



HSS ADVISORY SDN BHD
(722956-M)

Tax & Business Advisors

SUMMARY OF BUDGET 2021

Prepared by: HSS Advisory Sdn Bhd



Resolve, Resilience, Restart, Recovery, Revitalize and Reform

- **Budget amount – RM 322.5 billion**
- *The total expenditure for the year 2021 is the largest expenditure in history.*
- *The government intends to allocate :-*
 - *RM 235.6 billion for operation expenses;*
 - *RM 69 billion for development expenditure;*
 - *RM 17 billion under COVID-19 fund; and*
 - *RM 2 billion for the Contingency Reserve Advance Warrant.*



Bantuan Prihatin Rakyat

Household income < RM 2,500 per month	i) With one child – RM 1,200 cash assistance ; OR ii) With two or more children – RM 1,800 cash assistance.
Household income between RM 2,501 to RM 4,000 per month	i) With one child – RM 800 cash assistance; OR ii) With two or more children – RM 1,200 cash assistance.
Household income between RM 4,001 to RM 5,000 per month	i) With one child – RM 500 cash assistance; OR ii) With two or more children – RM 750 cash assistance.
Single individuals earning RM 2,500 and below per month	Cash assistance of RM 350 (age limit eligibility has been lowered to 21 years old).



Targeted Loan Repayment Assistance (TRA) : Loan Moratorium

Option 1

- A moratorium on their instalments for a period of 3 months.

Option 2

- Reduce their monthly repayment by 50% for a period of 6 months.



KWSP
EPF

Minimum Employee EPF Contribution Rate is Reduced

1. Beginning January 2021, the effective rate for employee contribution rate is being reduced from 11% to 9% for a period of 12 months. This is to increase employee's take home pay.
2. Facility to withdraw EPF savings from Account 1 on a targeted basis. The amount allowed of RM 500 a month with a total of up to RM 6,000 over 12 months.



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SOCSO

- The Job Search Allowance for those covered under the SOCSO's Employment Insurance System is currently for 6 months starting at the rate of 80% of the employee's monthly salary and gradually decreases to the rate of 30% of the employees' monthly salary.
- For the year 2021, the Job Search Allowance will be extended by 3 months and the rate will be 80% in the first month, 50% for the second till the sixth month and subsequently 30% for the last three months.



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(722956-M)

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Personal Income Tax Reliefs





Income Tax Reliefs

- Scale rate of resident individuals will be reduced by 1 percentage point for chargeable income band of RM 50,001 to RM 70,000.
- Expansion the scope of tax relief for medical treatment expenses to cover vaccination expenses limited to RM 1,000 (for self, spouse and child) (*vaccination such as pneumococcal, influenza and COVID-19*).





Income Tax Reliefs

- Increase the tax relief limit from RM 6,000 to RM 8,000 on **medical expenses for self, spouse and child for serious diseases** and tax relief limit on full medical check up has also been increased from RM 500 to RM 1,000.
- Increase in tax relief limit from RM 5,000 to RM 8,000 on expenses for **medical treatment, special needs and parental care.**



Income Tax Reliefs

- Income tax relief up to RM 3,000 on private retirement contribution will be extended to YA 2025.
- Additional income tax relief for disabled spouse will be increased from RM 3,500 to RM 5,000.





Income Tax Reliefs

- Income tax relief for lifestyle will be increased from RM 2,500 to RM 3,000, in which the additional RM 500 is allocated for sports expenses. Further to that, the scope of relief will be expanded to include subscription of electronic newspaper.
- Expansion the scope of tax relief for **education fees** (self) to include upskilling courses limited to RM 1,000





Income Tax Exemption

- Income tax exemption for compensation for loss on employment for YA 2020 and 2021 will be increased from RM 10,000 to RM 20,000.





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Income Tax Reliefs for Businesses



Apprenticeship Program

- Private employers will be provided an incentive of RM 1,000 per month for 3 months for each new graduate who participates in the apprenticeship program.
- Furthermore, employers can also claim a grant of up to RM 4,000 for training programs for the apprentices.



Further Tax Deduction

- Further tax deduction on remuneration given to employer who **employ senior citizen** and **ex-convicts** will be extended to YA 2025.





Tax Exemption

- Extension of tax exemption on export of private healthcare services to YA 2022
- Extension of sales tax on the purchase of locally assembled bus to YA 2022



Tax Incentive

- The tax incentive for Principal Hub will be extended to 31 December 2022. Further to that, the conditions for the incentive will be relaxed.
- New tax incentive for the establishment of Global Trading Centre at a concessionary rate of 10 percent for a period of 5 years and renewable for a period of another 5 years

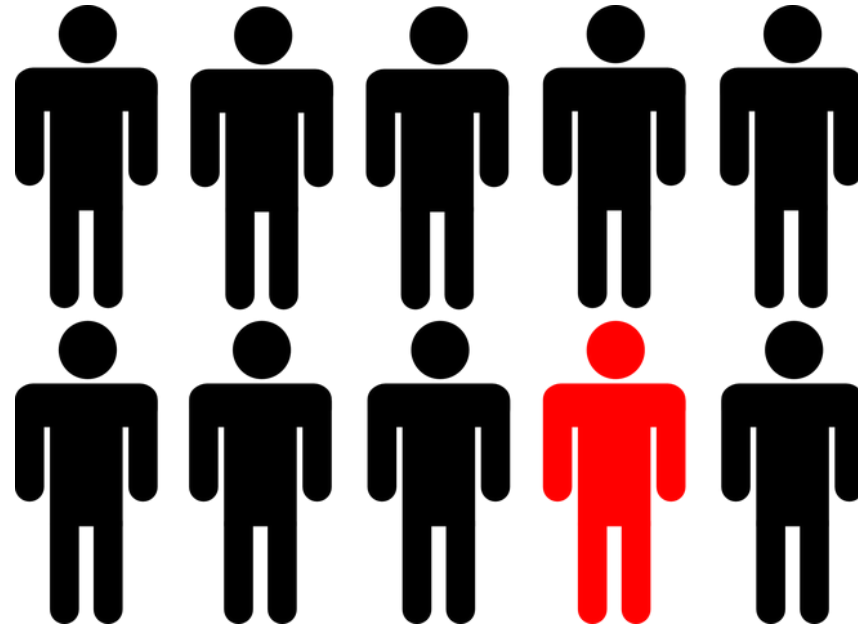
Tax Incentive

- Extension of application received by MIDA from 7th November 2020 until 31st December 2022 for relocation incentives for selected sector which is income tax rate of 0% to 10% for 10 years for new company and 10% for 10 years for existing company with new services segment



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Others



Stamp Duty

- Full stamp duty exemption on loan agreement and instrument of transfer for first time home buyer will be extended to 31 December 2025. Further to that, the limit of value eligible for stamp duty exemption will be increased up to RM 500,000.

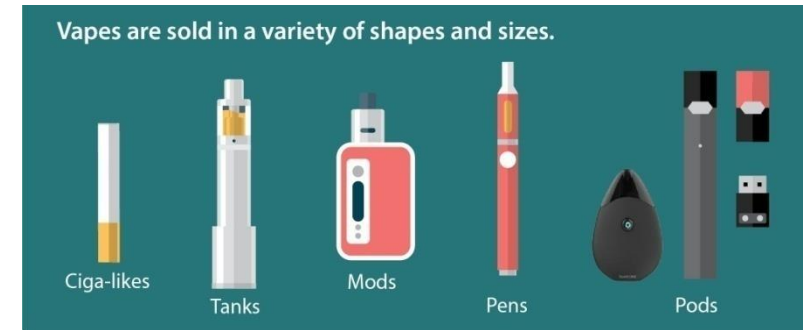


Stamp Duty

- Stamp duty exemption on loan agreements and instruments of transfer given to rescuing contractors and the original house purchasers is extended for another 5 years. This exemption is effective for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025 for abandoned housing projects certified by Ministry of Housing and Local Government (KPKT).

Tightening of Trading of Cigarettes

1. Freezing of issuance of new import license for cigarettes;
2. Tightening the renewal of import license for cigarettes including the imposition of import quota;
3. Limiting transshipment of cigarettes to dedicated ports only;
4. Imposition of tax on importation of cigarettes with drawback facilities for re-export;
5. Disallow transshipment of cigarettes and re-export of cigarettes by small boats and instead be allowed only in ISO containers; and
6. Making cigarettes and tobacco products as taxable goods in all Duty-Free Islands and any free zones that have been permitted retail sale of duty free cigarettes



The government will impose excise duty of 10% on devices for all types of electronic and non-electronic cigarettes including vape effective 1st January 2021 whilst liquid for vape refill will be imposed an excise duty of 40 cents per millilitre.



Imposition Of Tourism Tax

- Imposition of tourism tax to be expanded to include **accommodation reserved via online platform** effective from 1st July 2021





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