

# **ICAEW - Budget 2023's Corporate Frameworks and Initiatives Support a Sustainable Economy**



**Kuala Lumpur, Malaysia Mar 8, 2023 ([IssueWire.com](https://www.issuewire.com))** - Malaysia's newly tabled 2023 Budget saw a significant revamp to its focus, with particular attention paid to SMEs, sustainability initiatives and digital advancement. Worldwide, the Institute of Chartered Accountants in England and Wales (ICAEW) works in the public's interest, promoting its members' experience and technical expertise to develop policy and benefit economies. To this end, ICAEW members in Malaysia who determine the strategic direction of their companies and of the finance profession shared their personal opinions on the national budget.

Very much in line with the *Madani Budget*, as a professional organisation, ICAEW driven by its core goals, also seeks to build resilient businesses, economies and societies, while ensuring resources are managed sustainably as well as to promote inclusivity, diversity and fairness.

Bonnie Tham, Chairperson of the ICAEW Member's Society, Malaysian Chapter and Head of People and Support at BDO, said, "Budget 2023 is designed to try to ensure that businesses are prepared to ride digital and ESG waves post-pandemic. From training to reskilling programmes, to automation and sustainability funds, frameworks are being built to increase resilience of the Rakyat to withstand future adverse shocks. Hence, there was much encouragement for local businesses to rejoin supply chains by futureproofing their workforce. As Head of People and Support, I constantly see the need to upskill the workforce via programmes such as ICAEW's Data Analytics and Sustainability certificates, which are key in today's global market and will help drive organisational progress in an increasingly competitive business environment."

Previous ICAEW council member David Lim Hun Soon, who sits on multiple listed corporate boards, commented that "One of the key highlights of Budget 2023 was the reduction in the corporate tax rate for SMEs from 17% to 15% for the first RM150,000 of chargeable income. In conjunction with SME financing of almost RM10 billion by BNM and RM40 billion in loan facilities for micro-SMEs, the government is introducing various targeted measures to support the growth of SMEs post pandemic."

On the personal tax front, Ralph Ratnaswamy, Principal Engagement Partner at MustaphaRaj Chartered Accountants said, "The T20 community will be impacted by the incremental increase in tax rates but the increase from a net effect position is minimal especially with the reduction of the lower bands. In general, considering that the T20 community benefits communally from significant government subsidies on fuel and electricity, it is only fair that this sector of society contributes further towards the betterment of the Rakyat in totality."

"The reduction in the M40 category will result in further disposable income for these communities and with the cost of living increasing, it will assist them in the long run. This effect will also be felt in the business community with increases in disposable income resulting in a money multiplier effect that will spur spending and thus growth for SME's servicing these sectors," added Ratnaswamy.

ICAEW members David Lai, Head of Tax Advisory and Tan Chin Teck, Executive Director, Tax, at BDO agreed that the re-tabled Budget improves the ecosystem for SMEs but advise caution. "While the one-off grant of RM1,000 for SMEs has been removed, the government has promised, for now, to maintain electricity tariffs and offer funding in areas where many SMEs lag behind larger corporations; automation and infrastructure. While these proposals are promising, they may not have a significant enough impact, and there is still a lot of work to be done, especially in addressing labour shortages and

higher hiring costs.”

As the first platform to articulate the *‘Malaysia Madani’* concept in economic terms, Budget 2023 also seeks to provide measurable reforms and solutions to long-standing issues that have hindered economic progress and development via the introduction of new corporate frameworks and policies.

Commenting on this Lai and Tan said, “This emphasis on transparency and accountability is a welcome change and it is encouraging to see a clear commitment to reform. It is important that necessary measures are implemented, such as whistleblowing policies, ESG, and Tax Corporate Governance Framework. The government should consider making compliance with these standards mandatory, which in turn, should help restore investors’ confidence in GLCs and increase foreign direct investments.

Lai and Tan also said that they were anticipating more proposals to improve Malaysia’s image as a preferred investment destination. “It would be appreciated if policies were implemented to reduce bureaucracy and transaction costs. For example, many international businesses are concerned about the strict implementation of tax on foreign source income due to excessive paperwork and potential double taxation. In addition, we suggest carefully studying the implications of the new Luxury Goods Tax and proposed Capital Gains Tax to ensure they do not adversely affect investment and businesses. If the scope of these taxes is too broad, Malaysia may suffer from being less competitive compared to its neighbouring countries.”

“While the government’s plans to expand and upgrade the international airports in Penang and Kuala Lumpur are commendable, the High-Speed Rails from KL to Singapore and Bangkok are equally important infrastructure development projects. These could have been included in the Budget 2023 to create new opportunities for trade and enhance the country’s economic growth,” Lai and Tan added.

David Lim added that looking forward, the Government’s announcement of the upcoming New Industry Master Plan 2030, the Fiscal Responsibility Act to ensure better management of the economy and the Government Procurement Act to improve transparency are three major templates which will also enable Malaysia to better compete with other ASEAN members.

ICAEW believes that chartered accountancy can be a force for positive change. By sharing insight, expertise and understanding, the professional organisation hopes to continue helping create sustainable economies and a better future for all.





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