

PM: Workers' contribution for EPF reduced by 3 percent

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The slide in oil prices has forced the government to conduct what it calls a "budget recalibration exercise".

In other words, the government is now forced to make budget cuts to adjust for a fall in revenue.

The government will also need to introduce measures to boost revenue as well as support consumers, to avoid a severe contraction of consumer spending at times of austerity.

Below are the salient points, from Prime Minister Najib Abdul Razak's speech in Putrajaya today:

- Compulsory Employees Provident Fund contribution by employees to be reduced by 3 percent from March this year to December 2017. Employers' contribution remains.
- Tax breaks of up to RM2,000 for those earning RM8,000 per month or less in the 2015 assessment year.
- Liberalisation of approved permits for selected agriculture products, including coffee and meat.
- New farmer's market called MyFarm Outlet to sell food products at 5-20 percent lower than retail prices.
- RM50 cash subsidy per one tonne of raw paddy, to incentivise farmers to produce rice.
- Registered hardcore poor families to receive 20kg of rice every month.
- All new houses costing RM300,000 and below can only be sold to first-time housebuyers.
- Continuation of housing loans at 4 percent interest for 10,000 housebuyers who are buying units costing RM35,000 and less.
- A total of 744 JPA bursaries will be given out, but only for studies at local private or public universities, and 8,000 JPA scholarships for undergraduate studies at local institutions.
- A total of 200 JPA scholarships for engineering degrees in Japan, South Korea, Germany and France; top 20 SPM scorers will be sponsored to study anywhere in the world.
- No visa needed for tourists from China from March 1-Dec 31 for visits no longer than 15 days, subject to conditions.
- Revision of levy for foreign workers, not including domestic workers. Those without permit will be allowed to get themselves legalised.
- RM6 billion allocated to assist small-medium enterprises and start-ups.
- Government-linked companies to reduce salary gap between top management and workers.

- Goods and Services Tax to remain at prevailing rate of 6 percent.
- No paycut, sackings or contract termination for civil servants.
- Salary revision of civil servants, as announced in Budget 2016, to continue in July 2016.
- No compromise on bumiputera agenda.
- More efforts to be taken to clamp down on tax evaders.
- Allocation for training for retrenched workers.

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