FAMILY FRONTIERS

Persatuan Kebajikan Sokongan Keluarga Selangor & KL (PPM-011-10-24072020)

Association of Family Support & Welfare Selangor & KL (Family Frontiers)

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Press Release:
Open Letter to the Prime Minister and MPs : 30 July 2025

Malaysia's Subsidy Blind Spot: Why Permanent Resident Spouses Pay Taxes But Continue to Miss Out

YAB Dato' Seri Anwar Ibrahim, The Malaysian Cabinet, and Members of Parliament,

This letter is in response to the announcement by Malaysian Prime Minister and Finance Minister, YAB Dato' Seri Anwar Ibrahim on 23 July 2025 regarding his initiatives to lower cost of living in Malaysia. outlining a series of measures aimed at alleviating the rising cost of living.

We commend the government's commitment to supporting the rakyat and easing their burden, particularly through initiatives such as the one-off RM100 payment under the *Sumbangan Asas Rahmah (SARA)* programme, the expansion of *Jualan Rahmah Madani*, the decision to maintain existing toll rates, and the reduction in RON95 petrol prices. These efforts will certainly bring relief to many Malaysian families.

However, we respectfully wish to highlight the exclusion of an often overlooked group: Permanent Residents (PRs) who are spouses of Malaysians. These individuals have quietly and consistently contributed to the nation's growth—economically, socially, and culturally—while raising their families and building their lives here.

While Malaysians will only pay RM 1.99 per litre for RON95 petrol, non-citizens, including PR spouses, have to pay RM 2.50 per litre or more.

This scenario is likely to unfold very soon: non-citizen parents of Malaysian children will bear higher fuel costs as they travel to drop off and pick up their Malaysian children from school, tuition classes, or hospital appointments, disproportionately impacting middle and lower income families where every RM counts.

This also leads to higher out-of-pocket expenses for Malaysian binational families, which could be directed to the advancement of Malaysian children in these families. For example, reduced funds for extra-curricular activities, tuition, or even better-quality educational resources.

The financial pressures faced by PRs are also set to increase with the recent 6% Sales and Services Tax (SST) charged on non-citizens, effective 1 July, amplifying an already unequal

system. While the SST revision impacts all consumers, there are a few exceptions where non-citizen are subjected to 6% tax:

- Private higher education
- Private healthcare

The misconception that non-citizens, including PR spouses, do not pay taxes, is a myth. Spouses who reside in the country for more than 182 days are required to pay taxes on their total taxable income on the same basis as Malaysians.

Many of them are husbands and wives of Malaysian citizens, parents of Malaysian children, and are long-term residents who have endured years of bureaucratic hurdles to secure legal status in the country they already call home.

"Non-citizen spouses of Malaysians are not 'foreigners' - they work and contribute to the country and the economy, they pay taxes, and they raise Malaysian children. This 'othering' of our spouses and designating them with the blanket term of 'foreigners' hurts us and our families," says Low, a Malaysian spouse of a non-citizen.

Another PR spouse said, *"I often find myself in a grey zone—being a foreigner, yet not fully acknowledged as Malaysian. Although I contribute the same amount in taxes as others in similar income brackets, the treatment I receive often feels disproportionate,"*

PR spouses in Malaysia often bear higher costs for essential services such as:

- **Public Transportation:** Excluded from RapidKL's MY50 pass, senior citizen, and OKU discounts.
- **Driving Licenses:** Costs are double those for Malaysian citizens.
- **Education:** Incur non-citizen rates for both public and private educational institutions, regardless of education level

"Policies like these affect Malaysian binational families who have made this country their home, but are again and again marginalised and left out simply because their spouse is regarded as a 'foreigner' and not fully recognised as part of the social fabric of this nation that they are. What impacts my non-citizen husband impacts me, a Malaysian, and our Malaysian children," says Low.

This disparity is particularly stark when compared with our neighbour, Singapore, a country where many Malaysians hold Permanent Resident status. In Singapore, PRs benefit from substantial subsidies for essential services, including:

- **Healthcare:** Reduced rates for treatment in public hospitals and access to schemes like MediShield Life for financial assistance with medical expenses.

- **Education:** Significantly reduced tuition fees at public educational institutions for PRs and their children.

Such comprehensive benefits for PRs in Singapore stand in sharp contrast to Malaysia's approach.

For PR spouses, these disadvantages significantly complicate the already challenging task of raising Malaysian children and committing to a long-term future in Malaysia. Constantly navigating a system where one family member is treated differently, or excluded from benefits that others enjoy, can lead to significant stress for the entire family. This creates a serious risk of "brain drain," where valuable talent eventually departs for countries offering more comprehensive social security and benefits for long-term residents and possibly even their Malaysian families.

It's time to recognise the commitment of Permanent Residents by extending essential subsidies to them. This crucial step will not only retain valuable talent, strengthen our economy and reduce brain drain, but also ease their integration into Malaysian society.

The government must not overlook the significant contributions of PRs, especially non-citizen spouses who are raising Malaysian children. These individuals are integral to the Malaysian family, contributing not just socioeconomically, but also by nurturing the next generation of Malaysians who will ultimately give back to the nation.

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