

# Some thoughts on Budget 2025 from industry leaders

BY ROSALYNN POH

## **Datuk Mohammad Faiz Azmi** Chairman, Securities Commission Malaysia



The SC welcomes Budget 2025 measures and is encouraged by the government's commitment to broaden opportunities for businesses of all sizes, especially access to financing for start-ups, MSMEs and mid-tier companies, and deepening investment choices and opportunities for investors.

We are encouraged by specific measures to broaden diversity, a continuing focus on retirement needs, in particular the extension of tax relief for private retirement schemes, and steps towards a more sustainable economy with the introduction of a carbon tax. Additionally, we look forward to onboarding founding family investors and family office investment professionals and supporting the inward flow of this form of capital. This will provide greater spillover effects in terms of benefiting our diverse communities and businesses, enhancing market attractiveness and liquidity, as well as generating long-term social impact.

## **Datuk Khairussaleh Ramli** President & Group CEO, Malayan Banking Bhd



### Chairman of the Association of Banks in Malaysia

The reinforced commitment to fiscal discipline is commendable. We also welcome the call for further dialogue on the expansion of the service tax to commercial businesses, including fee-based financial services, and the introduction of the dividend tax.

Special tax deductions given to institutions of higher learning offering courses on artificial intelligence, digital technology and robotics, among others, are certainly a booster for the nation as these will provide high income jobs in the future.

## **Novan Amirudin** Group CEO, CIMB Group Holdings Bhd



We laud the government's bold move to creatively expand the tax base by introducing carbon and dividend taxes and expanding the scope of SST. This, alongside the reduction of blanket subsidies, enhanced support for micro, small and medium enterprises (MSMEs), and implementation of strategic blueprints like the National Energy Transition Roadmap (NETR), New Industrial Master Plan (NIMP) and JSSEZ will give the government more firepower to spend as needed to boost our economy, pursue shared prosperity and further spur foreign direct investments.

## **Tan Sri Tay Ah Lek** MD and CEO, Public Bank Bhd



Against the backdrop of fiscal prudence, it is highly commendable that pressing issues like high living costs, uplifting the livelihoods of poor and low-income groups, empowerment of small businesses, promotion of investments, enhancement of food security, affordable housing, improvement of basic public infrastructure and essential public services were still sufficiently addressed, among many others.

Budget 2025 is another strategic piece in the government's policy frameworks towards building a better Malaysia together through our aspired role as a leading Asian economy, though also not forgetting the needs of the rakyat with a quality and just life for all. The Public Bank Group is fully supportive of Budget 2025, and will continue to facilitate the government's initiatives in this well laid-out plan.

## **Datuk Mohd Rashid Mohamad** Group MD and CEO, RHB Banking Group



Budget 2025 demonstrates a decisive commitment to fiscal prudence while paving the way for sustainable and inclusive growth. It builds on the Ekonomi Madani framework, focusing on financial stability and addressing pressing social welfare needs. As we prepare to chair Asean, Malaysia is well positioned to drive economic, social and environmental resilience. The introduction of special incentives for JSSEZ reflects our commitment to enhancing Malaysia's economic relevance.

Initiatives such as the RM300 million National Energy Transition Facilitation Fund and the extension of the Net Energy Metering programme to promote renewable energy adoption demonstrate Malaysia's commitment to a greener future.

The budget also prioritises social welfare with increased allocations for the Sumbangan Tunai Rahmah to RM13 billion and a minimum wage adjustment to RM1,700, significantly enhancing living standards. The RM40 billion allocation for loan facilities and business financing guarantees and the RM50 million Digital Matching Grant can enhance the competitiveness of SMEs and MSMEs.

## **Tan Chor Sen** CEO, OCBC (M) Bhd



We are particularly interested to learn that efforts are well underway to make the JSSEZ a reality.

We are excited over the to-be-announced special incentives for attracting high quality investments and creating employment that commensurates with the required expertise. We also look forward to the rollout of details pertaining to the Invest Malaysia Facilitation Centre in Johor.

Efforts to encourage the use of low-carbon technology is another of the government's moves in the right direction as we aim to collectively encourage sustainable practices. We welcome the move to introduce a carbon tax by the year 2026.

## **Ng Wei Wei** CEO of United Overseas Bank (M) Bhd



We welcome the introduction of the New Investment Incentive Framework, which marks a strategic shift towards promoting high-value economic activities, particularly in sectors like E&E and artificial intelligence.

By incentivising education in emerging technologies and strengthening local supply chains through tax benefits for joint ventures between multinational enterprises and local suppliers, the framework aims to create high-paying jobs and foster regional economic development.

The emphasis on environmental, social

and governance principles through incentives for sustainable practices demonstrates a commitment to balancing economic growth with environmental responsibility.

## **Mak Joon Nien** CEO, Standard Chartered Bank Malaysia



We look forward to the rollout of the New Investment Incentive Framework in 3Q2025 that will introduce tax incentives and reliefs to multinational enterprises (MNEs) and local suppliers to ensure supply chain resilience. This will attract more investments into Malaysia and encourage more collaborations between local and international companies. One benefit is the increased visibility of the electrical and electronics (E&E) sector, further reinforcing Malaysia's position as a major player in the world.

The provision of special incentives to attract quality investments and create high-value job opportunities in the Johor-Singapore Special Economic Zone (JSSEZ) by the end of this year will give it an extra boost to grow as an advanced SEZ. We are also pleased to see continued focus on small and medium enterprises (SMEs) with the provision of up to RM40 billion in financing facilities and credit guarantees.

## **Kevin Lam** Group MD & CEO, Hong Leong Bank Bhd



While this is another expansionary budget with allocations topping RM421 billion, the highest on record, the government remained mindful of its fiscal responsibility. This can be seen from revenue-enhancing initiatives such as broadening taxation and spending rationalisation, such as ongoing subsidy reforms (targeted subsidy reform for RON95 in mid-2025) and channelling allocations to more productive high-impact and high-spillover projects.

HLB supports the incentives aimed at driving investment and businesses, in line with the Public-Private Partnership (PPP) Master Plan 2030 and initiatives to nurture SMEs to become regional champions. We also applaud efforts to strengthen the financial ecosystem with a focus on renewables and the green economy. The implementation of new and ongoing infrastructure projects and the realisation of various approved investments will continue to underpin expansion in private investment and create more jobs.

## **Steve Chia** Tax leader, PwC Malaysia



Overall, Budget 2025 is forward-thinking, riding on the back of positive economic sentiments, because of its focus on progressive tax measures, the rakyat's well-being and workforce diversification.

This budget has introduced commendable initiatives aimed at addressing the cost of living for both B40 and M40 groups, such as the cash handout programmes and numerous personal tax relief enhancements.

For the tax fraternity, Budget 2025 represents a period of consolidation following Budget 2024's introduction of the low-value goods tax, capital gains tax and e-invoicing, along with the continuation of measures like the global minimum tax. These provide a strong foundation for economic resilience, support for families and

streamlined tax administration.

Nevertheless, measures such as the expansion of SST, the introduction of a carbon tax and mandatory Employees Provident Fund (EPF) contribution for non-citizen workers will require more clarity.

## **Soh Lian Seng** Head of tax, KPMG in Malaysia



Widening the tax revenue base by imposing a 2% tax on dividend income of over RM100,000 earned by individual shareholders is a unique idea and obviously targeted at the top 15% taxpayers without further burdening the other 85%.

Positive outcomes for the benefit of national development can be expected with the introduction of a carbon tax, an increase in the sugar tax and the progressive broadening in the scope and rate of the sales and service tax (SST). It is hoped that these tax reforms can be supported by clear regulations, with a reasonable transition plan to ensure successful implementation.

The introduction of the New Investment Incentive Framework to facilitate inclusive investments is an attractive initiative. However, there must be careful consideration of the effects of applying the global minimum tax (GMT) on existing tax incentives. The government should ensure the GMT's implementation is balanced with investors' need for clarity on GMT-compliant tax incentives, so that Malaysia's competitiveness as an investment destination is not adversely impacted.

## **Sim Kwang Gek** Country tax & legal leader, Deloitte Malaysia



Budget 2025 continues to focus on taxing the higher income groups through the tax on dividend income received by individuals exceeding RM100,000, sales tax on premium goods and service tax on fee-based banking services.

It is not surprising that the SST scope will be expanded since the government has decided not to reintroduce the goods and services tax (GST). However, this expansion is not desirable. With every ringgit of revenue collected, there is a ripple effect on the prices paid on goods and services at the retail level, which is difficult to quantify.

The government should seriously consider the reintroduction of GST as it would address issues in the SST system while providing a more sustainable source of revenue to the government.

## **Farah Rosley** Malaysia tax leader, Ernst & Young Tax Consultants Sdn Bhd



It is encouraging that the government will involve stakeholders from the relevant industries to seek feedback before finalising the SST scope expansion and rates, which will smoothen its implementation and avoid any unintended consequences.

The government has also committed to streamlining existing tax incentives, introducing non-tax incentives and studying the introduction of a "Strategic Investment Tax Credit", to address the impact of the global minimum tax. We expect this credit to be designed as a qualified refundable tax credit that would be less affected by GMT rules, to give Malaysia a competitive edge in attracting foreign direct investments. **E**