufacturing and design⁹.

Investment destination

- **KL20Summit:** 67% of sub-programs in implementation phase. 5 sub-programs are still in pre-implementation phase including KL Innovation Belt, VC Launch Fund, and KL20 GPU Scheme⁶.
- **Johor Singapore Special Economic Zone (JS SEZ):** Agreement between Johor-Singapore expected to be concluded by end-2024¹⁰. **Forest City** has been approved as a **Free Trade Zone** and a tax incentive package for the **Forest City Special Financial Zone** to stimulate financial services activities, such as global business financial services and Fintech¹⁶.

Other initiatives

- **Global Forum of Islamic Economics and Finance (GFIEF)¹¹ and HalalBiz Financing Program:** Total expenditure of RM7.2m for HalalBiz as of June 2024 with 11 recipients in MSMEs⁶.
- **National AI Roadmap 2021 – 2025:** Malaysia ranks **#23 in 2023 in Government AI Readiness Index** (2022: #29). First AI Faculty in UTM with initial allocation of RM20 million⁶.
- **MSMEs:** RM2.9 billion financing have been approved to 20,864 borrowers / business owners⁶.
- **Progressive Wage Policy (PWP):** Piloted in June 2024 will introduce multiple wage floors above minimum wage⁶.

Sources:

6. Ministry of Finance. Setahun Ekonomi MADANI.
7. Ministry of Finance. Laporan Prestasi Perbelanjaan H12024.
8. Prime Minister's Office. Prime Minister's speech on National Semiconductor Strategy (NSS).

9. The Malaysian Reserve. Malaysia launches IC design park to lead in tech.
10. The Star. RTS Link progress in Johor Bahru reaches 83%.
11. Bank Negara Malaysia (BNM). Malaysia calls for values-based reforms.

Raise the floor

(Allocation in 2024:RM35.8 billion, 163 initiatives)⁷

Socio-economic status

- **STR** (Rahmah Cash Aid): RM3.6 billion to 8.4 million beneficiaries. Maximum aid rate increased to RM3,700⁷.
- **SARA** (Rahmah Basic Aid): RM282 million to 700,000 beneficiaries (poor and hardcore poor categories)⁷.
- **BAP** (Early Schooling Aid): RM775.6 million to 5 million school-going children, regardless of parent's income⁷.
- **Sejati MADANI** (MADANI Community Prosperity Programme): 724 approved applications. Total expenditure of RM57.6m for the Village Development and Security Committees (JPKK)¹². Successfully initiated over 6,400 rural economic activities to date.¹⁶
- **EPF Flexible Account (Account 3)**: 3.28 million approved applications, for withdrawal of RM8 billion (68.9% of total amount of Account 3). The EPF Account Restructuring is aimed at enhancing members' retirement income security while addressing their current life cycle needs⁶.
- **PuTERA35** (Pelan Transformasi Ekonomi Bumiputera 2035): Aims to raise the status of Bumiputera community through **3 cores and 131 initiatives**¹³.
- **2024 Bumiputera Economic Congress (KEB)**: **10 clusters covering 10 sectors** will be established including Education Reform and Human Capital, Institution of Technical, Vocational Education and Training (TVET) and Strengthening of Halal Industry⁶.

Connectivity and infrastructure

- **Internet coverage**: Reached **97.2% of populated areas**, total expenditure of RM1.1 billion⁶.
- **5G coverage**: Reached **81.7% of population**, 7,509 5G sites, total expenditure of RM4.5 billion⁶.

Healthcare

- Launched Malaysia's **Health White Paper** – outlines a 15-year roadmap, with 4 pillars and 15 strategies to reform healthcare system¹⁴.
- **PeKA B40**: Total expenditure of RM57.9 million to 320,000 beneficiaries⁶.

Good governance and public sector reform

(Allocation in 2024:RM1.4 billion, 74 initiatives)⁷

Targeted subsidies

- **Chicken**: Subsidies discontinued since November 2023. Eggs: Subsidies and price controls remain¹⁵.
- **BUDI MADANI**: As of 30 June, **115,000 approved applications** (subsidy of RM2,400 annually). Applicants include individual owners of diesel vehicles and agriculture smallholders in Peninsular Malaysia⁷.
- **Electricity**: **Targeted subsidy** has generated **savings of RM4 billion in 2023**¹⁶. For July – December 2024, **RM2.192 billion** will be borne by the Government. Other initiatives include continuation of RM40 Electricity Rebate Programme, lower surcharge for street lighting category and reduction in ICPT rate for commercial and industrial users¹⁷.

Other initiatives

- Reintroduction of the **Parliamentary Services Act (PSA)**: Scheduled in October 2024¹⁸.
- **PIKAS 2030** (Public-Private Partnership (PPP) Master Plan 2030): Launched in September 2024, to bolster the governance of projects while addressing fiscal challenges^{19 20}. The main goal is to increase private investment to RM78 billion and create 900,000 jobs by 2030¹⁶.
- **Special Task Force on Agency Reform (STAR)**: To improve various outdated and problematic government services²¹.
- **FRA (Public Finance and Fiscal Responsibility Act 2023)** establishes benchmarks related to debt management and fiscal deficit including mandates the publication of expenditure performance reports and fiscal risk statements²².

Sources:

6. Ministry of Finance. Setahun Ekonomi MADANI.
7. Ministry of Finance. Laporan Prestasi Perbelanjaan H12024.
8. Prime Minister's Office. Prime Minister's speech on National Semiconductor Strategy (NSS).
9. The Malaysian Reserve. Malaysia launches IC design park to lead in tech.
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11. Bank Negara Malaysia (BNM). Malaysia calls for values-based reforms.
12. Malay Mail. PM Anwar announces RM31.7m for 317 Felda land schemes under Sejati MADANI.
13. Ministry of Economy. Pelan Transformasi Ekonomi Bumiputera.
14. Ministry of Health. Health White Paper.
15. The Malaysian Reserves. Government to maintain egg subsidies and price controls.
16. 2025 Third MADANI Budget (Speech). Tabled on 18 October 2025.
17. Malay Mail. Electricity subsidies of RM1.935b for Peninsular Malaysia consumers in H1 2024.
18. News Straits Times. Parliamentary Services Act to return with improvements in October.
19. Prime Minister Office. Teks Ucapan Yab Perdana Menteri: Majlis Peluncuran Pelan Induk Kerjasama Awam-Swasta 2030 (PIKAS 2030) [in Malay].
20. The Star. Anwar unveils PIKAS 2030 to strengthen governance in public-private partnerships.
21. New Straits Times. New task force STAR to immediately tackle issues of dilapidated schools, overcrowding in hospitals.
22. Ministry of Finance. Fiscal Outlook and Federal Government Revenue Estimates 2024.

2025 budget highlights

Key announcements

1 Dividend tax

2% Dividend tax on income exceeding RM100,000

- Introduction of a 2% dividend tax on annual dividend income exceeding RM100,000 received by individual shareholders (resident, non-residents and individuals who hold shares through nominees) with certain exemptions.
- Effective Year of Assessment (YA) 2025.

3 Extension of foreign-sourced income exemption

- Exemption on foreign-sourced income received by resident individuals in Malaysia, which is currently granted until 31 December 2026 has been extended until 31 December 2036.

2 Sales Tax and Service Tax (SST)

Review of the Sales Tax

- Sales Tax exemption will be maintained on basic food items.
- Sales Tax will be increased on non-essential items such as imported premium goods.
- Effective date: 1 May 2025.

Expansion of the scope of Service Tax

- The scope of Service Tax will be expanded to include new services such as commercial service transactions between businesses.
- Effective date: 1 May 2025.

4 Rationalisation of subsidies

- Removal of subsidies for RON95 petrol by mid-2025 expected to affect 15% of the population.
- Gradual reduction in education and public healthcare subsidies for the top 15% income group.

Tax incentives

5 New Investment Incentive Framework

Focuses on high-value activities and expected to be implemented in Q3 2025.

Tax exemption

- Tax exemption on 70% of statutory income equivalent to 50% of the value of increased exports to be expanded to include Integrated Circuit (IC) Design services.
- Income tax incentives at a special rate for investment in 21 economic sectors.

Tax deduction

- Tax deduction which can be fully claimed within the same YA will be provided to Private Higher Education Institutions (PHEIs) and private skill training institutions that develop new courses in areas such as digital technology, AI, robotics, the Internet of Things (IoT), data science, FinTech, and sustainable technology.
- Double tax deduction up to RM2 million per year for multi-national enterprise (MNE) expenditure for a period of 3 consecutive years to strengthen local supply chain.
- Tax deduction on the amount of investment made by MNEs or their suppliers who make joint venture investments with other local suppliers. Local suppliers will be considered for tax incentive based on outcome.

Grant / matching fund

- Investment matching fund of over RM100 million for the expansion of local suppliers in the electrical and electronic sectors, specialty chemicals and medical device sectors.
- Strategic investment fund of RM1 billion to increase the capacity of local talent and encourage high-value activities to be carried out in Malaysia.

7 Global Minimum Tax (GMT)

To assist in mitigating the effects of GMT which comes into effect in 2025, the Government will: -

- Review existing tax incentives;
- Introduce non-tax incentives; and
- Examine the feasibility of a Strategic Investment Tax Credit mechanism.



6 Smart Logistics Complex (SLC)

60% Investment Tax Allowance (ITA) to be set-off against 70% of statutory income for 5 years

- Eligible SLC companies: -
 - i. SLC Investor and Operator that invest in the construction of smart warehouses that utilises IR4.0 elements and undertake eligible logistics services activities;
 - ii. SLC Operator that leases a smart warehouse under a long-term lease of at least 10 years and undertakes eligible logistics services activities.

For applications received by Malaysian Investment Development Authority (MIDA) from 1 January 2025 until 31 December 2027.

8 Structured Internship Programme (MySIP)

- Double deduction on expenses incurred by companies implementing the MySIP under Talent Corporation Malaysia Berhad (TalentCorp) is expanded to cover students participating in structured internships conducted by industry regulatory bodies.
- This incentive will be extended until YA 2030.

ESG incentives

9 Introduction of Carbon Tax

Carbon Tax on the iron and steel industry as well as energy industry by 2026.

The tax revenue will be used to fund research programs and green technology initiatives.

11 Tax incentives for Carbon Capture, Utilisation and Storage (CCUS)

- Tax incentives in the form of investment tax allowances or income tax exemptions for CCUS activities.

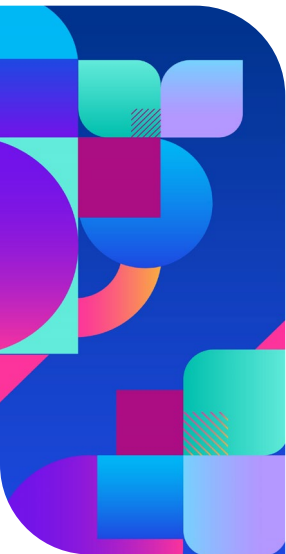
10 Tax incentives for employers

Further tax deduction on childcare allowance paid by employers to include elderly care from YA 2025.

Further tax deduction of 50% for employers for: -

- expenses incurred for capacity building and software acquisition for implementing flexible work arrangements;
- providing caregiving leave benefit of up to 12 months;
- employment expenses paid for hiring women returning to work after at least 2 years of career break.

For applications received by TalentCorp from 1 January 2025 until 31 December 2027.



12 Accelerated capital allowance for e-invoicing cost

Initial allowance

20%

Annual allowance

40%

Qualifying expenditure for purchase of ICT equipment and computer software package, consultation, licensing and incidental fees for the development of customized computer software for the implementation of e-Invoicing.

For YA 2024 and YA 2025.

13 Personal tax relief for food waste composting machines

Tax relief for electric vehicle charging facility is expanded to include the purchase of food waste composting machines for household use. Relief limit of RM2,500, to be claimed once within 3 YAs.

From YA 2025 to YA 2027.

14 Tax deduction for social responsibility

Tax deduction for contributions or sponsorships of Smart Artificial Intelligence Driven Reverse Vending Machines be extended for 2 years.

From 1 January 2025 until 31 December 2026.

Stamp duty

15 Implementation of Self-Assessment System for Stamp duty

Self-assessment stamp duty system to be implemented in phases based on types of instruments or agreements.

From 1 January 2026

- Instruments or agreements related to rental or lease, general stamping and securities.

From 1 January 2027

- Instruments of transfer of property ownership.

From 1 January 2028

- Other instruments or agreements.

16 Stamp duty on loan or financing agreements based on Shariah principles

RM10 Fixed stamp duty

- Applicable to loan or financing agreement for the purchase of goods based on Shariah principles, other than hire purchase.
- For loan or financing agreements based on Shariah principles executed from 1 January 2025.



17 Stamp duty on assignment of life insurance policy and family takaful certificate

- Fixed rate stamp duty ranging from RM10 to RM1,000 for deed of assignment of life insurance policy and family takaful certificate given by way of love and affection or through a trustee based on ownership transfer value.
- For deed of assignment for life insurance policy and family takaful certificate executed from 1 January 2025.

18 Stamp duty exemption on loan or financing agreements through the initial exchange offering (IEO) platform

100% Stamp duty exemption for 2 years

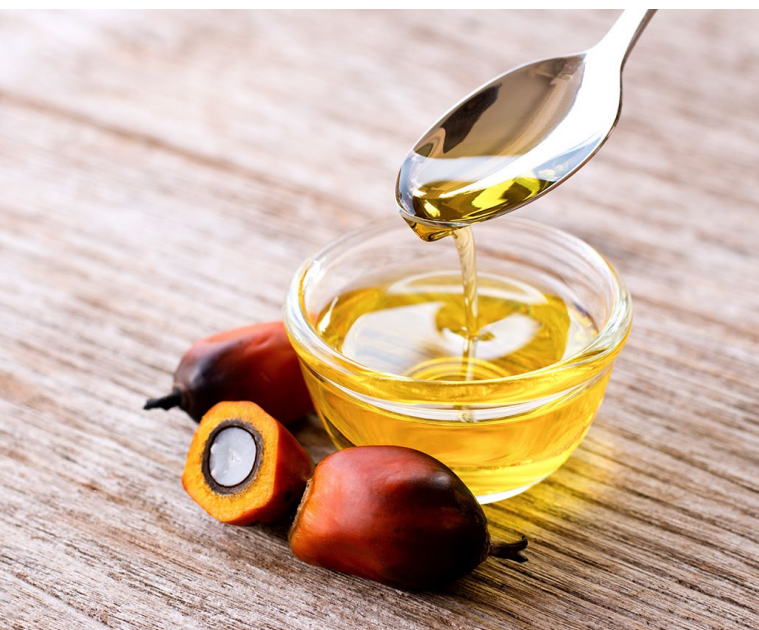
- For loan or financing agreements executed by Micro, Small and Medium Enterprises (MSMEs) and investors through the IEO platforms registered with the Securities Commission Malaysia.
- For loan or financing agreements executed from 1 January 2025 until 31 December 2026.

Indirect Tax

19 Review of excise duty rate on sugar sweetened beverages

+ RM0.40 per litre

- The excise duty rate on sugar sweetened beverages based on prescribed sugar content threshold under the following tariff codes will be increased in phases at **RM0.40** per litre.
 - 22.02** (Beverages including carbonated drink containing added sugar or other sweetening matter or flavoured and other non-alcoholic beverages / Flavoured milk-based beverages containing lactose); and
 - 20.09** (Fruit juices and vegetable juices whether or not containing added sugar or other sweetening matter).
- Effective date: 1 January 2025.



20 Crude Palm Oil (CPO) windfall profit levy of 3%

- The threshold for CPO market price will be increased to RM3,150 per metric tonne (MT) and RM3,650 per MT for Peninsular Malaysia and Sabah & Sarawak respectively.

	Per MT	→	Per MT
Peninsular Malaysia	RM 3,000		RM3,150
Sabah & Sarawak	RM 3,500		RM3,650

- Effective date: 1 January 2025.

21 Review of export duty exemption on CPO

- The export duty rates after taking into account the partial exemption is revised as follows: -

CPO Market Price (RM/MT)	Current Rate	Proposed Rate
≤3,600	No changes	
>3,600	8.0%	8.5% to 10.0%

- Effective date: 1 November 2024.

22 Sales Tax exemption on mastectomy bra for breast cancer patients

- Sales Tax exemption will be given to mastectomy bra under the following tariff codes (Sales Tax at 10% currently) for breast cancer patients.
 - 6212.10.1100** (Mastectomy bra (made from cotton)); and
 - 6212.10.9100** (Mastectomy bra (made from other textile materials)).
- Effective date: For applications received by the Ministry of Finance from 1 November 2024 until 31 December 2027.

Individual tax

23 Tax exemption on child care allowance up to RM3,000

- Expanded to include elderly care for parents and grandparents from YA 2025.

25 Reintroduction of tax relief

Housing loan interest payment for first residential home

Property Price	Tax relief per year (capped at)
Up to RM500,000	RM7,000
Above RM500,000 to RM750,000	RM5,000

- Up to 3 consecutive YAs, commencing from the first year the housing loan interest is paid.
- Sale and Purchase Agreement (SPA) must be executed from 1 January 2025 until 31 December 2027.

26 Extension of tax reliefs

Private Retirement Schemes (PRS) and Deferred Annuities

- RM3,000 relief on contributions to PRS and premiums paid for deferred annuities up to YA 2030.

Net Savings in Skim Simpanan Pendidikan Nasional (SSPN)

- RM8,000 relief for either parent on net annual savings (inclusive withdrawals to finance education costs for further studies) in SSPN up to YA 2027.

Child care centre or kindergarten fees

- RM3,000 relief on fees paid to registered child care centres or kindergartens for children aged 6 years old and below up to YA 2027.

24 Expansion or increased of tax reliefs from YA 2025

Medical expenses incurred for self, spouse or child capped at RM10,000

- Assessment for the purposes of diagnosis of learning disability and early intervention programme or rehabilitation treatment for learning disability** – Amount to be increased from RM4,000 to RM6,000.
- Full medical check up (including COVID 19 screening), COVID 19 detection test inclusive of the purchase of self-test kit or mental health checkup or consultation up to RM1,000** – Expanded to include purchase of influenza test kit and self-testing medical devices as well as disease detection examination fees.

Medical treatment, dental treatment, special needs and carer expenses for parents capped at RM8,000

- Expanded to cover grandparents.
- Full medical check-up which is limited to RM1,000 is expanded to include vaccination expenses.

Education and medical insurance premiums

- Amount to be increased from RM3,000 to RM4,000.

Sports equipment and activities up to RM1,000

- Expanded to include expenses incurred for parents.



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