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Date: 13 October 2023



FPAM MEDIA STATEMENT

FPAM on Budget 2024 - "Economic Reformation, People Empowerment"

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Budget 2024 unveiled today by the Prime Minister-cum-Minister of Finance, Datuk Seri Anwar Ibrahim with the theme "Economic Reformation, People Empowerment" (*"Reformasi Ekonomi, Memperkasa Rakyat"*) is focusing on three main areas, namely Best Governance for Service Agility, Restructuring the Economy to Accelerate Growth and Improve People's Living Standards. 2024 Budget has a total allocation of RM393.8 billion to be spent in 2024 making it the largest budget to date. Despite the present global issues, the 2024 Budget demonstrated that efforts had been made to fortify the domestic economy, boost the corporate sector, and simultaneously strike a balance between responsible spending and fiscal support.

The FPAM would like to express its view on the 2024 Budget's potential impact on financial planning, investment, and the broader financial industry. The 2024 Budget contains several notable measures and allocations, some of which we believe are important to address in the context of financial planning and wealth management.

Sales and Services Tax Increase: The decision to increase the Sales and Services Tax from 6% to 8% is significant. While it does not apply to food and beverages or telecommunications, we

encourage our members and clients to assess how this change may impact their financial plans and expenditure.

Capital Gains Tax (CGT): The introduction of a CGT on the disposal of unlisted shares in local companies at a rate of 10% is a new development. Financial planners and investors should prepare for the implementation of CGT, and its potential implications for investment strategies.

Implementation of Luxury Goods Tax: The government will draft a new legislation to implement Luxury Goods Tax at a rate of 5.0 pct to 10 pct on luxury goods. The luxury tax will be applied according to the product value and cover some luxury items like watches and jewellery. FPAM would like to highlight that financial planners may need to account for the luxury good tax when creating or adjusting clients' budgets.

Bankruptcy Regulations (The Automatic Discharge of Bankrupts): The expansion of the "second chance policy" for bankrupts is a positive step towards financial rehabilitation and inclusion. The automatic discharge of bankrupts announced earlier this year will be expanded next year to those with debts of under RM200,000 as part of Budget 2024. This was an expansion of the "second chance policy" that automatically discharged bankrupts under the age of 40 and with debts of no more than RM50,000 implemented under the Insolvency (Amendment) Act 2023. It offers individuals an opportunity to rebuild their financial futures and it reflects a great humanitarian approach.

Investment Tax Allowance: The tiered investment tax allowance is designed to stimulate high-growth and high-value sectors will perform as a force to drive the nation's economy. Financial planners should explore how these incentives can benefit their clients' investment strategies.

Combating Scams: FPAM applauds the government's effort in combating scam-related crimes. The 2024 Budget sees an allocation for the National Scam Response Centre (NSRC) to RM20 million compared to RM10 million this year. According to the Prime Minister, Bank Negara Malaysia, with the cooperation of the finance sector, is developing a National Fraud Portal (NFP), which is expected to be ready by the middle of 2024. The increase in funding for the National



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Scam Response Centre is an important step towards addressing financial fraud and protecting investors.

As we assess the implications of the 2024 Budget for financial planning, FPAM remains committed to supporting our members and clients in navigating these changes effectively. We will continue to monitor developments closely and provide guidance to ensure the financial well-being and prosperity of all Malaysians. FPAM hopes the announcement of 2024 Budget helps every Malaysians to make informed financial decisions which effectively promotes financial literacy in the society.

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