



## **Press Release**

For Immediate Release

# **SME Friendly Budget for 2017**

**Kuala Lumpur, 21 October 2016** –Budget 2017 themed “Ensuring Unity and Economic Growth, Inclusive Prudent Spending, Wellbeing Of The Rakyat”, is comprehensive and supportive of SMEs, with year 2017 declared as the Start-up and SME Promotion Year.

The Budget looks into both the long-term development as well as the short-term needs of SMEs to cushion the impact of the current economic challenges. A total allocation of RM6.7 billion has been allocated for SME development to be implemented by the various Ministries and agencies.

The most impactful incentive announced is the reduction in the corporate tax rate for SMEs. SMEs that will benefit the most will be those that have an expanding revenue base as besides the special rate of 18% given for the first RM500,000 of the taxable income, the incremental revenue will also be subject to a lower tax rate, which will be enjoyed by all businesses.

The specific measures related to SMEs include the following:

- For the SME Masterplan, a total of RM70 million has been allocated for the implementation of the High Impact Programmes;
- A total of RM350 million is allocated for export promotion of SMEs. This includes RM130 million under the National Export Promotion Funds channeled through MATRADE, SME Corp. Malaysia and MIDA, RM200 million financing and insurance credit facilities with coverage valued up to RM1 billion by EXIM Bank, as well as RM20 million (RM100 million for 5 years) in the form of 2% interest rate rebate on the guarantees provided under the “Syarikat Jaminan Pembiayaan Perniagaan” (SJPP) scheme;

- Initiatives to support start-ups include RM200 million for Working Capital Guarantee Scheme (WCGS) and introduction of a new pass category Foreign Knowledge Tech Entrepreneurs to encourage investment in high technology startups;
- To stimulate development of B40 entrepreneurs, a total allocation of RM290 million has been provided for Mobilepreneur Programme by GIATMARA (RM30 million), Agropreneur programme (RM100 million), eUsahawan and eRezeki programmes under MDEC (RM100 million) and RM5,000 per taxi driver to purchase new vehicles with individual taxi permits given (RM60 million);
- To empower Bumiputera entrepreneurs, a total of RM1.4 billion has been allocated for programmes implemented by various agencies such as SME Bank (RM100 million), Amanah Ikhtiar Malaysia (RM100 million), TEKUN (RM300 million), PUNB (RM200 million), MARA (RM120 million) and TERAJU (RM600 million);
- For Indian entrepreneurs, a total of RM200 million has been allocated for business financing programmes under TEKUN and Amanah Ikhtiar Malaysia (RM150 million) and another RM50 million for programme to increase capacity and income;
- For Chinese entrepreneurs, a total of RM90 million has been allocated for SME loans through KOJADI (RM50 million), RM20 million for microcredit loans under the Malaysian Chinese Women Entrepreneurs Foundation and RM20 million for loans to Chinese hawkers through 1Malaysia Hawkers and Petty Traders Foundation;
- For women entrepreneurs, a total of RM2 billion is allocated for I-KIT, I-KeuNita and Women Career Comeback programmes; and
- MDEC has been allocated RM162 million for implementation of E-commerce initiatives such as e-commerce ecosystem and Digital Maker Movement as well as the introduction of new location category as Malaysia Digital Hub.

Overall, the budget is broad based and inclusive, taking into consideration the various economic groups of SMEs including agriculture farmers and smallholders, women and B40 entrepreneurs, exporters, start-ups, Bumiputera entrepreneurs, etc.

On the long term development, the Government is committed to continue with the implementation of the Masterplan initiatives and other development programmes aimed towards meeting the 2020 targets.

In view of this, SME Corp. Malaysia shall continue to work closely with the relevant Ministries and agencies to reach out to more SMEs as well as to ensure that the programmes and incentives announced under Budget 2017 are expeditiously implemented to bring maximum benefit to SMEs.

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**About: SME Corp. Malaysia**

SME Corp. Malaysia is a Central Coordinating Agency that formulates overall policies and strategies for SMEs and coordinates the implementation of SME Development Programmes across all related Ministries and Agencies. It acts as the central point of reference for research and data dissemination on SMEs, as well as, provides advisory services for SMEs in Malaysia. SME Corp. Malaysia also assumes the role of the Secretariat to the National SME Development Council (NSDC) which is chaired by YAB Prime Minister of Malaysia.