



2026 BUDGET NEWSLETTER

YYC'S EDITION

This Newsletter is prepared based on Budget 2026 speech
as announced on 10 October 2025

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FOREWORD



“

The world may remain unpredictable, but this Budget gives Malaysian businesses a window to breathe, refocus, and rebuild stronger.

”

–Datin Shin Yap
YYC CEO & Finance Expert

Budget 2026 was announced at a time when businesses are navigating one of the most challenging economic environments in recent years — with global uncertainty, rising costs, and shifting market conditions testing even the most resilient entrepreneurs.

After two years of major tax changes — from the introduction of e-Invoice, capital gains tax, and dividend tax, to the expanded SST in July 2025 — what many business owners wanted this year was no new taxes or surprises.

They can finally breathe a sigh of relief: no new tax measures and no major policy overhauls.

This year's RM470 billion national budget, the largest in Malaysia's history, focuses on stability and business support. While it introduces no dramatic reforms, it gives entrepreneurs room to breathe, refocus, and rebuild.

Here are the **five key areas** that directly impact Malaysian SMEs:

Cash Flow for SMEs — The Lifeblood of Business

SJPP Loan Guarantees to Ease Financing Pressure

The government expanded the Syarikat Jaminan Pembiayaan Perniagaan (SJPP) guarantee ceiling to RM30 billion, including RM5 billion specifically for exporters.

This allows SMEs with limited collateral to access loans more easily, as the government will guarantee up to 70% of their financing — helping more entrepreneurs overcome cash flow bottlenecks.

Other financial support includes:

- RM2.5 billion in microloans via BSN and TEKUN,
- RM50 million in cooperative financing, and
- RM500 million in soft loans through EXIM Bank for export-related businesses.

Faster Tax Refunds Under the Public Finance and Fiscal Responsibility Act

The government also pledged to speed up tax refunds under the Public Finance and Fiscal Responsibility Act (FRA) — a move long overdue for business owners.

Delayed refunds have been one of the biggest sources of liquidity strain for SMEs. Faster processing means businesses can reinvest in staff, equipment, and operations without waiting months for their own money to return.

"SMEs are always in need of working capital and cash flow. When refunds come faster, business can breathe easier and plan better," said Datin Yap Shin Siang, Group Chief Executive Officer of YYC.

Encouraging Export Growth

Budget 2026 continues to support Malaysia's exporters and globally active SMEs.

- RM5 billion under SJPP will guarantee export-related financing.
- RM500 million via EXIM Bank will support companies affected by global trade disruptions.
- Khazanah, KWAP, and BPMB are investing over RM1 billion into Malaysia's semiconductor and electronics industry, reinforcing the country's position in global value chains.
- RM60 million through MATRADE will help SMEs expand into Africa, Latin America, and Central Asia.

"The message is clear — Malaysia wants more of our local innovation and products to reach international markets," Shin noted.

FOREWORD

Tourism Revival — Building Momentum for Visit Malaysia Year 2026

Tourism and hospitality are major beneficiaries of Budget 2026. The government is investing over RM700 million to attract tourists and boost local travel ahead of Visit Malaysia Year 2026. In addition, the following tax incentives were announced:

- Up to RM500,000 tax deduction for renovation and refurbishment of tourism premises;
- 100% income tax exemption on additional earnings from inbound tourism packages; and
- 50–100% tax exemptions for organisers of international exhibitions, arts, and cultural events.

Personal tax relief for domestic tourism has been also reintroduced remains — helping smaller tourism players, family-run hotels, and event organisers sustain their businesses.

“Tourism has always been one of Malaysia’s strong economic engine. It’s time to welcome more tourist and let tourism drive our economy forward again” said Shin.

AI and Digital Upskilling — Building a Future-Ready Workforce

Artificial intelligence and digitalisation took centre stage in Budget 2026.

Malaysia’s growing status as a regional tech hub was reinforced with two landmark investments:

- Microsoft’s USD 2.2 billion investment to establish the West Malaysia Cloud Region and train 800,000 Malaysians through its AI for Malaysia’s Future programme.
- Google’s USD 2 billion investment to build a data centre and Google Cloud region in Selangor.

Locally, SMEs can now claim an additional 50% tax deduction for AI and cybersecurity training programmes recognised by NAICl, TalentCorp, or MyDigital — a major step toward building a more digital-savvy workforce.

Additionally, Development Financial Institutions (DFIs) will provide nearly RM1 billion in financing and grants to help SMEs automate operations and digitalise business processes — further strengthening Malaysia’s innovation ecosystem.

The government also allocated RM5.9 billion for R&D, design, and commercialisation activities, alongside RM53 million under the Digital Accelerator Grant to support innovation in emerging technologies.

“Upskilling in AI and cybersecurity is no longer optional — it’s how our businesses stay competitive,” said Shin.



FOREWORD

Tax and Compliance — No New Taxes, Just Smarter Systems

Perhaps the most welcome news for businesses this year is what didn't change.

There will be no further expansion of the Sales and Service Tax (SST) — a relief for SMEs already adjusting to the broader SST scope introduced in mid-2025.

Instead, the government is moving forward with digital tax administration to make compliance easier and faster:

- The e-Invoice system will be fully implemented nationwide in 2026, with no delays.
- The system will simplify reporting, reduce errors, and support faster refunds under the FRA.
- The new Stamp Duty Self-Assessment System, starting in 2026, marks another step toward a self-declaration, trust-based tax environment.

"With no further delays in e-invoice implementation, SMEs can't afford to wait," Shin said. "The earlier you adopt, the smoother your transition will be."

Conclusion:

A Year to Refocus and Rebuild

Over the last two years, Malaysia's business community has weathered major shifts — dividend tax, capital gains tax, expanded SST, and new reporting obligations. These transitions have tested the adaptability of entrepreneurs and professionals across every sector.

Budget 2026 signals a welcome pause. No new taxes. No compliance shocks. Just stability.

With a clear fiscal direction and strong support for SMEs, the next 12 months offer businesses the opportunity to regain focus — to strengthen systems, build capabilities, and prepare for the uncertainties ahead in the global economy.

"The world may remain unpredictable, but this Budget gives Malaysian businesses a window to breathe, refocus, and rebuild stronger," concluded Datin Shin.

For more information on YYC, please visit www.yycadvisors.com



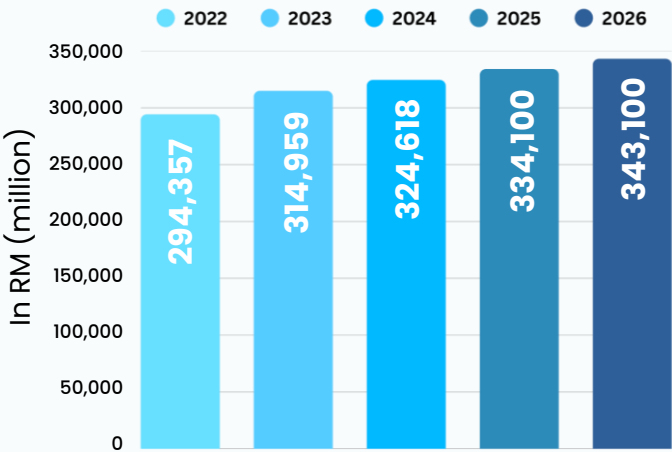
01

ECONOMIC OUTLOOK



Total Government Revenue

The **Government's revenue collection** is projected to increase steadily, rising from **RM324.6 billion in 2024** to **RM334.1 billion in 2025**, and further to **RM343.1 billion in 2026**.



Total Allocated Fund

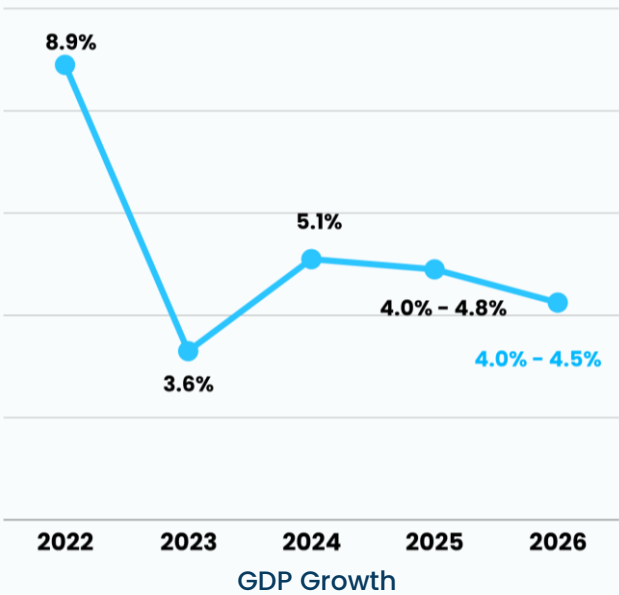
The **total allocation** for the Fourth MADANI Budget 2026 is **RM470 billion**. Key allocation highlights:

- RM338.2 billion for operating expenses
- RM81 billion for development expenditure



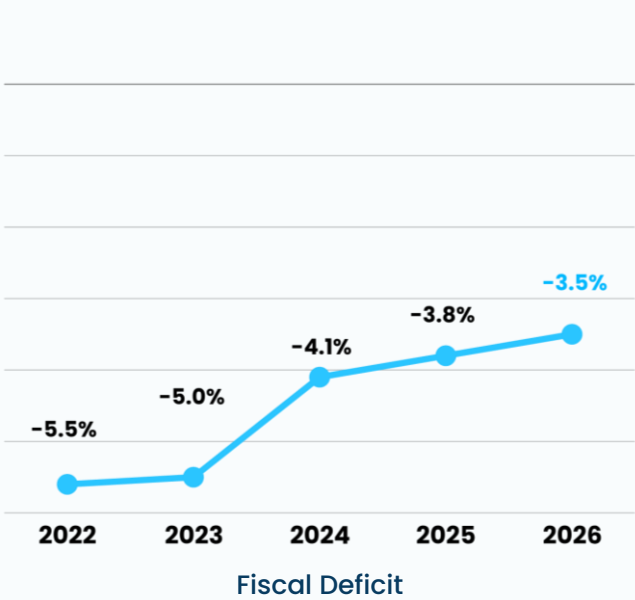
GDP Growth

For 2026, the national economy is projected to grow by **4.0% to 4.5%**, supported by the Fourth MADANI Budget 2026 initiatives.



Fiscal Deficit

The government aims to reduce the fiscal deficit further, targeting **3.5% of GDP in 2026** with a long-term goal of reaching 3%.



02

PERSONAL TAX



Environmental Sustainability And Home Safety-Related Expenditure Relief

Tax relief up to RM2,500 for electric vehicle (EV) charging facilities and food composting machines will be **expanded to include purchase of food waste grinders and closed-circuit television (CCTV)** for household use **for year of assessment 2026 and 2027.**

Life Insurance Relief

Tax relief for life insurance premiums or life takaful contributions for self, husband/wife up to RM3,000 will be **expanded** to include **children.**

Childcare Relief

Tax relief for childcare fees up to RM3,000 will be **expanded** to include registered day care or after-school transit centres for children up to **aged 12 years**, starting from **year of assessment 2026.**

Domestic Travel Relief

A special tax relief up to **RM 1,000** will be given for expenses covering entrance fees to domestic tourist attractions and cultural and art programmes.

Profit Distributions from Limited Liability Partnerships (LLP)

Profit distributions from LLP received by individual partners exceeding RM100,000 per year is subject to 2% tax rate.



Medical Expenses Relief

- Starting from the year of assessment 2026, the tax relief for medical expenses related to assessment and diagnosis, early intervention programmes, and rehabilitation treatment for children with learning disabilities – including autism, attention deficit hyperactivity disorder (ADHD), global developmental delay (GDD), intellectual disability, Down syndrome, and specific learning disabilities – aged below 18 years will be increased from RM6,000 to RM10,000.
- Tax relief for medical expenses on vaccination for self, spouse, children up to RM1,000 will be **expanded** to include all registered vaccines approved by the Ministry of Health (MOH).

Approved Donations/Contributions

Tax deductions will be given for:

- Cash donations to the approved anti-corruption programmes organised by Civil Society Organisations (CSOs), up to 10% of aggregate income.
- Contributions to the **Kampung Angkat** and **Sekolah Angkat MADANI, Sejahtera MADANI** programmes.
- Cash contributions to the Malaysian Museum Department Trust Account.

Income Tax Exemption for Dividends Received by Individual Shareholders from Venture Capital Company (VCC)

Exemption of income tax on dividends paid, credited or distributed to individual shareholders of VCC at the first level **from the year of assessment 2025 to 2035**.

03

CORPORATE TAX



03 Corporate Tax



E-invoicing, stamp duty and tax refund

E-invoicing initiative will be fully implemented starting in 2026, along with the self-assessment system for stamp duty to foster tax compliance. Refunds for overpaid taxes will also be expedited.

Tax Deduction for Training Expenses Related to AI and Cybersecurity

Small and Medium Enterprises (MSMEs) companies are eligible for an additional 50% tax deduction on training expenses related to Artificial Intelligence (AI) and cybersecurity. The training programmes must be certified by MyMahir National AI Council for Industry (NAICI), which is jointly led by TalentCorp and MyDigital.

Extension of Income Tax Exemption for Social Enterprises

It is proposed that application period for Income Tax Exemption of Social Enterprise accredited by the Ministry of Entrepreneur Development and Cooperatives be extended for another three years until 31 December 2028.



Tax Exemption on Contribution for Private Hospital Welfare Funds

The Government will allow private hospitals to set up Hospital Welfare Funds managed by a Company Limited by Guarantee (CLBG) to support underprivileged patients in receiving healthcare services. With this incentive:

- Income received by the Fund will be tax exempted
- Cash donations to the Fund will qualify for tax deductions.

Tax-Exempt Endowment Funds for Public University Hospitals

The Government has approved the establishment of Endowment Funds by Public University Teaching Hospitals. With this incentive:

- Contribution received will be eligible for income tax deductions.
- All contributions received, including income generated from the fund, will be fully exempted from tax.

Review of Tax Exemption on Foreign-Sourced Income

The exemption on foreign dividends and capital gains received by resident companies and LLPs has been expanded to include cooperative societies and trust bodies, and the exemption period has been extended to 31 December 2030 (additional 4 years).

Review of Tax Incentive For Commercialisation of Research & Development (R&D) Findings

Proposed tax deduction on amount invested by companies in subsidiary companies that commercialise the non-resourced-based R&D findings by the research institutions, institutes of higher learning and private higher educations be extended for 5 years.

For applications received by MIDA from 1 January 2026 to 31 December 2030.

03 Corporate Tax



Accelerate Capital Allowance (ACA) for cost of purchasing speed limitation devices for heavy vehicles

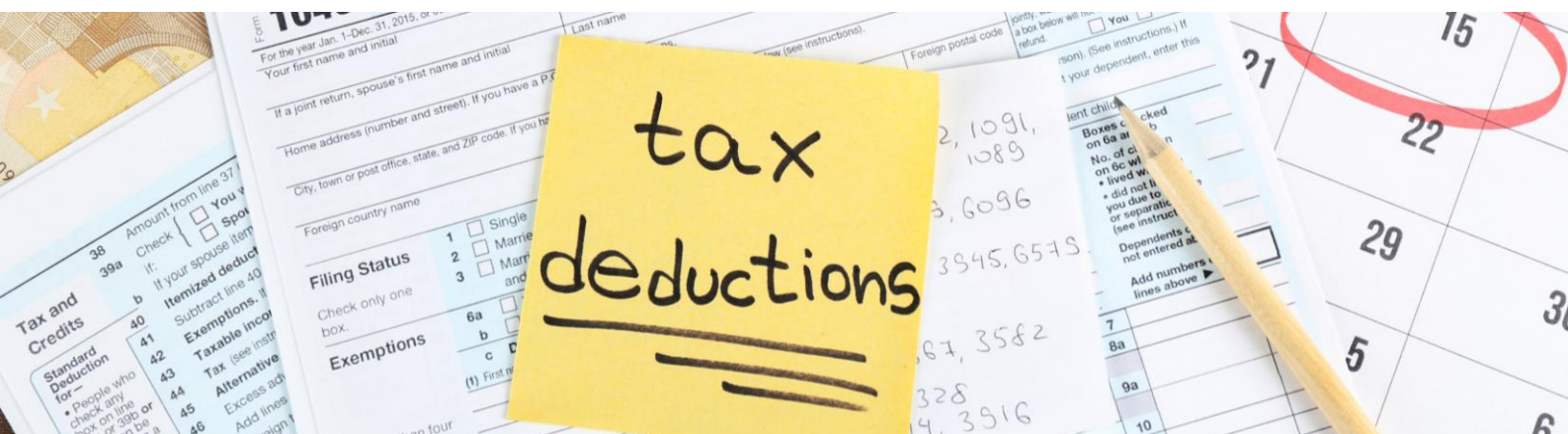
To encourage the compliance of speed limit regulations, the Government has proposed to grant an Accelerated Capital Allowance (ACA) of 20% initial allowance and 80% annual allowance on the cost of purchase of speed limitation devices installed from 1 January 2026 to 31 December 2026 on heavy vehicles manufactured prior to 1 January 2015, up to RM4,000 per unit.

Double Tax Deduction for OKU Training Extended to Care-worker Programmes

Double tax deductions for sponsorship of training for persons with disabilities (OKU) has been expanded to include sponsorship of care worker training programmes conducted by institutions recognised by the Ministry of Women, Family and Community Development (KPWKM). The sponsored care workers are not employees of the company (effective from YA 2026 and YA 2027).

Double Tax Deduction For Scholarships Provided by Private Companies Extended to Professional Qualifications

The double tax deduction for scholarships awarded by private sector employers to eligible students will be expanded to include professional qualifications in the fields of Information and Communications Technology (ICT), Engineering, Accounting and Finance. (effective from YA 2026 to YA 2030)



Tax Deduction on Renovation and Refurbishment Expenses For Tourism Projects

Tax deduction will be granted to tourism operators for qualifying expenditure incurred from 11 October 2025 to 31 December 2027 on the renovation and refurbishment of business premises, up to a maximum of RM500,000.

Exemption on Income Derived From Tour Packages to Malaysia

100% income tax exemption will be granted to tourism operators on the incremental income derived from inbound tour packages to Malaysia (For YA 2026 and 2027).

Exemption on Statutory Income for Organising International Conferences, Trade Exhibitions or Incentive Events

100% income tax exemption on statutory income for companies, associations, or organisations involved in organising international conferences, trade exhibitions, or incentive events (For the YA 2026 and 2027).

Exemption on Statutory Income for Organising International Arts, Cultural, Tourism, Sports and Recreational Events

50% income tax exemption on statutory income will be granted to companies organising international arts, cultural, tourism, sports, or recreational events involving foreign participants (For YA 2026 and 2027).



Tax Deduction on Cash Donations to Malaysian Museums Department Trust Account

Cash donations made by corporate entities to the Trust Account of Department of Museums Malaysia will be eligible for tax deduction equivalent to the amount contributed.

Tax Deduction on Donations to approved Anti-Corruption Education Programmes

Anti-corruption education programmes organised by Civil Society Organisations approved as national interest projects approved by the Malaysian Anti-Corruption Commission (MACC) is eligible for tax deduction. This is implemented between 1 January 2026 to 31 December 2028. Cash donations to the approved anti-corruption education programmes will be eligible for income tax deduction equivalent to the amount contributed, restricted to 10% of aggregate income.

Tax Deduction on Cash Donations to Kampung Angkat and Sekolah Angkat MADANI Programmes

Cash donations made by corporate entities to the Kampung Angkat and Sekolah Angkat MADANI programmes under Sejahtera MADANI will be eligible for tax deduction equivalent to the amount contributed.

Extension of period for further deduction for employment of senior citizens

Further tax deduction for employers hiring senior citizens aged 60 years and above has been extended until the Year of Assessment 2030 (an additional 5 years).

Venture Capital Tax Incentive

Propose to enhance Venture Capital tax incentives with effective from YA 2025:-

- Venture Capital Company (VCC)
 - 5% corporate tax rate (replacing full exemption) and must invest at least 20% of its fund in local ventures.
 - The tax incentive is granted for 10 years, starting from the year the VCC obtains its first certification by the Securities Commission, no later than 31 December 2035.

Incentives extended to LLPs and Labuan LLPs opting to be taxed under the Income Tax Act 1967.

- Venture Capital Management Companies (VCMC)
 - 10% tax rate applies to shares of profit, management fees, and performance fees from 2025 to 2035.

Special tax deduction on renovation and conversion of commercial buildings into residential premises

Expenditure incurred for the renovation or conversion of commercial buildings into residential premises will be eligible for a special tax deduction equivalent to 10% of the qualifying expenditure, capped at RM10 million.

Review of Income Tax Exemption on Sustainable and Responsible Investment Sukuk and Bond Grant Scheme

Proposed review of income tax exemption for the SRI Sukuk and Bond Grant Scheme:

- i. Increase the grant allocation for external review expenses from 90% to 100%, capped at RM300,000;
- ii. Expand the scheme to include SRI Sukuk and Bonds that comply with the ASEAN Taxonomy for Sustainable Finance; and
- iii. Extend the Income tax exemption for 3 years under SRI Sukuk and Bond Grant Scheme application received by SC from 1 January 2026 to 31 December 2028.

Further Tax Deduction Expanded to Hiring Vulnerable Persons

To promote equal employment opportunities and empower vulnerable groups to achieve sustainable livelihoods, in line with the Sustainable Development Goals (SDG) 2030. The Government proposes to extend the further tax deduction to include prisoners released on licence, as well as drug and substance dependants or misusers undergoing treatment and rehabilitation.

From year of assessment 2026 to 2030.

Income Tax Deduction For Cost Of Listing On Bursa Malaysia

Tax deduction of up to RM1.5 million on listing expenses for technology-based companies and MSMEs will be:

- i. Expanded to MSMEs in the energy and utilities sectors; and
- ii. Provided to technology-based companies and MSMEs in the technology, energy and utilities sectors for 5 years.

From year of assessment 2026 to 2030.

Accelerate Capital Allowance (ACA) to promote Domestic Investment and Digital Technology adoption

The Government proposes granting an Accelerated Capital Allowance (ACA) with 20% Initial Allowance and 40% Annual Allowance for the following:

- Procurement of heavy machinery, plant and general machinery from local manufacturers,
- Purchase of ICT equipment and computer software,
- Consultation, licensing and incidental fees related to customised computer software development.

Effective date : Qualifying capital expenditure incurred from 11 October 2025 to 31 December 2026.

04



TAX INCENTIVES



Introduction of New Outcome-Based Tax Incentive Framework

Government is committed to offering tax incentives through the introduction of a New Outcome-Based Incentive Framework under Budget 2025, in line with the New Industrial Master Plan (NIMP).

A pilot phase is currently being implemented until the end of 2025.

Starting from the first quarter of 2026, the framework will be fully implemented for the manufacturing sector, followed by the services sector in the second quarter of 2026.

Green Asset Investment Tax Allowance (Proposed)

- Incentive: 100% Investment Tax Allowance (ITA) for own-use green assets.
- Eligible Companies: Companies utilising green technology products.
- Conditions:
 - Products must be certified with the **MyHIJAU Mark**; and
 - Must be sourced from **locally manufactured** supply chains.



04 Tax Incentives



Green Technology Financing Scheme (GTFS)

Government guarantee:

- Up to **80%** for **waste sector** projects;
- Up to **60%** for **other sectors** (eg. energy, water, transportation, manufacturing)

The application period for the financing guarantee above will be **extended until 31 December 2026**.

Tax Incentives for Food Security Project (Proposed)

The Tax Incentive for Food Production Projects in 2023 has been rebranded as the Tax Incentive for Food Security Projects.

Companies engage in :

- **New projects:** 100% income tax exemption on statutory income for **10 years** and income generated from sales within **domestic market**.
- **Expansion projects:** 100% income tax exemption on statutory income for **5 years** and income generated from sales within **domestic market**.

The application period for tax incentives above will start **from 1 January 2026 until 31 December 2030**.



Tax Incentives for Automation in the Agriculture Sector (Proposed)

The Government proposes to expand the **Tax Incentive for Automation in the Agriculture Sector** to include **closed-house chicken rearing systems** aimed at driving **automation and enhancing productivity** within the livestock sector.

Applications will be eligible from **1 January 2026 to 31 December 2027**.

05

INDIRECT TAX



05 Indirect Tax



Review of Excise Duty and Sales Tax on Purchase of New National Cars by Taxi and Private Hire Car Owners

It is proposed that full exemption on excise duty and sales tax be maintained for the purchase of new national cars (PROTON and PERODUA) by taxi drivers and private hire car operators.

Extension and Expansion of Import Duty and Sales Tax Exemptions on Nicotine Replacement Therapy (NCT) Products

- It is proposed that exemption period for import duty and sales tax on nicotine gum and nicotine patch be extended to 31 December 2027.
- The scope of exemption for NRT products be expanded to include nicotine mist and nicotine lozenges from 11 October 2025 to 31 December 2027.
- Application must be made from 11 October 2025 to 31 December 2027.

Increase in Excise Duty Rates on Tobacco Products

It is proposed that the excise duty rates on tobacco products be increased in phases as follows:



Type of products	Excise Duty
Cigarettes	Increased by RM0.02 per stick or RM0.40 per packet
Cigars, cheroots, and cigarillos	Increased by RM40/KG
Heated tobacco products	Increased by RM20/KG of tobacco content

Effective Date: 1 November 2025

05 Indirect Tax

Increase in Excise Duty Rate on Alcoholic Beverage Products

It is proposed to increase the excise duty rate on alcoholic beverage products by 10%. Details as follows:

Product Description	Excise Duty (per 100% vol. per liter)
Beer	RM 175.00 + 10%
Sparkling wine	RM 450.00 + 10%
Other alcoholic beverages	Prevailing rates + 10%

Effective Date: 1 November 2025

Implementation of Carbon Tax

With the rollout of Carbon Tax in 2026 focusing on the iron, steel and energy sectors, its mechanism will be aligned with the National Carbon Market Policy and the forthcoming National Climate Change Bill (RUUPIN).

Review of Tax Exemption on Duty-Free Vehicles

It is proposed that tax and duty exemptions on vehicles in Langkawi and Labuan be limited to vehicle values not exceeding RM300,000.

Effective Date: 1 January 2026



06

STAMP DUTY



Review of Stamp Duty Exemption Threshold for Employment Contracts

- The salary threshold for employment contracts exempted from stamp duty will be increased from RM300 to RM3,000, for contracts executed from 1st January 2026.

Full Stamp Duty Exemption Extended Until 2028

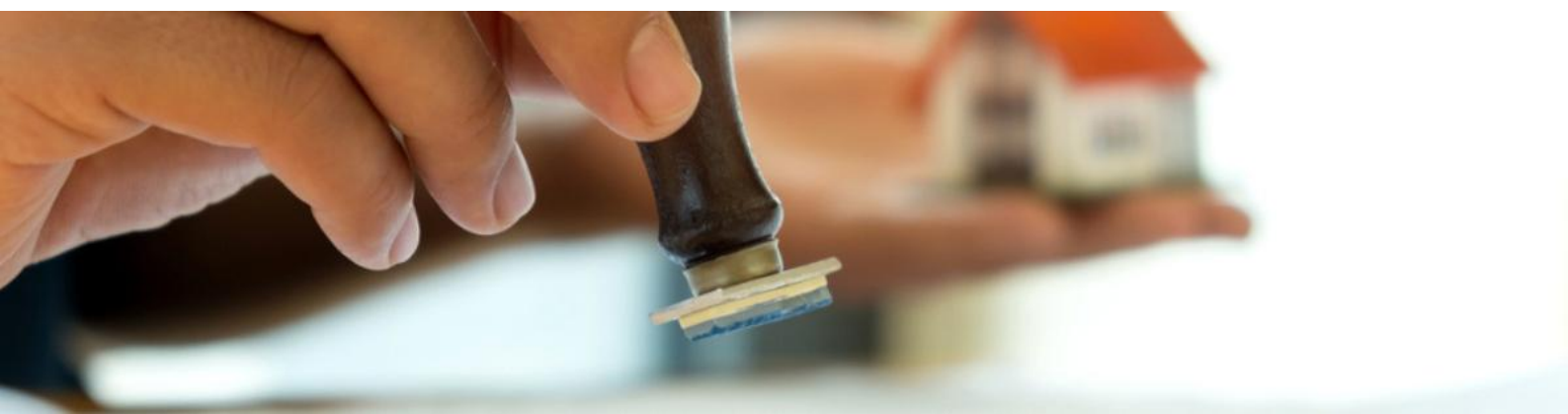
- Small-value insurance or takaful certificates policies purchased by individuals and micro, small and medium enterprises (MSMEs).
- Insurance policies and takaful certificates under “Perlindungan Tenang” products.
- These exemptions are extended for 3 more years, up to 2028.

Stamp Duty Exemption for First-Home Buyer

- Full stamp duty exemption for properties up to RM500,000, extended till 31 December 2027.

Introduction of Flat Stamp Duty Rate for Foreign Property Buyer

- Government plans to impose flat stamp duty rate of 4% to 8% on property transfers involving non-citizens and foreign companies, except permanent residents.



06 Stamp Duty

Exemption Of Stamp Duty On Contract Notes For Buy-Side Transaction Of Structured Warrants

- Stamp duty exemption on the contract notes for buy-side structured warrant transaction which executed from 1 January 2026 to 31 December 2028.

Extension Of Stamp Duty Exemption On Contract Notes For Exchange Traded Funds Listed On Bursa Malaysia

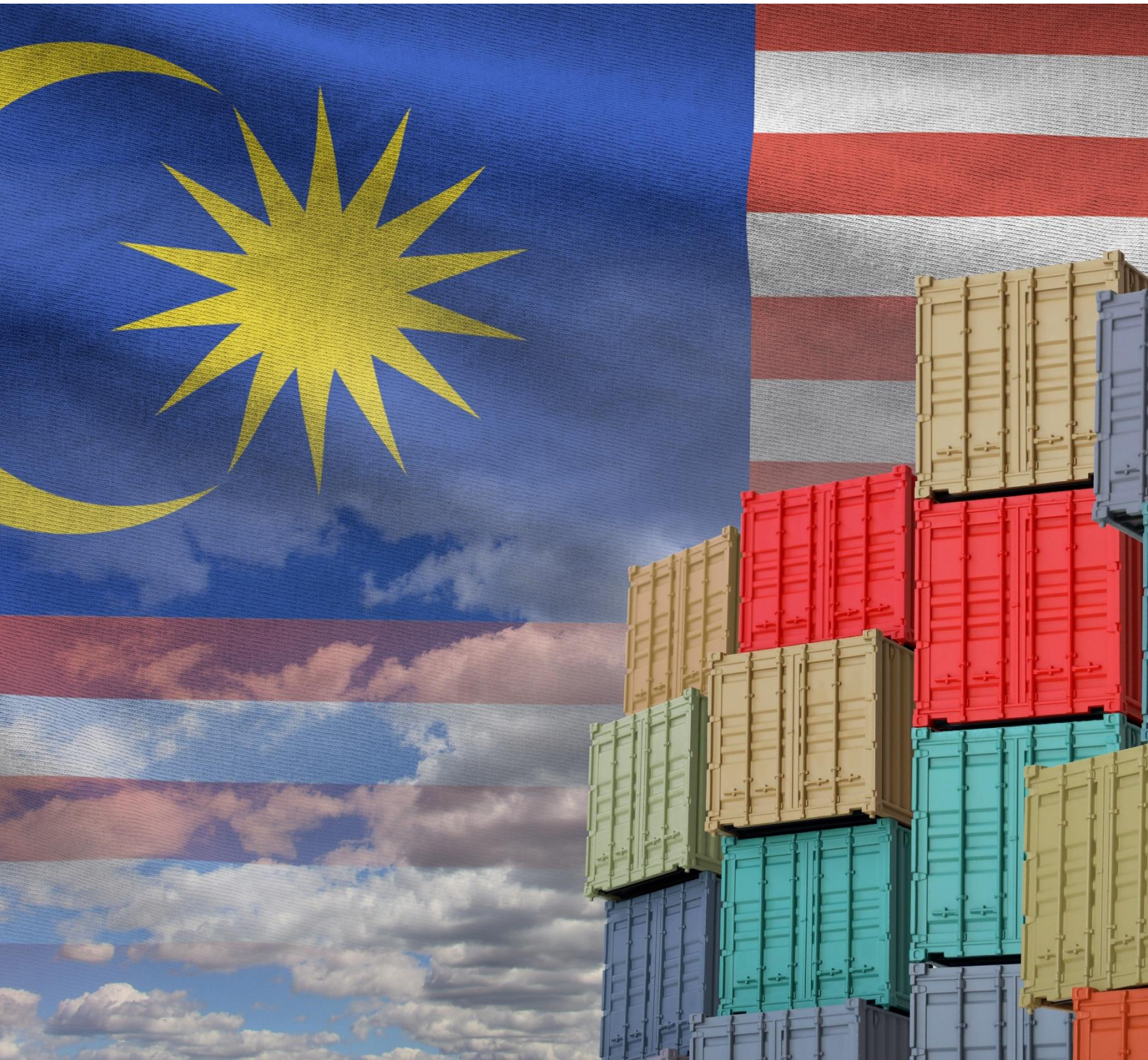
- Stamp duty exemption on contract notes for ETF transactions extended for three years – for ETFs transactions from 1 January 2026 to 31 December 2028.



07



LABUAN



Development of a Digital Islamic Finance Hub

- Introduction of Global Sukuk Tokenisation Initiative to digitise Sukuk.
- Enabling retail trading of digital Sukuk via Labuan's digital exchanges.
- Introduction of Climate Sukuk for green projects financing purpose.
- Returns of dividends in the form of carbon credits for Climate Sukuk .

Introduction of MADANI Captive Insurance Programme

- A new instrument for national risk management.
- To reduce dependence on funds by channelling risk financing through a more efficient and cost-effective captive insurance and takaful platform.



08

GRANT



Malaysia Digital Acceleration Grant (MDAG)

- RM 53 Million
- Ministry/Agency: MDEC
- Purpose: Accelerates adoption of AI, blockchain & quantum tech among Malaysian companies.

iTEKAD Matching Grant

- RM 35 Million
- Ministry/Agency: Bank Negara
- Purpose: Helps micro-entrepreneurs upskill & gain stable income through Islamic finance.

Agropreneur NextGen Programme (KPKM)

- RM 20 Million
- Ministry/Agency: KPKM
- Purpose: Start-up and expansion grants (up to RM 50,000) for young agro-entrepreneurs.

Tourism Promotion & Event Grants

- RM 60 Million
- Ministry/Agency: MOTAC
- Purpose: Funds tourism promotion, marketing & cultural events to boost arrivals.

Tourism / Aviation Matching Grant

- RM 50 Million
- Ministry/Agency: MOTAC /MAHB
- Purpose: Encourages new international and charter flights to Malaysia.

Arts & Heritage Entrepreneurs Grant

- RM 50 Million
- Ministry/Agency: MOTAC
- Purpose: Supports batik, craft & heritage entrepreneurs to innovate and expand exports.

BSN Micro-Entrepreneur Business Grant

- RM 50 million
- Ministry/Agency: BSN
- Purpose: Seed grants for 1,000 micro-entrepreneurs to buy equipment or upgrade operations.

GLIC / GLC Foundation Matching Grant (Social Entrepreneurship)

- RM 120 Million
- Ministry/Agency: MOF / EPU
- Purpose: Encourages GLIC & GLC foundations to co-fund social enterprise and community projects (urban poverty & skills training).

MATRADE Market Development Grant (MDG)

- RM 60 Million
- Ministry/Agency: MATRADE
- Purpose: Helps SMEs join trade fairs, branding & export promotion in Africa, Latin America & Central Asia.

Global Disaster Relief Network (GDRN) Matching Grant

- RM 20 Million
- Ministry/Agency: MOF
- Purpose: Supports corporate & NGO disaster-recovery projects benefiting affected businesses.

Buy Malaysian Products Campaign Fund

- RM 20 Million
- Purpose: Provides marketing grants to promote Malaysian brands locally and internationally.

Old Vehicle Replacement Matching Grant

- Up to RM 4,000
- Ministry/Agency: Ministry of Transport
- Purpose: Grant to replace old cars with new national models for safety and efficiency.

Creative Industry & Digital Content Incentive

- RM 140 Million
- Purpose:
 - RM110 million – Incentives for local and international filmmakers to produce high-quality works in Malaysia, including RM10 million dedicated to nation-building content.
 - RM10 million – Incentives for local and international concert organisers to attract foreign tourists in conjunction with Visit Malaysia Year 2026.
 - RM20 million – Support for the Digital Creative Ecosystem, focusing on local animation and digital game creators.



9

FINANCING PACKAGE



9 Financing Package

High-value Strategic Sector Investment

Strategic Co-Investment Fund

- RM200 million to provide matching funds for SMEs and mid-sized firms strengthening key supply chains via Equity Crowdfunding (ECF) and Peer-to-Peer (P2P) platforms.

New Industrial Master Plan (NIMP) Industry Development Fund

- RM180 million to finance industrial programs in high-impact sectors like pharmaceuticals, semiconductors, AI, digital, and sustainability.

Semiconductor Ecosystem Investment

- Khazanah and Kumpulan Wang Persaraan (Diperbadankan) (KWAP) invest RM550 million to boost joint ventures between local and multinational firms.

NSS High Value-Added Support

- Bank Pembangunan Malaysia Berhad (BPMB) provides RM500 million in loans for R&D and high value-added activities by local E&E companies

Supporting Semiconductor Startups Through SemiconStart

- Malaysia Technology Development Corporation (MTDC) will launch SemiconStart, an incubator program in collaboration with a global incubator, to support early-stage semiconductor startups.
- The program helps startups overcome high prototyping costs by providing mentorship, access to global funding, discounted prototype development, and customer network opportunities.



9 Financing Package



GLIC Domestic Investment

GLICs Boost Strategic Sector Growth Through Targeted Investments

- To drive the growth of strategic sectors, GLIC investments will support local companies or markets at the growth stage.

Dana Pemacu by KWAP

- KWAP has allocated RM1.2 billion to co-invest with private fund managers in companies that are in energy transition, food security, and the digital economy sectors.

Program Syarikat Mid-Tier by Khazanah

- Khazanah provides RM250 million in financing to strengthen the capabilities of mid-tier companies.

Fostering Innovation Through Equity Investments

Cradle Fund, with an allocation of RM55 million, will implement a Program Pelaburan Ekuiti and Bengkel Inovasi GLC to include participation from the private sector.

MyCIF Expansion and Funding

MyCIF has since attracted over RM6 billion in Equity Crowdfunding (ECF) and Peer-to-Peer (P2P) capital. RM30 million is allocated to expand into ASEAN and high-impact sectors such as food, agritech, agetech, and the care economy.

TVET Training Support

Perbadanan Tabung Pembangunan Kemahiran (PTPK) provides RM650 million in financing to benefit 25,000+ trainees in high-priority NIMP sectors like AI, EV, and semiconductors.

9 Financing Package



Driving Growth in the Islamic Economy

Islamic Finance Innovations

- Government promotes risk-sharing financing (musyarakah, murabahah) and blended finance methods.

Labuan IBFC Digital Hub

- Developing as a Digital Islamic Finance Hub with initiatives like Global Sukuk Tokenization and Climate Sukuk, the latter providing green project financing and financial dividends in the form of carbon credits

Tokenized Cash Waqf Sukuk

Introduced to fund critical needs like special education, autism centers, and palliative care, turning individual contributions into sustainable social financing.

Strengthening the Halal Industry Ecosystem

- SME Bank offers RM100 million in dedicated financing for halal SMEs.
- Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) has doubled the government guarantee for halal SME financing to RM2 billion from RM1 billion previously.

National Spin-Off Company Fund

RM10 million seed funding provided to boost commercialization of R&D from university spin-offs.



9 Financing Package



Strengthening Malaysia's Global Market Expansion

- Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) will guarantee up to 70% of financing for export-oriented mid-tier companies, including those expanding into new markets, with a total guarantee value of RM5 billion.
- EXIM Bank will provide RM500 million in soft loans to assist companies affected by global trade tariff tensions.

Expanded Government Financing Support for Entrepreneurs

- Next year, RM50 billion in government loans and guarantees will be available for local entrepreneurs, up from RM40 billion.
- Over RM2.5 billion in microloans will be provided through BSN and TEKUN.
- SJPP's guarantee limit will rise to RM30 billion from RM20 billion, expanding support to include micro-entrepreneurs in addition to high-value sectors.
- RM50 million was allocated to Suruhanjaya Koperasi Malaysia (SKM) to finance and support cooperatives across Malaysia.

BNM Fund Support for SMEs

Over RM29 billion disbursed to 86,000+ SMEs; shifting to guarantee-based support for underserved segments and high-impact activities like digitalization, automation, innovation, and green transition.

MSME Digitalization Support

Development financial institutions (DFIs) provide nearly RM1 billion in financing and grants to promote automation and business digitalization.

9 Financing Package



Accelerating Green Growth Through Green Technology Financing Scheme (GTFS) 5.0

GTFS 5.0 provides RM1 billion in financing until 2026, with government guarantees of up to 80% for waste sector projects and 60% for other green technology sectors like energy, water, transport, and manufacturing.

Agrobank Financing

RM1.1 billion to support business expansion, automation, and mechanization in agricultural projects.

Empowering Bumiputera Economic Development

Government-linked investment company (GLIC) and Government-linked Company (GLC) continue to invest in Bumiputera economic development while driving inclusive growth for all.

- RM40 million is allocated to accelerate the scaling up of high-potential Bumiputera companies.
- KWAP allocates RM20 million for a microfinancing program for retirees, fostering community-level entrepreneurship.



9 Financing Package



Government Guarantees for Bumiputera Entrepreneurs

Out of the RM30 billion in government guarantees under SJPP, RM10 billion is specifically allocated to support Bumiputera entrepreneurs.

SME Bank Regional Champion Program

- RM 200 million in loans provided to help Bumiputera SMEs enter export markets

Empowering Entrepreneurs and Women-Led SMEs

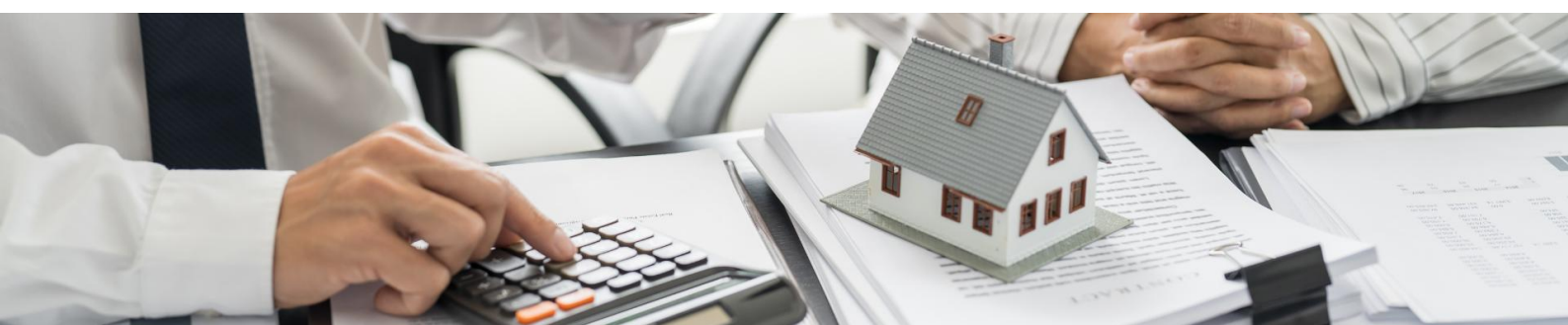
- Amanah Ikhtiar Malaysia (AIM) is allocated RM230 million to continue offering microfinancing, bringing AIM's total available fund to RM2.9 billion, benefiting over 300,000 entrepreneur members.
- Bank Rakyat, BSN, MARA, and SME Bank are providing RM270 million in financing to support women entrepreneurs and women-led SMEs.

Youth Entrepreneurship Financing

BSN provides RM150 million for entrepreneurs aged 30 and below.

Expanded Support for First-Time Homebuyers

The Government will continue building housing and has increased SJKP guarantees from RM10 billion to RM20 billion for an additional 80,000 first-time homebuyers, benefiting more gig workers and self-employed individuals.



9 Financing Package



Government Guarantee Programs for Housing and Business Loans

SJKP Housing Loan Guarantees

Government guarantees increased for Bumiputera (RM2B to RM12.3B); Indian communities (RM0.2B to RM1.9B), with RM220M for socio-economic programs under MITRA, TEKUN, and AIM.

SJPP Business Loan Guarantees

Guarantees for Chinese SMEs increased from RM11.9B (2022) to RM13.9B (2024), covering over 75% of SJPP's total guarantees.

Housing Support for Contract Public Servants

- Skim Jaminan Kredit Perumahan (SJKP) to guarantee up to 120% housing loans worth RM1 billion.
- BSN allocates RM500 million to finance first home loans for contract staff, including KEMAS teachers.
- The Skim Pembiayaan Perumahan Muda under Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA) is extended until 31 December 2026, benefiting up to 48,000 young servants under 30.
- Financing limit raised to RM1 million to match salary and property price increases.

Support for Youth Education

The Government and GLICs are providing RM4.4 billion in scholarships, loans, and educational allowances to help young people from low-income families pursue their studies.



10

OTHERS



HRD Corp Allocated RM10 Million for Licensed Taxi Drivers' Training

- HRD Corp will allocate RM 10 million to cover the course fee and allowances to licensed taxi drivers who contribute to undergo training to improve operational efficiency and safety.

Increased EPF and GCR Withdrawal Limits for Hajj Purpose

- Propose to increase the EPF withdrawal limit from RM3,000 to RM 10,000 for the purpose of performing the Hajj pilgrimage.
- For civil servants, the early redemption facility under the GCR scheme will be expanded for the purpose of performing the Hajj pilgrimage, limited to a redemption amount of RM10,000, with a total allocation of RM10 million.

PTPTN Education Support Initiatives

Starting from Year 2026,

- Free PTPTN Education for 5,800 students from low income families studying at universities, with an annual allocation of RM120 million.
- Students from low and middle income families who graduate with a First Class Bachelor's Degree from universities (IPTA) will be exempted from repaying their PTPTN loans. This initiative is expected to benefit approximately 6,000 borrowers annually, with a budget allocation of RM90 million.
- Travel Restrictions will be imposed on borrowers who are financially capable but fail to repay their PTPTN loans, including those working abroad.

Enhanced Social Protection Schemes for Self-Employed and Gig Workers

- Under the i-Saraan Plus scheme, gig workers, including e-hailing and p-hailing workers, will receive matching incentive of up to RM600 per year or RM6,000 over a lifetime.
- The i-Saraan scheme will also be continued for other informal or self-employed workers, with a matching contributions of up to RM500 per year or RM5,000 over a lifetime.

Enhanced Support for Malaysia's Fishermen

- Monthly cost of living allowance up to RM300 and catch incentives will be provided, with an allocation of RM160 million.
- Subsidised diesel price at RM1.65 per litre will continue for fishermen.

MADANI Government: Safeguarding Paddy Farmers' Welfare

Increased incentives (effective this year 2025):

- Ploughing: **RM160/hectare/season**
- Pesticides: **RM300/hectare/season**

New incentive:

- Paddy harvesting (diesel usage): **RM50/hectare/season**



SOCSSO Contribution Under the Gig Workers Act 2025

- The Government will cover 70% of the Self-Employment Social Security Scheme for gig workers in non-mandatory sectors who register for the first time, and 50% incentive for their second year.
- Job seekers or new graduates who receive job offer that requires relocation will be eligible for an incentive of up to RM1,000 from SOCSSO.

Introduction of Digital Tax Stamp

The Royal Malaysian Customs Department (RMCD) will introduce a digital tax stamp with enhanced security features to curb counterfeiting while addressing leakages at the country's entry points through the Centralised Screening Complex CCTV system.

Extension of Residence Pass–Talent Fast Track to Ease Employment Pass Requirement

- Extended to include a waiver of the three-year Employment Pass requirement for eligible applicants



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