

## **Budget 2021 to cover four broad themes, says finance minister**

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KUALA LUMPUR (July 7): The government will focus on four “broad themes” in the upcoming Budget 2021 scheduled to be tabled on Nov 6, said Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz.

The four themes, which centre around creating a better government, are caring for the people, steering the economy, sustainable living and enhancing public service delivery.

“On caring for the people, education, employment, social protection and social mobility will feature prominently in Budget 2021,” he said in a speech broadcast live at the opening of Invest Malaysia 2020 here today.

“Malaysians have shown the will to build a better society and have demonstrated it admirably during the nation’s toughest months. From gathering donations for frontliners to providing food for vulnerable segments of society, the Malaysian spirit of unity in diversity shines bright.

“As such, the government believes that we can empower this spirit to build entirely new foundations for our economic and social systems to create a fairer and more wholesome future. This will require more effective engagement among the government, private sector, civil society and the rakyat,” he added.

On steering the economy, Tengku Zafrul said among the related areas under this theme include ensuring gross domestic product (GDP) growth for 2021, increasing foreign direct investment (FDI) and consumer confidence.

“An equally important area is enhancing the usage of technology and digitalisation across various public and private sectors to spur economic growth,” he said, adding that the lockdown in March and April effectively accelerated the adoption of technology across the board, whether by individuals, small and medium enterprises (SMEs) or corporates.

Tengku Zafrul said Budget 2021 will be complemented by the earlier economic recovery packages rolled out by the government, including the National Economic Recovery Plan (Penjana) and Prihatin Rakyat Economic Stimulus Package, to address the drastic economic slowdown brought about by the Covid-19 pandemic.

Through Penjana, he said the government had allocated close to RM1 billion to, among others, further encourage technological and digital adoption by SMEs and nurture digital innovation by start-ups. All these, he said, are part of the government’s push towards being ready and competitive in the Fourth Industrial Revolution.

“From the capital market perspective, thanks to Bursa Malaysia and the Securities Commission [Malaysia]’s push on digital technology to enable more cost-efficient online trading and investment platforms, it is encouraging to see both retail and institutional investors embracing digitalisation and taking advantage of a more seamless and cost-efficient means of equity trading,” he noted.

For the third theme — improving sustainable living — Tengku Zafrul said the Covid-19 pandemic had not slowed down the momentum for sustainable investing. This, he said, is evident in many markets, including the US, which have

seen companies that embraced and practised environmental, social and governance (ESG) principles perform better.

In Malaysia, Tengku Zafrul said existing ESG-related incentives include tax exemptions for management fee incomes for fund management companies managing socially responsible investing (SRI) funds and syariah-compliant funds, the extension of tax deduction for the cost of issuing SRI sukuk, and the extension of the Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) until 2023.

“On enhancing public service delivery, the government aims to be outcome-focused and support the rakyat and businesses in a more targeted manner. In short, it should not be merely about the amount of funds disbursed, but whether the measures are impacting lives and livelihoods in a meaningful way,” said Zafrul.

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