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Quarterly Economy Tracker (Jul-Sep 2022)

Can Malaysia Sustain A Resilient Recovery?

Lee Heng Guie

Executive Director

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Outline

Global recovery at risk of slowing faster-than-expected

Can Malaysia sustain a resilient recovery?

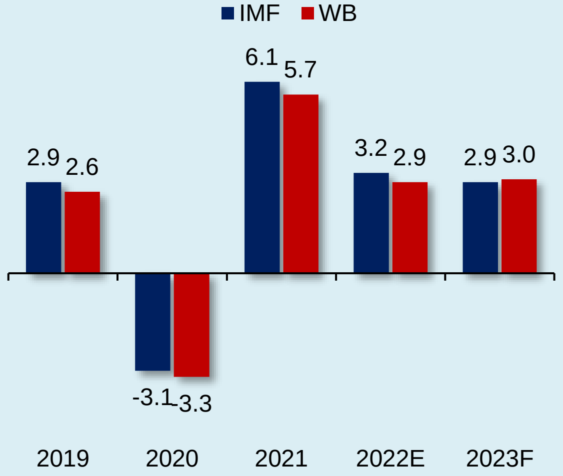
2023 Budget – Fiscally responsible with reforms thrust

Global Economic Outlook

- *Risks of the global recovery being setback persist…*
- *IMF: Global recession in 2023 cannot be ruled out*
- *WB: Global rate hikes could trigger recession in 2023*
- *US: Over two thirds of economists believe a recession is likely to hit in 2023*
- *Europe on the brink*
- *Lingering concerns about China's economic prospects*

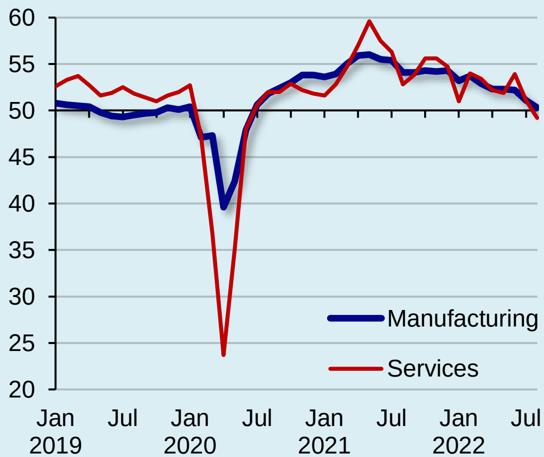
A period of sub-par global growth is the most likely outcome

Global growth estimates
%

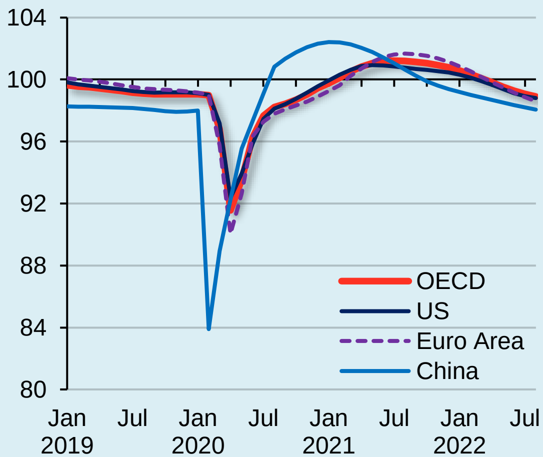


- **Uneven growth across advanced economies -** tempered by high inflation, the acceleration of global monetary tightening, continued aggression in Eastern Europe, emerging market vulnerabilities as major central banks taper and a correction of bubbly financial asset markets as well as emerging markets' currencies depreciation.
- Data prints point to **decelerating global growth pace**.
- **Inflation remains high** in major advanced economies though some have eased off from the peak.

Global MPI for manufacturing & services
50=Threshold



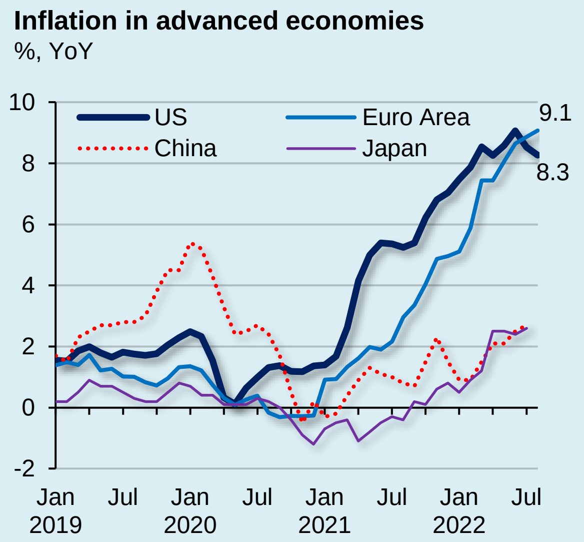
OECD Composite Leading Indicators (CLI)
100=Long-term average



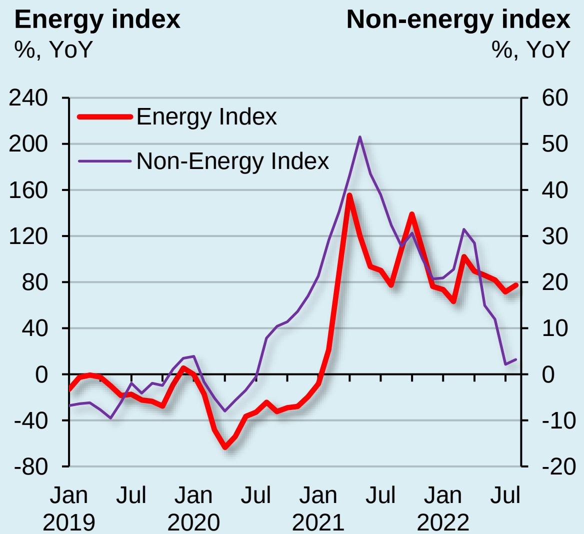
Global semiconductor sales
%, YoY

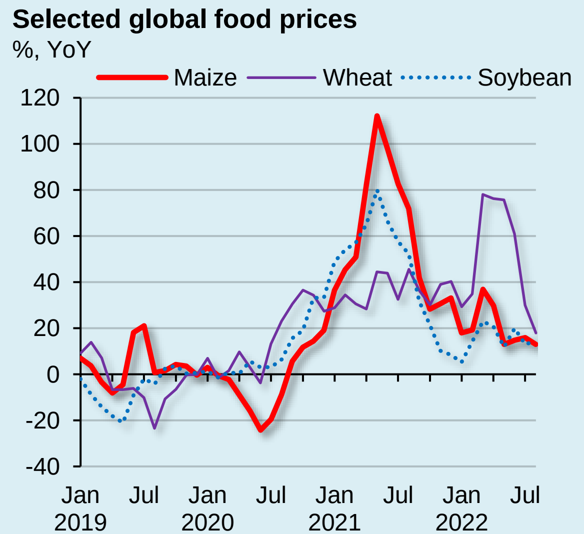
Source: International Monetary Fund (IMF); World Bank (WB); Markit; OECD; Semiconductor Industry Association (SIA)

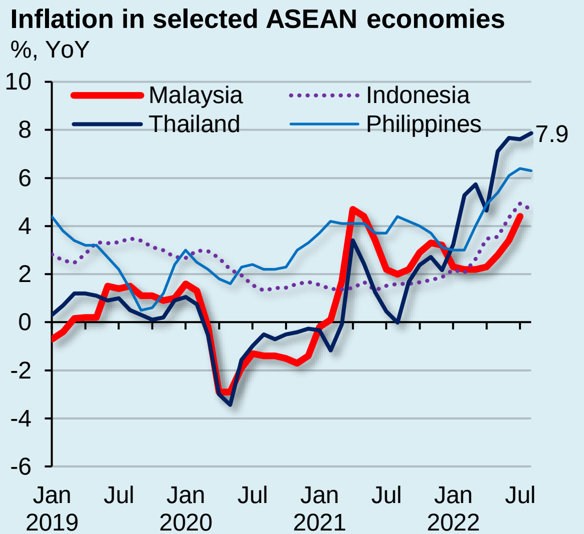
Has inflation peaked?



- Mixed monthly inflation data for major advanced economies. While headline inflation in the US indicated a reversal of the surge, core inflation accelerated. In euro area, inflation surged higher.
- It is too early to say if this means that inflation has peaked.
- Assuming that oil prices do not suddenly rebound, headline inflation will continue to decelerate in the months ahead, even if oil prices stabilize rather than decline.







Source: World Bank; Various official for inflation data

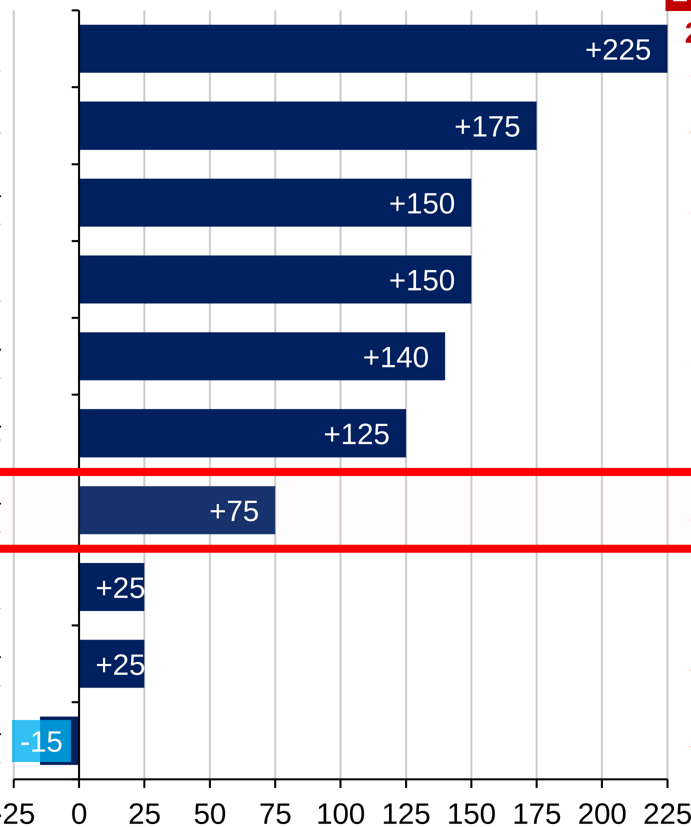
Central banks take forceful & rapid steps in raising interest rate

- Most central banks see the compelling need to move interest rate higher to avoid entrenched unanchored inflation expectations and damaging their credibility.
- Policymakers must resolute to control inflation to avoid potentially more painful and disruptive adjustments later.

Policy rate (%)

The pace of rate hike is accelerating and more broadly …

Increase (decrease) of basis points since end-2021



End-2021		As of 15 Sep	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
0.00-0.25	United States Fed, FFR	2.25-2.50			+0.25		+0.50	+0.75	+0.75		*21/9*
2.00	Philippines BSP, ORRF	3.75					+0.25	+0.25	+0.75*	+0.50	*22/9*
1.00	South Korea BOK, BR	2.50	+0.25			+0.25	+0.25		+0.50	+0.25	
0.25	United Kingdom BOE, BR	1.75		+0.25	+0.25		+0.25	+0.25		+0.50	*22/9*
4.00	India RBI, RR	5.40					+0.40*	+0.50		+0.50	*30/9*
-0.50	Euro Area ECB, DF	0.75							+0.50		+0.75
1.75	Malaysia BNM, OPR	2.50					+0.25		+0.25		+0.25
0.50	Thailand BOT, 1D RR	0.75								+0.25	*28/9*
3.50	Indonesia BI, 7D RRR	3.75								+0.25	*22/9*
3.80	China PBC, 1Y Loan I/R	3.65	-0.10							-0.05	*20/9*

* Policy made in off-cycle meeting

Upcoming meeting conclusion date

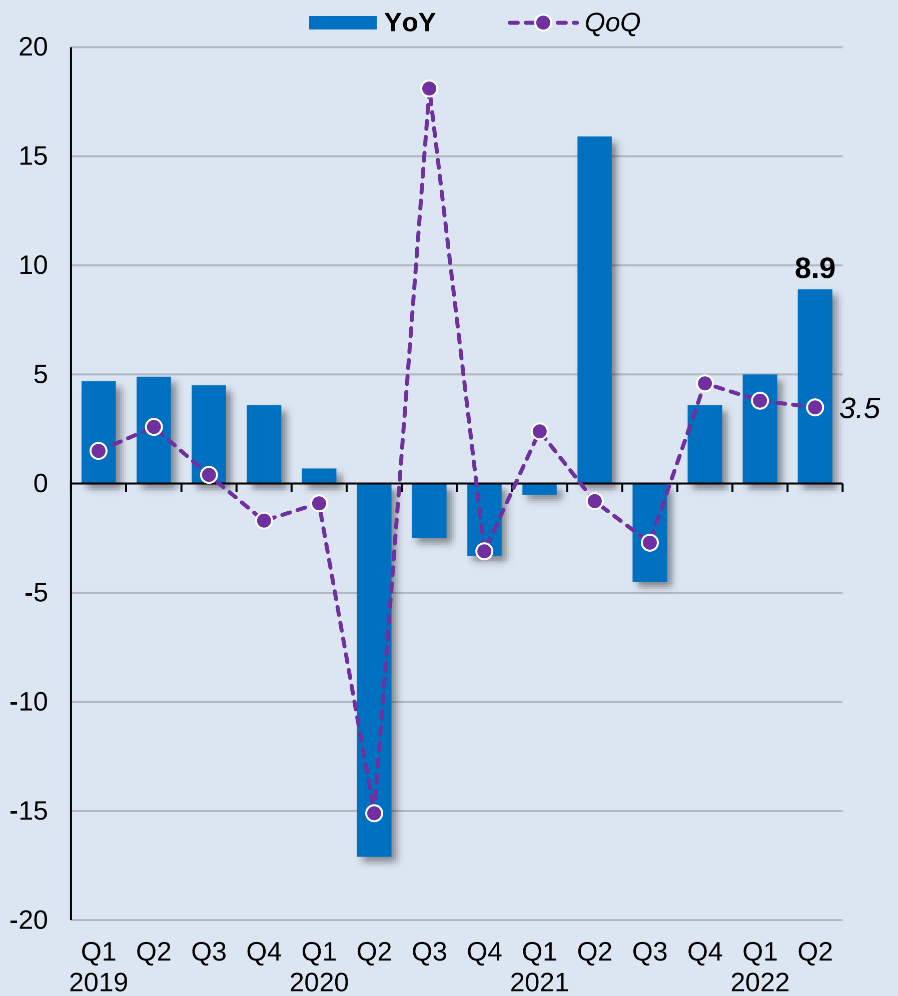
Source: Various officials

Can Malaysia Sustain A Resilient Recovery?

- *Slowing global growth prospects*
- *Inflation, rising cost of living and higher interest rate weigh on consumer spending*
- *Cost pressures, worker shortages and external concerns affect productivity and output*
- *Synchronised global monetary tightening induced capital flows and exchange rate volatility*

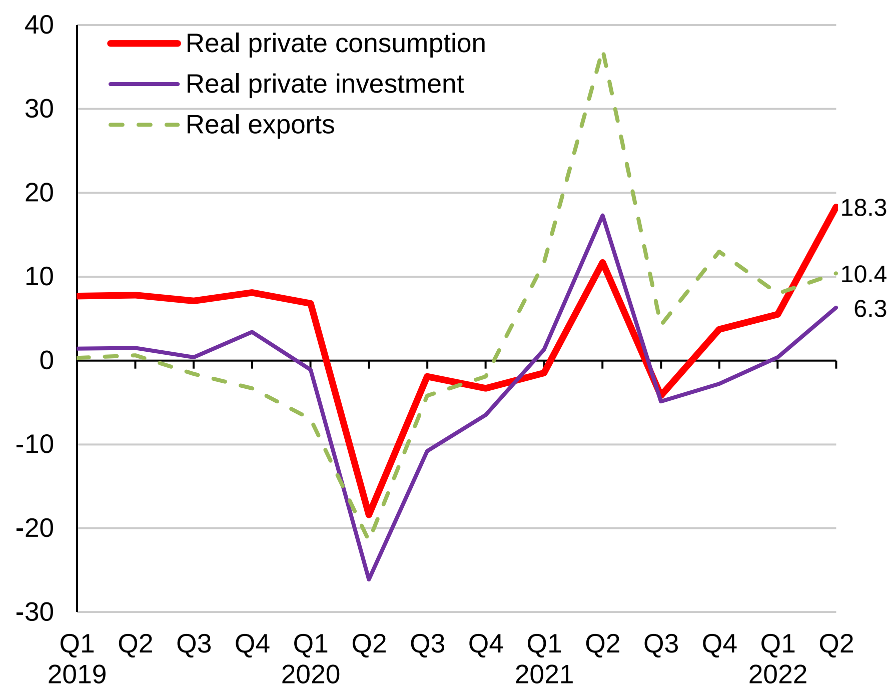
Extraordinary 2Q GDP growth takes average to 6.9% in 1H 2022

Malaysia's real GDP growth
%



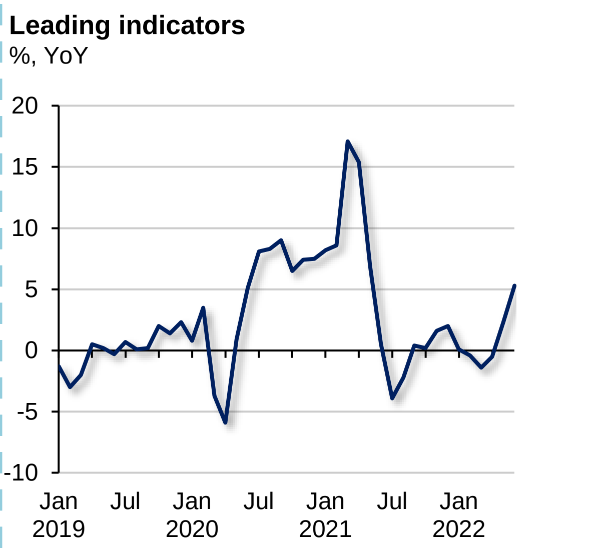
- Strong pent-up demand supported by the 4th EPF withdrawal (estimated RM45 billion); festive celebration demand and locked-in spending before the ending of sales tax exemption on passenger cars.
- Continued expansion of exports.

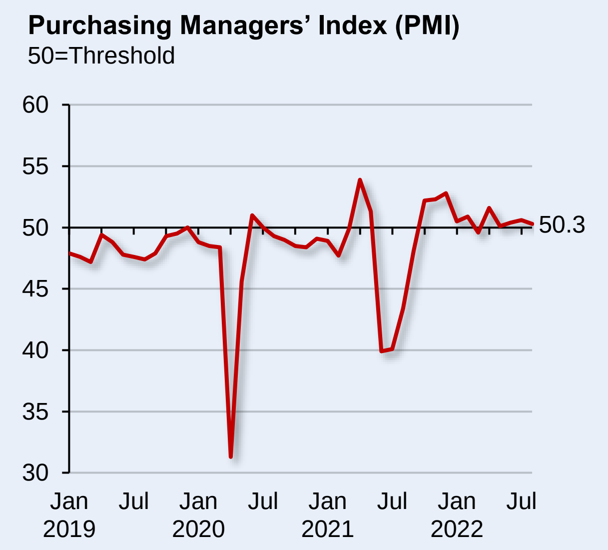
GDP growth – Domestic demand and exports
%, YoY

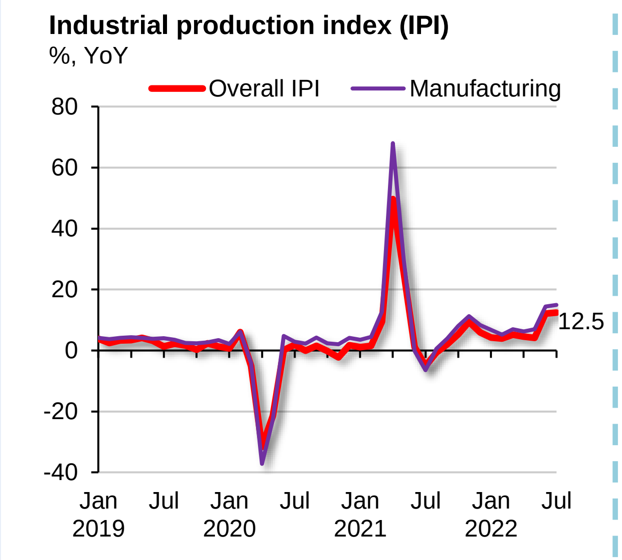


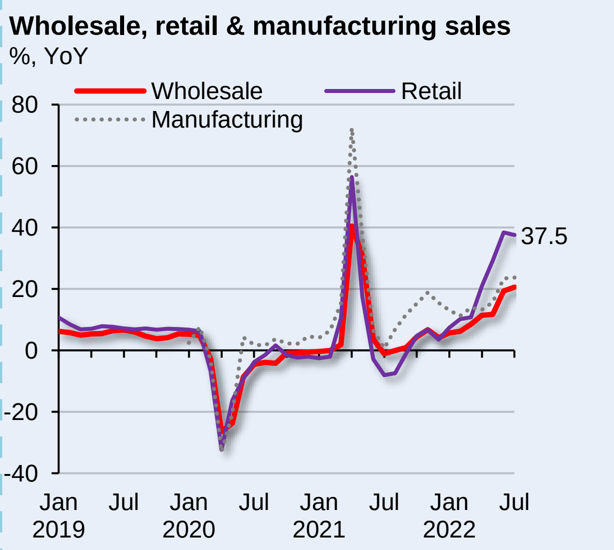
Source: Department of Statistics, Malaysia (DOSM)

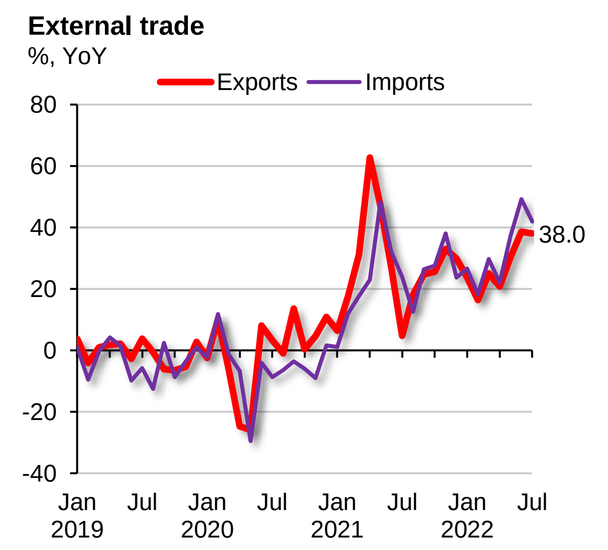
Malaysia: Leading and current economic indicators

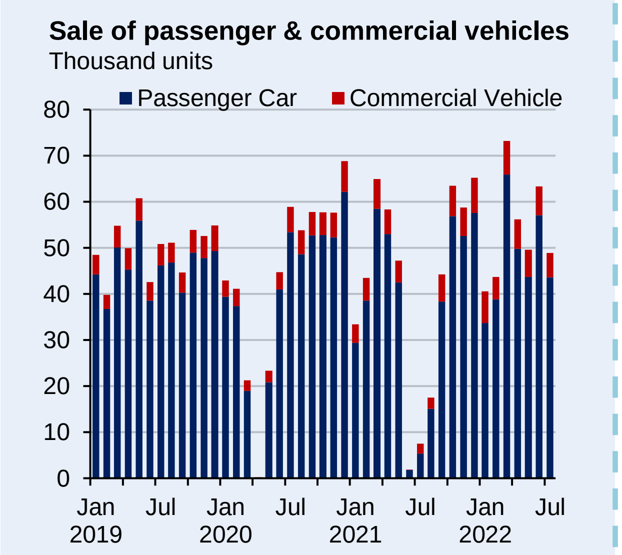








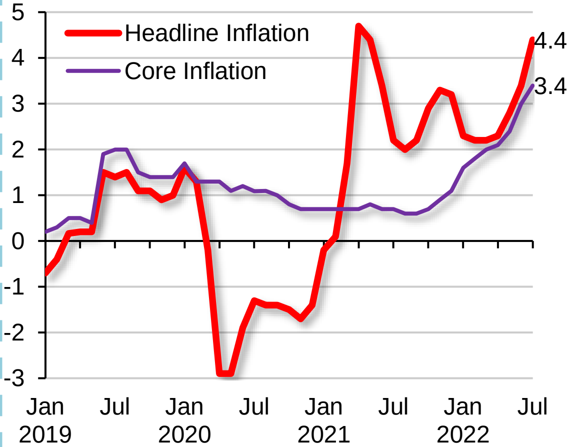




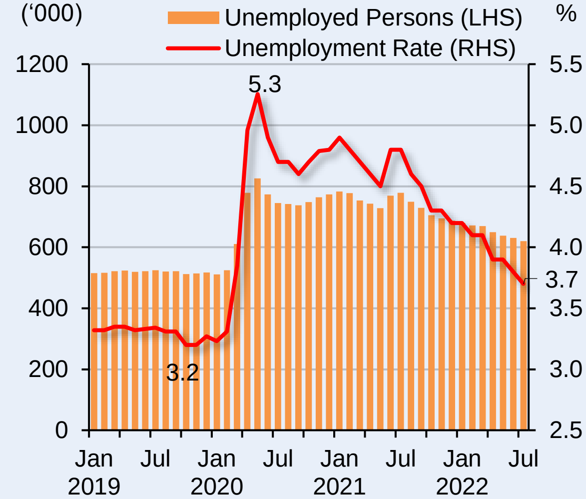
Source: Bank Negara Malaysia (BNM); Markit; DOSM; Malaysian Automotive Association (MAA)

Malaysia: Leading and current economic indicators (cont.)

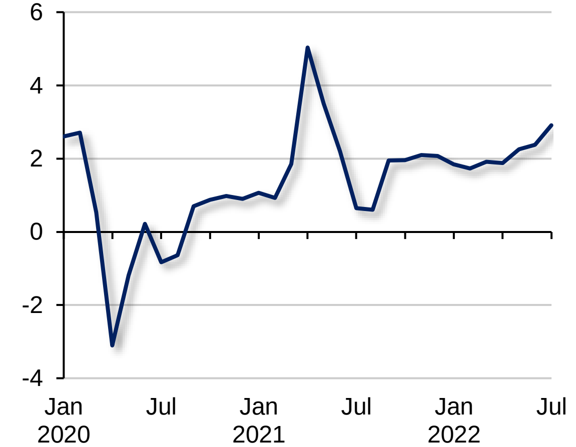
Inflation
%, YoY



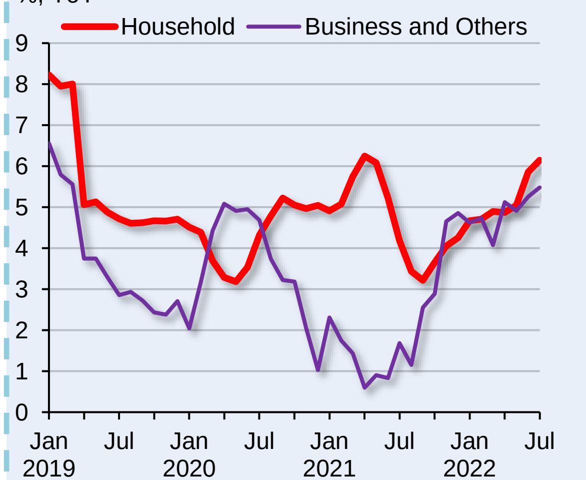
Unemployment
('000) %



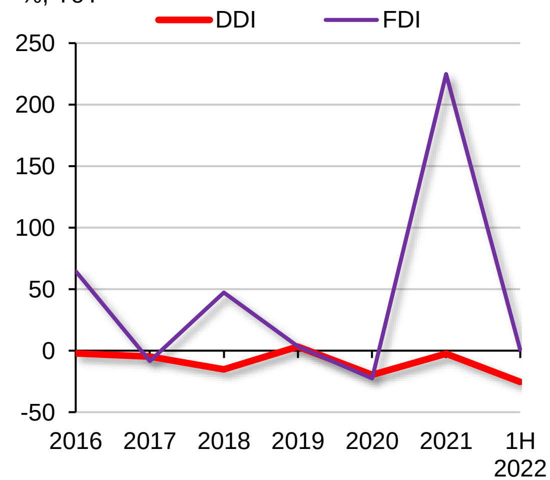
Manufacturing wage growth
%, YoY



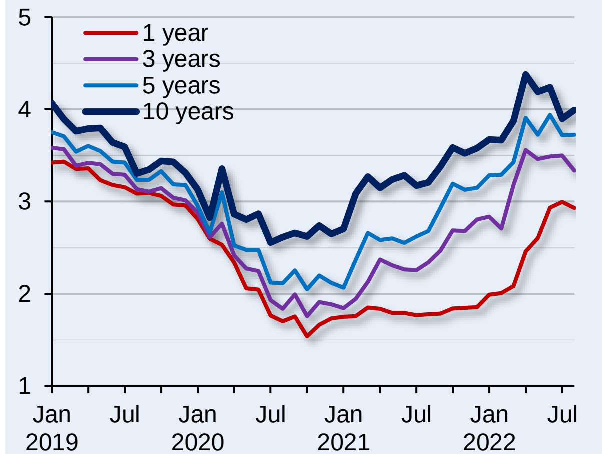
Outstanding loan growth
%, YoY



MIDA's approved investments
%, YoY



Malaysian Government Securities (MGS) yield
%



Source: DOSM; BNM; MIDA

Weaker economic growth in 4Q 2022 and 2023

GDP still strong estimated at around 8.0%-9.0% in 3Q, partly aided by low-base effect before easing to 4.0-5.0% in 4Q. **Full-year 2022 GDP growth estimated at 6.5%.**

For 2023, real GDP is forecast to grow at a more moderate pace of 4.1% on the weakening global growth, the normalization of domestic demand and also the high-base effect

4Q 2022 and 2023

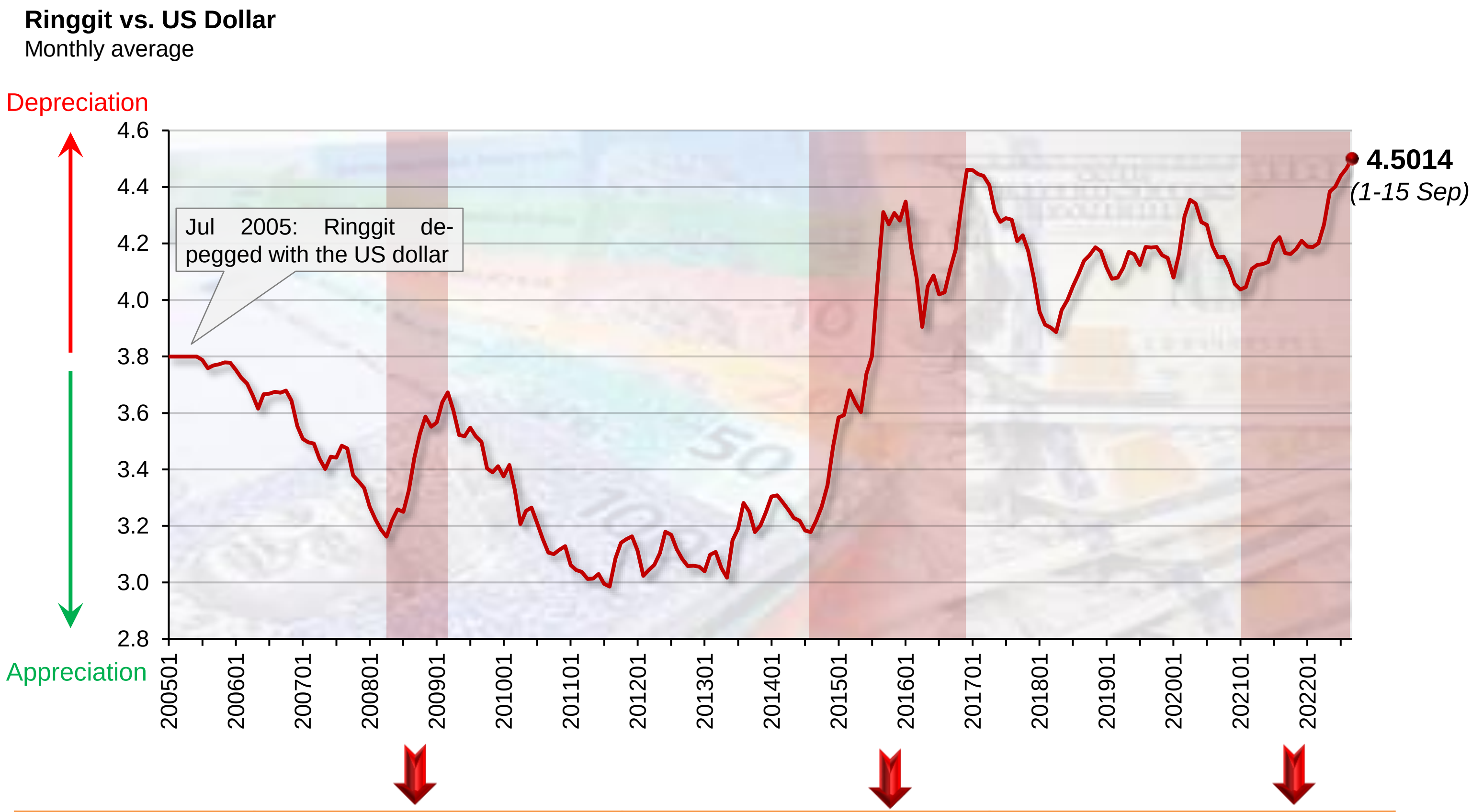
Weakening global growth – Global stagflation risk, continued Russia-Ukraine military conflicts, more aggressive monetary tightening, rising recession risk in the US and Europe economy

Domestic demand – Continued higher inflation and cost of living as well as interest rate increases crimp consumer spending power

Private investment remains cautious on increased costs, shortage of workers; external uncertainties and domestic political uncertainty

External sector – Moderate due to weakening global demand; easing prices of energy and commodities

Ringgit against US dollar at its worst level since de-pegging



Effect of	Global Financial Crisis (GFC)	Oil price crash & Fed's Tapering	Prolonged COVID-19 & US Fed rate hike
Period	Apr 2008 – Mar 2009 (12 months)	Aug 2014 – Dec 2016 (29 months)	Jan 2021 – Ongoing (20 months +)
Magnitude of depreciation	3.1621 ➔ 3.6730 (-13.9%)	3.1784 ➔ 4.4615 (-28.8%)	4.0369 ➔ 4.5325 (15 Sep) (-10.9%)

Impact of the Ringgit's depreciation on the economy

Positive Impacts

Export-oriented industries (resource-based and high local content; low import content) – Competitiveness advantage but competitors' currencies also weakened; exchange translation gains from export proceeds (palm oil, rubber gloves, crude oil, manufacturing such as electronics and electrical products, chemicals).

Domestic tourism – Foreign tourists can have higher purchasing power due to lower ringgit exchange rate.

Trade balance effect – While a weaker Ringgit increases cost of imports but as the export level continues to outpace that of imports, the trade balance should remain in surplus, albeit narrower.

- Imports of consumption goods (8.0% share)
- Imports of intermediate goods (55.3% share)
- Imports of capital goods (9.1% share)

Note: Share of imports by economic categories in Jan-Jul 2022

Negative Impacts

Domestic-market oriented industries (high import content; high local sales) – Increased imported costs coupled rising business costs, lower profit margins.

Imported inflation – Double whammy impact on domestic inflation due to higher import costs via weak exchange rate and higher imported inflation from our importers. Direct imports of final consumption goods accounts for about 9% of the overall CPI basket. Imported services also impacted.

Debt service payment – Incur higher debt service payment due to lower value of the Ringgit against those foreign currencies denominated loans, especially the US dollar and Singapore dollar. The US dollar share of total external debt is 5.46% in 2Q 2022.

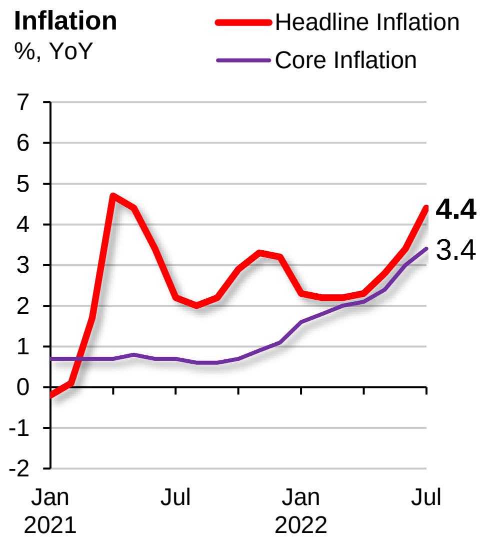
Capital flows – dampen local residents' and foreign investors' sentiment for fear of further depreciation. However, other factors (such as stable economic and financial policies, political stability) also in play.

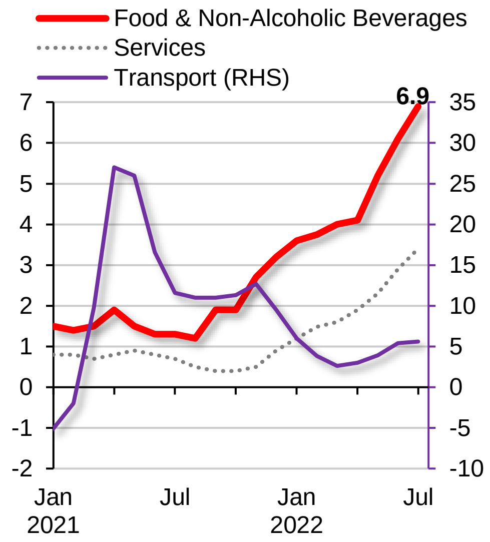
Selected economic indicators during the ringgit depreciation episodes

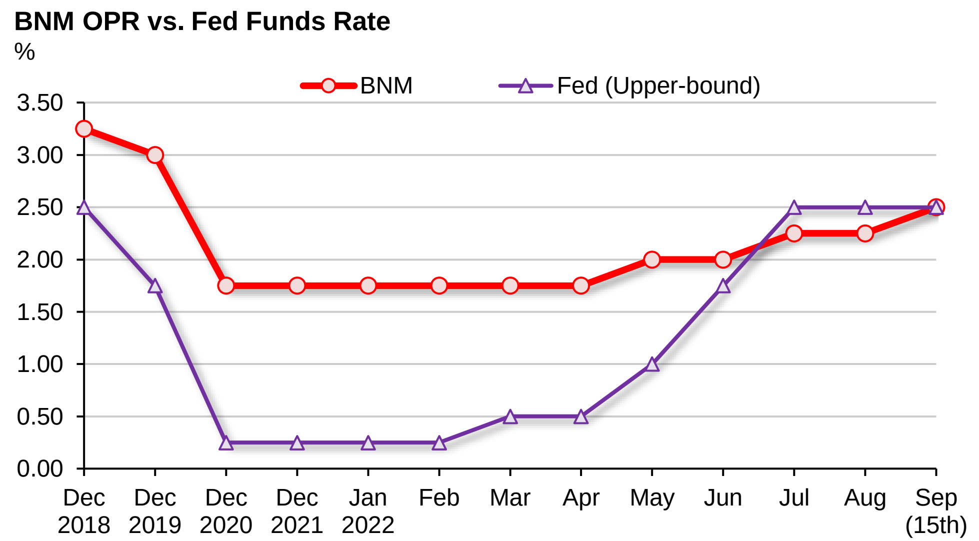
	Asian Financial Crisis (AFC) (1997-1998)	Global Financial Crisis (GFC) (2008-2009)	Oil price crash + Fed's tapering (2014-2016)	Prolonged COVID-19 + Ukraine War + Fed rate hike
RM/USD	-43.7% *(10M: Apr 1998-Jan 1999)*	-28.0% *(11M: May 2008-Mar 2009)*	-27.2% *(36M: Jan 2014-Dec 2016)*	-11.5% *(20.5M: Jan 2021-15Sep2022)*
Real Effective Exchange Rate (REER)	-3.5% *(10M: Apr 1998-Jan 1999)*	-1.8% *(11M: May 2008-Mar 2009)*	-13.8% *(36M: Jan 2014-Dec 2016)*	-2.1% *(19M: Jan 2021-Jul 2022)*
Gross Domestic Product (GDP) Growth	-7.4% *(1998)*	-1.5% *(2009)*	Avg. +5.2% pa	2021: +3.1% 1H 2022: +6.9% yoy
Inflation	+5.3% *(1998)*	+0.6% *(2009)*	Avg. +2.5% pa	2021: +2.5% Jan-Jul 2022: +2.8% yoy
Gross exports	+29.7% *(1998)*	-16.7% *(2009)*	Avg. +3.0% pa	2021: +26.1% Jan-Jul 2022: +27.8% yoy
Gross imports	+3.3% *(1998)*	-16.4% *(2009)*	Avg. +2.5% pa	2021: +23.3% Jan-Jul 2022: +32.5% yoy
Net FDI flow	RM8.5 billion *(-41.2%)*	RM5.0 billion *(-79.1%)*	Avg. RM42.9 billion pa *(+20.2% vs. 2013)*	2021: +RM77.4 bn 1H 2022: +RM15.7 bn
Net portfolio investment	-RM20.6 billion *(1998)*	-RM83.2 billion *(2008)*	Avg. -RM26.6 billion pa	2021: +RM18.8 bn 1H 2022: -RM24.8 bn
Foreign reserve	-US$6.0 billion *(1997)*	-US$34.6 billion *(13M: Jul 2008-Jul 2009)*	-US$37.5 billion *(28M: Sep 2014-Dec 2016)*	-US$8.7 billion *(8M: Jan 2022-Aug 2022)*

Source: DOSM; BNM

Inflation moves higher; interest rate rises further







Source: DOSM; BNM; Fed

Price pressures continued:
4.4% in July vs. 2.5% in 1H 2022

- Increased prices of necessities
- Cost pass-through effect
- Lapse of low base effect (electricity tariff)
- CPI growth estimates at 3.5% in 2022

BNM will raise interest rate further:
3.00% in 1H 2023

- We believe that Bank Negara Malaysia will take into consideration the impact of its gradual and measured pace of interest rate hiking trajectory due to growth risks while anchoring inflation under its radar.
- Bank Negara Malaysia has been raising interest rates over three successive meetings since May to 2.50% currently. We expect the terminal rate at 3.00% in 2023.

Price increases are digging in and broadening

More goods have experienced higher magnitude of price increases …

CPI (52 Subgroups)	2019 / 2018	2020 / 2019	2021 / 2020	2022 7M / 2021
Food away from home	3.3%	1.7%	1.4%	4.6%
Rice bread & other cereals	0.3%	0.8%	0.5%	2.9%
Meat	-0.6%	1.0%	3.1%	6.8%
Fish & seafood	0.9%	0.8%	3.1%	3.4%
Milk, cheese & eggs	1.7%	-1.9%	2.3%	5.8%
Oil & fats	-0.4%	1.3%	3.3%	3.2%
Fruits	1.0%	1.0%	0.8%	2.3%
Vegetables	1.1%	4.1%	2.1%	5.4%
Sugar, jem, honey, chocolate & confectionery	-0.8%	-0.6%	0.3%	2.2%
Food products n.e.c	0.6%	2.5%	2.3%	3.6%
Coffee, tea, cocoa & non-alcoholic beverages	1.1%	0.5%	0.3%	1.5%
Alcoholic beverages	-0.1%	1.3%	2.0%	1.5%
Tobacco	2.0%	0.0%	0.0%	0.0%
Clothing	-1.3%	-0.4%	-0.4%	0.1%
Footwear	-4.7%	-2.6%	-0.9%	-0.1%
Actual rental for housing	2.2%	1.4%	0.5%	0.8%
Maintenance & repair of dwelling	0.9%	0.9%	1.7%	3.8%
Water supply & miscellaneous services relating to the dwelling	0.1%	0.6%	0.0%	0.1%
Electricity, gas & other fuels	0.9%	-21.4%	10.1%	5.4%
Furniture & furnishing, carpets & other floor covering	1.6%	0.4%	4.4%	6.4%
Household textiles	-1.8%	-0.1%	-0.4%	0.9%
Household appliances	0.8%	0.3%	0.9%	2.3%
Glassware, tableware & household utensils	-0.7%	-0.4%	0.05%	0.8%
Tools & equipment for house & garden	-1.1%	0.9%	0.9%	1.8%
Goods & services for routine household maintenance	2.1%	0.2%	0.5%	0.9%
Medical products, appliances & equipment	-0.1%	0.7%	-0.1%	-0.4%
Outpatient services	2.7%	2.8%	1.8%	2.8%
Hospital service / inpatient	1.4%	0.5%	1.3%	0.2%

CPI (52 Subgroups)	2019 / 2018	2020 / 2019	2021 / 2020	2022 7M / 2021
Purchase of vehicles	-1.0%	-0.9%	-0.6%	0.1%
Operation of personal transport equipment	-3.8%	-12.5%	14.0%	5.1%
Transport services	3.3%	7.4%	-3.4%	-8.2%
Postal Services	0.0%	0.0%	0.0%	0.0%
Telephone & telefax equipment	-4.0%	-0.1%	0.1%	-0.2%
Telephone & telefax services	1.1%	1.3%	0.0%	0.0%
Audio-visual, photographic & information processing equipment	-1.6%	-0.7%	-0.01%	0.6%
Other major durables recreation & culture	0.1%	-0.5%	-0.1%	-0.8%
Other recreational items & equipment, garden & pets	-0.4%	0.3%	1.0%	3.5%
Entertainment, recreational & cultural services	1.1%	-0.2%	0.4%	1.6%
Newspapers, books & stationery	2.3%	4.4%	1.2%	2.0%
Packaged tour	1.0%	1.8%	0.0%	-0.1%
Pre-primary & primary education	2.0%	1.5%	0.1%	1.4%
Secondary education	1.2%	0.7%	0.2%	0.6%
Post-secondary non-tertiary education	-0.1%	-0.1%	-0.7%	-0.6%
Tertiary education diploma level & above	0.5%	0.1%	0.0%	0.0%
Education n.e.c.	0.9%	0.8%	0.9%	1.0%
Expenditure in restaurants & cafés	1.5%	1.1%	0.9%	3.7%
Accommodation services	0.2%	-2.3%	-1.8%	2.3%
Personal care	0.6%	1.2%	0.6%	1.5%
Personal effects n.e.c	1.3%	12.8%	0.8%	3.0%
Insurance	-0.4%	-0.01%	0.02%	0.1%
Financial services	-2.1%	-0.1%	2.6%	7.6%
Other services n.e.c.	0.1%	0.3%	0.1%	0.5%
Price changes for 52 subgroups				
Increased	**33 (63.5%)**	**33 (63.5%)**	**36 (69.2%)**	**41 (78.8%)**
Remained Unchanged	**1 (1.9%)**	**2 (3.8%)**	**6 (11.5%)**	**4 (7.7%)**
Decreased	**18 (34.6%)**	**17 (32.7%)**	**10 (19.2%)**	**7 (13.5%)**

Source: DOSM

The 2023 Budget

- *The 2023 Budget must be fiscally responsible with reforms thrust to keep the fiscal consolidation on track.*

- *More development and structural reforms focused than election-centric.*

- *As the economy has moved out of the economic contraction, it is no longer required extraordinary massive deficit fiscal spending packages as during the COVD-19 pandemic in 2020-2022.*

- *We estimate a deficit budget of 4.5%-5.5% of GDP in 2023 compared to an estimated average deficit of 6.2% in 2020-2022.*

1. Building Fiscal Buffers for Future Shocks

Issues

- Malaysia's small open economy remains vulnerability to shocks.
- Building adequate fiscal buffers for countercyclical fiscal support.
- Too much borrowing and too much debt is unsustainable (Public debt: RM1,045 bn or 63.8% of GDP at end-June 2022; Debt and liabilities: RM1.35 trillion or 82.5% of GDP)*
- But, enhance fiscal anchors face constraints:

Budget rigidities (revenue can only be used for operating expenditure; borrowings can only be used to finance development expenditure)

Extreme revenue volatility (dependence on oil revenue and a narrowed tax base

Spending procyclicality and prioritisation

Limited implementation capacity

Plugging irresponsible and leakages

** GDP based on MOF's estimates in Economic Outlook 2022*

Recommendations

- Quick enactment of the **Fiscal Responsibility Act; and enhance the Government Procurement Act**
- Lowering recurrent spending
  - **Subsidy rationalisation on fuel and food** based on the principle of needs and income.
  - **Switching subsidies from products to households** to benefit poor households, who would receive cash benefits
  - **Cash handouts must be specifically targeting** those groups actually in need of welfare
  - **Review the eligibility of cash assistance** by taking into account total value of liquid and illiquid assets
  - **Design a mechanism making cash handouts conditionality**
- **Reintroduction of Goods and Services Tax (GST)** starting with a 4% rate

ACCCIM's Quick-Take Survey (QTS) indicates that:

- **75.4% of 398 respondents AGREE with a reintroduction of GST**.
- **64.1% prefer the GST regime to start with a 4% GST RATE**.
- **68.8% require 6-12 MONTHS for the preparation** of GST implementation.

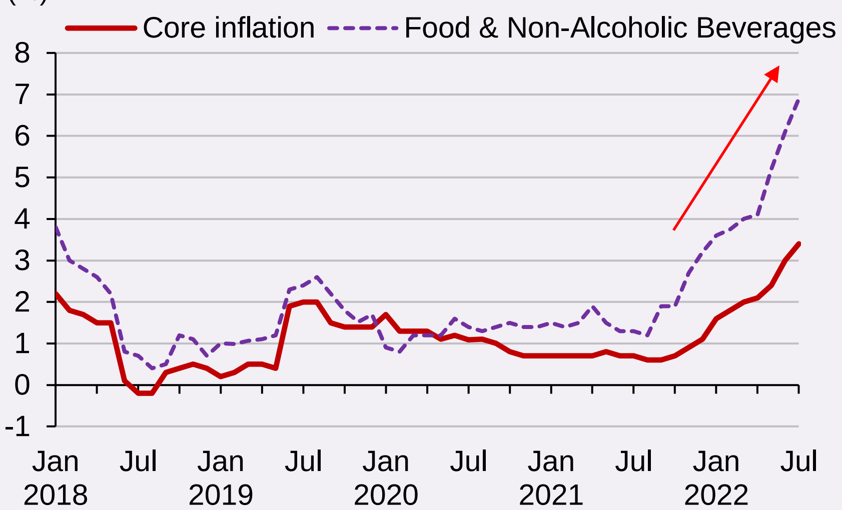
2. Mitigating against Inflation and Higher Cost of Living

Issues

- The pandemic's prolonged supply chain disruptions, higher commodity, energy and food prices, the military conflict in Ukraine and climate change (extreme weather events) leading to rising inflation pressures.
- Consumer inflation pressures and high cost of living are a major concern.
- Weakening ringgit causes higher imported inflation.
- Removal of Approved Permits (APs) for the food imports helps to increase supply and stabilise prices.

Core and Food inflation

(%)



Source: DOSM

Recommendations

- **One-off cost of living tax offset or a one-off cost of living cash payment** for the poor households in need
- **Explore to use MySejahtera Apps** for the giving of voucher
- **Reduce out-of-pocket expenses for elderly care** through higher tax allowance
- Extend the **tax rebate of RM400 to the individual taxpayers with chargeable income not exceeding RM70,000**
- **Increase the personal relief for contribution to Employees Provident Fund to RM7,000** from RM4,000; and to **RM5,000** from RM3,000 **for life insurance premiums**
- **Increase child relief to RM3,000** from RM2,000
- **Personal relief of RM3,000 for housing loan interest** for YA 2022 and 2023.
- **House rental payment to be given a personal tax relief of up to RM4,000**
- **Remove all the Approved Permits (APs)**

3. Reviving Private Investment

Issues

- **Need to revitalise private investment.** Private investment growth has strengthened to 6.3% yoy in 2Q (0.4% in 1Q; +2.9% in 2021; -11.9% in 2020). MIDA's approved investment declined by 8.5% to RM123.3 billion in 1H 2022 (Domestic Direct Investment: -25.4% to RM35.8 billion; FDI:+0.9% to RM87.5 billion).
- **Headwinds to investment**: Concerns about the global economy, increased business costs, the worker shortages, rising consumer inflation, higher interest rate and the weakening Ringgit as well as lingering uncertainty about domestic political condition.
- SME Digitalisation Grant with up to RM5,000 matching grants for the purchase of system or digital platform subscription by SMEs is relatively insufficient as compared to the increasing cost of system and software.

Recommendations

- **Increase the first threshold of the chargeable income of SMEs to be taxed at the preferential tax rate** of 17% (which we also proposed to lower to 15%), **to RM1 million** from RM600,000 currently
- **Reinvestment Allowance (RA)**, which is due to expire in 15 years can consider to be **extended further for a period of five years to 20 years**
- **Standardise and increase the qualifying expenditure for Accelerated Capital Allowance (ACA)** for both Category 1 (high labour-intensive industries) and Category 2 industries to RM10 million from RM4 million and RM2 million, respectively
- Extend the **tax deduction of RM50,000 on rental expenses for employees' accommodation premises to 31 December 2024** (from end-2022)
- **Abolish the tax payable threshold of 85%**
- **Increase the digitalisation matching grant to RM20,000 for SMEs** to take up greater digitalisation scheme **or RM4,000 for 5 years**

4. Promoting Green Investment

Issues

- **Craft a green budget through tax policy tools to support "green" recovery** to speed up structural change towards the low-carbon transition.
- Adopt a stick and carrot approach, including green taxes and carbon pricing on harmful environmental activities, the enforcement of tighter regulations, and provide tax rebates to meet new environmental standards and certification for energy saving features, reduced carbon emissions and pollutants.
- According to the Economist Intelligence Unit (EIU), about half of the respondents weighted ESG factors as equally important in the investment decision-making process while 24% placed the greatest emphasis on E factors in Asia ➔ Government should encourage more businesses to adopt ESG to promote green investment by introducing more ESG adoption incentives, including tax, grants and funds.

Recommendations

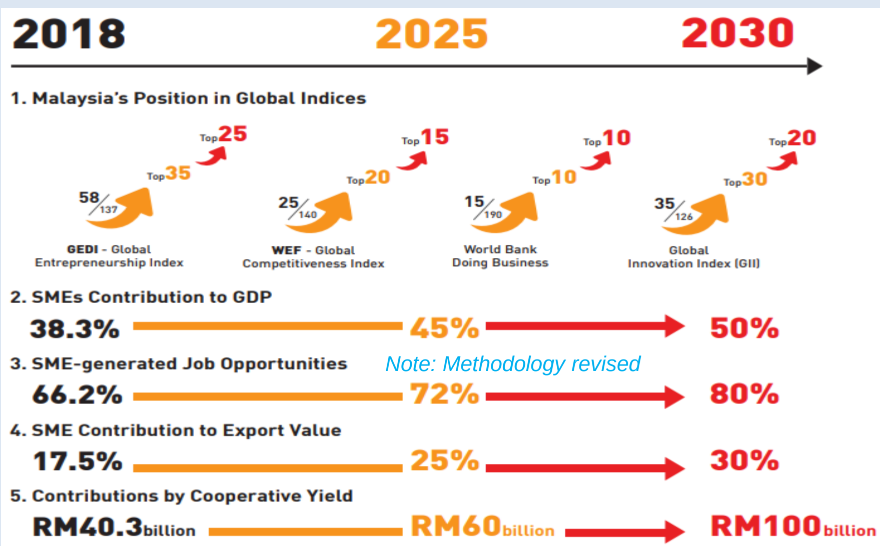
- **Loans and grants for green investments** in sustainable agriculture, renewable or low-carbon energy sources, energy-efficient buildings, public walkways and cycleways and electric vehicle (EV) infrastructure
- **Subsidies and tax rebates to boost demand for green products and services** like EV, solar panels or renewable energy
- **Provide 100% tax exemption for the companies' budget on ESG and green investment**
- **Provide corporate tax credits to encourage investment in renewable energy production**
- **Facilitating the solar industry.** It is recommended that (a) 3,000 MW Net Energy Metering (NEM) quota be allocated from now until 2025, with the NOVA programme (a sub-programme under NEM 3.0) be given priority; and (b) Individuals' residential houses installing solar PV systems be given a personal income tax relief of RM10,000 per year, and up to a maximum amount of RM30,000 over a period of three years. According to studies, every MW of rooftop solar system procurement generates 4.36 direct jobs and 28.5 indirect jobs.
- **Extend the Green Technology Financing Scheme (GTFS) until 31 December 2024** (from end-2022)
- **Consultation fees incurred for the adoption of ESG practices be given double tax deduction**

5. Lifting SMEs' Competitiveness

Issues

- **Value proposition can be an important source of competitive advantage** for small- and medium-sized enterprises (SMEs).
- Producing high quality products and services at competitive prices through the acquiring of new technology and production techniques as well as having manpower with agile skill set.
- SMEs to expand exports potential offered by the RCEP and soon to be ratified CPTPP implementation.

Targets outlined in National Entrepreneurship Policy 2030:



Recommendations

- **Distribution Channels, Marketing, and Product Range**
  - Strengthen the enforcement of "Buy Made in Malaysia" in Government's and GLCs' procurement
- **Branding, Packaging and Design**
  - Reinstate the suspended Brand Promotion Grant
  - Subsidize domestic businesses to take ISO certification on Brand Valuation (ISO 10668) and Brand Evaluation (ISO 20671)
- **Leveraging Networks and Industry Linkages**
  - Tailored programs assisting SMEs/suppliers identify their needs and enhance their capability
- **Human Capital Development**
  - Provide double-tax deductions for human capital investment in upskilling and reskilling of employees
- **Financing**
  - Government's funding and financial support (grant and preferential interest rates)
  - Monetary incentives to participate in SMEs-FDI linkages program
  - Waive the stamp duty for short-term loan up to 3 years

6. Supporting Tourism Recovery

Issues

- **Tourism is an important revenue source for Malaysia**, contributing an average share of 6.0% pa of national GDP in 2015 – 2019.
- In 1H 2022, tourist arrivals have increased by 4,113% yoy to 2.1 million persons. With the latest data (3.2 million in Jan-Jul) has almost exceeded the earlier target of 4.5 million, the government has set a new target of 9.2 million tourist arrivals now.
- Hotel operators have to bear with a 6% service tax (being payment collected by the Government for the services received from foreign-based digital service providers) that rides on the commission rate and various charges.
- The Entertainments Duty Act 1953 is outdated and need to be reviewed ➔ Activities that promote healthy pursuits and sports should be encouraged and even incentivised.

Recommendations

- **Extend the exemption of all tourism-related taxes**
  - Extend the exemption for tourism tax until 31 December 2024
  - Extend tax exemption on tour operators' statutory income derived from operating tour packages of less not less than 200 local tourists within Malaysia for two more years until YA 2024;
  - Exempt Passenger Service Charge (PSC) (formerly known as airport tax) until 31 December 2024;
  - Waive import duties for all imported equipment used in the theme park; and
  - Raise individuals tax relief to RM3,000 from RM1,000 and extend for YA2023 and 2024 for who purchase tourism packages
- Provide **financial relief or interest-free loans for coach operators**
- **Double tax deduction for advertising and promoting expenses up to 3% of total turnover**
- **Exempt 6% service tax on commission and other charges by Online Travel Agencies (OTAs) on the hotel operators**
- **Entertainments Duty Act 1953 should be repealed**. All other non-gambling activities should not be taxed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Address	**: 6th Floor, Wisma Chinese Chamber, 258, Jalan Ampang, 50450 Kuala Lumpur, Malaysia.**
Tel	**: 603 - 4260 3116 / 3119**
Fax	**: 603 - 4260 3118**
Email	**: serc@acccimserc.com**
Website	**: http://www.acccimserc.com**