

Najib unveils Budget 2015 in face of tough year
MalaysiaKini.com
Oct 10, 2014

Prime Minister Najib Abdul Razak today unveiled details of Budget 2015 ahead of what is expected to be a tougher year for ordinary Malaysians.

The budget comes amid further subsidy cuts on petrol and diesel at the beginning of this month and the anticipated implementation of the Goods and Services Tax (GST) that will come into force next April.

Najib, who is also finance minister, arrived in Parliament in an orange baju Melayu and began addressing the house at 4.05pm.

"This is my sixth budget since I assumed leadership of the administration, and the country's 56th budget. The 2015 Budget completes the ten Malaysia Plans," starts the PM.

"Further, in May 2015, the 11th Malaysia Plan (11MP) will be launched. At the same time, a new approach known as the Malaysian National Development Strategy (MyNDS) is being formulated," he added.

Malaysiakini brings you the salient points of the budget speech here as it unfolds.

Total budget for 2015:

RM273.94 billion (increase of RM9.3 billion):
Operation expenditure: RM223.44 billion (81.6%)
Development expenditure: RM50.5 billion (18.4%)
Performance

Projected GDP growth

2015: 5.0% - 6.0%
2014: 5.5% - 6.0%

Projected Revenue

2015: RM235.2 bil
2014: RM224.1 bil

Projected Deficit

2015: 3.0% of GDP
2014: 3.5%

Since 2009, 196 projects from 12 national key economic areas (NKEAs) and 6 strategic reform initiatives (SRIs) implemented.

Total investment reached RM219 billion and over 437,000 high-paying job opportunities created.

The economy grew in all sectors and registered GDP growth of 6.3%.

For 2015, economic growth is forecast between 5% and 6% while fiscal deficit is projected to decline to 3% of GDP.

Foreign direct investment (FDI) totalled RM38.7 billion in 2013
Tax revenue and expenditure

Government revenue forecast to be RM235.2 billion, up by RM10.2 billion compared to 2014.

Forecast GST revenue: RM23.2 billion

Loss from exempted items: RM3.9 billion

Loss from Sales and Service Tax abolition: RM13.8 billion

This leaves RM5.6 billion, RM4.9 billion of which will be redistributed in welfare programmes, including BR1M.

Net revenue from GST for 2015 will be RM690 million.

GST exemption

Based on feedback from the public the government will expand exemption list to include:

RON95 petrol, diesel and LPG

Electricity up to 300 Kwh (covering 70 percent households)

All local and imported fruit

White and wholemeal bread, tea, coffee, noodles

Medication for treatment of 30 diseases including heart disease and cancer

Newspapers

Tax exemption for GST training for companies will be introduced.

532 items or 56% of consumer price index basket of goods, including food items, is expected to see a price reduction.

The rest will see a price hike of less than 10 percent.

BR1M (Bantuan Rakyat 1Malaysia)

BR1M to increase from RM650 to RM950 for households with a monthly income of RM3,000 and below.

It would be disbursed in three stages of RM300 each to be paid in January and May with

balance RM350 in Sept 2015.

Singles aged 21 and above earning RM2,000 will get RM350 a year, up from RM300.

Kin of BR1M recipients will get RM1,000 upon the death of the recipient.

Subsidy cuts

A new mechanism for fuel subsidy to be announced soon, due to rising subsidy bill from higher number of vehicles on the road.

Income tax

Individual income tax rates will be reduced by 1 to 3 percentage points - 300,000 individual taxpayers no longer need to pay income tax.

Taxpayers with family and income of RM4,000 per month will be exempted from pay income tax.

Individual income tax will be restructured whereby maximum rate will be increased from exceeding RM100,000 to exceeding RM400,000. Maximum tax rate at 26% will be reduced to 24%, 24.5% and 25%.

Corporate income tax

For year of assessment 2015, cooperative income tax rate will also be reduced by 1 to 2 percentage points.

For year of assessment 2016, corporate income tax rate will be reduced by 1 percentage point from 25% to 24%.

For year of assessment 2016, income tax rate for SMEs will also be reduced by 1 percentage point from 20% to 19%.

Civil Servants

A half-month bonus with minimum payment of RM500 for civil servants.

Government pensioners will receive RM250 in special assistance.

RM300 a month for contract officers and staff of Kemas, Jasa, JPNIN, Jakim and Seranta Felda which have served for more than 15 years.

Minimum eligibility for civil servants' housing loan increased from RM80,000 to RM12,000 and ceiling increased from RM450,000 to RM600,000. The RM100 processing fee also abolished.

Government to build additional 5,380 units of houses for civil servants under the 1Malaysia Civil Servants' Housing programme (PPA1M). 1,600 units to be built in Putrajaya, 1,530 units in Bukit Jalil, 1,290 units in Papar, Sabah, 960 units in Bukit Pinang, Kedah.

Minimum price of these houses at RM150,000 to be reduced to RM90,000 for a minimum floorspace of 850 sq ft and qualifying requirement of household income increased from RM8,000 to RM10,000.

RM500 million for repair and maintenance of quarters for military personnel, police, teachers and medical staff nationwide.

RM105 million for maintenance of government quarters in 126 locations.

MP allowances raise

Allowance of MPs of Dewan Rakyat and Dewan Negara will be increased from the equivalent grade 54 to equivalent grade Jusa C.

The salaries and allowances of the Speaker of Dewan Rakyat and Speaker of Dewan Negara as well as their respective deputies will be increased effective Jan 1, 2015.

The government will review the salary scheme of members of the administration and make a decision at an appropriate time. This includes the prime minister, the deputy prime minister, ministers and deputy ministers.

A half-month bonus with a minimum payment of RM500 to be paid in January 2015.

Government pensioners will also receive special financial assistance of RM250.

Lower education

RM1.2 billion allocation for vocational education to raise enrollment in vocational and technical institutions.

RM100 million allocated to create more space in vocational colleges.

Tax breaks for companies that offer scholarships for technical certification, internships and additional accredited professional training.

RM800 million allocation for schools:

National schools: RM450 million;

National-type Chinese, Tamil schools: RM50 million;

Religious schools: RM50 million;

Fully residential schools: RM50 million;

Government aided religious schools: RM50 million;

Mara junior science colleges: RM50 million;

Registered sekolah pondok: RM25 million;

National-type Chinese secondary schools (conforming schools) using the national curriculum: RM25 million

Schools' water and electricity bills to be paid for up to RM5,000 per month (up from RM2,000).

Student assistance

Government to continue annual RM100 assistance for 5.4 million primary and secondary school students.

RM250 book voucher per student will also continue at a cost of RM235 million for 1.3 million students.

Higher education

RM3 billion to sponsor tertiary students:

RM1.9 billion for the Public Services Department

RM759 million for Ministry of Education

RM258 million for Ministry of Health

English proficiency requirement for public tertiary institutions raised:

Arts and Social Science courses - Band 2 in the Malaysian University English Test (Muet)

Science, Technology, Engineering and Mathematics (STEM) courses - Band 3

Law and Medical courses - Band 4

To graduate, students must achieve:

Arts and Social Science courses - Band 3

STEM courses - Band 4

Law and Medical courses - Band 5

RM112 million for the MyBrain programme to provide scholarship to PhD students who are also employed in private and public sector.

National Higher Education Fund (PTPTN)

Najib says a soul with not rest if someone dies without paying his debts.

As such to encourage PTPTN defaulters to make payments, the following incentives are proposed:

10% rebate for those who continuously pay for 12 moths, up to Dec 31, 2015.

20% discount for those who pay in lump sum up to March 31, 2015.

Households with an income of RM4,000 and under will also enjoy a matching grant if they contribute to the National Education Savings Scheme (SSPN). This is up from an income limit of RM2,000.

Workers

Employment Act 1955 reviewed to ensure better conditions of employment, appointment and dismissal, flexible working arrangements and termination benefits.

Reskilling opportunities and temporary financial aid for retrenched workers through Employment Insurance System.

RM300 million for technical training and education aid for Indian youths from low-income families.

RM300 million matching grants for upskilling of 30,000 workers.

RM570 million for training programmes for semi-skilled workers.

One-year work permit for eligible expatriates with paid-up capital of RM75,000.
Bumiputera

In corporate equity ownership, the bumiputera have yet to achieve the 30% target.

Effective control over corporations is currently only around 10%.

To aid bumiputera:

RM600 million for Ekuinas to increase bumiputera ownership in private companies and government-linked companies.

RM30 million for Bumiputera Entrepreneurs Startup Scheme.

RM2 billion for Mara to education sponsorship for eligible bumiputera students.

Expanded compete programmes for bumiputera based on meritocracy in privatised projects including MRT and Pan-Borneo Highway.

Sabah and Sarawak

RM27 billion in Pan-Borneo Highway (936km in Sarawak and 727km in Sabah).

RM262 million to finance cost of transportation and enforcement of price controls for price standardisation policy.

Two more Kedai Rakyat 1Malaysia in Sabah and three in Sarawak, bringing total to 19.

RM19 million in hill paddy subsidy.

Esscom

RM230 million (via Petronas CSR programme) for high-capacity equipment.

RM50 million to upgrade Lahad Datu airport runway to ensure high-capacity aircraft can land.

Staggered relocation of water villages in Semporna and Sandakan.

Services industry support

RM5 billion for schemes for small and medium enterprises for funding of up to RM5 million each with 30 percent government guarantee.

RM300 million for research and development to enter new markets.

Shipping

Insurance assistance for ship owners of ships with capacity of 300 tonnes and below

Industrial zone

Tax holiday of up to 5 years for less for industrial area management

70% income tax break for industrial area management in more developed areas

Infrastructure

Sungai Besi - Hulu Kelang highway: RM 5.7 billion

Taiping - Banting highway: RM5 billion

Damansara Shah Alam highway: RM4.2 billion

KL Outer Ring Road: RM1.6 billion

Upgrade East Coast railway: RM150 million

Selayang - Putrajaya MRT line: RM 23 billion

LRT3, Bandar Utama to Shah Alam and Klang: RM9 billion

Pengerang Industrial Petroleum Complex: RM69 billion

High-speed broadband

High speed broadband at high-impact areas, RM2.7 billion in three years.

Small and medium-size enterprises (SMEs)

RM375 million for seed funding of which RM120 million from private sector.

RM80 million for automation fund.

RM500 million to benefit 5000 Indian entrepreneurs.

RM50 million to benefit ex-servicemen entrepreneurs.

Sustainable Mobility Fund of RM70 million will be established under SME Bank for manufacturing electricity vehicle. Initially, 50 electric buses will be introduced.

RM50 million to develop a private-public research network.

Youth

RM230 million for a National Youth Transportation Programme, which includes a revamp of the National Service Training Programme, improving Rakan Muda and introducing Unity Camps.

RM10 million to encourage youth volunteerism programmes.

Youth Agroprenuer Programme for 1,200 youths earning RM5,000 a month and under.

Upskilling youths through programmes like Coding Bootcamp.

RM100 million for three 1Malaysia Youth City pilot projects, a project to create an eco-system of housing, recreating, sporting and business facilities.

Youth Housing Scheme for married youths aged 25-40 to buy their first home. Household income must not exceed RM10,000 and maximum house price is RM500,000. Maximum loan period is 35 years. Those in the programme will also receive RM200 a month for the first two years, and 50% stamp duty exemption.

Government to guarantee loans for up to 10%, to ensure borrowers can get full financing including cost of insurance.

Borrowers can withdraw from EPF Account 2 to top up their monthly installment and other related costs.

Sports

Government to set up Sporting National Blueprint with a total allocation of RM103 million.

Malaysian Talent Identification programme to identify sporting talent from primary schools

Improve performance in football, cycling, badminton, sepak takraw, swimming and athletics

Foster FitMalaysia Programme with focus on building physical fitness among Malaysians

The first Saturday of every November to be National Sports Day

Women

Women directors to be trained to fill positions as board members in GLCs and private sector.

1Malaysia Support for Housewives programme to encourage women to return to the job market.

Talent Corp to set up Women Career Comeback Programme to assist professional women returning to the job market.

RM30 million for Amanah Ikhtiar Malaysia to encourage entrepreneurship among Indian women.

Childcare leave eligibility will no longer be tied to the duration of maternity leave.

Government to relax conditions for employers to set up childcare centres.

Public transport

Introduction of intercity bus services for those commuting from outside to Kuala Lumpur to work. A 30 percent monthly discount will be offered with three services as a start: Rawang-KL, Klang-KL and Seremban-KL.

Electric train services (ETS) to be implemented for the Ipoh-Butterworth route starting April 2015.

Upgrade of stage bus services in several states through a contracting system with existing bus companies. To be implemented in phases in Kuching, Ipoh, Seremban, Kuala Terengganu and Kangar.

Agriculture, fishing

RM100 million to encourage paddy cultivation in Rompin, Batang Lupar, Kota Belud and

Pekan

Rise in living allowance for fishermen:

Zone A: RM300

Zone B : RM250

RM200 monthly allowance for full-time coastal fishermen

RM60 million for aquaculture and cage farming of seafood to supplement fishermen's income during monsoon

RM250 million for fishermen housing projects and to improve the living conditions of fishing villages.

RM500 one-off assistance for rubber smallholders affected by decline in rubber price.

Soft loan to smallholder cooperatives so they can buy rubber directly from smallholders

RM41 million in incentives for oil palm smallholders

Health services

Tax relief increased from RM5,000 to RM6,000 a year for patients undergoing treatment of serious diseases such as cancer, kidney failure and heart attack. Relief is available for taxpayers, spouse and children.

Two new hospitals to be built, namely Hospital Dungun in Terengganu and Hospital Seri Iskandar in Perak.

20 health clinics and four dental clinics to be built in Kuala Lipis, Pahang and Kluang, Johor.

Setting up of 30 more 1Malaysia clinics, bringing the total to 290.

Replace 635 old units of haemodialysis machines in government hospitals and clinics for RM30 million.

Government also to provide space in government hospitals and health clinics for the private sector to place 244 haemodialysis machines.

RM45.4 million to provide medication for patients undergoing chronic and acute haemodialysis treatment.

Government to purchase equipments to combat dengue epidemic as well as distributing 55,000 dengue test kits for free to private clinics at a cost of RM30 million.

Welfare

RM1.2 billion for financial assistance for poor families, senior citizens and the disabled.

Disabled allowance up by RM50 to RM350 a month (working), RM200 (not-working).

Tax relief of up to RM6,000 for those with disabled children, up from RM5,000.

Tax relief of up to RM6,000 to buy equipment for disabled, including for the taxpayer, spouse, children and parents (up from RM5,000).

Daily food allowance for welfare institutions up from RM8 to RM16 per resident.

Additional five senior citizens activity centres and care services, including free transportation to hospital.

RM711 million for early education, including Permata.
Housing

RM1.3 billion for 1Malaysia People's Housing Programme (PR1MA). Conditions revised to: Household income ceiling RM10,000 (up from RM8,000).

Rent-To-Own Scheme for those who cannot get bank financing.

RM644 million to build more low cost flats (PPR).

Syarikat Perumahan Negara Berhad (SPNB) to build 12,000 units of Rumah Mesra Rakyat (RMR), 5,000 units of Rumah Idaman Rakyat and 20,000 units of Rumah Aspirasi Rakyat on privately-owned land.

Capital Gains Tax to be self-assessed by taxpayer effective from the year 2016.

Rural development

RM943 million to construct 635km of rural roads including former logging roads in Sabah and Sarawak.

RM1.1 billion to implement electricity connection for 15,000 houses

RM394 million to implement rural clean water supply for 7,500 houses

RM200 million to rehabilitate 9,500 dilapidated houses.

RM160 million to improve rural air travel services in Sabah and Sarawak

RM352 million for Orang Asli economic development programmes, infrastructure facilities and improving standard of living.

RM26 million to install additional 10 lamp posts in 22,000 villages.

Water

Government to formulate a National Water Blueprint for sustainable long-term water supply.

RM112 million to reduce non-revenue water by detecting and repairing leaking pipes.

Crime and security

RM17.7 billion for the Royal Malaysian Armed Forces and RM9.1 billion for police. RM804 million for Maritime Enforcement Agency Malaysia to strengthen maritime enforcement.

Increase intake of police personnel by 11,757 and build an additional 14 police headquarters.

A thousand new units of patrol motorcycles and RM121 million for other police programmes.

RM7 billion for armed forces training.

RM177 for People's Volunteer Corps' (Rela).

RM50 million grant for NGOs including uniformed bodies that are involved in community development programmes, unity, social welfare, consumerism, health and security.

Miscellaneous

RM 30 million over three years for an Al-Quran Printing Centre in Putrajaya, the second largest in the world after Saudi Arabia.

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd

Source <http://www.malaysiakini.com/news/277191>