

MALAYSIA **BUDGET 2026** **TAX HIGHLIGHT**



This booklet is a summary based on the Budget 2026 speech by the Ministry of Finance, Malaysia (10 Oct 2025). For interpretation or implementation, please refer to official MOF/LHDN releases.

INTRODUCTION

On 10th October 2025, Prime Minister and Minister of Finance, YAB Dato' Seri Anwar Ibrahim, presented the Fourth MADANI Budget (Budget 2026) under the theme "The Rakyat's Budget." This Budget marks the beginning of the Thirteenth Malaysia Plan, emphasizing national rejuvenation through strong fiscal discipline, institutional reform, and people-centered initiatives.

In this Budget 2026 Booklet, TCC Group provides an analytical summary of key tax measures, fiscal indicators, and incentives announced by the Government. We aim to deliver insights to help businesses and individuals navigate the evolving tax landscape and prepare for opportunities within Malaysia's next phase of growth.

FOREWORD

"With Budget 2026, Malaysia continues its journey toward fiscal resilience and inclusive progress. Businesses must adapt, innovate, and align with the nation's sustainable development goals."

*– Kay Huck Kian –
Partner @ TCC Capital
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ECONOMIC OUTLOOK

National Economic Performance

Malaysia's GDP grew by 4.4% in the first half of 2025 and is projected to expand between 4.0% and 4.5% in 2026, reflecting resilience amid global uncertainties. The Government maintains an expansionary fiscal stance to support infrastructure, digitalization, and welfare initiatives.

Total Allocation

Total allocation is expected to increase from RM452 billion in 2025 to RM470 billion in 2026.

Operating Expenditure

The operating expenditure is projected to grow from 321.5 billion in 2024 to 335 billion in 2025.

Development Expenditure

The development expenditure remains unchanged at RM81 billion for both years.

GLICs & Statutory Bodies Investment

Investments by GLICs and Statutory Bodies are projected to grow from RM45.8 billion to RM50.8 billion.

Government Revenue

Government revenue is estimated to increase from RM334.1 billion to RM343.1 billion.

Fiscal Deficit (% of GDP)

The fiscal deficit is expected to narrow from 3.8% of GDP in 2025 to 3.5% in 2026.



ECONOMIC OUTLOOK

Fiscal Reform & Governance

Strengthening institutions, digital enforcement, and anti-corruption.

Economic Empowerment

Driving industrial upgrading, digital innovation, and job creation.

Sustainability & Inclusiveness

Expanding renewable energy, targeted subsidies, and social safety nets.

Key Takeaways

- Malaysia's deficit target lowered to 3.5%, showing steady fiscal improvement.
- Revenue collection expected to reach RM343.1 billion, driven by stronger enforcement and e-Invoicing.
- Investments through GLICs and MOF Inc. companies will total RM50.8 billion, reflecting confidence in domestic growth.
- Targeted subsidies save RM15.5 billion, allowing reallocation toward social welfare and infrastructure.
- e-Invoicing and digital taxation will fully implement in 2026, marking a major milestone in tax modernization.



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BUSINESSES

The 2026 Budget emphasizes Malaysia's commitment to nurturing a resilient, transparent, and innovation-driven business environment. Through a mix of targeted incentives, tax reforms, and digital compliance initiatives, the Government aims to enhance productivity, attract investment, and strengthen corporate governance.

1

Full Implementation of e-Invoicing

The e-Invoicing system, launched in phases, will be fully implemented across all businesses starting 1 January 2026. This initiative aims to strengthen tax compliance, enhance transparency, and reduce fraudulent invoicing. Refunds for excess tax payments will also be expedited through digital channels.

2

Accelerated Capital Allowance (ACA) for Plant, Machinery & ICT

To encourage business reinvestment and modernization, Accelerated Capital Allowance (ACA) is granted on qualifying capital expenditure (QCE) incurred between 11 October 2025 and 31 December 2026.

Asset Type	Initial Allowance	Annual Allowance
Plant, heavy & general machinery	20%	40%
ICT equipment & software	20%	40%
Consultation & licensing fees for custom software	20%	40%



BUSINESSES

3

Anti-Corruption & Governance Incentives

In alignment with the National Anti-Corruption Strategy (NACS) 2024–2028, the Government will recognize anti-corruption education programmes organized by Civil Society Organisations (CSOs) as national interest projects under Section 44(11C) of the Income Tax Act 1967. Cash donations to such approved programmes are eligible for income tax deduction up to 10% of aggregate income, applicable for applications submitted between 1 January 2026 and 31 December 2028.

4

New Investment Incentive Framework

The Outcome-Based Investment Incentive Framework, announced in Budget 2025, will be fully implemented in Q1 2026 for the manufacturing sector and Q2 2026 for the services sector.

5

AI Training Incentive for MSMEs

To foster AI adoption among micro, small, and medium enterprises (MSMEs), a 50% additional tax deduction is introduced for approved AI training expenditures between 1 January 2026 and 31 December 2027.

6

Strengthening Industrial Development Funds

To accelerate industry upgrading, Budget 2026 allocates:

- RM200 million under the Strategic Co-Investment Fund (CoSIF) to support SME partnerships via Equity Crowdfunding (ECF) and P2P financing.
- RM180 million under the NIMP Industry Development Fund (NIDF) for high-impact sectors such as semiconductor, AI, and digital economy.

BUSINESSES

7 Cross-Border Economic Corridors

The Government continues to promote regional growth through cross-border initiatives:

- Johor–Singapore Special Economic Zone (JS-SEZ): RM37.1 billion approved investments in H1 2025.
- Bukit Kayu Hitam (Northern Border Zone): RM2.7 billion investment to connect ASEAN supply chains.
- Pan Borneo & Trans Borneo Highways: RM48 billion total infrastructure cost, linking Sabah and Sarawak.

8 Incentives for Domestic Investment via GLICs

Under the GEAR-UP initiative, Government-Linked Investment Companies (GLICs) will increase their domestic investments from RM25 billion in 2025 to RM30 billion in 2026, focusing on energy transition, food security, and digital transformation.





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INDIVIDUALS

The 2026 Budget introduces a series of measures designed to ease the financial burden on households and encourage individual participation in sustainable and digital initiatives. It reflects the Government's goal of ensuring that the rakyat benefits directly from Malaysia's economic transformation.

1 LLP Distribution Tax of 2%

- From Year of Assessment (YA) 2026, Limited Liability Partnerships (LLPs) distributing profits exceeding RM100,000 to individual partners will be subject to a 2% final withholding tax.
- This aims to align the tax treatment of LLPs with companies, ensuring fairness across business structures.

2 Foreign-Sourced Income Exemption (FSIE) Extension

- The Foreign-Sourced Income Exemption (FSIE) for individuals is extended until 31 December 2030, while specific categories of foreign investment income remain exempt until 2036.
- This provides tax certainty for Malaysians working or investing abroad, supporting global mobility and cross-border wealth planning.

3 Support for Gig Workers and Freelancers

- To protect the growing gig economy, Budget 2026 introduces an Individual Social Security Contribution Deduction — allowing self-employed individuals to claim up to RM1,000 annually for SOCSO and EPF voluntary contributions.



INDIVIDUALS

4 Digital Tax Compliance for Individuals

- Starting 2026, individuals earning income from digital platforms, online sales, or content creation will be automatically linked to the e-Invoicing system. The integration with LHDN's MyTax portal will enable seamless declaration and deduction tracking.

5 Expansion of Childcare and Parental Relief

- The childcare relief threshold has been raised from RM2,000 to RM3,000 per year, and eligibility now extends to children up to 12 years old (previously limited to 6 years old). In addition, parents supporting their elderly parents or grandparents may now claim up to RM10,000 in medical relief — covering medical treatments, nursing care, and assistive equipment such as wheelchairs or hearing aids.

6 Enhanced Medical and Health Insurance Relief

The Life & Medical Insurance Relief of RM3,000 now includes coverage for:

- Children and dependents
- Preventive health screenings and vaccinations
- AI-assisted health diagnostics
- Mental health consultations

7 Environmental and Home Safety Relief

A new “Green and Safety Relief” of up to RM2,500 is introduced for the purchase of:

- Energy-efficient appliances (5-star rated)
- Food waste management machines
- CCTV and home security systems
- Electric vehicle (EV) charging equipment



INDIVIDUALS

8 Sports and Culture Tax Relief

To promote active lifestyles and cultural participation, the Sports & Culture Relief of RM1,000 is maintained and expanded to cover:

- Membership fees for registered sports associations
- Traditional arts, music, and dance classes
- Certified cultural heritage programmes

9 Education and Upskilling Relief

To align with the National TVET and Digital Transformation Policy, the tax relief for skill-based and professional courses has been increased from RM7,000 to RM8,000 per year. The eligible programmes include AI, cybersecurity, digital marketing, finance, and green technology courses.

10 Tourism and Domestic Travel Relief

The domestic tourism tax relief of RM1,000 is extended until 31 December 2027, covering local hotel stays, theme parks, and cultural experiences. This supports the recovery of the tourism industry, which contributed over RM100 billion to GDP pre-pandemic.





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TAX INCENTIVES

1 Outcome-Based Investment Incentive Framework

- The Outcome-Based Incentive Framework, introduced in 2025, will be fully implemented in 2026. It shifts from traditional profit-based tax holidays to performance-driven rewards, encouraging measurable and impactful results.
- Incentive period: Up to 10 years of partial income tax exemption (Pioneer Status Equivalent) based on performance metrics such as employment creation, R&D spending, or export growth.

2 Green Technology Investment Incentive

To support the National Energy Transition Roadmap (NETR) and National Industrial Master Plan 2030 (NIMP), the Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) schemes are extended to 2028.

Focus Areas:

- Solar photovoltaic (PV) generation systems
- Waste-to-energy and biomass projects /
- Green building and water recycling technologies
- Electric vehicles (EVs) and charging ecosystem



TAX INCENTIVES

3

AI & Digital Transformation Incentive

A new AI Adoption Tax Deduction is introduced to accelerate the digital transformation of SMEs.

Key Features:

- Additional 50% tax deduction on AI-related software, training, and consultancy costs.
- Valid for expenses incurred between 1 January 2026 and 31 December 2027.
- AI systems must be registered under MyMahir AI Certification Programme.

4

Venture Capital & Start-Up Incentives

To encourage private investment in innovative enterprises, the Venture Capital and Angel Investor Tax Incentive is extended until 31 December 2027.

Key Provision:

- Angel investors: 50% income tax exemption on investments in qualified start-ups.
- Venture capital funds: 70% exemption on statutory income for investments held ≥ 2 years.
- Eligible sectors: technology, ESG, green industry, and high-value manufacturing.

5

Integrity & Anti-Corruption Donations

Donations to registered anti-corruption educational programmes are now recognized under Section 44(11C) as deductible contributions. The tax deduction is limited to up to 10% of the aggregate income, applicable for contributions made between 2026 and 2028, and must be approved by the Ministry of Finance (MOF) and the Malaysian Anti-Corruption Commission (MACC).



TAX INCENTIVES

6 Speed Limitation Device (SLD) Incentive

To promote road safety and environmental efficiency, businesses installing Speed Limitation Devices (SLDs) in commercial vehicles can claim Accelerated Capital Allowance (ACA).

Allowance Details:

- Initial allowance: 20%
- Annual allowance: 40%
- Eligible period: 2026 – 2028

7 Co-Investment Incentive for GLICs

Through the Co-Investment Fund (CoSIF) and MyCIF platforms, Government-Linked Investment Companies (GLICs) will co-invest with private entities in MSME and start-up ecosystems.

Key Focus:

- Digital transformation for MSMEs
- Green and circular economy
- Sustainable agriculture and food security

8 Pioneer Status Extension for Strategic Sectors

Industries identified as strategic enablers under NIMP 2030 — such as aerospace, advanced materials, renewable energy, and semiconductor packaging — will continue to enjoy Pioneer Status or Investment Tax Allowance (ITA) up to 2030.

TAX INCENTIVES

9

ESG Compliance Support Scheme

The ESG Compliance Support Scheme (ECSS) provides tax deductions for costs incurred in obtaining ESG certification, audits, and reporting systems.

Key Focus:

- Additional 100% deduction for SMEs participating in ESG certification from 2026–2027.
- ESG expenses include sustainability training, energy audits, and carbon reporting tools.





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STAMP DUTY

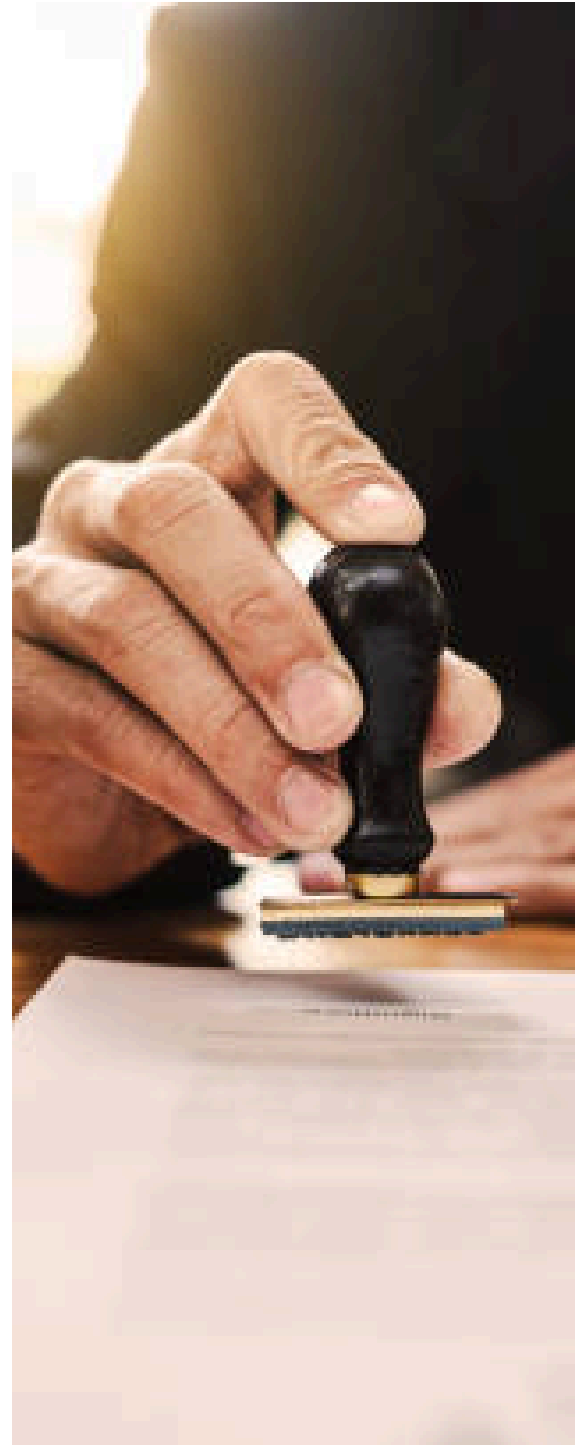
Budget 2026 introduces a modernized self-assessment system for stamp duty, while maintaining selective exemptions to support affordable housing, MSME financing, and financial inclusion. These changes are aligned with Malaysia's goal of improving efficiency, digitalization, and transparency in the taxation process.

1 Implementation of Stamp Duty Self-Assessment System

- The Government will begin implementing a Stamp Duty Self-Assessment System (**SAS**) in phases starting 2026, allowing taxpayers to compute and pay their own stamp duty via the STAMPS electronic platform.

2 Exemption for MSME Financing Instruments

- To facilitate access to capital for micro, small, and medium enterprises (MSMEs), stamp duty exemption is granted for financing instruments executed under **Initial Exchange Offering** (IEO) and **Peer-to-Peer** (P2P) platforms approved by the Securities Commission Malaysia (SC). This measure enhances financial inclusivity and encourages alternative funding mechanisms.
- Exemption Period: 1 January 2026 – 31 December 2028



STAMP DUTY

3

Fixed Duty for Insurance and Takaful Policy Transfers

- A fixed stamp duty of RM10 will be imposed for the transfer of life insurance and takaful policies between licensed financial institutions and approved agencies. This replaces the previous ad valorem (percentage-based) duty structure, reducing compliance complexity.

4

Stamp Duty Exemption for Housing and Youth Ownership

- The Full Stamp Duty Exemption for first-time homebuyers of properties priced up to RM500,000 has been extended to 31 December 2027.
- To promote youth homeownership, buyers aged below 35 years are also eligible for a 50% stamp duty discount on properties priced between RM500,001 and RM700,000. This initiative complements the Rumah MADANI and PR1MA housing schemes.

5

Stamp Duty Deduction for Anti-Corruption Donations

- To complement corporate governance efforts, stamp duty incurred in executing approved donation agreements for anti-corruption education programmes will be eligible for full duty exemption.
- **Applicable period:** 2026 – 2028
- **Approval authority:** Ministry of Finance (MOF) and MACC

STAMP DUTY

6

Stamp Duty Cap for Langkawi and Labuan Vehicle Transfers

- To ensure consistency in tax treatment, the vehicle tax exemption cap in Langkawi and Labuan will be fixed at RM300,000 per vehicle, aligning with the current Luxury Vehicle Import Duty Limit. This aims to prevent misuse of tax-free privileges and maintain equitable treatment across regions.

7

Digitalization of Stamp Duty Processing

- The e-STAMPS enhancement programme will integrate with the MyTax and MyInvois platforms by mid-2026, allowing real-time document validation and faster duty payment confirmation.
- This digital integration improves system reliability and reduces fraud risks, supporting Malaysia's transition to a paperless tax ecosystem.

8

Relief for SME Business Mergers

- To encourage SME consolidation for competitiveness, stamp duty exemption will be granted for merger or acquisition instruments between MSMEs approved by the Ministry of Entrepreneur and Cooperatives Development (MECD).
- **Exemption period:** 1 January 2026 – 31 December 2028



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INDIRECT TAX

The Budget 2026 reinforces Malaysia's fiscal modernization by improving indirect tax administration, strengthening customs enforcement, and promoting sustainability through selective duties. The focus remains on digitalization, anti-smuggling efforts, and environmentally responsible taxation.

1 Digital Service Tax Expansion

To ensure a level playing field between domestic and foreign digital providers, the Digital Service Tax (DST) coverage will be expanded effective 1 January 2026.

Key updates:

- Inclusion of AI subscription platforms, digital training services, and cloud computing.
- Online content creators earning from foreign-based platforms will be subject to DST collection via local intermediaries.
- The DST rate remains at 8%.

2 Excise Duty on Tobacco and Alcoholic Products

the Government proposes to extend import duty and sales tax exemptions for nicotine gum and patches until 31 December 2027, expanding coverage to nicotine mist and lozenges. Additionally, a 10% excise duty increase will apply to alcoholic beverages effective 1 November 2025, to reduce access and encourage a healthier lifestyle.



INDIRECT TAX

3 Tourism Industry Tax Relief

To revitalize the tourism sector, 100% tax exemption will be granted on incremental income earned by registered tour operators from domestic and inbound tourism activities.

Exemption period: 1 January 2026 – 31 December 2027

4 Environmental Tax Pilot Programme

The Government will introduce a pilot Environmental Tax Programme in 2026, targeting high-emission industries such as energy, cement, and manufacturing. The programme will focus on carbon pricing readiness and emission monitoring, serving as a foundation for Malaysia's Carbon Tax Framework expected in 2028.

5 Strengthening Indirect Tax Digitalization

The MyInvois system, launched by LHDN, will integrate with Customs' uCustoms 2.0 platform to create a unified indirect tax reporting ecosystem by end-2026. This integration will enhance compliance, reduce under-reporting, and improve audit efficiency across GST-equivalent transactions.

6 Customs Enforcement and Anti-Smuggling Initiative

To address illicit trade, the Royal Malaysian Customs Department (RMCD) will enhance digital surveillance through:

- AI-powered cargo scanning systems at major ports,
- Blockchain-based trade documentation, and
- Automated vehicle tracking for bonded logistics.



INDIRECT TAX

7

Continuation of Service Tax Exemption for Logistics and Food Delivery

The service tax exemption for logistics, warehousing, and food delivery services will be extended until 31 December 2026 to support e-commerce growth. This aims to prevent additional cost burdens on consumers and SMEs during economic recovery.





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FINANCIAL PACKAGE

The Budget 2026 continues to support economic recovery and inclusive growth through targeted financial packages and government-backed funding programs. The measures are designed to ensure that MSMEs, start-ups, cooperatives, and households have sufficient access to affordable financing and liquidity support.

1 **MADANI Microcredit Expansion**

The MADANI Microcredit Scheme, previously launched under BSN, will receive an additional allocation of RM1.5 billion in 2026 to benefit micro-entrepreneurs and informal workers. The loans up to RM50,000 will be offered at 0% interest for the first 12 months.

2 **Women Entrepreneurship & Family Empowerment Fund**

The Women MADANI Fund worth RM500 million aims to empower female entrepreneurs by supporting childcare centres, family services and home-based businesses. Qualified applicants will enjoy preferential financing rates and business advisory support through SME Corp and Amanah Ikhtiar Malaysia (AIM).

3 **Cooperative and Social Enterprise Financing**

To strengthen the social economy, RM200 million has been allocated under the Cooperative Transformation Programme (TRANSKOP 2026) to support digitization, logistics, and product branding for cooperatives.



FINANCIAL PACKAGE

4 SME and Start-Up Financing Programmes

To enhance business resilience and encourage entrepreneurship, the Government has allocated RM12 billion for SME and start-up financing programmes under several agencies. These programmes offer low-interest or profit-sharing financing between 2% and 4%, with a repayment period of up to 10 years, depending on project type.

Agency	Programme	Allocation
Bank Negara Malaysia (BNM)	SME Automation & Digitalisation Facility (ADF)	RM2 billion
SME Bank	Young Entrepreneur Financing Scheme	RM1 billion
Bank Simpanan Nasional (BSN)	Micro Enterprise Scheme	RM1.5 billion
Malaysia Debt Ventures (MDV)	Tech Start-up Fund	RM500 million
MIDF	Sustainable Industry Modernisation Scheme	RM1 billion
Agrobank	Food Security & Agriculture Financing	RM3 billion

5 Financial Inclusion via FinTech

To accelerate financial access among underserved groups, the Government will collaborate with Bank Negara Malaysia and FinTech associations to roll out Digital Financial Inclusion Platforms in rural areas.



FINANCIAL PACKAGE

6 Green Financing and Sustainability Funds

To drive Malaysia's commitment to the Energy Transition Roadmap (ETR) and ESG targets, a total of RM4 billion has been allocated under various green financing initiatives.

Fund	Purpose	Amount
Green Industrial Financing Scheme 3.0 (GIFS)	Promote renewable energy & green factories	RM2 billion
Sustainable Agriculture Financing Facility	Support low-carbon farming & food resilience	RM1 billion
Electric Mobility Fund (EMF)	Promote EV adoption & charging infrastructure	RM1 billion

7 Credit Guarantee & Loan Restructuring Support

To assist viable businesses facing cash flow challenges, the Credit Guarantee Corporation Malaysia (CGC) and SJPP (Syarikat Jaminan Pembiayaan Perniagaan) will provide a total guarantee capacity of RM20 billion.

Key highlights:

- Up to 80% guarantee coverage for SME loans.
- Special restructuring assistance for tourism, retail, and manufacturing sectors.
- Moratorium options for up to 12 months on a case-by-case basis.



FINANCIAL PACKAGE

8

Student & Graduate Financing Support

The Government will implement a targeted social justice approach for PTPTN loan disbursement, with a total allocation of RM210.5 million. This initiative aims to promote educational equity and responsible loan management through the following measures:

Key Focus:

- Scholarships/Free Education for students from poor and hardcore poor households based on e-Kasih data (RM120 million).
- Repayment exemption for First-Class Bachelor's Degree graduates from B40 and M40 households at public higher education institutions (RM90.5 million).
- Travel restrictions for PTPTN borrowers with arrears exceeding 5 years and earning more than RM6,000 per month, including those working abroad.



E-Invoicing

Num.	Qty	Units	Article Nr.	Goods, Service	Unit Price	Price
1	1	pcs		Food photography for summer menu. Menu design and printing on glossy cardboard DIN A5 double sided 50 pieces	273,11 €	273,11 €
1	33	pcs.		Single product photo on white background	2,52 €	83,16 €
1	1	pcs.		Photo Licenses for Certificates	16,80 €	20,00 €
Total					273,11 €	325,00 €
VAT 19%					51,89 €	
Total Amount Payable						325,00 €

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GOVERNMENT GRANT

The Budget 2026 expands government grant programmes to support businesses, communities, and innovators in line with Malaysia's transformation towards a digital, green, and inclusive economy. These grants aim to stimulate innovation, strengthen industry competitiveness, and empower local communities to participate in national growth.

1 Malaysia Innovation and Research Grant (MIRG)

A total allocation of RM20 million is designated to assist low-income micro-entrepreneurs, which includes RM5 million specifically allocated for insurance premiums to provide them with essential financial protection.

Grant highlights:

- Up to RM2 million per project for R&D commercialization.
- Priority for AI, biotech, semiconductor, and renewable energy projects.
- Joint evaluation by MOSTI and MIDA to ensure alignment with NIMP 2030.

2 Research and Innovation Talent Grant

The Research Talent Development Fund (RTDF), worth RM150 million, aims to nurture Malaysian researchers and innovators in priority sectors such as semiconductor design, AI, and clean energy. Grants of up to RM500,000 will be awarded to collaborative projects between universities and private industries.



GOVERNMENT GRANT

3 Digital Economy and Technology Adoption Grant

To strengthen Malaysia's digital ecosystem, the Digital Economy Grant (DEG) worth RM800 million is introduced to accelerate technology adoption across MSMEs. Each SME can receive up to RM200,000, co-funded on a matching basis (50:50).

Eligible Projects:

- AI and automation system upgrades
- Cybersecurity infrastructure
- e-Commerce and digital marketing transformation
- Cloud computing and ERP implementation

4 Green Transition and Circular Economy Grant

Under the National Energy Transition Roadmap (NETR), the Government introduces a Green Transition Grant worth RM1 billion, to assist companies in implementing energy-efficient technologies and waste reduction initiatives. Priority will be given to projects that achieve measurable carbon reduction outcomes.

Eligible Activities:

- Solar, biomass, and biogas projects
- Industrial waste recycling systems
- Water treatment and management innovations
- ESG reporting and sustainability certification



GOVERNMENT GRANT

5

Agro-Food Transformation Grant

To strengthen national food security, the Agro-Food Transformation Grant (AFTG) worth RM500 million is introduced. Smallholders and agri-cooperatives can apply for grants up to RM300,000, while agri-tech firms may receive up to RM1 million.

Key Support Areas:

- Smart farming and drone technology
- Aquaculture modernization
- High-yield and climate-resilient crop research
- Cold chain and logistics infrastructure

6

Matching Grant for Export Development

To boost Malaysia's export competitiveness, the Export Development Matching Grant (EDMG) worth RM300 million will assist local companies to enter new markets. The grant offers a 1:1 matching ratio up to RM500,000 per company.

Support scope:

- International marketing and branding
- Product certification and trade fair participation
- Market research and export logistics improvement

7

Smart Community & Rural Connectivity Grant

To bridge the digital divide, the Government allocates RM400 million under the Smart Community Connectivity Grant (SCCG). This initiative aligns with the National Digital Network (JENDELA) Phase 2 rollout.

Key Objectives:

- Expand 5G coverage in rural towns
- Support digital entrepreneurship hubs
- Develop community Wi-Fi projects





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OTHERS

The Budget 2026 includes a range of complementary measures aimed at strengthening Malaysia's social infrastructure, enhancing workforce productivity, and promoting inclusive national development. These initiatives complement the fiscal, tax, and financial incentives announced earlier, forming a cohesive and sustainable policy framework.

1 Minimum Wage Adjustment

Effective 1 July 2026, the national minimum wage will be increased from RM1,500 to RM1,700 per month, reflecting Malaysia's commitment to fair income distribution and cost-of-living support. This revision will primarily benefit workers in the manufacturing, retail, and service sectors, covering approximately 1.8 million employees nationwide.

2 Education and Skills Development

To prepare the workforce for Industry 4.0, RM6 billion has been allocated to strengthen TVET (Technical and Vocational Education and Training) institutions and digital skills programs.

Key Initiatives:

- Establishment of 10 new TVET Excellence Centres nationwide.
- Collaboration between TVET institutions and private industries for internship placements.
- Scholarships for courses in AI, robotics, and data analytics.



OTHERS

3 Public Transportation Support

To reduce commuting costs and encourage the use of public transport, the Government will extend the My50 Unlimited Travel Pass until 31 December 2026. Furthermore, RM800 million is allocated to improve bus and rail connectivity in Klang Valley, Penang, and Johor Bahru under the National Transport Policy (NTP) 2030.

4 Affordable Housing & Rent-to-Own Scheme

The Government remains committed to addressing housing affordability. Under PR1MA, SPNB, and LPPSA, a total of 25,000 affordable homes will be built nationwide in 2026. Additionally, a Rent-to-Own (RTO) scheme worth RM1 billion will be launched to help B40 and M40 families transition into homeownership.

5 MADANI Food Aid & Price Stabilization

To mitigate the impact of rising food costs, the Government will allocate RM3 billion to maintain subsidies on rice, cooking oil, and chicken under the Price Stabilization Scheme. Additionally, the Rahmah Food Basket Programme will continue to provide monthly food assistance worth RM100 to 500,000 low-income households.



OTHERS

6 Health & MADANI Medical Scheme

The MADANI Medical Scheme, introduced in 2024, will be expanded with an additional RM2 billion to cover outpatient treatments at private panel clinics nationwide.

Eligible Beneficiaries:

- B40 households registered under Padu system
- Senior citizens aged 60 and above
- Persons with disabilities (OKU)

7 Rural Development and Infrastructure

The Government will invest RM2.5 billion in rural development projects, including roads, water supply, and community facilities.

Key focus areas:

- Rural road upgrading (1,000 km nationwide)
- Clean water projects for 120 rural villages
- Rural enterprise centres and digital kiosks



OTHERS

8

Labour Market and Employment Incentives

The Hiring MADANI 2.0 Programme will provide wage incentives up to RM600 per month for employers hiring youth, women returning to work, and senior workers (aged 55–65). This initiative aims to create 200,000 new job opportunities in 2026.

9

National Digital Identity (MyDigital ID) Rollout

The MyDigital ID system will be officially launched in mid-2026, serving as a secure national digital identity platform for citizens and residents. It will facilitate e-government services, digital payments, and cross-agency verification in line with the Digital Government Blueprint 2030.



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OUR GROUP EVENTS

Aside from our publications, we've organised numerous offline events such as e-Invoice Seminar, to share the latest legal and corporate insights. We warmly invite you to join us for our upcoming sessions!



CONNECT WITH US!



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