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Mahathir - Incentives

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KUALA LUMPUR, July 10, (Bernama) -- Government incentives under the Sixth Malaysia Plan will be directed towards foreign investors who bring in sophisticated technology and capital-intensive industries, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He added that the incentives would no longer be concentrated on labour-intensive industries as was the case in earlier plans.

The shift in focus was necessitated by the shortage of workers in the country, he told reporters at Parliament House.

Datuk Seri Dr Mahathir said the government would study the type of incentives which could draw high-technology and capital-intensive industries to the country.

+Previously, we had certain priorities... there was not much foreign investment and as such we had to have incentives which could draw investors by giving tax exemption, + he added.

Asked if the shift in attention would affect the flow of investments into the country, he said: +We find that in other countries there are lesser incentives than ours but they still attract investors.+ -- more

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Mahathir - Incentives 2 Kuala Lumpur

Datuk Seri Dr Mahathir said the government must provide the infrastructure everytime a foreign investor set up an industry in the country.

+So, if the government gives incentives that are only in the form of tax exemption, the government would not have enough money to pay for infrastructure development... that is why we must think of other forms of incentives, + he added.

He also said the levy proposed for foreign workers would not be high but within their means to pay.

+The levy is only meant to pay for facilities used by the foreign workers, such as hospital services and roads. All these are used by the foreigners... so it is only fair that they contribute to the taxes and revenue of the government, + he added.

Datuk Seri Dr Mahathir also said the levy would not be imposed on employers because in real terms the foreign worker whose levy is paid by the employer would be earning more than a Malaysian worker paid the same salary.

+While we are prepared to provide all facilities to our own people, if we give the same to the foreigners, it means we are paying them, + he said.

As such, it was only fair that those who come to work here be required to pay a levy, he added.-- Bernama

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