



People at a bazaar in Kuala Lumpur recently. The unity government has launched many initiatives to help the M40 group cope with the rising cost of living. FILE PIC

2023 Budget offers many incentives for M40

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EVERY year, initiatives announced by the government in its annual budget centre on assisting and protecting the welfare of the people, especially the B40 group.

However, in the 2023 Budget tabled on Feb 24, there were many initiatives by the unity government to help the M40 group cope with the rising cost of living.

The measures prove that the M40 group is not sidelined by the unity government.

Among the initiatives announced was a two percentage point reduction in individual tax for the annual income brackets between RM35,001 and RM100,000.

Under this, those in the taxable income band of between RM35,001 and RM50,000 will enjoy a reduced tax rate of six per cent (previously eight per cent); while those in the RM50,001 to RM70,000 income band will be taxed 11 per cent (previously 13 per cent).

Those in the RM70,001 to RM100,000 income group will be subjected to a lower tax of 19 per cent (previously 21 per cent).

This is expected to benefit some 2.4 million taxpayers and provide them with RM1,300 in additional disposable income.

The move would see a

reduction of RM900 million in personal income tax collected by the government.

Putra Business School economic analyst Associate Professor Dr Ahmed Razman Abdul Latiff said the tax reduction will benefit the M40 group, particularly with their spending power and savings.

"By having extra money in their pocket, it allows them to either increase their savings for a rainy day and improve their quality of life, or spend the money, which will have an impact on the economy."

Razman said the individual tax reduction should be maintained in next year's budget.

"Maybe not [further] reduction but

the government must ensure broader tax coverage."

This, he said, was necessary since it was reported that the country has slightly more than 1.3 million individual taxpayers, out of a population of more than 33.5 million, which represents four per cent of the whole population.

Other tax reliefs announced for the M40 group include for medical treatment expenditures from RM8,000 to RM10,000.

To further encourage voluntary contributions and to increase savings in preparation for old age, the government also announced a tax relief of up to RM3,000 for life insurance premium or takaful contribution or additional voluntary contribution to the Employees Provident Fund (EPF).

A tax relief of up to RM4,000 was also offered for mandatory contributions made to approved schemes or voluntary contribution to EPF (not including private retirement scheme) or contribution under any written law.

In the 2023 Budget, the government announced an increase in the maximum investment limit of Amanah Saham Bumiputera (ASB) and ASB2 from RM200,000 to RM300,000.

ASB depositors with less than RM30,000 savings will receive a dividend of 5.1 per cent, while those with savings above RM30,000 will receive a 4.6 per cent dividend.

The move is to provide

more long-term investment opportunities and encourage higher savings among the M40 group.

Also announced was an increase in the size of the Amanah Saham Malaysia (ASM) fund to RM5 billion.

For National Higher Education Fund Corporation (NHEFC) borrowers repaying their loans, the government provided up to 20 per cent discount on repayments for three months beginning March until May 31.

The incentive includes a 20 per cent discount for full settlement of the loan and a 15 per cent discount for settlement of at least 50 per cent of the balance.

Another benefit for M40 is the continuation of the My50 monthly pass for Prasarana Malaysia Berhad rail and bus services in the Klang Valley.

The pass offers 30 days of unlimited rides on Rapid KL Light Rapid Transit (LRT), Mass Rapid Transit (MRT), Monorail, Bus Rapid Transit (BRT), Rapid KL bus, and MRT feeder bus services in the Klang Valley.

The move would benefit nearly 180,000 commuters.

Razman urged eligible M40 individuals who have yet to take advantage of these initiatives to seize the opportunity.

"At the same time, collaboration and cooperation between government agencies, state governments, NGOs and the welfare departments are needed to ensure M40 individuals who are not qualified will not be left behind."

The public can visit belanjawan.mof.gov.my/manfaat to find out more about how to take part in the initiatives and explore many more measures that the government is offering to the people.

By having extra money in their pocket, it allows them to either increase their savings for a rainy day and improve their quality of life, or spend the money, which will have an impact on the economy.

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Putra Business School
economic analyst



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