KEMENTERIAN KEWANGAN
MALAYSIA

2022 Pre-Budget Statement

Ministry of Finance Malaysia

31 August 2021

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Introduction

Transparency in annual budget preparation

1. As part of the effort to improve the annual budget preparation process, the Ministry of Finance has agreed to publish a Pre-Budget Statement (PBS) starting this year.

2. This is consistent with international best practices, where the PBS is published to increase transparency in drafting a country's annual budget. Transparency and extensive involvement by the *rakyat* in the preparation of the annual budget is one of the basic principles of good governance, which enhances public confidence, especially among investors.

3. This inaugural step is in line with the proposed framework in enacting the Fiscal Responsibility Act, which aims to improve the governance, transparency and accountability of the country's fiscal management. Therefore, the public is able to have a preliminary view of the direction, approach taken and expected initiatives that will potentially be in Budget 2022.

4. In addition, this effort is will enhance Malaysia's position in the Open Budget Index (OBI), an international report published by the International Budget Partnership (IBP). The OBI is determined through the Open Budget Survey questionnaire that measures transparency in the annual budget preparation process. Based on the IBP report for 2019, Malaysia recorded a relatively low score of 47 for budget transparency compared to regional countries, such as the Philippines (76), Indonesia (70) and Thailand (61).

Current status of key initiatives implemented under Budget 2021

5. The 2021 Budget was formulated based on three main goals: *Rakyat*'s Wellbeing, Business Continuity and Economic Resilience. With a budget of RM322.5 billion, it is the largest budget ever announced, demonstrating the Government's commitment to safeguard the welfare of the *rakyat* and business continuity during the COVID-19 pandemic crisis.

6. The National Economic Implementation and Strategic Coordination Agency (LAKSANA) is responsible for monitoring the 88 strategic initiatives, encompassing an allocation of RM78 billion. Of these, 77 initiatives are long-term, four are short-term and seven are one-off. As of 31 July 2021, among the strategic initiatives that have successfully achieved their objectives include the Biodiversity Protection and Patrol Programme, and the Sustainability Bond for environmental and social purposes.

Current status of key initiatives implemented under the 2021 stimulus packages

7. On 18 March 2020, the Government implemented the nationwide Movement Control Order (MCO). This MCO was implemented to curb the spread of the COVID-19 virus and enable the Government to immediately implement the necessary recovery efforts. However, the MCO restricted the overall economic activities and affected the income of various groups. Thus, the Government announced the Prihatin Rakyat Economic Stimulus Package (PRIHATIN), followed by the PRIHATIN SME Plus, PENJANA and KITA PRIHATIN to reduce the impact of the MCO on *rakyat* and businesses.

2021 Stimulus Packages

8. As part of the Government's effort in ensuring the wellbeing of the *rakyat*, business continuity and economic resilience, the Government announced an additional four economic assistance packages in 2021, namely the PERMAI, PEMERKASA, PEMERKASA Plus and PEMULIH packages.

9. Out of the 35 initiatives and sub-initiatives under PERMAI amounting to RM15 billion, four initiatives, namely the BPN 2.0, telecommunications package, free internet and the MARA business financing rescheduling initiatives, have been completed and successfully achieved their objectives. Six long-term initiatives, ten short-term initiatives and five one-off initiatives are still ongoing.

10. PEMERKASA, with an allocation of RM20 billion, comprised 49 long-term initiatives, eight short-term initiatives and six ongoing one-off initiatives.

11. For PEMERKASA Plus, with a total value of RM40 billion, all initiatives are still ongoing. Six initiatives are long-term, 11 short-term initiatives and three one-off initiatives, with the RM30-billion Targeted Financing Moratorium as a key initiative.

12. Out of the 63 strategic initiatives monitored under PEMULIH, 16 are long-term in nature, 32 are short-term initiatives, and 13 are one-off initiatives that are ongoing. Among the strategic initiatives under PEMULIH are the EPF's i-Citra Withdrawal Facility and the food basket programme implemented through all members of Parliament.

13. The implementation status of the initiatives under Budget 2021 as well as the stimulus and aid packages can be found at https://kewanganrakyat.com/

Economic Outlook and Fiscal Position

Global economic scenario

14. The International Monetary Fund (IMF) has projected the global economy to return to positive growth at 6.0% in 2021 after a contraction of 3.2% in 2020 due to the severe effects of the COVID-19 pandemic, mainly following the implementation of movement control measures to curb the spread of COVID-19. Global economic growth in 2022 is projected to expand further by 4.9%, driven by broader coverage of vaccinations globally that enables the reopening of economic sectors as well as the recovery of global trade and supply chains. International trade, which contracted by 8.3% in 2020, is expected to recover with a growth of 9.7% in 2021 and subsequently expand by 7.0% in 2022, mainly supported by increased external demand for goods.

15. The IMF also projects crude oil prices to recover at average of USD65 per barrel in 2021 and moderate to USD63 in 2022, amid the uncertainty affecting global crude oil demand and production in the aftermath of the pandemic. Meanwhile, the global inflation rate is projected at 3.5% (2021), following the increase in the average price of crude oil compared to 2020, before returning to pre-pandemic levels in 2022.

GDP performance review for 2021

16. The official national economic growth forecast for 2021 announced in March 2021 ranges between 6.0% and 7.5%. However, following the risk of a new and more dangerous COVID-19 variant, the Government had to re-implement more stringent containment measures to protect the lives of the *rakyat* while ensuring that the health system is not crippled. In this regard, the Government implemented MCO 3.0 in May 2021, followed by the National Recovery Plan (NRP) in phases beginning June 2021.

17. The implementation of the containment measures is therefore expected to affect the momentum of economic growth in 2021 after registering an encouraging growth of 16.1% in the second quarter of 2021. Accordingly, the projected growth rate of the country's Gross Domestic Product (GDP) for the whole of 2021 has been revised down to between 3.0% and 4.0%, as announced by Bank Negara Malaysia (BNM) on 13 August 2021. The growth estimate is based on the anticipated reopening of all economic and social sectors in the fourth quarter due to the commendable progress and effectiveness of the national vaccination programme. This positive development is expected to drive positive sentiment among businesses and consumers.

18. Currently, Malaysia is recording one of the fastest vaccination rates in the world, averaging 400 thousand doses per day through its national vaccination programme. At the end of August 2021, the number of adult population fully vaccinated was over 90% in the Klang Valley and over 60% nationwide. The higher levels of completed vaccinations will help reduce the strain on the health system where hospitalization rates, especially in intensive care unit (ICU) wards, are expected to decline to a more manageable level.

19. Other factors which are expected to support Malaysia's economic recovery include increased external demand particularly from major trading partners, the recovery in commodity prices, the transition to digitalisation as well as the implementation of infrastructure projects with high multiplier effects. Overall, all major sectors of the economy are expected to register positive growth in 2021 except for the construction and tourism sectors as a result of the containment measures put in place to curb the spread of COVID-19.

Macroeconomic outlook for 2022

20. Considering the factors supporting the economic recovery for 2021, particularly the gradual reopening of the economic sectors and social activities by end of the year as well as the continued strong external demand, the trend of economic recovery is projected to continue well into 2022. The IMF and World Bank forecasted the Malaysian economy in 2022 to expand by 6.0% and 5.0%, respectively, a return to the pre-pandemic annual GDP growth trend.

21. On the supply side, the services and manufacturing sectors are expected to continue driving economic growth following normalisation of economic activities in line with the success of the national vaccination programme. In addition, the implementation of infrastructure projects with high multiplier effects will support investment sentiment. Continued increase in external demand and the recovery in commodity prices are expected to drive output across all economic sectors.

22. The greater impetus in economic activity will revive consumer sentiment due to improved earnings prospects. As a result, the labour market is expected to recover in 2022 albeit at a more modest level than the pre-pandemic period, in tandem with the reopening of the economic sectors following the achievement of herd immunity.

23. However, there are still some downside risks to the country's economic growth prospects, among others the emergence of new COVID-19 variants that could impinge on the health system capacity and compel the Government to extend movement control measures that would further postpone the opening up of economic sectors, a slower labour market recovery as well as policy uncertainties that could affect investment sentiment.

Fiscal targets for 2021/2022

24. In Budget 2021, the Government has targeted a fiscal deficit of 5.4% to GDP for 2021 based on the assumption of a stable economic recovery and encouraging growth momentum in the second half of 2020, which was expected to continue in 2021. Revenue collection in the first half of 2021 was up by 4.6% compared to the same

period in 2020, albeit slower than Budget 2021 estimates. However, spending also increased by 5.7% due to continued fiscal support for the people, businesses and the economy following the provision of additional aid packages to mitigate the impact of the crisis and the resumption of several Government development projects to boost economic activities. This year, the Government also provided larger aid packages as the pandemic continued to worsen due to the emergence of new COVID-19 variants that are more harmful and contagious. As such, the deficit target is estimated to increase to between 6.5% to 7.0% to GDP in 2021, given the continued fiscal spending required to support the gradual re-opening of the economy.

25. Fiscal operations have been and will be supported through spending rationalisation by prioritising additional aid packages to strengthen the health and economic sectors. These measures include delaying the implementation of several programmes and projects, restricting non-critical expenditure following the implementation of the MCO and optimising operations under the new norm to improve spending efficiency. In addition, revenue shortfall is expected to be offset by better collection of commodity-related revenues due to higher crude oil and palm oil prices. The Government has also mobilised the National Trust Fund (NTF) to accelerate the implementation of vaccination programmes in achieving herd immunity, which would in turn lead to a faster economic recovery. Other support measures through various other fiscal instruments will also assist the Government in balancing the spending needs and fiscal sustainability.

26. As at the end of June 2021, the Federal Government's debt level had risen to 61.2% to GDP with the statutory debt level at 56.8%, which is still below the statutory limit of 60%. However, with the revision of growth prospects and fiscal targets in line with the implementation of the NRP, the Government needs to ensure adequate fiscal space in the face of the pandemic crisis. As such, there is a need to increase the statutory debt limit to provide additional fiscal space in strengthening the domestic economy and ensuring a sustainable recovery.

27. In the medium term, the fiscal consolidation trajectory will be contingent on the recovery from the health and economic crises. The Government will focus on restoring the country's growth track to potential levels, enabling the people and businesses to

adapt to new norms as well as increasing investment to generate future growth towards providing better job opportunities.

28. Moving forward, the Government will continue to give priority on providing fiscal support as well as cushioning the impact of the prolonged crisis on the health system and the economy, especially for future generation. As a responsible Government, fiscal reforms will continue to be implemented to ensure fiscal sustainability. In this regard, a public consultation paper on the framework of the Fiscal Responsibility Act will be published to obtain input and views from all stakeholders. The Government has also undertaken a review of public spending to strengthen its financial position, thereby complementing the Government's efforts in rebuilding fiscal space. Overall, the Government remains committed in pursuing fiscal consolidation measures guided by the Medium-Term Fiscal Framework and supported by the Medium-Term Revenue Strategy to broaden the tax base and enhance the Government's indebtedness capability.

Tax Revenue Strategy

Tax revenue performance status for 2021

29. For 2021, the estimated target for tax revenue collection is RM162.1 billion, which is 10.3% to GDP. This includes collection of Direct Taxes of RM120.0 billion and Indirect Taxes of RM42.1 billion.

30. However as of July 2021, the Direct Tax collection stood at RM67.4 billion or 56.2% of the target, while the Indirect Tax recorded a collection of RM24.8 billion or 59% of the target. Revenue collection for the first half of 2021 was lower than expected and subsequent collection is expected to decline due to the COVID-19 pandemic and the implementation of the MCO, which has affected business activities and income of traders, leading to an increase in the number of those who have lost their income.

2021 Tax measures

31. In order to assist the affected groups and sectors, tax initiatives estimated at RM3 billion have been implemented through Budget 2021 and various economic

stimulus packages announced throughout 2021, namely PERMAI, PEMERKASA, PEMERKASA + and PEMULIH. Among the key initiatives include:

a. Health Sector
    i. Increasing the limit of income tax relief on medical expenses and serious illnesses from RM6,000 to RM8,000 and expanding the medical treatment income tax relief to cover vaccination expenses;
    ii. Increasing the tax relief limit for full health examination from RM500 to RM1,000; and
    iii. Providing income tax deduction on expenses incurred by employers related to COVID-19 and PPE preventive measures to employees.

b. People's Wellbeing
    i. Reduction in individual income tax rate by one 1 percentage point for taxable income of RM50,001-RM70,000;
    ii. Extension of special tax relief period for the purchase of mobile phones, computers and tablets up to RM2,500; and
    iii. Increase in the income tax exemption limit for compensation for loss of employment from RM10,000 to RM20,000 per year for full service.

c. Business Sector
    i. Special tax deduction on rental reduction of at least 30% of the original rental rate given by the owner of the business premises;
    ii. Sales tax exemption on locally assembled and imported passenger cars as well as excise duty exemption on motorcycles with an engine capacity of 150cc and below; and
    iii. Service tax exemption for hotel and tourism tax.

d. Investment Sector
    i. Tax incentives for companies relocating operations to Malaysia and making new investments;
    ii. Tax incentives for companies manufacturing pharmaceutical products including vaccines; and

iii. Special reinvestment allowance incentives for selected manufacturing projects and agricultural activities.

32. Through Budget 2021, measures to broaden the tax base to increase revenue collection have also been announced. This includes the imposition of excise duty on all types of electronic and non-electronic cigarette devices, including vapes as well as nicotine-free liquids or gels. The scope of the tourism tax levy was also expanded to cover accommodation premises booked through online platform providers.

Managing revenue leakages

33. The Government is committed in addressing the issue of revenue leakages, especially involving the smuggling of high-duty goods estimated at RM5 billion. As such, the Multi-Agency Working Group, chaired by the Ministry of Finance to formulate strategies to curb smuggling activities, has been further strengthened by the participation of the Malaysian Anti-Corruption Commission and the National Financial Crime Prevention Centre.

34. The Government has also implemented measures to tighten controls on licensing and importation of cigarettes and tobacco products by freezing the issuance of new cigarette import licences, tightening the renewal of cigarette import licences through the imposition of import quotas, restricting cigarette transhipment activities at selected ports, and making cigarettes and tobacco products a dutiable item at all Duty-Free Islands.

35. In addition, the Government has streamlined the definition of related companies for the purpose of group relief claims, imposed penalties for failure to provide Transfer Pricing documents and stipulated the requirement for taxpayers to settle taxes before commencing any proceedings against the Government/Director General of Inland Revenue.

Malaysia's commitment at the international level

36. Malaysia has signed an Intergovernmental Agreement with the United States of America for the purpose of implementing the Foreign Account Tax Compliance Act

(FATCA) on 21 July 2021. This measure complements Malaysia's participation in OECD-led initiatives to enable the systematic exchange of taxpayer-related information. This will in turn help improve tax compliance as well as the efficiency of national tax governance, particularly involving cross-border activities.

37. Malaysia continues to support the OECD Base Erosion and Profit Shifting Action Plan (BEPS) initiative to address the issue of cross-border tax evasion. This includes examining the proposals on digital economy through Pillar One and Pillar Two to ensure that Malaysia has the right to tax digital economy activities. Pillar One focuses on the determination of a country's tax rights based on the nexus approach. Meanwhile, Pillar Two will introduce a minimum effective tax rate globally to ensure taxes is not the only key element in attracting foreign direct investment and this can also address the possibility of aggressive tax planning by multinational enterprises (MNEs).

Strategies to increase tax revenue

38. The Government is considering measures to increase tax revenue through increased tax compliance. Among the recommendations in the study include:

a. Implementation of the Special Voluntary Disclosure Program (SVDP) for indirect taxes administered by the Royal Malaysian Customs Department (RMCD). Through this programme, taxpayers are encouraged to voluntarily come forward to declare any tax that either has not been paid, underestimated or erroneously reported to RMCD;

b. Introduction of a Tax Compliance Certificate as a pre-condition for tenderers to participate in Government procurement; and

c. Implementation of the Tax Identification Number (Tax Identification Number or TIN) as well as reviewing tax treatment that is identified as having elements of revenue leakage or harmful practices.

Strategies to strengthen the tax system

39. The Government is aware that a conducive investment environment, whether for foreign or domestic direct investments, encompasses many aspects, including economic and political stability, consistent and transparent policies, efficient labour market, level of infrastructure facilities, sound governance structure, strong legal framework and decent quality of life in Malaysia. Fiscal incentives, including taxes, are one of the many factors that can attract investment; they can play an important role as a strategic policy tool in order to drive investments in Malaysia.

Tax Incentive Review

40. Therefore, a comprehensive review of the tax incentive framework is underway. This measure is to ensure that the tax incentives offered to foreign and local investors remain relevant to the current business landscape while continuing to maintain the country's competitiveness in attracting quality investments and provide positive returns to the country's economy and fiscal position. The objectives of this review are as follows:

a. Provide an incentive framework that is responsive to changes in the business environment and economic landscape;
b. Coordinate the role and focus as well as uniformity in evaluating investments by investment promotion agencies;
c. Ensure that the tax incentive framework complies with international commitments; and
d. To ensure that Malaysia remains a major investment destination.

Implementation of Medium-Term Revenue Strategies

41. The Medium-Term Revenue Strategy (MTRS) is a comprehensive initiative in ensuring that Government revenue through tax collection is continually managed and sustainably increased in line with GDP growth. MTRS has three main components of taxation, namely Tax Policy, Tax Administration and Tax Legal Framework. A Technical and Steering Committee comprising the Ministry of Finance, the Economic Planning Unit, the Central Bank (BNM), RMCD and the Inland Revenue Board has

been established to plan, monitor and successfully implement the MTRS with a target of a comprehensive report to be published in 2022.

Expenditure Strategy

2021 Expenditure Performance

42. Based on the expenditure report released by the Accountant General's Department (JANM) in July 2021, the total public expenditure performance for operating expenditure, development expenditure and COVID-19 Fund is 59% (Refer Table 1). A key factor affecting development expenditure performance is the implementation of the MCO 3.0 that disallowed selected economic activities operate. For example, only 16% of the construction sector was operational during MCO 3.0 as reported by the Construction Industry Board (CIDB).

Table 1: Expenditure Performance for Operating Expenditure (OE) and Development Expenditure (DE), January-July 2021

	Initial Allocation (RM billion)	Revised Allocation (RM billion)	Expenditure (RM billion)	Percentage (%)
Operating Expenditure	236.5	219.6	134.6	*61.3*
Development Expenditure	69.0	68.2	31.0	*45.4*
COVID-19 Fund	17.0	27.0	20.3	*75.2*
Total	**322.5**	**314.8**	**185.9**	***59.1***

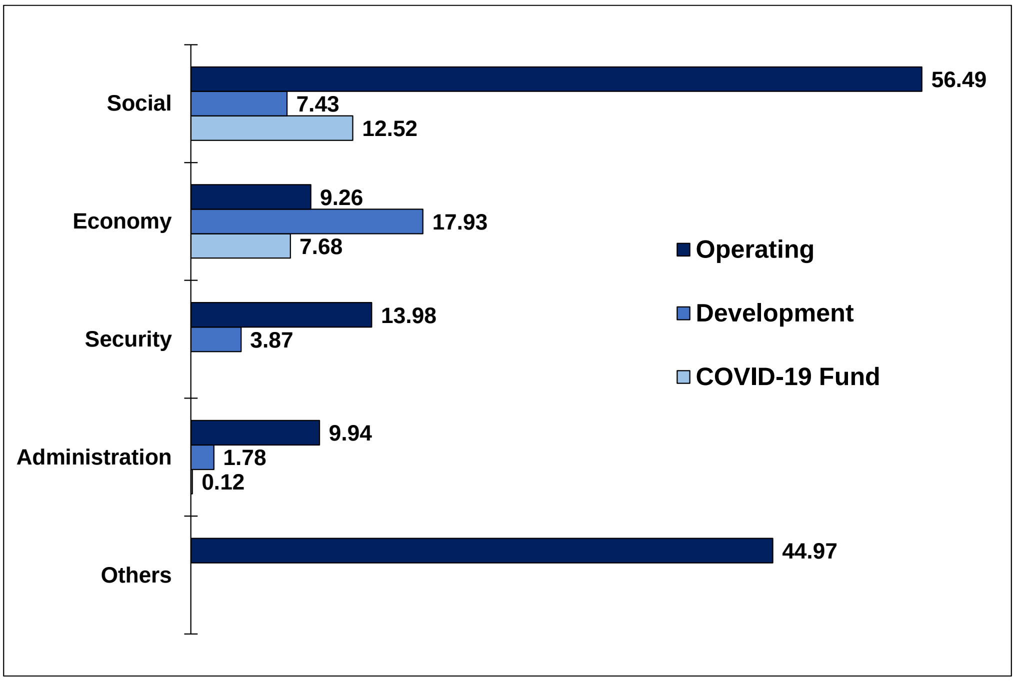
Source: JANM Expenditure Performance Report (July 2021)

43. Operating expenditure expended up to July 2021 amounted to RM134.6 billion. The breakdown of operating expenditure by sector up to July is as in in Chart 1. In line with the first goal of Budget 2021 to safeguard the people's wellbeing, the main focus of expenditure has been on the social sector, which includes expenditure relating to healthcare and welfare assistance to the people.

44. The development expenditure (DE) performance for the seven-month period this year achieved spending of RM31.0 billion. The Economic Sector recorded the

largest proportion of DE till July 2021, in line with the third goal of the 2021 Budget on Economic Resilience to ensure socioeconomic development that is both inclusive and meaningful. Within the economic sector, the main expenditure subsectors include transportation, finance and agriculture.

Chart 1: Operating Expenditure, Development Expenditure & COVID-19 Fund expenditure performance for the period January-July 2021 (RM billion)



Source: JANM Expenditure Performance Report (July 2021)

45. Up to July 2021, a total of RM20.3 billion was spent under the COVID-19 fund. As set out in the various stimulus and recovery packages announced, the Government's main objective is to assist the people affected by the COVID-19 crisis. Therefore, the largest expenditure has been channelled to the social sector, which encompasses the payment of *Bantuan Prihatin Rakyat*, *Jaringan* Prihatin dan welfare assistances.

Public expenditure strategy – optimising and controlling expenditure

46. In formulating the public expenditure strategy for Budget 2022, three major factors are given greater focus, namely providing for the immediate needs in overcoming the COVID-19 crisis, the fiscal constraints arising from the reduction in Government revenue and increase in Government debt and Budget 2022 as a catalyst

in driving structural reforms in the medium term, in line with the goals of the 12MP and the Shared Prosperity Vision 2030 (SPV2030).

Focus of Budget 2022

Budget 2022 themes

47. With the scenario of the nation recovering from the health and economic crisis, Budget 2022 will be formulated with priority towards:

a. Continuing programmes to support and spur economic recovery in line with the gradual reopening of the economic sectors through the NRP, as well as addressing potential lingering and longer-term effects of the pandemic crisis on public health and economic structure;

b. Ensuring continuity in policy and assistance provided to the people and businesses through strengthening resilience in facing crises by protecting means of livelihoods and income opportunities for people and businesses; and

c. Catalysing structural reforms in post pandemic period in order for the nation to emerge more competitive in addition to ensuring greater sustainability and inclusiveness in its development agenda.

48. In summary, Budget 2022 will be formulated with the objective to protect and drive recovery of lives and livelihoods for the people, rebuild resilience of the economy and catalyse socio-economic reforms.

Protecting and driving recovery of lives and livelihoods

49. In June 2021, NRP was launched as an exit strategy to gradually transition in phases out of the COVID-19 crisis. In line with this, Budget 2022 will ensure continuity of the NRP in driving economic recovery.

50. To ensure the nation is successful and able to exit from this crisis, Budget 2022 will continue to protect and drive recovery of lives and livelihoods post crisis. The Government will also drive recovery of economic sectors, especially those badly affected such as tourism and retail sectors.

51. Budget 2022 will also focus on efforts to help the vulnerable and disadvantaged segments of society, women, indigenous people and the disabled to ensure no one is left behind in the nation's developmental and recovery agenda. In addition, continued efforts to protect and generate new job opportunities will continue to be a priority.

Rebuilding national resilience

52. Our economic resilience was severely tested throughout this COVID-19 pandemic. This crisis challenged the foundation of our national resilience, which is anchored on economic diversity, fiscal sustainability and the capacity of our public health system. However, it also provides an opportunity for all parties to reassess our shortcomings and further strengthen the nation's foundation in facing similar crises in future.

53. Therefore, Budget 2022 will focus on efforts to, among others, rebuild the resilience of the nation's public health system to face crises by enhancing its capacity and quality, strengthen human capital in public healthcare and foster closer partnerships between public and private sector health providers.

54. In addition to the development and maintenance of physical infrastructure, Budget 2022 will also focus on enhancing digital and technological infrastructure as a core element for the continuity of our economic and social system in the future. From an education perspective, digital infrastructure and applications also need to be upgraded to enable the education system to adjust towards supporting online education from home. For the business sector, digital infrastructure and applications will also play an important role during the MCO in ensuring economic sectors remain operational and productive.

55. This crisis has also exposed the need for the nation to transition to industrial sectors with higher level of productivity based on automated technology and higher skills. Hence, emphasis will also be given to accelerate the transition towards IR4.0 and digital transformation, in addition to raising human capital capabilities through upskilling and reskilling programmes based on the needs of the labour market.

56. Budget 2022 will also evaluate means to rebuild fiscal resilience that was affected by the high level of Government commitments required to finance the stimulus packages and assistance to the people and businesses.

Catalysing reforms

57. The COVID-19 crisis also provided an opportunity for the Government to implement economic reforms towards creating a more sustainable, productive and higher value-added economy. To this end, the Budget 2022 will ensure that reform measures are implemented, focusing on the attainment of the SDGs, 12MP and the SPV2030.

58. The sustainability agenda in Budget 2022 will be further strengthened. The Government will focus on improving the efficiency of the public delivery system as well as emphasising the elements of Environment, Social and Governance (ESG) in public service, statutory bodies and Government-linked companies. These efforts reflect the country’s determination to develop a more sustainable and inclusive economy, which will be an attraction for investors looking to make the country a major investment destination.

59. In addition, the role played by the civil society organisations (CSOs) during this pandemic period solidified its importance as the Government's development partner in addressing various issues on the ground. Therefore, the Government will also strengthen its partnership with the CSOs in various fields, such as poverty eradication, livelihood and improving the quality of people's health.

Alignment of Budget 2022 to the 12MP and SPV2030

60. The Twelfth Malaysia Plan is the first phase of the implementation of SPV2030. Therefore, Budget 2022 will also be aligned with 12MP priorities that are scheduled to be tabled to Parliament in September 2021. Aspects emphasized in the 12MP, namely growth, inclusion and sustainability as well as key catalysts will be the basis for formulating and implementing initiatives for Budget 2022. A coordinated implementation will ensure a more cohesive and structured actionable measures to achieve short- and medium-term goals for national prosperity.

Conclusion

61. Overall, Budget 2022 will be drafted with the expectation that the economic situation will recover from the effects of the COVID-19 pandemic next year. As such, Budget 2022 will focus primarily on continuing to protect and restore the lives and livelihoods of the people and businesses, rebuild national resilience and catalyse post-pandemic reforms.

62. This Budget will strive to ensure that no person or business is left behind in receiving the Government's assistance and support, especially those severely affected by the prolonged MCO in 2021. In addition, this Budget also serves as a catalyst towards implementation of the 12MP that will drive economic growth, inclusiveness and sustainability in the medium term, based on the SDGs and SPV2030.

63. The Government will undertake various engagement and consultation sessions to obtain input and suggestions from various parties to ensure that the drafted Budget is comprehensive and inclusive in line with “*Keluarga Malaysia*” spirit. It is the Government’s hope that the publication of this Pre-Budget Statement will assist in setting the expectation of the public of Budget 2022, which will be tabled at the Dewan Rakyat on 29 October 2021.