Budget 2021

Tengku Zafrul delivering his first budget speech

A BEHEMOTH BUDGET for unprecedented times

BY **ESTHER LEE**

Budget 2021, the first for Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz, at a behemoth RM322.5 billion, is the largest in Malaysian history, befitting the times we are in.

"The year 2020 is a tumultuous period for Malaysia, marked by many challenging circumstances. Never before in modern history has an epidemic wrought such profound changes. The spread of Covid-19 has not only taken people's lives but stifled economies. There are no guidelines nor precedence that can be used as reference because this is an unprecedented crisis," Zafrul said early in his budget speech in parliament last Friday (Nov 6).

Out of RM322.5 billion, RM236.5 billion will be allocated to operating expenses, RM69 billion to development expenditure and RM17 billion under the Covid-19 fund.

Themed "Resilient as One, Together We Triumph", Budget 2021 was formulated on three integral goals: the rakyat's well-being, business continuity and economic resilience. This was also the first time where the budget involved consultations covering all 14 states and involving over 40 businesses and industries, the finance minister added in his speech in parliament last Friday (Nov 6).

Tax consultants and the business community agree that the budget this time round is detailed and targeted, providing assistance to relevant industries.

"Overall, Budget 2021 addresses three main things: the immediate needs, economic recovery as well as implicitly longer-term reforms," says Amarjeet Singh, Ernst & Young Tax Consultants Sdn Bhd's (EY) Asean and Malaysia tax leader.

Notably, the budget speech jumped straight to the allocation to fight the Covid-19 pandemic and to the healthcare sector after the opening remarks. It is no surprise, given the damage the coronavirus has inflicted on the economy since March.

The government is proposing to raise the ceiling for the Covid-19 fund by RM20 billion to RM65 billion.

"The main purpose is to fund the Kita Prihatin package, additional assistance for the people's well-being, needs of our frontliners, and expected procurement of vaccine. I hope the members of this august house will collectively approve this proposal," Zafrul said.

In addition to the Covid-19 fund, RM1 billion will be allocated for the healthcare sector for 2021 to fight the resurgence of the Covid-19 pandemic, covering the purchase of reagents, test kits, consumables for Ministry of Health (MOH) usage, personal protection equipment and hand sanitisers as well as the purchase of equipment, laboratory test supplies, and medicine for university teaching hospitals and for the National Disaster Management Agency to coordinate efforts to fight Covid-19.

MOH frontliners can also look forward to a RM500 one-off payment from the government next year, besides the existing RM600 monthly allowances.

Looking out for the man in the street

While it is expected, many are happy to see that the Bottom40 (B40) group will continue to benefit from Budget 2021, especially in present circumstances.

KPMG Malaysia head of tax Tai Lai Kok notes that the B40 will continue to benefit from the measures that were announced in the budget and adds that the Middle40 (M40) group are also not left behind.

Many personal tax reliefs were expanded under the budget, which should help alleviate the burden of the tax-paying M40 group.

For one, tax relief for medical treatment expenses has been expanded to include vaccination expenses of up to RM1,000. Besides, there is also a generous RM2,000 increase to RM8,000 for the tax relief limit on medical expenses for serious diseases, and for full medical check-up, expanded to RM1,000 from RM500 previously.

The tax relief on expenses for medical treatment, special needs and parental care will be increased to RM8,000 from RM5,000.

"This will alleviate the people's financial burden, as medical expenses have become a necessary and significant cost of living," says Chartered Tax Institute Malaysia president Farah Rosley.

Malaysia Institute of Certified Public Accountants president Dr Veerinderjeet Singh is surprised, however, by the amount of personal tax reliefs that were announced.

"This will only help 15% of the workforce, and the thing about reliefs is that they are difficult to remove later on once they have been given out," he says.

That said, the initiative to reduce income tax by 1% to 13% for those with chargeable income between RM50,001 to RM70,000 is helpful, especially for the M40 group, says Veerinderjeet.

A rough calculation shows that this reduction would benefit those earning RM5,000 to RM6,500 a month — or an estimated 1.4 million taxpayers, says the finance minister.

PwC Malaysia Tax leader Jagdev Singh says this will reduce the tax bill for those in that chargeable income category by RM200.

There was also an increase in lifestyle tax relief by RM500 to RM3,000, with the additional relief targeted for sports-specific purposes.

As for the B40 group, they will see an increase of cash handouts next year. The allocation for the cash handouts, under Bantuan Prihatin Rakyat, formerly known as Bantuan Sara Hidup, will increase to RM6.5 billion and benefit 8.1 million individuals.

Depending on household income and the number of children, a household could receive up to RM1,800.

The government will also allocate RM1.5 billion to implement the Jaringan Prihatin Programme to ease the burden of the B40 group in accessing internet services. Meanwhile, telecommunication companies will match that by providing benefits valued at RM1.5 billion, such as free data.

Besides the tax relief and cash handouts for the rakyat, the budget also emphasised generating and retaining jobs. Measures on hiring incentives were announced, including a special incentive for employers looking to replace their foreign workers with locals.

The wage subsidy programme also saw an extension of three months, targeting the tourism sector, including the retail sector.

Emphasis was also given to the reskilling and upskilling of workers, with a RM1 billion allocation.

Promoting investment

One aspect that certainly got the nod of approval from tax consultants are initiatives to make Malay-

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SAM FONG/THE EDGE

sia a destination for high-value service activities. It includes a move to relax the conditions imposed for the setting-up of a Principal Hub and to extend the tax incentive to Dec 31, 2022, and a new tax incentive for the establishment of a Global Trading Centre.

"The tax incentive for the establishment of the global trading centre of 10% corporate income tax rate for five years and renewable for another five years will put Malaysia as a strong competitor to Singapore as an international trading hub. Currently, Singapore offers a 5% or 10% concessionary tax rate on qualifying trading income for three or five years for companies under the Global Trader Programme," notes Deloitte Malaysia Tax leader Sim Kwang Gek.

Furthermore, Jagdev believes the announcement of the expansion of the tax incentive for relocation to Malaysia, included in previous stimulus plans this year, to selected businesses in the services sector will have a significant multiplier effect on the Malaysian economy.

"The targeted sectors relate to Industrial Revolution 4.0 and digitalisation. Manufacturing remains the core of the overall business ecosystem and, thus, it was timely for the government to introduce a game-changing incentive package.

"The expansion of this tax incentive to the services sector sends the right signal to the market that the sector is also a key driver [of] Malaysia's recovery as we strive to have an overall ecosystem that investors desire," Sim explains.

That said, Tai hopes the guidelines and processes regarding the enhanced incentives will be done quickly.

Meanwhile, tax consultants see indications of a tax reform process in the works. One is the blanket two-year extension of tax incentives ending in 2020, as the government is in the midst of a comprehensive study of the existing tax incentive structure to provide a competitive, transparent and more attractive tax incentive framework, says Amarjeet.

Tai also sees the allocation of RM300 million towards driving an online trading environment for local manufacturers and traders as a positive move, as he believes it will help move the country and economy more quickly towards recovery.

SMEs out of the limelight this time

Interestingly, some observers say small and medium enterprises saw few goodies from the budget.

"It could be because the previous stimulus packages had been focused on them," notes Veerinderjeet.

Nevertheless, the SMEs were not completely left out, as JanaNiaga, or the National Supply Chain Finance Platform, was announced to help alleviate the cash flow of SMEs, especially in terms of their engagement with the government and government-linked companies.

"This is a win-win situation for the SMEs and the government as well as the banks," says Jagdev.

Revenue expansion measures

Many had anticipated that the government would announce some form of broadening of the tax base, whether in the form of a broader sales and service tax scope or a possible reintroduction of the Goods and Services Tax (GST), given the state of the government coffers.

While that did not come to pass, the government's revenue collection strategy this time around banks on addressing the smuggling of high-duty goods.

Effective from Jan 1, 2021, cigarettes and tobacco products will no longer be duty-free goods on duty-free islands and on any free zone where the sale of duty-free cigarettes has been permitted. Some say this is a great move, as it would have required much political will.

Along with other measures such as disallowing the transshipment of cigarettes and re-export of cigarettes by small boats, and limiting the transshipment of cigarettes to dedicated ports only, many believe this could help boost government revenue by reducing the incidence of illicit cigarettes.

An excise duty of 10% on all types of electronic and non-electronic cigarettes, including vape, will be effective from Jan 1, 2021. The liquid used in electronic cigarettes will also be imposed an excise duty at a rate of 40 sen per milliliter.

As it is the biggest budget the nation has seen, the fiscal deficit for 2021 is expected to come in at 5.4% of GDP. Meanwhile, GDP growth for 2021 is projected to be between 6.5% and 7.5%. E

Healthcare measures welcomed but fall short

BY CHERYL POO

Medical experts found the 2021 healthcare budget bitter sweet, as attempts were made to improve conditions for the sector and frontliners, but not to the degree expected.

Some RM31.9 billion was allocated for the healthcare sector in 2021 compared with RM30.6 billion in 2020. Of the total amount allocated, RM4.7 billion, or 6.8%, was set aside as development expenditure, the balance RM27.2 billion for operating costs.

As the Covid-19 pandemic is expected to persist for a number of years, an additional RM1 billion has been allocated to stem the ongoing third wave of infections going into 2021, including RM475 million for the purchase of reagents, test kits and consumables for the Health Ministry.

Another RM24 million was allocated to address mental health issues, given the severity and mounting cases of emotional stress, anxiety and depression in the community.

In his Budget 2021 speech last Friday, Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said tackling the Covid-19 pandemic and protecting public health were a priority, and that specific legislation had been approved to address the pandemic.

Wage support, social assistance, broadening of mySalam coverage

Frontliners' access to a Covid-19 Special Allowance of RM600 a month since March will be continued until the pandemic is successfully addressed, and 100,000 medical staff stand to receive a one-off payment of RM500 as a token of appreciation from the government.

In an immediate reaction, Dr Khor Swee Kheng, a health systems and policies specialist, says the allocations were too small. He says: "The overall allocation to the Health Ministry moves from RM30.6 billion to RM31.9 billion and is only a 4.3% increase year on year. This reduces the Health Ministry's ability to deliver the needed Covid and non-Covid care, and reduces the ability to achieve universal health coverage and long-term health reforms. There is also no mention of more permanent posts for frontliners, something that nearly all of Malaysia supports."

Malaysian Medical Association (MMA) president Professor Datuk Dr Subramaniam Muniandy agrees that the lack of permanent positions was a let-down. He says: "Among the disappointments that we have seen is the lack of acknowledgment of the long-standing issues regarding the permanent and contract positions for junior healthcare workers. The announcement of further contract positions for nursing and other healthcare support staff does not bode well for the welfare of the staff, but is needed to ensure that the positions are available quickly, owing to the much-maligned Moratorium on Civil Service expansion.

"Overall, we agree that the budget is focused on rejuvenating the economy but, to the medical profession, it does seem that, despite the applause given to the frontliners, more could still be done to address the needs of our fraternity. It is hoped that the government will be clearer on the employment of new doctors in permanent positions. The general practitioners are also going through a tough time during this period. They should be supported by allowing tax relief of indemnity insurance."

Khor also says the RM17 billion Covid Fund for wage support and social assistance is "too small to sustain an entire year's worth of job losses and underemployment, which can impact nutrition, mental health and health outcomes.

"The allocation for vaccines of only RM3 billion may not cover the likely scenario of two vaccine doses of about RM80 a dose for at least 60% of Malaysia's population, including the logistics of a nation-wide vaccination programme."

Zafrul had said that, as the Covid-19 vaccine supplies are expected to cost more than RM3 billion to meet the needs of Malaysians, Putrajaya is committed to acquiring Covid-19 vaccine supplies, which will include participation in the Covid-19 Vaccine Global Access (COVAX) programme.

mySalam's coverage will be broadened to medical devices such as heart stents or prosthesis under Budget 2021, said Zafrul, who noted in his speech that, as at Oct 31, mySalam had paid claims relating to hospitalisation and critical illnesses worth RM64 million to 56,000 thousand patients. Meanwhile, 19,000 individuals have received claims of RM11 million relating to Covid-19 health issues.

Under the Perlindungan Tenang Voucher Programme, all B40 aid recipients will be given a RM50 voucher to purchase life and personal accident insurance.

The stamp-duty exemption period on all Perlindungan Tenang products with an annual premium or contribution value not exceeding RM100 will also be extended until the year of assessment 2025.

"The Budget's expansion of mySalam benefits, provision of tax breaks for some insurance purchases and introduction of vouchers for the B40 is a positive trend that allows for a more sustainable and diversified funding of healthcare in Malaysia," Khor says.

To encourage citizens to seek vaccination against diseases, the scope of tax reliefs for medical treatment expenses will now also cover pneumococcal, influenza and Covid-19.

SHAHRIN YAHYA/THE EDGE

Despite the applause given to the frontliners, more could still be done be done to address their needs

Limited to RM1,000, the tax relief on vaccination expenses is intended for the taxpayer, spouse and child.

The tax relief limit on medical expenses for a taxpayer, spouse and child for serious diseases has also been increased to RM8,000, from RM6,000, and the tax relief limit for expenses on full medical check-up raised to RM1,000, from RM500.

The tax relief on expenses for medical treatment, special needs and parental care expenses is increased to RM8,000, from RM5,000.

"MMA welcomes a number of tax relief initiatives to promote preventive health and we are pleased that the government is giving more attention to mental health in this budget," Subramaniam says.

About 500,000 Malaysian children are expected to benefit annually from RM90 million set aside for the pneumococcal vaccine programme. The vaccine is typically used for the prevention of pneumonia, meningitis and sepsis.

Some RM25 million was also allocated for the home-based Peritoneal Dialysis treatment programme to enhance the quality of life for kidney patients — as well as reduce their waiting time and overcrowding at hospitals.

More hospitals and clinics will be built, especially in small districts, while outlays will also be provided for the upgrading and maintenance of hospitals and clinics as well as procurement of medical service vehicles and equipment.

To position Malaysia as an investment destination, especially for locally produced vaccines, medicines and medical devices, the Ministry of Health's Off-Take Agreement Programme will be beefed up to attract investment to this country and potential vaccine production in the future. E

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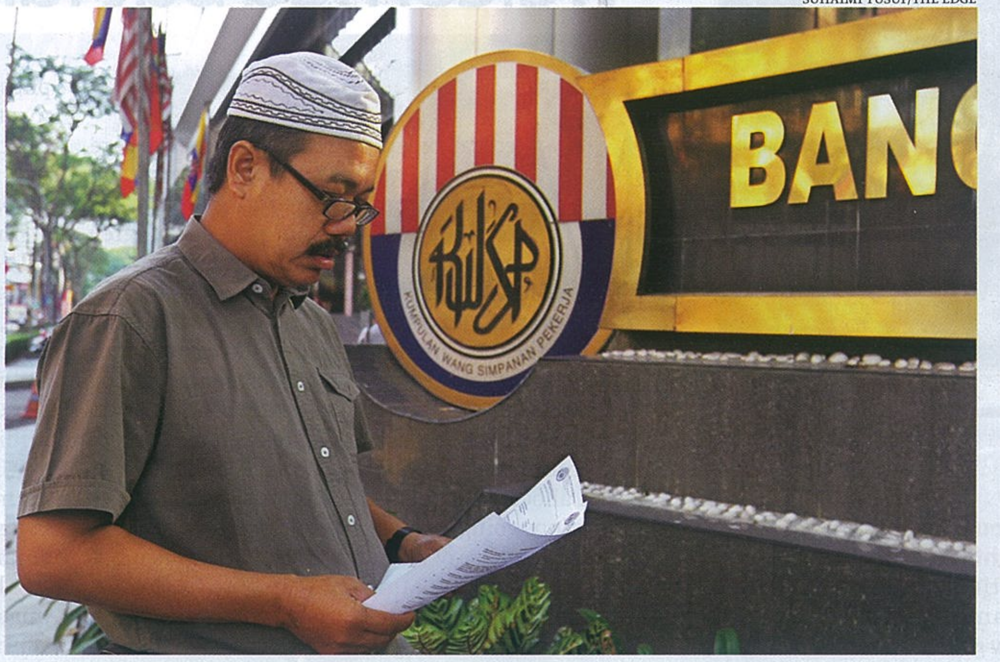
Economists oppose EPF Account 1 withdrawals

BY **LEE WENG KHUEN**

SUHAIMI YUSUF/THE EDGE



Most EPF contributors lack sufficient savings for their retirement

A Budget 2021 proposal that would allow members of the Employees Provident Fund (EPF) to withdraw their savings from Account 1 is unprecedented and not a good idea as most of them already lack a sufficient amount for their retirement, economists say.

Even EPF, which has been urging members to ensure they have enough savings for their retirement, concedes that it is a tough decision to allow such withdrawals, notwithstanding the complexity of the Covid-19 pandemic and economic morass.

"Allowing members to access their EPF retirement savings other than what is provided for under the EPF Act 1991 is unprecedented. Account 1 (70% of savings) has always been designated for retirement while Account 2 (30% of savings) is meant for discretionary withdrawals," its CEO Tunku Alizakri Alias says in a statement.

Dr Yeah Kim Leng, professor of economics at Sunway University, describes the move as akin to "kicking the can down the road". "I don't see it as a good idea to allow the withdrawal of the already meagre retirement savings of the low- and middle-income groups," he says.

Yeah argues that it would have been better for Putrajaya to take on the burden and bite the bullet now by extending more direct financial assistance and providing low- or no-interest loans to individuals in dire need. "The repayment will help to instil household budget discipline while the EPF savings will generate secure and better returns that are crucial in the long term for the country to avoid an 'old-age crisis', if we are not already facing one for a growing number of households."

Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz says the withdrawal facility will be done on a targeted basis of RM500 a month, or a total of RM6,000 over a 12-month period. "This withdrawal will assist members who have lost their jobs. It is expected to lighten the financial burden of about 600,000 affected contributors. Taking into account both i-Lestari and this Account 1 withdrawal facility, the total allowed withdrawal will be up to RM12,000. It is projected that total withdrawals from Account 1 will involve RM4 billion. Eligible contributors can apply beginning January 2021."

The country's biggest pension fund says further details on the Account 1 withdrawal will be announced by Nov 11.

RHB Research Institute chief Asean economist Peck Boon Soon believes there is no urgency or need to allow further withdrawal from the EPF given that the government has been providing cash handouts to the lower- and middle-income groups. "Savings are for the future. People have already been allowed to withdraw through the i-Lestari facility. There are also various schemes that help people rejoin the workforce. So, if possible, we should not allow this," he stresses.

The i-Lestari facility allows EPF members aged 55 and below to withdraw between RM50 and RM500 a month for 12 months until March 31, 2021, subject to availability of funds in their Account 2.

Peck says the economic impact from the EPF Account 1 withdrawals alone will not be significant as the total projected withdrawal is only RM4 billion. "But if you add the reduction in employees' EPF contribution and the cash handouts, then it will generate a positive impact on overall consumer spending in the country."

Employees have been allowed to voluntarily reduce their mandated share of contribution to the fund to 7% from 11% for the April to December 2020 period. However, from January to December next year, the minimum statutory contribution rate for employees will be raised to 9%.

The EPF stresses that the additional withdrawal facility is very specific and targeted at members who really need the cash relief. "This will be a short-term and once-in-a-lifetime facility providing some measure of relief for the most vulnerable and unprotected groups, while maintaining the EPF's mandate to safeguard members' retirement savings."

The fund is also looking to allow members to withdraw from Account 2 to purchase insurance and takaful products covering life/family and critical illness from approved insurance and takaful operators. "The products, which will be offered through i-Akaun, will be customised for EPF members at affordable premiums and come with additional features," it says.

"All these [measures] should help safeguard the financial well-being of the rakyat, particularly the low-income group, while the sustained consumer consumption should help to drive economic recovery," says AmInvestment Bank.

EPF stresses that while the measures address members' immediate concerns and cover the short-term gaps during this unprecedented health and economic crisis, steps must be taken to urgently address the shortcomings in the country's social protection system, which the pandemic has revealed to be inadequate in addressing the social well-being of Malaysians. E

Tax reduction for M40 timely, yet more could be done

BY **LEE WENG KHUEN**

For the middle-income (M40) group, one piece of good news from Budget 2021 could be the reduction in tax rate by one percentage point for the chargeable income band of RM50,001 to RM70,000.

The tax rate will be reduced from 14% to 13% for the year of assessment 2021.

Although the tax saved is only RM200, it does help when households are grappling with the economic fallout from Covid-19. According to the Finance Ministry, the proposal will benefit 1.4 million taxpayers in the country.

In Malaysia, the income tax structure for resident individuals is based on progressive rates ranging from 0% to 30% on chargeable income. Meanwhile, non-resident individuals are subject to income tax at a flat rate of 30%.

Koong Lin Loong, head of the Associated Chinese Chambers of Commerce and Industry of Malaysia's (ACCCIM) taxation committee, tells *The Edge* that it is timely to reduce the tax rate to assist those in the M40 group.

"It is indirect cash to pump into the economy," he says.

"I suppose this is to balance what the government has done for the B40 group, which received a lot of cash handouts. So, for the M40 group, it is easier to do it via tax cuts.

Personal income tax savings from tax rate cut

	CURRENT		PROPOSAL		TAX SAVINGS	
CHARGEABLE INCOME (RM)	TAX RATE (%)	TAX PAYABLE (RM)	TAX RATE (%)	TAX PAYABLE (RM)	(RM)	(%)
0 – 5,000	0	–	–	–	0	0
5,001 – 20,000	1	0*	1	0*	0	0
20,001 – 35,000	3	200*	3	200*	0	0
35,001 – 50,000	8	1,800	8	1,800	0	0
50,001 – 70,000	**14**	**4,600**	**13**	**4,400**	**200**	**4.55**
70,001 – 100,000	21	10,900	21	10,700	200	1.87
100,001 – 250,000	24	46,900	24	46,700	200	0.43
250,001 – 400,000	24.5	83,650	24.5	83,450	200	0.24
400,001 – 600,000	25	133,650	25	133,450	200	0.15
600,001 – 1,000,000	26	237,450	26	237,250	200	0.08
1,000,001 – 2,000,000	28	517,450	28	517,250	200	0.04
2,000,001 and above	30		30			

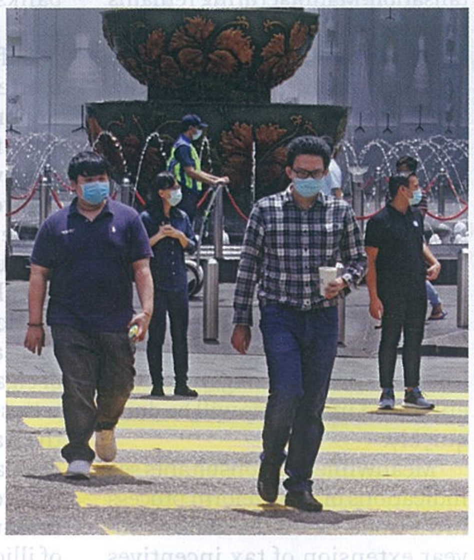
After rebate of RM400 for chargeable income up to RM35,000

One income bracket was chosen, which is somewhere in the middle," PwC Malaysia tax leader Jagdev Singh opines.

Koong says the last revision for the income tax rate was for the year of assessment 2018, which saw a reduction from 16% to 14% for the RM50,001 to RM70,000 income bracket as well.

During the same year, the tax rate for the chargeable income of RM20,001 to RM35,000 was reduced to 8% from 10%, while a lower tax rate of 3% was imposed for RM35,001 to RM50,000, from 5% previously.

For the year of assessment 2020, a new tax band for those earning RM2 million was introduced, with a tax rate of 30%.



Amarjeet Singh, Ernst & Young Tax Consultants Sdn Bhd (EY) Asean and Malaysia tax leader, is of the view that the impact from the tax cuts should also be looked at together with other reliefs announced.

"The pandemic has impacted the B40 group, but at the same time, the M40 group is also affected by pay cuts. It is a needed move to take care of the M40 group."

He adds that the government should consider having a broader band for the lower- and middle-income brackets, so that the effective tax rates for the B40 and M40 groups can be reduced. E

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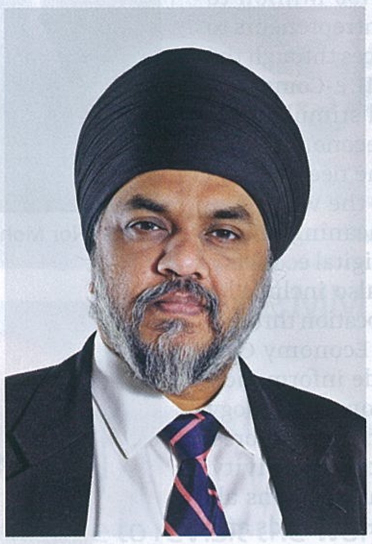
Datuk Khairussaleh Ramli


Datuk Sulaiman Mohd Tahir


Datuk Chang Khim Wah


Tai Lai Kok


Jagdev Singh


Amarjeet Singh


Yap Lip Seng


Datuk Tan Kok Liang

FROM PREVIOUS PAGE

Datuk Khairussaleh Ramli
Group managing director, RHB Banking Group

We welcome the government's targeted action plans to continue supporting and ensuring the sustenance of the worst-hit segments, especially small and medium enterprises (SMEs). It has been reassuring that the government continually ensures that business owners have been able to withstand the economic impact of the Covid-19 pandemic.

With an expansionary budget in 2021, downside risks to Malaysia's economic growth next year are likely to be more limited than in 2020. At the current juncture, the three risks that we are closely monitoring are the timing of a commercial adaptation of an effective Covid-19 vaccine, the path of global economic growth and volatility in the global financial markets.

Datuk Sulaiman Mohd Tahir
Group CEO, AmBank Group

The call for financial institutions, specifically banks, to provide focused attention and assistance to B40 borrowers and micro-enterprises by way of the extended repayment assistance is necessary and apt. The flexibility to withdraw RM500 monthly for a year from the Employees Provident Fund (EPF) Account 1 will allow those who are facing difficult times to have access to funds.

The government's RM1 billion allocation as an incentive for technology and high value-added investments as well as the RM500 million High Technology Fund from Bank Negara Malaysia is important, as it allows our local businesses to become more competitive in the global arena while contributing to the overall value chain.

Datuk Chang Khim Wah
President and CEO, Eco World Development Group Bhd

We are very pleased to hear that RM100 million has been proposed for the maintenance of the infrastructure of industrial parks. Also, the government's proposal to fully exempt stamp duty on instruments of transfer and loan agreements for first-time home buyers for purchasing properties priced up to RM500,000 until Dec 31, 2025, is very welcomed. It will certainly benefit many young purchasers.

Tai Lai Kok
Head of tax, KPMG Malaysia

Another innovative proposal involves the granting of a limited tax deduction to individuals for amounts invested in equity crowdfunding (ECF) ventures. ECF has been around for a while and it is interesting to see an incentive being introduced to give this sector a boost. That said, it is to be noted that the Securities Commission Malaysia will be involved in monitoring these ECF ventures to give some degree of comfort and assurance to investors who may wish to participate.

Jagdev Singh
Tax leader, PwC Malaysia

For personal tax, there is a 1% reduction in the tax rate for the RM50,001 to RM70,000 tax bracket. This will benefit the middle 40% (M40) and top 20% (T20) income groups, which will see their tax bill reduced by up to RM200 next year.

To promote investments, Budget 2021 takes a scalpel-like approach in targeting specific areas such as an extension of the Principal Hub tax incentive until Dec 31, 2022, with relaxation of conditions. There is also the carving-out of a Global Trading Centre as a separate tax incentive with a concessionary tax rate of 10% for five years, with the ability to renew for another five years. Meanwhile, tax incentives could be extended to encourage manufacturing businesses to relocate to Malaysia for another year until Dec 31, 2022.

Amarjeet Singh
EY Asean and Malaysia tax leader, Ernst & Young Tax Consultants Sdn Bhd

It is a fit-for-purpose budget that meets the immediate needs of the country to encourage recovery, growth and investment. It is now key to monitor and measure the implementation of the budget closely against the desired objectives and also consider how our neighbours in the region are reacting, especially in terms of incentive offerings.

As we saw at the beginning of this year, the Covid-19 pandemic has created significant uncertainties and economic conditions may change very rapidly, depending on the continued impact of the virus and the length of time it will take to develop a vaccine. As such, the government needs to be agile and be prepared to revisit and supplement the budget measures as and when necessary.

Yap Lip Seng
CEO, Malaysian Association of Hotels

The tourism and hotel industry is deeply concerned about the lack of immediate assistance to stakeholders buckling under heavy cash flow burdens as a result of domestic and international travel restrictions. Little was mentioned in the budget about sustaining tourism businesses, other than the extension of wage subsidy at the same amount of RM600 per employee per month, which the industry has long voiced as insufficient, having lost almost 80% of business.

The industry is grateful, however, that the government is extending direct assistance to displaced airline employees, but it also needs to look at the situation in entirety. Airlines, an essential stakeholder of the tourism industry, must also be protected.

Datuk Tan Kok Liang
President, Malaysian Association of Tour and Travel Agents (MATTA)

The budget has failed to meet the needs of tourism enterprises, particularly SMEs, and does not address the key issue of protecting jobs. It does not include any incentive to boost domestic tourism and is seen as inadequate to empower the tourism industry during these challenging times.

The outlook for the next 12 months is bleak. Without the right support, we will inevitably see the industry contracting quickly and drastically.

We cannot help but compare the state of tourism in our country with that of other countries such as Singapore, which has not only implemented practical and effective stimuli but is already making headway in the controlled reopening of its borders and, therefore, the revival of its tourism industry. E