

PM tables Budget 2016, says M'sia not bankrupt
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Prime Minister Najib Abdul Razak is tabling Budget 2016 themed 'Prospering the Rakyat' in the Dewan Rakyat.

Budget 2016 is the first budget under the 11th Malaysian Plan but it is also the **toughest** the prime minister has had to work on.

This is amid falling revenue due to the drop in commodity prices, on top of the need to keep the country's deficit in check.

In his speech, the prime minister said Malaysia is not a failed state or bankrupt and stressed that the fundamentals are still strong.

The house erupted when Najib took a jibe at the opposition, saying that the opposition, which at first opposed the goods and services tax (GST), has now included it in their alternative budget.

Budget allocations:

- 2016 Budget allocates a total of RM267.2 billion, an increase from a revised allocation of RM260.7 billion for 2015. The initial allocation for 2015 was RM273.9 billion.
- For 2016, federal government revenue collection is projected at RM225.7 billion, up RM3.2 billion from 2015.

Taxes:

- Income tax increased from 25 percent to 26 percent for people earning between RM600,000 and RM1 million. Increased to 28 percent for those earning above RM1 million.
- Goods and services tax to increase government revenue by RM39 billion, versus RM27 billion in the first eight months of 2015. Some basic goods to be zero-rated, including over-the-counter drugs, baby milk, nuts-based food, noodles.
- Price of oil expected to remain low in 2016, so collection from oil-related resources expected to be around RM31.7 billion.
- Prepaid phone users will get GST rebate, which will be credited to their accounts. From Jan 1 next year.
- For medicine, it would be increased from 4,215 kinds of medicine to 8,630 kinds of (zero-rated GST) medicine.

- If Malaysia has no GST, national deficit will be 4.8 percent. With GST, deficit expected to be 3.1 percent for 2016.
- If Malaysia stuck to the sales service tax (SST), collection would only be RM18 billion. Whereas GST has netted RM39 billion.
- National revenue would reduce by RM21 billion if there was no GST.
- GST flat rate: all controlled medicine, including 95 brands of over-the-counter medicine used for diseases such as cancer, high blood pressure and heart diseases.
- More Small-time farmers can register under flat-rate GST scheme and increase two percent income - threshold for those who can apply decreased from RM100,000 to RM50,000.
- Exemptions from GST for all items that are being re-imported after being temporarily exported for promotion, research or display.
- For oil and gas industries, GST exemptions given to re-import of equipment exported temporarily for rent. For teaching material and equipment, for skills and vocational training.

Tax relief:

- Parents with disabled children get RM6,000 tax relief and another RM8,000 if their child furthers their studies at a higher education institute.
- Tax exemption of RM8,000 instead of RM6,000 for children above 18 in an education institution both local or overseas.
- Children supporting parents, even if not living together, will receive a tax relief of RM1,500 for both parents, if the parents are above 60.
- Tax exemption of RM4,000 instead of RM3,000 for those with a spouse with no income.
- Middle class families with a household income between RM3,860 and RM8,320 will get RM2,000 tax relief for every child under 18.

BR1M:

- BR1M to be continued. Based on response, Najib says the people are thankful for the help. BR1M allocations to be increased, with one new category.
- For those earning below RM1,000, BR1M increased to RM1,050
- Those earning below RM3,000, BR1M increased from RM900 to RM1,000

- Those earning RM3001-RM4,000, BR1M increased from RM750 to RM800
- Single people aged 21 and above earning not more than RM2,000, BR1M increased from RM350 to RM400

Minimum wage:

- Minimum wage to increase from RM900 to RM1000 a month for Peninsular Malaysia, except for domestic workers.

Expenditure:

- RM50 million to improve prison security measures
- RM13.1 billion to improve safety and national security.
- RM4.6 billion for vaccine, consumables, medicine in public hospitals.
- RM30.1 billion is allocated to the economic sector.
- RM13.1 billion is earmarked for education and training, health, housing and the well-being of the people.
- RM5.2 billion is allocated to the security sector.

Development:

- 2,000 affordable homes for the military, starting 2016.
- RM180 million to set up the National Disaster Management Agency.
- The government has allocated RM52 million for 328 1Malaysia clinics. Apart from this, 33 new 1Malaysia clinics will be opened.
- Five new hospitals will be constructed in Pasir Gudang, Kemaman, Pendang, Maran and Cyberjaya. Kajang Hospital to be redeveloped.
- RM150 million will be allocated to improve 11,000 homes belonging to the poor in rural areas.
- A total of 5,000 Rumah Pr1ma housing units and PPA1M to be built in 10 locations near LRT and Monorail stations, whereas 800 units of affordable homes by GLCs near MRT stations in the city centre.
- 20,000 houses for Felda, with the maximum price reduced to RM70,000 compared to RM90,000.

- The government will build 22,300 flats and 9,800 terrace houses under the Rakyat Housing Scheme.
- 100,000 houses, priced between RM90,000 and RM300,000 for civil servants will be ready by 2018.
- 10,000 Mesra Rakyat houses to be built, with RM20,000 subsidy for each unit. The government has allocated RM200 million for this.
- New boats and facilities for 1Malaysia clinics in rural areas.
- RM864 million to procure offshore patrol vessel and patrol boats.
- RM70 million interest-free loans for longhouse building in Sabah and Sarawak. Limit of RM50,000 loan for each longhouse unit.
- RM360 million will be used to improve National Service and RM160 million allocated for NGOs.
- The Pan-Borneo Sarawak Highway that is set to be completed in 2021 will be toll-free. It is 1,090km-long and costs RM16.1 billion.
- RM900 million allocated for 'Project Traffic Dispersal' at Jalan Tun Razak, to be executed immediately with the strategic cooperation of public-private sectors.
- RM42 million to build Mukah Airport in Sarawak and upgrade Kuantan and Kota Bharu airports.
- Develop Malaysian Vision Valley, 108,000 hectares from Nilai to Port Dickson, with forecast investments starting with RM5 billion in 2016.
- Execute Cyber City Centre in Cyberjaya with development valued at nearly RM11 billion over a five-year period
- Develop Bandar Lapangan Terbang or Aeropolis KLIA in 1,300 acres of land and expected to attract as much as RM7 billion investments.
- Investments estimated at RM18 billion for 2016 for RAPID Complex Project in Pengerang, Johor.
- The government will pump RM515 million for efforts to improve electricity supply in Sabah.
- RM67 million allocated for bus operation routes outside the city.
- The government will fork out RM60 million for social amenity projects and flood prevention efforts.

- RM1.2 billion will be allocated to improve Internet speed from 5mbps to 20mbps.
- The government will continue negotiations regarding high speed rail with Singapore.
- RM28 billion for new MRT projects, which would benefit two million residents
- RM730 million for the development of chemical industry, electronic and electrical machinery, aviation, medical equipment and services.
- For Felda settlements, RM200 million will be used improve roads in these areas.
- The government will fork out RM1.4 billion to improve rural roads nationwide.

Aid:

- Aid for students slashed from RM540 million to RM350 million. In the past, RM100 aid was for all primary and secondary students. However, it has now been limited for students whose household income is less than RM3,000.
- A total of 1.2 million students will receive the 1Malaysia book voucher worth RM250.
- RM300 a month aid for poor senior citizens.
- RM662 million has been set aside to help children from poor families - aid of RM100-RM450 a month.
- RM2 billion allocated for aiding the disabled, senior citizens and poor families. RM350/month for working disabled persons, RM200 for those who are unemployed. RM300 a month for those who are bed-bound.
- Skim Khairat Kematian - RM1,000 to be continued
- RM100 aid for households with income below RM3,000. Expected to benefit 3.5 million students.

Others:

- To enable more workers to benefit from Socso, there will be compulsory savings of up to RM4,000 instead of RM3,000.
- RM200 million for first home deposit funding scheme.
- RM40 million to do infrastructure and easy loan programmes for Chinese residents of new areas to pay land premiums and house restorations.
- RM50 million by SME Bank to help small Indian entrepreneurs.

- RM100 million for Indian socio-economic development programmes.
- Tekun to provide RM100 million loan for Indian entrepreneurs.
- RM90 million allocated as micro-credit loans for small traders and Chinese businessmen.
- RM300 million allocated to improve the welfare and development of the Orang Asli community.
- Government aims for 30 percent women involvement in decision-making levels in public and private sectors.
- All economy class flights will be exempted from GST for rural routes.
- Malaysia has agreed to the Trans-Pacific Partnership Agreement (TPPA) in principle, while it has inked 13 Free Trade Agreements (FTA).
- For farming, RM5.3 billion will be used for the purpose of modernisation.
- The tourism sector is expected to contribute RM103 billion. To make it more convenient for tourists, e-Visa for seven countries will be made available in mid-2016.
- The poverty rate has been reduced to 0.6 percent in 2014 from 3.8 percent in 2009. In fact, extreme poverty has almost been wiped out.