



2017 BUDGET

**ENSURING UNITY AND
ECONOMIC GROWTH**

INCLUSIVE PRUDENT SPENDING

WELLBEING OF THE RAKYAT

2017 ECONOMIC PERFORMANCE

YEAR	2016	2017
GDP	4.0% – 4.5%	4.0% – 5.0%
Fiscal Deficit	3.1%	3.0%
Federal Government Revenue	RM212,595 mil	RM219,726 mil

2017 BUDGET ALLOCATION: RM262.8 BILLION

OPERATING EXPENDITURE	DEVELOPMENT EXPENDITURE	CONTINGENCIES
RM214.8 billion	RM46 billion	RM2 billion

RAKYAT CENTRIC PROJECTS

1. Install 97,000 street lights and 3,000 LED lights in 7,500 villages nationwide (**RM100 million**)
2. Build and upgrade 616 kilometres of village roads and bridges (**RM1.2 billion**)
3. Maintain the state roads under MARRIS (**RM4.6 billion**)
4. Build and refurbish 17,000 units of destitute and dilapidated houses & Orang Asli settlements (**RM350 million**)
5. Clean water supply to 5,200 houses & upgrade FELDA water supply (**RM732 million**)
6. Loans and grants to improve water capacity and supply (**RM665 million**)
7. Establish Water Supply Fund (**RM500 million**)
8. Provide electricity supply to 10,000 houses in rural areas (**RM460 million**)
9. Maintain and repair facilities at flats & *Program Perumahan Rakyat* (PPR) through 1Malaysia Maintenance Fund (**RM300 million**)
10. Implement *Projek Mesra Rakyat* (**RM800 million**)
11. Continue 69 Flood Mitigation projects (**RM495 million**)
12. Construct 2 Overhead Motorcycle Ramps at the Federal Highway, Selangor to mitigate floods and ensure safety of riders (**RM29 million**)

INCREASE HOME OWNERSHIP

13. Build 5,000 units of MyBeautiful New Home through NBOS for B40 priced at RM40,000 – RM50,000/unit (**RM200 million**) – the Government will finance RM20,000, while the remaining will be paid as instalments by the owners
14. Build 9,850 new units & complete 11,250 PPR houses (**RM710 million**)
15. Build 30,000 units on Government lands at strategic locations, priced at RM150,000 – RM300,000
16. Build 10,000 houses in urban areas for rental to youth below the market rates
17. Build 5,000 units of *Rumah Mesra Rakyat* (RMR) with subsidy of RM20,000/unit (**RM200 million**)
18. A new special step-up end-financing scheme for PR1MA houses, in collaboration with BNM, EPF, Maybank, CIMB, RHB and AmBank
19. Stamp duty exemption on instruments of transfer and loan agreement for first home ownership for the period between 1 January 2017 and 31 December 2018

House Price (RM)	Stamp Duty Exemption
< 300,000	100%
300,000 – 500,000	100% to the first RM300,000, while the balance is at 2% (ad valorem)

20. Provide allocation for Second-Generation House infrastructure development: FELDA (**RM200 million**), FELCRA (**RM100 million**) & RISDA (**RM100 million**)

INCREASE RAKYAT'S INCOME

21. Expand MySuria Programme for 1,600 houses nationwide (**RM45 million**)
22. Expand Mobilepreneur Programme for 3,000 participants (**RM30 million**)
23. Implement Agropreneur Programme for 3,000 young entrepreneurs (**RM100 million**)
24. Intensify eUsahawan dan eRezeki programmes for 300,000 participants (**RM100 million**)
25. Encourage B40 (BR1M recipients) to generate additional income by becoming ride-sharing drivers such as UBER – for those who do not own vehicles, down payment could be paid using BR1M & rebate up to RM4,000 for the purchase of Proton Iriz

SUBSIDIES AND INCENTIVES

26. Paddy farmer (**RM1.3 billion**) including price subsidy, seed subsidy, fertiliser subsidy
27. Rubber smallholders:
 - Rubber Production Incentive (**RM250 million**)
 - Rainy Season Assistance of RM200 monthly for 3 months to 440,000 smallholders (**RM260 million**)
28. Fishermen living allowance RM200 – RM300 monthly to 57,000 fishermen (**RM250 million**)
29. Cooking gas subsidy (**RM1.6 billion**)
30. Electricity subsidy (**RM124 million**)

1MALAYSIA PEOPLE'S AID (BR1M)

31. With an allocation of RM6.8 billion, BR1M will benefit 7 million recipients

Categories	Income	2017 Budget
Household	e-Kasih	RM1,200 (2016: RM1,050)
	<RM3,000	RM1,200 (2016: RM1,000)
	RM3,001 – RM4,000	RM900 (2016: RM800)
Single Individual	RM2,000 and below	RM450 (2016: RM400)

ENHANCE TVET PROGRAMMES

32. Transform 9 IPG campuses into Polytechnics & Vocational Colleges, including one for TVET trainers (**RM400 million**)
33. Upgrade teaching equipment in TVET institutions (**RM270 million**)
34. Skills Development Fund Corporation (**RM360 million**)
35. Extend the double tax deduction for Structured Internship Programme until year of assessment 2019 for students pursuing degree, diploma as well as Level 3 and above, under TVET programmes
36. Provide matching grants to TVET institutions which successfully obtained assistance from industries, in the form of equipment

HUMAN CAPITAL

37. Enhance graduate employability – Extend 1Malaysia Training Scheme (SL1M) for 20,000 graduates (**RM50 million**)
38. Establish Malaysian Bureau of Labour Statistics

LIFESTYLE TAX RELIEF

39. Tax relief up to RM2,500 yearly effective year of assessment 2017 (combined as lifestyle tax reliefs) for purchase of:
 - Reading materials, computers, sports equipment, printed newspapers, smartphones & tablets, internet subscription and gymnasium membership fees

NATIONAL BLUE OCEAN STRATEGY (NBOS)

40. Build 4 Urban Transformation Centres (UTCs) - Negeri Sembilan, Perlis, Pulau Pinang & Selangor
41. Build 3 Rural Transformation Centres (RTC) - Selangor, Sabah & Sarawak
42. Provide Job Centres in every UTC for job matching
43. Increase 4 buses for Mobile Community Transformation Centre (CTCs) in the interiors
44. Implement NBOS initiatives: 1Malaysia English, Coding in schools, Volunteering for International Professional and Global Entrepreneurship Community 2

STRENGTHEN FISCAL SUSTAINABILITY

45. Establish Collection Intelligence Arrangement (CIA) – increase the efficiency of revenue collection & tax compliance
46. Increase stamp duty from 3% to 4% for instruments of property transfer exceeding RM1 million effective 1 January 2018

SPORTS DEVELOPMENT

- 47. Host the 29th SEA Games & 9th ASEAN Para Games (**RM450 million**)
- 48. Construction of Football Academy Phase II in Gambang, Pahang (**RM50 million**)
- 49. Build and upgrade Youth and Sports Complex in states, 1Malaysia Futsal Complex & Community Sports Complex (**RM122 million**)
- 50. Elite Sports Podium Development Programme (**RM70 million**)
- 51. Continue Sportsmen Development Programme: Athlete & Paralympic Athlete Preparation Programmes (**RM54 million**)

IMPROVE HEALTHCARE

- 52. Build & upgrade new hospitals and clinics in Perlis, Kuching, Mukah, Jempol, Muar and Johor Bahru
- 53. Upgrade hospital facilities including cardiology treatment equipment & purchase of 100 ambulances (**RM536 million**)
- 54. Operations of 340 1Malaysia Clinics, 11 1Malaysia Mobile Clinics, 959 health clinics & more than 1,800 rural clinics (**RM4.5 billion**)
- 55. Supply of drugs, consumables, vaccines and reagents (**RM4 billion**)
- 56. Reduce overcrowding in public hospitals by cooperating with private sector and NGOs by providing soft loans for non-profit charitable hospitals to purchase equipment (**RM20 million**)
- 57. Medical assistance to 10,000 underprivileged patients (**RM70 million**)
- 58. One-off grant worth RM200,000 for purchase of equipment in new haemodialysis centres (**RM40 million**)
- 59. Initiatives to prevent and control dengue & Zika and expand National Community Health Empowerment Programme (**RM80 million**)

INCREASE FOOD PRODUCTION WITH COMPETITIVE PRICES

- 60. Develop agriculture infrastructure, drainage and irrigation, farm roads and marketing of agricultural products

61. Implement high impact programmes: paddy estates, aquaculture integrated zone & cage fish farms
62. Implement Distribution of Necessary Goods Programme, open 4 MyFarmOutlets & upgrade 150 Agrobazaar Rakyat 1Malaysia (**RM140 million**)
63. Encourage dairy, *madu kelulut* & coconut industries
64. Reduce imported animal feed – corn plantation

INCENTIVES FOR TAXI DRIVERS

65. Provide grant of RM5,000 to purchase new vehicles & offer individual taxi permits, benefitting 12,000 taxi drivers (**RM60 million**)
66. Introduce SOCSO scheme for individual taxi drivers earning <RM3,000/month with a launching grant of **RM60 million**

STIMULATE PRIVATE INVESTMENT

67. Build and upgrade infrastructure: Jalan Lok Kawi – Pengalat – Papar, in Sabah; Jalan Kampung Keruak – Gua Musang – Kuala Berang; construction of Batang Lupar Bridge, Sri Aman; and Repowering Sandakan Power Station Project
68. Infrastructure & socioeconomic development in 5 economic corridors (**RM2.1 billion**)
69. MIDA funds for identified sectors (**RM522 million**)

INVIGORATE CAPITAL MARKET

70. Introduce Small and Mid-Cap PLC Research Scheme to conduct research on 300 companies
71. Special fund up to RM3 billion from Government-linked investment companies (GLICs) to potential companies
72. Establish Capital Market Research Institute with initial funding of RM75 million through Capital Market Development Fund
73. Extend the income tax exemption period to Islamic Banking and Takaful business entities conducting foreign currencies activities through International Currency Business Unit (ICBU) as well as stamp duty exemption on instruments to year of assessment 2020
74. One-off increase in Private Retirement Scheme (PRS) incentive to RM1,000 for PRS contributors (**RM165 million**)

INCREASE EXPORTS

75. National Export Promotion Fund for exports promotion programmes by MATRADE, MIDA and SMECorp (**RM130 million**)
76. EXIM Bank provides financing totalling RM200 million & insurance credit facilities with coverage value up to RM1 billion to SMEs
77. Increase production of palm oil, rubber, cocoa and pepper (**RM286 million**)
78. Improve the quality of palm oil products, replantation of palm oil and upgrade estate roads (**RM100 million**)

ACCELERATE TOURISM SECTOR

79. Intensify promotion and improve tourism facilities (**RM400 million**):
 - Clean air and ecotourism initiatives
 - Visit ASEAN@50 Year Campaign in conjunction with the 50th anniversary of ASEAN & host for the 2017 SEA and ASEAN Para Games

80. Extend the duration to submit application for Pioneer Status promotion and Investment Tax Allowance for new 4 and 5 star hotels to 31 December 2018
81. Increase tax deduction from RM500,000 to RM700,000 to encourage sponsorships by the private sector in art and cultural performances and shows, as well as local and foreign heritage
82. Extend the eVisa facilities to countries in the Balkans and South Asia regions

DIGITAL ECONOMY

83. MDEC to implement digital programmes such as e-commerce ecosystem, Digital Maker Movement as well as introduction of new location categories as Malaysia Digital Hub **(RM162 million)**
84. Introduce the first Digital Free Trade Zone
85. Offer a more competitive price for broadband (higher speed at the same price)
86. Increase Ethernet broadband speed in public universities to maximum 100 Gbps
87. Widen the coverage and enhance the quality of broadband up to 20 Mbps throughout the nation **(RM1 billion)**

ENTREPRENEURSHIP

88. Declare 2017 as Startup & SME Promotion Year
89. Implement programmes under SME Master Plan **(RM75 million)**
90. Extend all schemes under *Syarikat Jaminan Pembiayaan Perniagaan* (SJPP) to 2025
91. Provide 2% rebate on interest rates charged to exports-oriented SME borrowers under SJPP scheme (limited to a total accumulated funding of RM1 billion)
92. Working Capital Guarantee Scheme (WCGS) fund for startups **(RM200 million)**
93. Introduce a new pass category, namely Foreign Knowledge Tech Entrepreneurs to encourage investment in high technology startups.
94. To invigorate creative industries & film production **(RM80 million)**
 - Film in Malaysia Incentive, Arts and Culture Revitalisation Agenda, FINAS Content Creation Hub in Santubong and Kota Kinabalu as well as Committee on Arts and Culture will be implemented
95. Establish Centre for the Advancement of Social Innovation and Entrepreneurship (CASIE) under Malaysian Global Innovation & Creativity Centre (MaGIC) as an accreditation agency for social entrepreneurship in Asia

EARLY CHILDHOOD AND PRESCHOOL EDUCATION

- 96. Continue the Additional Food Assistance and Per Capita Grant to children in TABIKA and TASKA (**RM140 million**)
- 97. Improve daily nutritional food packages to include 250ml of milk, raisins and eggs benefitting nearly 280,000 children (**RM60 million**)
- 98. Improve access to preschool education in government schools for free, benefitting 200,000 children (**RM132 million**)

PRIMARY AND SECONDARY EDUCATION

- 99. Reconstruct 120 destitute schools (60 in Peninsular, 30 in Sabah and 30 in Sarawak) using Industrial Building System (IBS) and upgrade 1,800 science laboratories (**RM570 million**)
- 100. Complete construction of 227 schools, including 8 new schools (**RM478 million**)
- 101. Improve English Language proficiency programmes such as Cambridge English, Dual Language and Highly Immersive programmes (**RM90 million**)
- 102. MCMC to provide tablets to 430,000 teachers to assist in teaching (**RM340 million**)
- 103. Schooling Assistance Programme of RM100 each to students from families earning below RM3,000, benefitting 3.5 million students (**RM350 million**)
- 104. Provide Hostel Meal Assistance Programme to 365,000 students (**RM1.1 billion**)
- 105. Continue 1Malaysia Supplementary Food Programme for primary school students (**RM300 million**)
- 106. Provide Additional Assistance for Payment of School Fees; Textbook Assistance and Per Capita Grant Assistance (**RM1.1 billion**)
- 107. Provide matching grants of up to RM50 for accumulated savings in SSPN-i to Year 1 students in fully-assisted Government schools.
- 108. Provide Special Needs Student Allowance of RM150 monthly to 67,000 students & replace buses or coasters for 21 special education schools (**RM107 million**)
- 109. Maintenance of National Schools, National-type Chinese Schools, National-type Tamil Schools, Religious Schools, Fully-residential schools, Government-aided religious schools, registered *Sekolah Pondok* and MRSM (**RM600 million**)

EMPOWERING HIGHER EDUCATION

110. Provide allocation for 20 public universities (**RM7.4 billion**), among others:
- 4 university hospitals (**RM1.4 billion**)
 - Empower 5 research universities (**RM300 million**)
 - Research fund for higher education institutions (**RM100 million**)
111. Replace book voucher with student debit card worth RM250, benefitting 1.3 million students (**RM300 million**)
112. Continue providing scholarships (**RM4.3 billion**) through Public Service Department (RM1.6 billion), MARA (RM2 billion), MoHE (RM250 million), MoH (RM208 million), MoE (RM194 million), MoHR (RM28 million) and KBS (RM21 million).
113. Discounts to encourage repayments of PTPTN loans effective 22 October 2016 till December 2017
- 15% discount on the outstanding debt for full settlement;
 - 10% discount for payment of at least 50% of the outstanding debt made in a single payment; and
 - 10% discount for repayment through salary deduction or direct debit in accordance with the repayment schedule.

SOCIAL SAFETY NET

114. Assistance to poor families, benefitting 69,000 families:
- General Assistance up to RM300/month; and
 - Children Assistance up to RM450/month
115. Socioeconomic assistance of RM300 monthly to senior citizens, benefitting 120,000 senior citizens
116. Establish 8 Senior Citizen Activity Centres
117. Assistance to the disabled (PWDs): employee allowance; disabled children training allowance; assistance for PWDs who are unable to work, benefitting 150,000 PWDs (**RM535 million**)
118. Direct GST exemption to registered PWDs to purchase aid equipment without going through Private Welfare Entities as well as wider scope of exemption
119. Increase allowance of village heads, chairman of Village Development and Security Committee including heads of New Villages and Orang Asli from RM800 to RM900

PUBLIC TRANSPORT

- 120. Implementation of the new East Coast Rail Line (600 km) project connecting Klang Valley to the East Coast (estimated cost: **RM55 billion**)
- 121. Accelerate the implementation of Pan Borneo Highway in Sabah and Sarawak
- 122. Restore the East Coast railway line along Gua Musang – Tumpat (**RM100 million**)
- 123. Increase frequency of ETS service – purchase of 19 train sets (**RM1.1 billion**)
- 124. Support the operational cost of stage buses that connect major cities with small towns in rural areas (**RM100 million**)

WELFARE OF ORANG ASLI

- 125. Implement treated water supply project at 42 Orang Asli villages; entrepreneurship and economic development programmes; and village resettlement, among others at Sungai Ruil, Cameron Highlands (**RM222 million**)
- 126. Land survey in Sabah (**RM20 million**) & Sarawak (**RM30 million**) through Native Customary Rights project

CHINESE AND INDIAN COMMUNITY

- 127. Development of Chinese New Villages (**RM50 million**)
- 128. Loans for Chinese Communities through:
 - KOJADI (**RM50 million**)
 - Malaysian Chinese Women Entrepreneurs Foundation (**RM20 million**)
 - 1Malaysia Hawkers and Petty Traders Foundation (**RM20 million**)
- 129. Programmes to increase capacity and income of Indians (SEED) (**RM50 million**)
- 130. Business financing programme, SPUMI through TEKUN (**RM50 million**)
- 131. Programmes for financing Indian entrepreneurs (**RM100 million**)
- 132. Preschool programme in National-typed Tamil Schools involving 50 schools (**RM10 million**)

EMPOWERING ECONOMY OF BUMIPUTERA

- 133. Enhance the viability of entrepreneurs and expand their business capacity through SME Bank (**RM100 million**)
- 134. Implement entrepreneurship programme under AIM (**RM100 million**)
- 135. Assist TEKUN small-scaled entrepreneurs, including a new scheme, TEMANITA (**RM300 million**)
- 136. Entrepreneurship and Business Premises Financing Programme through *Perbadanan Usahawan Nasional Berhad* (PUNB) (**RM200 million**)
- 137. MARA entrepreneurship programmes such as halal industry enterprises, youth entrepreneurship development & training (**RM120 million**)
- 138. TERAJU facilitation fund (**RM500 million**)
- 139. Exports Fund under TERAJU (**RM100 million**)
- 140. Peneraju Skil dan Iltizam, Peneraju Profesional as well as Peneraju Tunas through Bumiputera Education Steering Foundation (**RM100 million**)

CORPORATE TAX

- 141. Reduce tax rate between 1 and 4 percentage points for companies with significant increase in taxable income for year of assessment 2017 and 2018
- 142. Reduce tax rate from 19% to 18% for SMEs with taxable income up to first RM500,000
- 143. Extend double taxation promotion on operating expenditure borne by anchor companies for the Vendor Development Programme until 31 December 2020

SECURITY AND PUBLIC ORDER

- 144. Special Insurgency Incentive Payment to Malaysian Armed Forces (ATM) veterans (**RM55 million**)
- 145. Maintenance of main defence assets such as aircraft, patrol vessels, communication equipment, buildings and weaponry (**RM1.8 billion**)
- 146. Increase communication devices, rations and purchase of uniform (**RM1.3 billion**)

- 147. Enhance effectiveness of ESSZONE (**RM323 million**)
- 148. Create Sea Basing at the East Coast waters of Sabah & Helicopter Forward Operating Base
- 149. Upgrade interior roads in Sarawak under the Jiwa Murni Programme by ATM (**RM114 million**)
- 150. Expand the Armed Forces School Ferry services involving 15,000 children of ATM (**RM15 million**)
- 151. Allocation for Royal Malaysia Police, among others, to build 12 district police head quarters, Commando 69 training centres & purchase of vehicles (**RM8.7 billion**)
- 152. Urban crime prevention programme – omnipresence & Motorcycle Patrol Unit (**RM60 million**)
- 153. Provide uniform for 200,000 RELA personnel (**RM80 million**)
- 154. Residence Association Grant to the registered associations up to RM10,000 to finance security control equipment, cleaning and maintenance of neighbourhoods (**RM40 million**)

WOMEN DEVELOPMENT AND FAMILY WELLBEING

- 155. Implement programme to mainstream women's role in the nation's development, among others, I-KIT, I-KeuNita as well as Women Career Comeback programmes (**RM2 billion**)
- 156. Mammogram screenings and Human Papilloma Virus (HPV) vaccination, for free (**RM30 million**)
- 157. Tax exemption up to RM1,000 for purchase of breastfeeding equipment, claimable every two years
- 158. Tax exemption up to RM1,000 for parents sending their children aged 6 and below to registered nurseries and preschools starting from year of assessment 2017

APPRECIATE THE ROLE OF RELIGIOUS MEN & KEMAS

- 159. Increase the Imam allowance under JAKIM to RM850/month, benefitting 15,000 imams
- 160. One-off assistance of RM500 to bilal and *siak*
- 161. Increase KAFA teachers' allowance to RM900 benefitting 33,000 teachers
- 162. Develop *tahfiz* education through National Tahfiz Education Policy (**RM30 million**)

PRESCHOOL AND PERMATA DEVELOPMENT PROGRAMMES

- 163. Increase allowance for KEMAS assistants to RM500, benefitting 11,000 assistants
- 164. Establish the Top STEM Talent Excellence Centre at Academy of Science, Malaysia
- 165. Transform IPG *Raja Melewar* Campus, Negeri Sembilan and *Tuanku Bainun* Campus, Pulau Pinang to PERMATA Pintar and Berbakat Centre

AMENDMENT TO BANKRUPTCY ACT 1967

- 166. To enable bankrupt individuals to rejoin business activities by amending the Bankruptcy Act for social guarantors and those diagnosed with chronic diseases as well as the elderly

APPRECIATE CIVIL SERVANTS

- 167. Provide fully Paid Study Leave with Scholarship to the Support Group
- 168. Quarantine Leave up to five days for civil servants whose children are infected with infectious diseases and required to be quarantined
- 169. Extend the existing computer loan facility to include smartphones, with a limit of RM5,000 for every 3 years
- 170. Increase the limit of motorcycle loan facility up to RM10,000
- 171. Increase the public servants' housing loans eligibility to RM200,000 and RM750,000
- 172. Complete 30,000 units of 1Malaysia Civil Servants Housing (PPA1M) with selling price between RM90,000 – RM300,000
- 173. Extend the contract of service and contract for service officers for at least one year
- 174. Introduce grade 56 for medical and dental specialists
- 175. Expedite the appointment of 2,600 medical doctors, dentists and pharmacists on contract, latest by December 2016
- 176. Special assistance of RM500 to all civil servants and RM250 to Government retirees



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