



His Majesty Sultan Ibrahim, King of Malaysia, receiving a copy of the 2026 Budget from Prime Minister Datuk Seri Anwar Ibrahim at Istana Bukit Tunku in Kuala Lumpur yesterday, PIC FROM SULTAN IBRAHIM S FACEBOOK PAGE

2026 BUDGET

'EXPECT STABILITY OVER SURPRISES'

Analysts forecast modest aid, steady spending and growth-focused measures

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Malaysia's annual spending crossed the RM400 billion mark for the first time in October last year with the tabling of the RM421 billion 2025 Budget.

The 2026 Budget, to be presented today, is expected to remain above the RM400 billion mark as the government balances efforts to stimulate economic growth and keeping its finances in check.

Putting it differently, the 2026 Budget may see the government aiming for a carefully targeted approach to budget cuts or revenue increases without causing broad economic disruption.

It would likely strike a balance between citizen relief and revenue reinforcement, said industry observers.

The measures would be strategically aimed at spurring economic growth, strengthening Malaysia's position in global supply chains and developing a skilled workforce.

This, in turn, could lead to better wages, real social mobility and an improved quality of life for the rakyat, they added.

BONUSES, CASH AID AND NO SHOCKS

Industry observers said there could be modest cash aid increases and bonuses for civil servants, as well as no major tax surprises, when Prime Minister Datuk Seri Anwar Ibrahim, who is also finance minister, presents the budget in Parliament today.

"It's about stability over surprises, given that most reforms are already underway to preserve investor confidence amid external uncertainties like the United States tariffs," said an observer.

The government has boosted tax compliance through enhanced Sales and Service Tax and e-invoicing.

It has also adopted targeted subsidies to improve spending efficiency.

Reforms to diesel, RON95 petrol and electricity subsidies have saved billions without reducing support for most Malaysians.

The focus may remain on grad-

ually broadening the tax base through progress on capital gains and high-income tax frameworks, along with stronger enforcement measures to curb smuggling and leakages.

As part of the Visit Malaysia 2026 campaign, tourism-related incentives are likely to feature in the budget.

Sectors such as hospitality, retail in tourist hotspots, food and beverage and integrated resorts are expected to benefit.

At the same time, continued emphasis on electric vehicle (EV) incentives, clean energy and the development of a carbon tax framework could support players in solar energy, battery storage, green technology and EV component localisation.

The 2026 Budget may also prioritise technology-driven growth, focusing on artificial intelligence, automation, digital platforms and Fourth Industrial Revolution adoption.

Malaysia is shifting from low-cost assembly towards semiconductor design, research and development and specialised fabrication.