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BUDGET 2027

What You Need to Know

SME EDITION

Belanjawan MADANI 2027 • Tabled 9 October 2026



OUR TAKE

不经一番寒彻骨， 怎得梅花扑鼻香。

Bù jīng yī fān hán chè gǔ, zěn dé méi huā pū bí xiāng

"The fragrance of plum blossoms cannot emerge without first enduring the cold that bites to the bone."

English translation · Tang-dynasty verse, as quoted in the Budget 2027 speech

The cold

Higher wage costs ahead. The minimum wage rises to **RM2,000** from June 2027, with MSMEs below **RM50m** in annual sales exempted. A **RM2,500** minimum for semi-skilled and graduate jobs is also announced.

The blossom

A **one percentage-point reduction** in MSME tax rates from YA 2027, **RM57 billion** in loans and financing guarantees, capital allowances extended to 2030, and support for AI adoption, halal certification and export growth.

Our advice

- ✓ Review your 2027 payroll and staffing plans early.
- ✓ Plan capital spending to make full use of the allowances.
- ✓ Move payroll to bank or cashless payments ahead of YA 2028.
- ✓ Prepare your documents and check application dates and eligibility.

THE BIG PICTURE

Budget 2027 in Numbers

RM510b

Total spending and investment framework
(RM470b in 2026)

RM459.8b

Federal expenditure
(operating + development)



RM380.8b

Projected revenue, 2027
(RM363.6b in 2026)

3.3%

Deficit target, % of GDP
from 3.6%, targeting 3% by 2028

63.7%

Projected federal debt to GDP
from 64.0%

4.2–5.2%

Projected GDP growth, 2027
(4.8–5.3% in 2026)

>RM80b

Subsidies, aid and incentives
incl. RM40b fuel subsidy

RM57b

Loans and financing guarantees
up from RM50b

LARGEST MINISTRY ALLOCATIONS



SME HIGHLIGHTS • TAX (1 OF 2)

Lower tax, faster write-offs

Proposed lower income-tax rates for MSMEs from YA 2027

~~15%~~ **14%**

First RM150,000 of chargeable income

~~17%~~ **16%**

RM150,001 to RM600,000 (above RM600,000 stays at 24%)

Government estimate: up to **RM6,000** more for about **300,000 MSMEs**.

Small assets, bigger limit

Per-asset limit up from RM2,000 to **RM3,000**.
Overall capital allowance limit for small value assets for non-MSMEs up from RM20,000 to **RM30,000**. From YA 2027.

Accelerated Capital Allowance to 2030

20% initial plus 40% annual allowance, fully claimed over **2 years**, on machinery from local manufacturers, ICT equipment and software. Spending 1 Jan 2027 to 31 Dec 2030.

Sales-tax refund for traders supplying manufacturers

Local traders can claim back sales tax paid on machinery, parts, equipment and listed inputs supplied to manufacturers. From 1 Jan 2027.

Green tax incentives

Restructures the Green Investment Tax Allowance (GITA) for projects and assets into tiers, expanding qualifying activities to include ocean thermal energy conversion and selected locally produced EV and waste technology. Extended to **31 Dec 2030**.

MSMEs: companies with ordinary paid-up capital, or LLPs with capital contributions, of RM2.5m or less, and annual sales of RM50m or less.
Source: Budget 2027 tax measures. Subject to applicable legislation, orders and eligibility conditions.

Stamp duty and deductions

Stamp duty relief

- **RM10** on P2P agreements between MSMEs and investors via SC-registered platforms (1 Jan 2027 to 31 Dec 2030)
- **RM10** on second-tier agreements that pay MSME suppliers early from a mid-tier company's excess credit facility (unrelated suppliers who have delivered, 1 Jan 2027 to 31 Dec 2030)
- **RM10** on CAKNA scheme financing, which supports MSMEs and small contractors that have secured Government contracts (to 31 Dec 2030)
- **Capped at RM2,000** on foreign-currency loans or financing up to RM100 million from banks in Malaysia, and RM5,000 for loans or financing exceeding RM100 million (from 1 Jan 2027)
- **Full exemption** on instruments executed by individuals or businesses to open savings and current accounts (from 1 Jan 2027)
- **Full exemption** on loan agreements and transfer instruments to revive certified abandoned housing projects, reintroduced (1 Jan 2027 to 31 Dec 2030)

Deductions for companies

- Employers repaying **PTPTN loans** for full-time employees, excluding owners and family, at no cost to the employee (1 Jan 2027 to 31 Dec 2028)
- Companies running **BAKAT MADANI** training programmes (29 Jun 2026 to 31 Dec 2030)

Deductions for donations

- School contribution fund (**TSUWAS**) can now fund operating costs, repairs and equipment. Cash gifts deductible up to **10%** of aggregate income. In-kind gifts do not qualify.
- Qualifying contributions to public universities: up to **10%**

Heads-up for larger companies, from YA 2028: to prevent employers from hiring undocumented foreign workers, companies other than MSMEs will only be allowed to claim tax deductions for salary expenses if the salaries are paid through bank accounts or prescribed cashless payment instruments, in accordance with the permitted payment methods under the Employment Act 1955. This condition does not apply to deductions for other expenses.

SME HIGHLIGHTS • FINANCING

More financing support

RM57b

in loans and financing guarantees for 2027,
up from RM50b

SJPP and CGC: up to RM32b

SJPP now covers mid-tier companies in all sectors, with a guarantee limit up to **RM50m**. **RM1b** supports local mergers and acquisitions.

BNM adds RM5b

More financing for SMEs affected by the West Asia conflict, following strong take-up of the first RM5b.

BPMB financing

RM7b across 7 strategic sectors. Separately, **RM1b** for MSMEs entering export markets.

ECF and P2P: RM270m

To draw private capital into SMEs and mid-tier companies. Tax incentives for ECF and angel investors extended to 31 Dec 2030.

Microfinancing: RM6.6b in 2027

Selected financing channels:

RM3b

AIM, for 360,000 entrepreneurs

RM1.7b

BSN microfinancing

RM1.3b

TEKUN financing fund

Allocations announced. Eligibility and application details are set by each agency or bank.



SME HIGHLIGHTS · GRANTS AND SUPPORT

People, digital, halal and export

People and wages

RM2,000

Minimum wage from June 2027. MSMEs below RM50m in annual sales are exempted.

RM2,500

Monthly minimum announced for semi-skilled and graduate jobs. Implementation details pending.

- **MediAsas (from January 2027):** for SMEs with fewer than 75 staff, a first-year premium subsidy of RM200 per employee, up to 50 staff.
- **HRD Corp:** RM3b for 3 million training places.
- **Geran Sejahtera MADANI:** RM200m for equipment and training for 40,000 recipients, focusing on women entrepreneurs, home-based business mothers, hawkers, small traders and night market traders.

Digital and AI

- **RM30m** MDEC fund to help 4,000 MSMEs adopt AI
- **RM142m** for the NADI online business platform

Halal

- Up to **RM5,000** matching grant for MSMEs seeking first-time halal certification
- **RM25,000** grant for halal MSMEs in fields such as cosmetics and pharma

Export and trade

- **RM60m** for MATRADE market access
- E-Commerce Bill at the next Parliament meeting, to strengthen accountability of online platforms and sellers

Wage implementation details, grant criteria and application dates are pending official guidelines.

OTHER HIGHLIGHTS (1 OF 2) · PROPOSED PERSONAL TAX CHANGES

Your personal tax from YA 2027

Personal income tax

- Individual relief **RM9,000 → RM12,000**, first rise since 2010
- RM70,001 to RM100,000: **19% → 18%**
- New band RM100,001 to RM150,000: **25% → 24%**
- Higher earners: the **30%** rate now applies above **RM1 million** (previously RM2 million). Income between RM1 million and RM2 million moves from 28% to 30%.
- Government estimate: up to **RM1,600** additional disposable income for about 5 million taxpayers

Expanded reliefs

- **Health and well-being (RM10,000):** now includes postnatal care by a confinement centre or qualified individual up to RM3,000, and breastfeeding equipment for children aged 2 and below up to RM1,000
- **Parents and grandparents (RM8,000):** all care costs at home or care centres, with a carer declaration or work permit and receipts in place of medical verification
- **Education and skills training (RM7,000):** recognised courses for self in any field from certificate to PhD at qualifying Malaysian institutions or professional bodies, TVET for self or spouse up to RM3,000, and up to RM2,000 shared between non-work courses for self or spouse and children's STEM, arts, language and religious classes
- **Sports (RM1,000):** now includes sports shoes up to RM300
- **Lifestyle (RM2,500):** AI subscriptions, pet adoption from registered shelters, and vaccination, spaying or neutering by registered vets
- **SOCSCO:** mandatory Lindung Kendiri contributions for 3 mandatory sectors (passenger transport, goods or food transport, and hawkers) now count within RM350. Additional RM150 for qualifying voluntary employee contributions.
- **Tourism expenses (RM1,000):** tax relief for YA 2027 (extended one year), for entrance fees to attractions and cultural or arts programmes

OTHER HIGHLIGHTS (2 OF 2) · HOMES, TALENT AND EVERYDAY

For home and family

First home stamp duty

- For Malaysian citizens: full exemption on the loan agreement and transfer instrument up to **RM500k**
- Up to RM750k: first RM500k exempt, **50%** off the balance
- SPAs signed 1 Jan 2027 to 31 Dec 2030

Elderly care

- Service tax on elderly care cut from 8% to **6%**
- Exempt for annual fees up to **RM96,000** per person at centres registered under prescribed care legislation
- From 1 Jan 2027

Talent and global business

- From 1 Jan 2027, spouses of expatriate Category I Employment Pass holders can work in Malaysia, subject to conditions
- Global Services Hub: revised into **5% or 15%** corporate tax tiers, with treasury management incentives extended to the Johor-Singapore Special Economic Zone (from 1 Jan 2027)

Everyday support

- SARA: up to RM150/month for STR recipients, and RM100 twice for Malaysians 18 and above not on STR
- Langkawi and Labuan: allowance for qualifying new goods raised to **RM10,000**, with a 48-hour stay and product exclusions (from 1 Jan 2027)

Source: Budget 2027 tax measures and speech. Subject to applicable legislation, orders and eligibility conditions.



READY FOR 2027?

Let's plan your business for Budget 2027.

Our corporate, tax and consultancy team can help you work out which measures apply to you and how to make the most of them.

TAX COMPLIANCE AND ADVISORY

TAX REVIEW AND HEALTH CHECK

INCENTIVE APPLICATIONS



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This summary is based on the Budget 2027 speech tabled in the Dewan Rakyat on 9 October 2026 and the accompanying tax appendices. Implementation is subject to the relevant legislation, orders, programme guidelines and eligibility conditions, where applicable. This is general information only. Please contact Syarikat Ong for advice specific to your business.