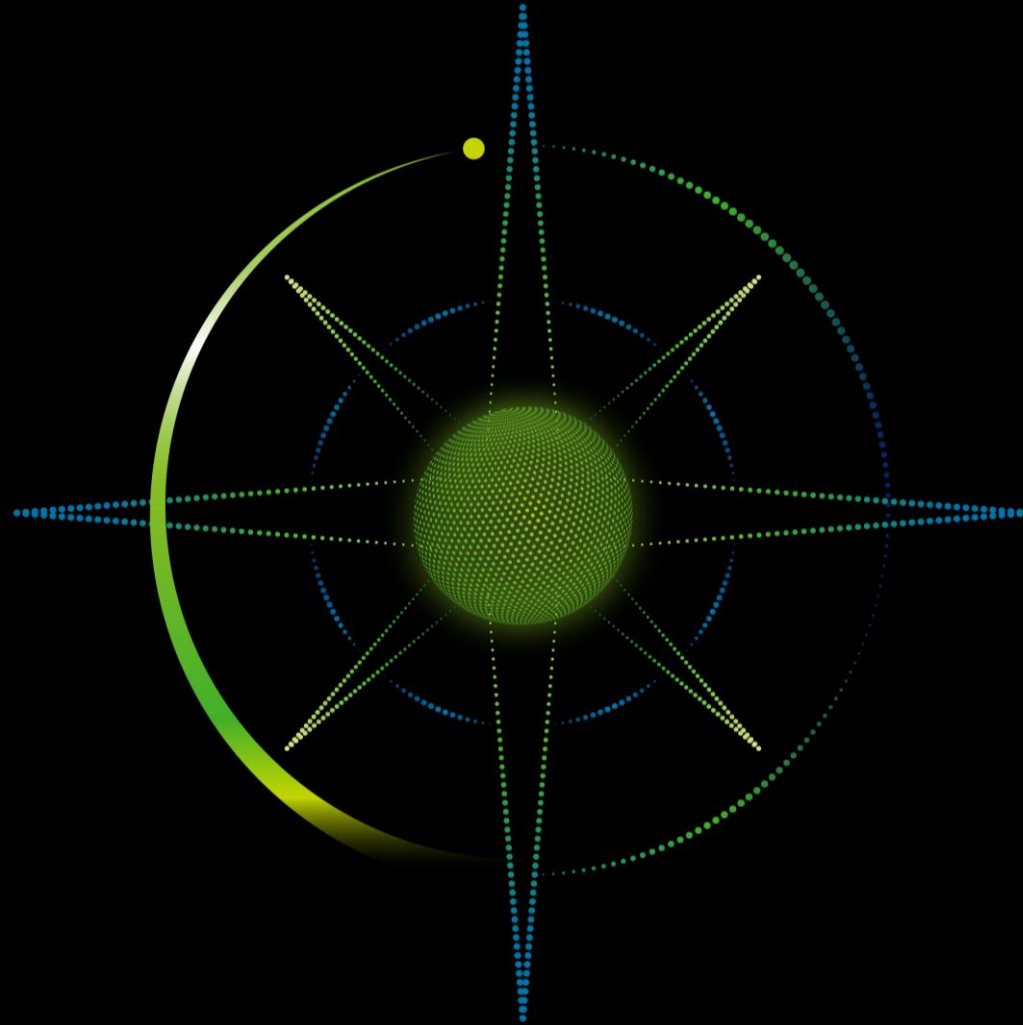


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Deloitte TaxMax
Sustaining growth for a better tomorrow

Sim Kwang Gek | 16 November 2023

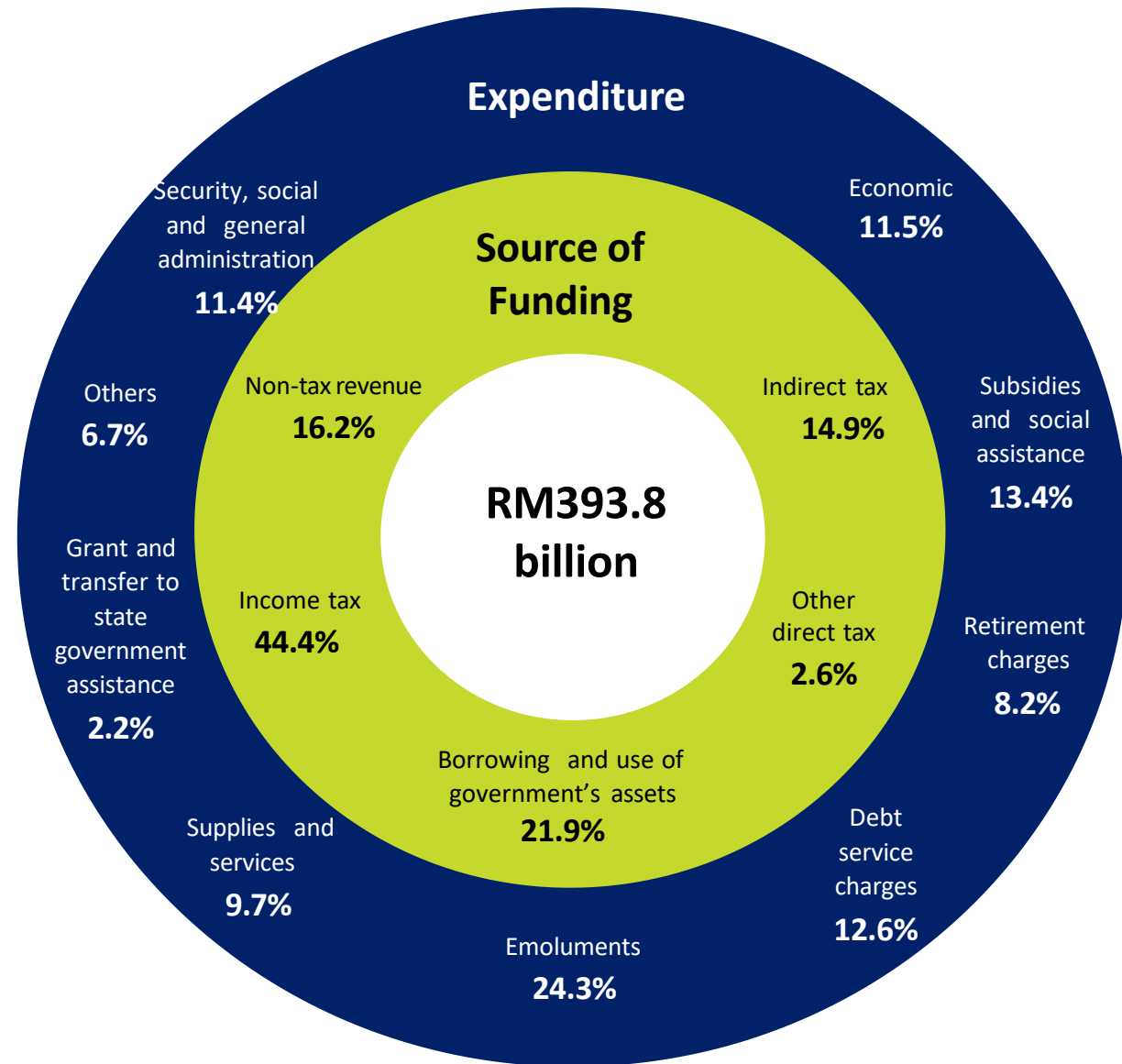


Budget 2024

Source of funding and expenditure

| | 2023 ¹ | 2024 ¹ |
|-----------------------------------|-------------------|-------------------|
| GDP growth (constant 2015 prices) | 4.0% | 4.0%– 5.0% |
| Fiscal deficit (% of GDP) | -5.0% | -4.3% |
| Operating expenditure | RM300.1b | RM303.8b |
| Development expenditure | RM96.3b | RM89.2b |
| Federal government revenue | RM303.2b | RM307.6b |
| Projected tax collection | | |
| • Direct tax | RM 173.0b | RM185.0b |
| • Indirect tax | RM 56.0b | RM58.6b |

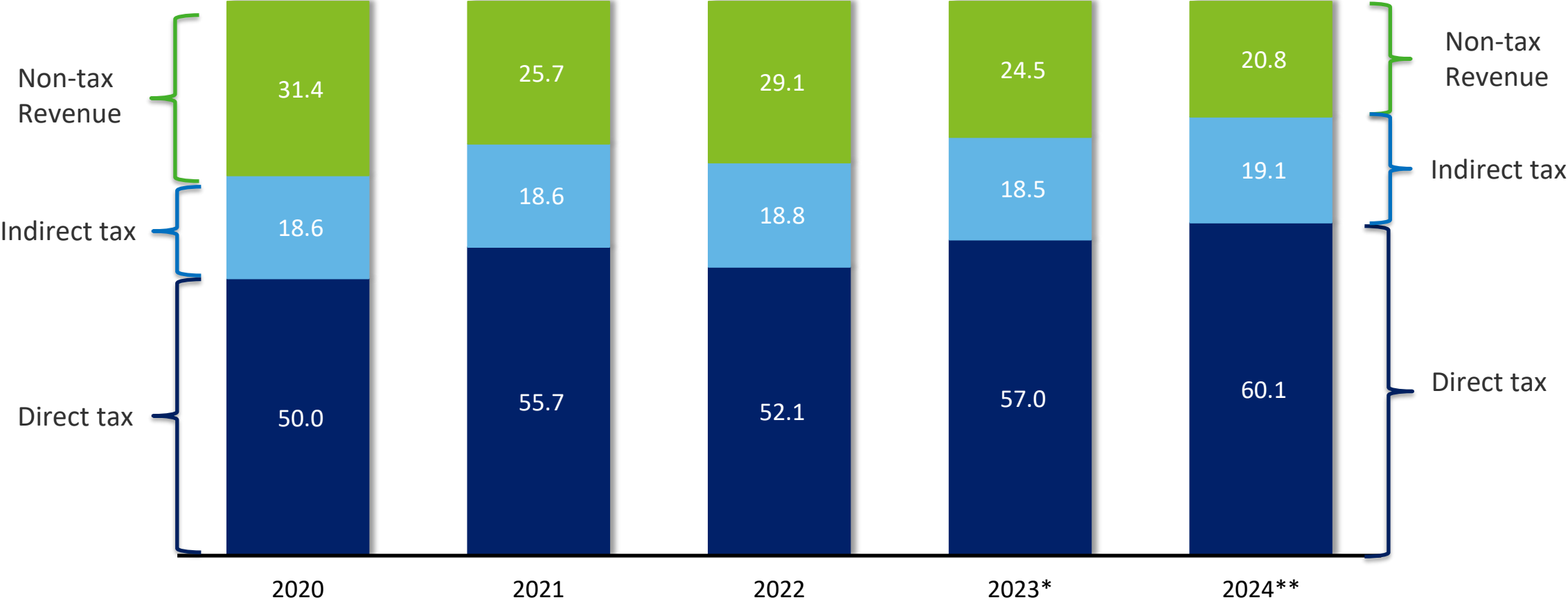
1. 2023 revised estimate and 2024 budget estimate, excluding 2024 Budget measures
Source: Ministry of Finance



Expenditure

Source of Funding

Percentage of revenue component over total revenue



■ Direct tax (%)
 ■ Indirect Tax (%)
 ■ Non-tax Revenue (%)

*Revised estimate
 **Budget estimate, excluding Budget 2024 measures
 Source: Ministry of Finance

Recently, Government launched National Industrial Masterplan (2030) to elevate Manufacturing services to focus on High-Value services, and industrialization across all states in Malaysia, with strong public-private support

ADVANCED ECONOMIC COMPLEXITY

Expand to high-value added activities, develop entire ecosystem, vertical integration for global value chain, foster R&D and innovation, and increase manufacturing exports

TECH-UP FOR DIGITALLY VIBRANT NATION

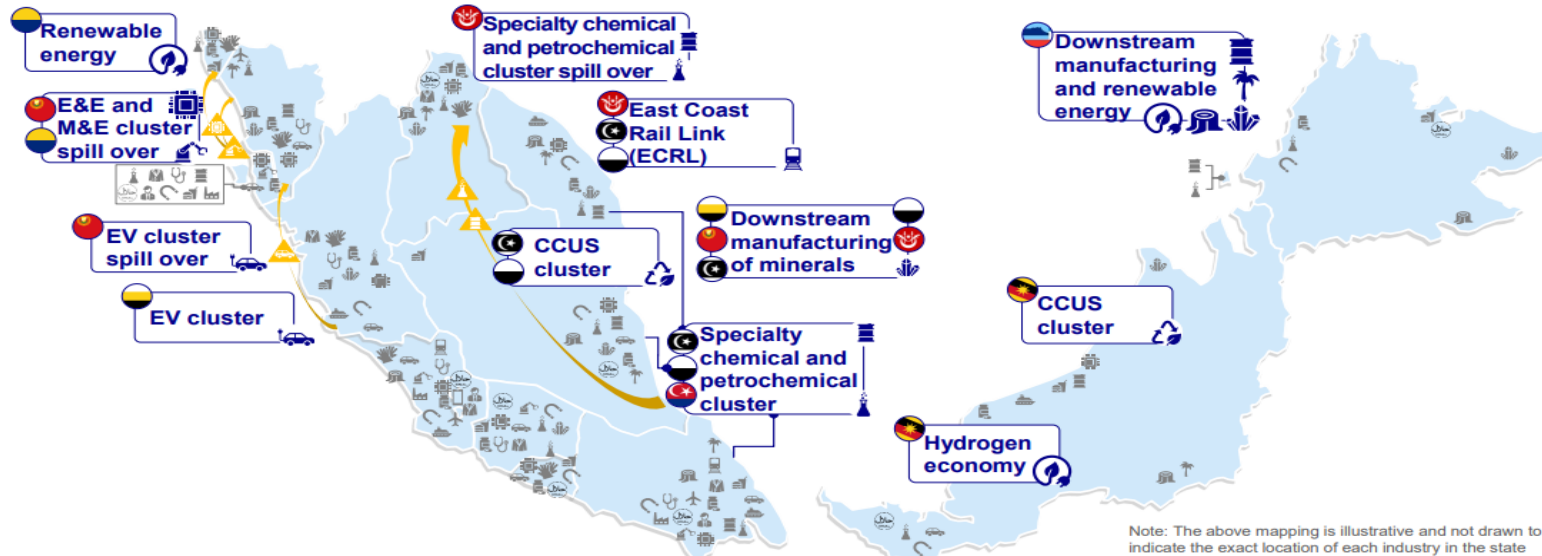
Accelerate technology adoption, shift from low skilled labor, spur technology innovation, and accelerate government digitalization

PUSH FOR NET ZERO

Accelerate transition to sustainable practices, renewable and clean energy, new green growth areas, green infrastructure

SAFEGUARD ECONOMIC SECURITY & INCLUSIVITY

Develop resilient supply chain, foster climate resilient development, strengthen industrial clusters, inclusive workforce



VALUE-ADDED (GDP), in RM Billion

| 2023 | 2030 |
|------|---------------|
| 364 | 588 |
| | ▲61% YoY 6.5% |

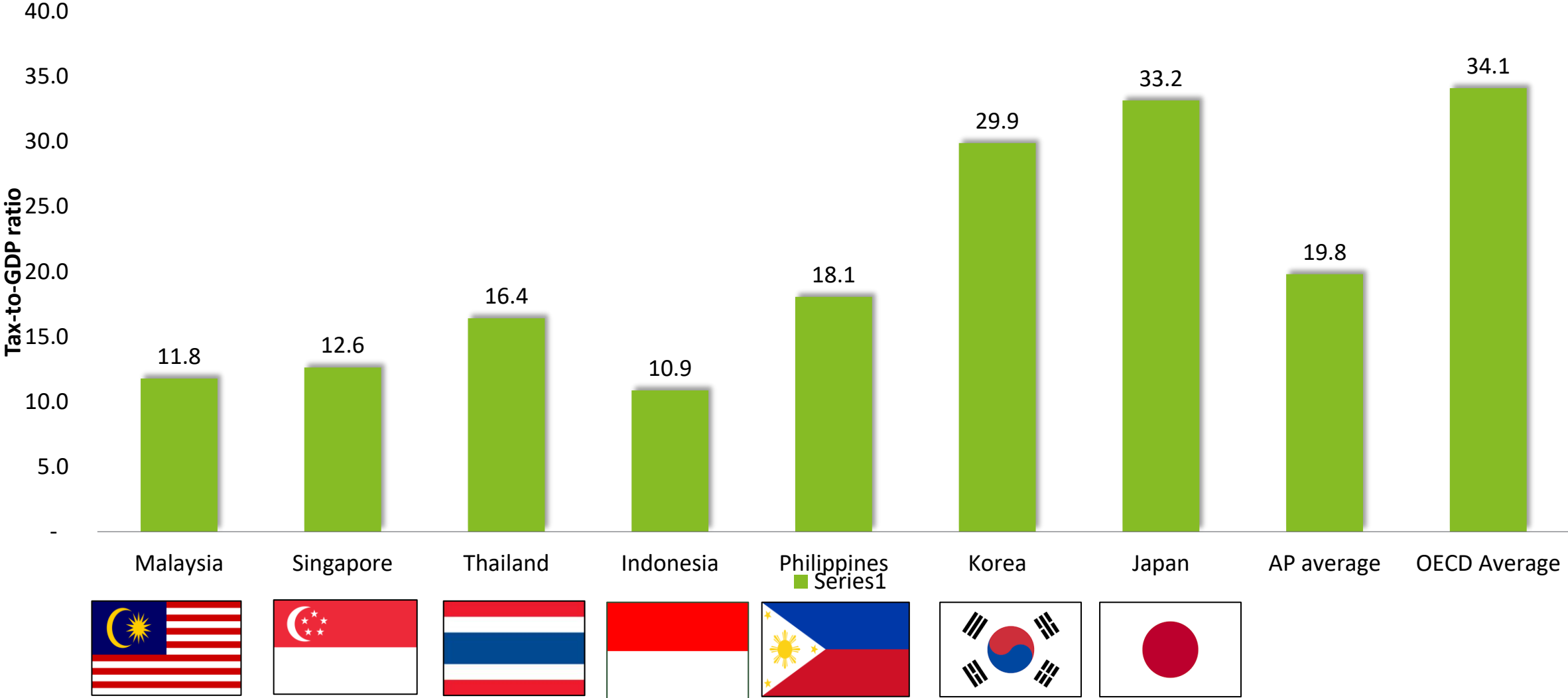
EMPLOYMENT, in million persons

| 2023 | 2030 |
|------|---------------|
| 2.7 | 3.3 |
| | ▲20% YoY 2.3% |

AVERAGE SALARY, in RM

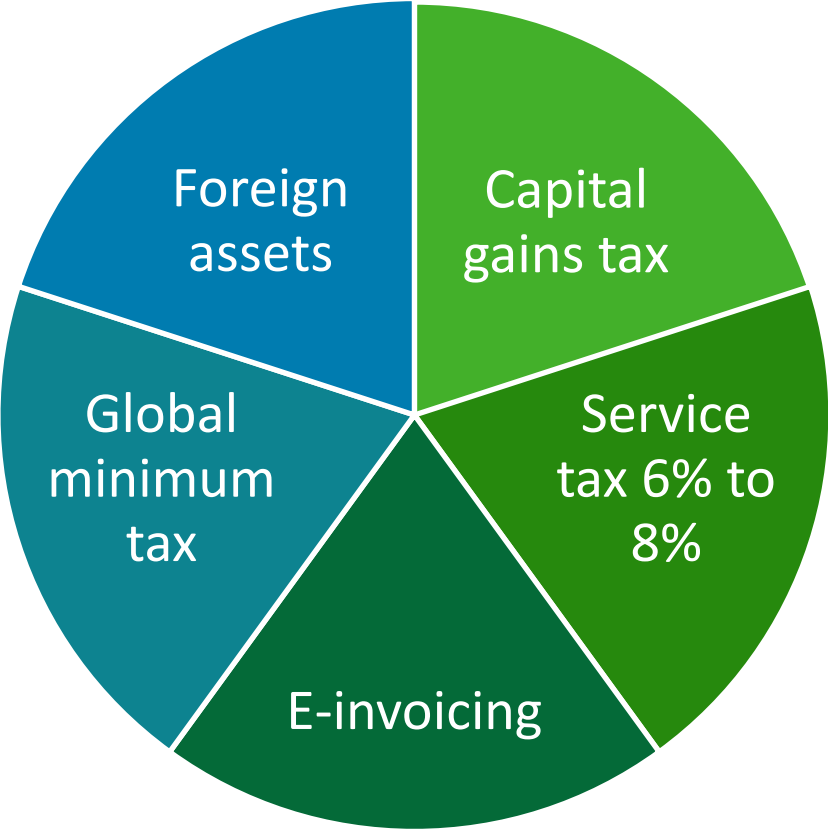
| 2023 | 2030 |
|-------|----------------|
| 1,976 | 4,510 |
| | ▲128% YoY 9.6% |

Tax-to-GDP ratio, 2021



Source: Organization for Economic Cooperation and Development - Revenue Statistics in Asia and the Pacific 2023

Broadening tax base



Tax incentives

Tiered system based on outcome

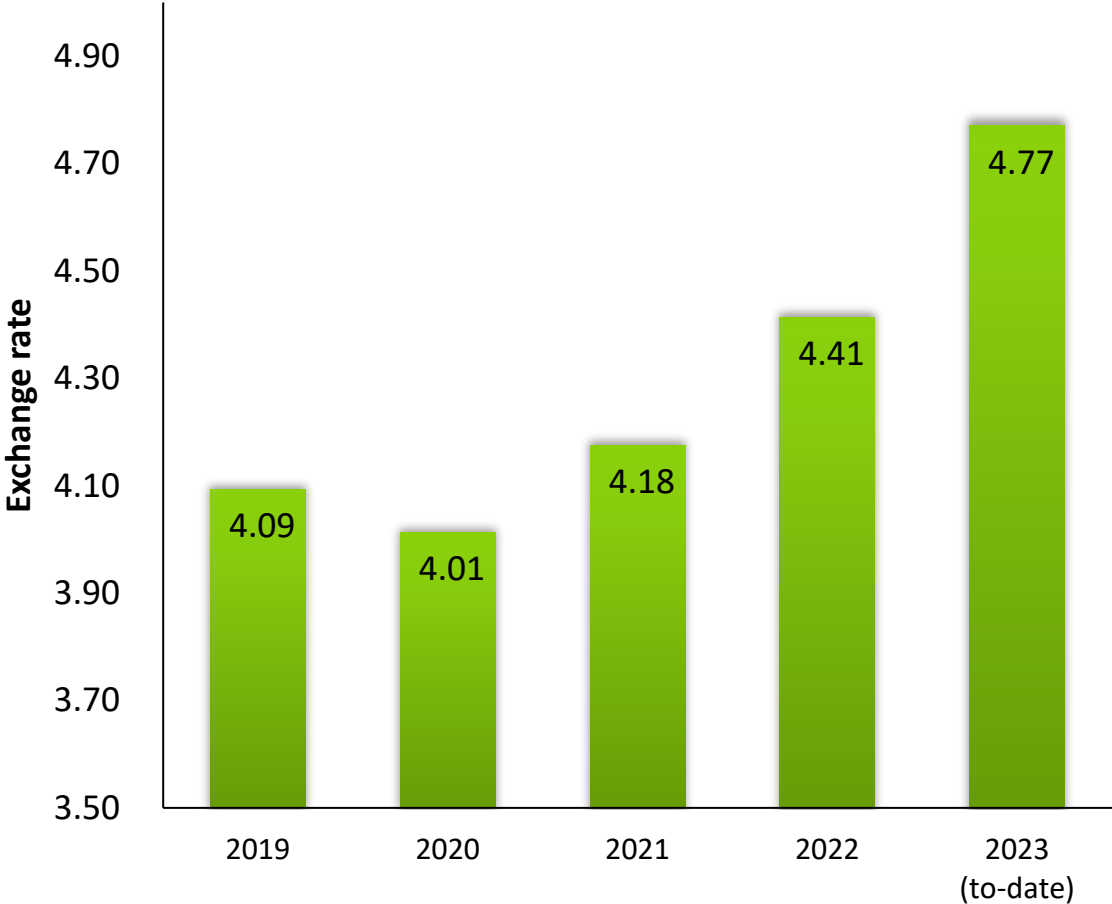
Reinvestment
Global Services Hub
Green incentives

Role of MIDA / MITI

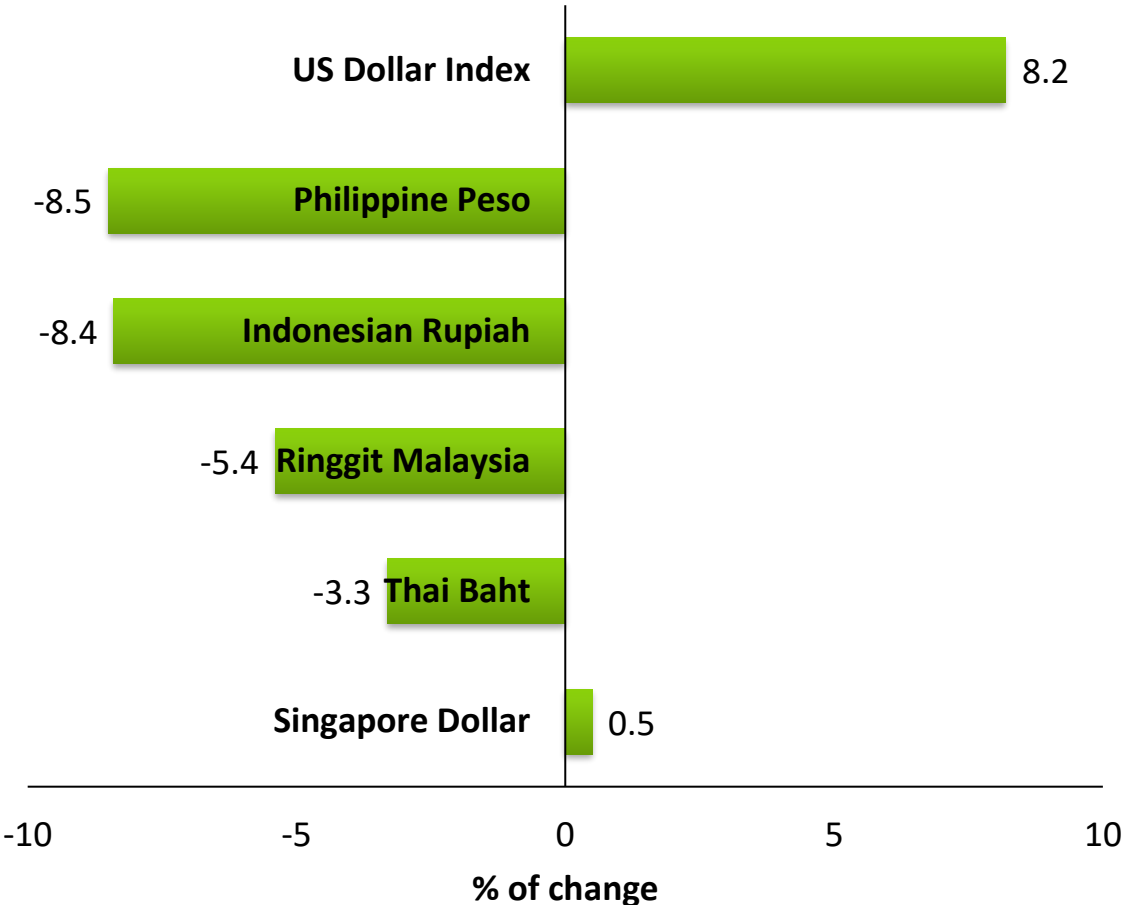
Investment and Coordination
Action Committee – reports
to National Investment
Council and chaired by PM

Performance of Ringgit and regional currencies against the US Dollar

Ringgit Malaysia: 1 USD (2019 – to-date)



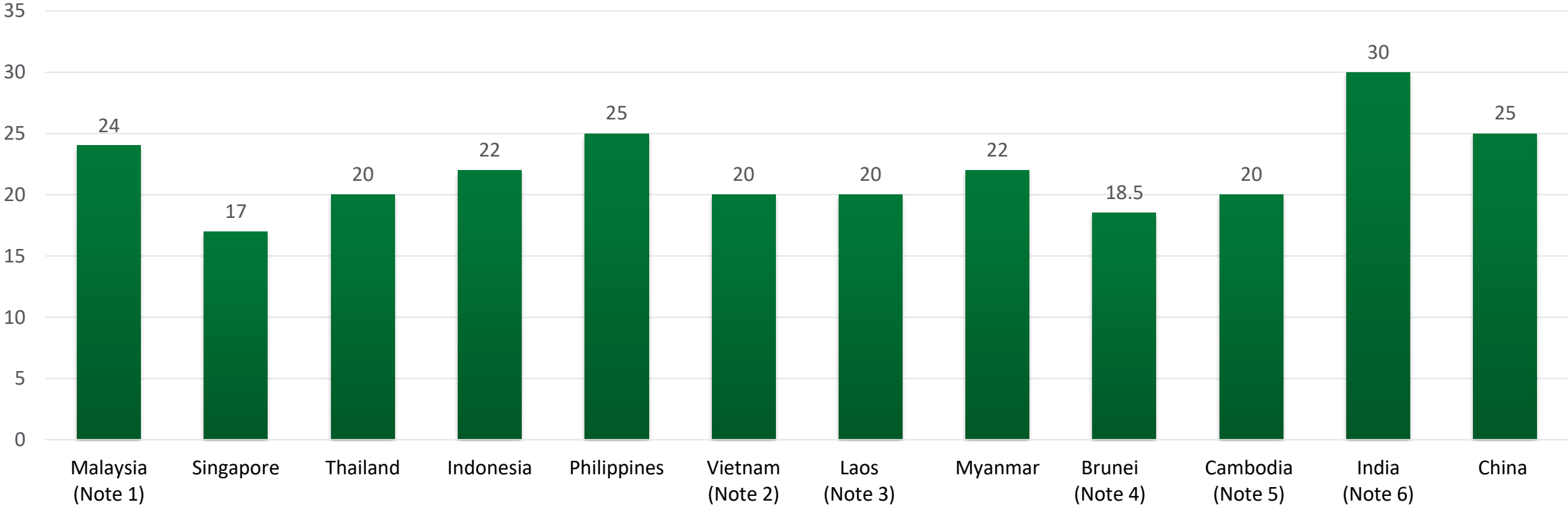
Performance of Ringgit and regional currencies against the US Dollar in 2022



Note 1: The RM/USD exchange rate used for calculation here is the average of buying and selling rates at noon in the Kuala Lumpur Interbank Foreign Exchange Market.

Corporate income tax rates (comparative analysis with selected countries)

Corporate tax rate (%)



Note 1: Micro, small and medium-sized enterprises (MSMEs) is taxed at 15% on the first RM150,000 chargeable income and 17% of chargeable income from RM150,001 to RM600,000 w.e.f. YA 2023.

Note 2: Oil and gas and natural resources companies is tax at 32%-50%, depending on project.

Note 3: Tobacco products companies is taxed at 22%.

Note 4: Petroleum income tax at 55% applies to petroleum operations of oil and gas companies.

Note 5: Oil and gas companies is taxed at 30%.

Note 6: Foreign companies and branches of foreign companies are taxed at 40%.

Quotes from Budget 2023 speech

“Existing opportunities need to be capitalised on to comprehensively reform our economic structure to restore the nation’s status as an Asian powerhouse”

“After six decades of our sovereign nation, it is time for us to set things right and ensure that every citizen can experience happiness and a dignified life in this country without ever feeling marginalized”

“We all love this country. Malaysia has tremendous potential, abundant resources, a skilled workforce, professionals, and competitive citizens who can position us strategically as a **leader in the Asian economy** as we aspired



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