

# BUDGET 2026:

What You Need to Know

**RM470B**

comprising

**RM338.2B**  
(operating)

**RM50.8B**  
(investments by GLICs,  
statutory bodies & PPPs)

**RM81B**  
(development)

Malaysia's largest budget ever

## Key Indicators

GDP growth: **4.0%–4.5%** (2026)

Deficit: **3.5% of GDP** (↓ from 5.5% in 2022, 4.1% in 2024)

## → Impact on Businesses

### Listing Deduction Extended

RM1.5 million IPO cost relief for MSMEs for the sector of tech, energy and utilities (till 2030)

### Food Security Tax Exemption

Now expanded to include the Food Production Project scheme. Offers 100% income tax exemption for up to 10 years (new projects) and 5 years (expansion projects).

### Agri Automation Incentive

Now expanded to include closed-house livestock systems under the tax allowance for approved automation equipment in agriculture.

### E-Invoicing Nationwide

Full rollout by 2026 to boost compliance and transparency

### AI & Cybersecurity Training

Extra 50% tax deduction for SME training recognised by NACI, in collaboration with TalentCorp and MyDigital

### Green Tech Adoption

100% tax allowance for using MyHIJAU-certified Malaysian green tech products

### Scholarship Tax Deduction Expanded

Double tax deduction extended until 2030, now covering students in vocational, diploma, degree, and professional courses. Household income limit raised to RM15,000/month.

### Training Sponsorships

Double deduction extended to accredited care-worker training

### Venture Capital

10-year tax enhancement with special rates and dividend exemption

### Road Safety for Heavy Vehicles

1-year Accelerated Capital Allowance (ACA) for the purchase of Speed Limitation Devices (SLD) on eligible heavy vehicles.

### LLP Profit Tax Introduced

Profit distributions above RM100,000/year from LLPs to individual partners will be taxed at 2%, ending the current tax exemption.

### Foreign Income Tax Relief Extended

4-year tax exemption (2027–2030) on foreign dividends and gains from overseas capital assets for resident companies, LLPs, cooperatives, trust bodies and unit trusts.

### Anti-Corruption Donations

10% tax deduction for approved civil society programmes



## → Impact on Individuals & Families

### STR Aid Up to RM3,700

9 million recipients including B40 families, singles and seniors

### SARA Festive Aid

RM100 festive assistance x2 for B40 households

### One-Off RM100 Aid

For all Malaysians aged 18 and above (2.2M recipients)

### Expanded Tax Reliefs

- Childcare fees: **RM3,000**, includes after-school transit (for kids ≤12)
- Insurance/takaful: **RM3,000** tax relief for self and spouse now extended to cover children.
- Learning disabilities: Relief increased from **RM6,000** → **RM10,000**
- Home sustainability & safety: **RM2,500**, covers food waste grinders & CCTVs
- Cultural & tourism access: **RM1,000** relief for VMY2026 attraction entries
- Vaccination: **RM1,000** tax relief now includes **NPRA-approved vaccines**

### EPF Withdrawal for Ibadat Haji

Raised to **RM10,000** (admin limit, not a tax relief)

## → Stamp Duty

### First-Home Buyers

100% stamp duty exemption for homes ≤RM500K (till 2027)

### Perlindungan Tenang

Stamp duty exemption for low-premium insurance extended to 2028

### Employment Contracts ≤RM3,000

Exempted from stamp duty effective 2026

## → Special Incentives

### SRI Sukuk Incentive

100% grant coverage (up to RM300k) for sustainable bond external reviews extended to 2028

### Tourism (VMY2026)

- RM500K renovation deduction for tourism projects
- 100% tax exemption for tour operators' Malaysia packages
- 100%/50% exemption for international MICE / cultural/sports organisers

## → Other Highlights

### Social Enterprises

Tax exemption application window extended to **2028**

### Diesel Subsidy Reform

RM200 monthly aid for eligible users. Saves RM5B

### Langkawi/Labuan Duty-Free Vehicles

Tax-free cap now limited to car value ≤RM300K

### Carbon Tax (2026)

Begins with iron, steel, and energy sectors. Tied to National Carbon Market Policy

### Nicotine Replacement Therapy Product Tax Exemptions

Import duty and sales tax exemptions on nicotine replacement therapy products expanded to include nicotine mist and lozenges to 2027

### Tobacco & Alcohol Excise Hikes

Effective **1 Nov 2025** (e.g. +2 sen/stick for cigarettes, +10% alcohol)