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## Tax relief move for establishing savings plan

PETALING JAYA, Thurs. - The Human Resources Ministry will ask Bank Negara and the Ministry of Finance to study the possibility of providing tax relief to employers who establish savings schemes for their employees.

Its minister, Datuk Lim Ah Lek, said today the incentive would encourage employers to spur their employees to increase savings.

"We want workers to develop a saving habit and employers can play an important role in guiding and encouraging them."

Speaking at the launch of the Workers Savings Promotion Campaign at Motorola Malaysia Sdn Bhd, Lim said a country's savings rate was an important element in its economic development.

"A high savings rate will contribute to an increase of capital expansion that will generate rapid economic growth."

He said although Malaysia had one of the highest savings rates in the world, it was not enough to cater to all the investment needs of the country, hence the need for foreign capital.

"But we have to realise that dependence on foreign capital will expose our economy to external economic forces, including the manipulation of our economy by foreigners."

"This is why we need to generate internal capital growth to ensure we are not affected easily by the external forces and maintain stable economic development."

Lim said to achieve this objective, the Government was campaigning for all Malaysians to save, and a Cabinet committee chaired by Deputy Prime Minister Datuk Seri Anwar Ibrahim was co-ordinating the campaign.

The national level savings campaign was launched last December by Prime Minister Datuk Seri Dr Mahathir Mohamad.

Lim said workers were the most important target group in terms of saving power and their potential to contribute to the growth of the country's savings rate.

"If only eight million workers in this country increase their savings by at least RM1 a day, we will be able to save about RM2.8 billion a year."

He added workers had an important waste prevention and cost reduction role to play. "If workers strive to reduce product defects and waste, the country will be able to save a lot in repair costs."

He said it was not the responsibility of the workers alone to be thrifty but employers should also encourage their employees to be financially prudent.

To co-ordinate saving schemes within their companies, he urged employers to establish internal savings promotion committees.

Lim said the Labour Department had approved 214 employee savings schemes using the salary cut system of 202 companies involving a total of 92,844 employees.

"These include share and unit trust schemes, retirement schemes, savings, insurance and employee co-operative schemes."

Speaking to reporters later, Lim said the Government had no plans to revise and increase the percentage of Employment Provident Fund contributions made by employers.

"Any increase of the present rate of 12 per cent will only hit hard on the financial stability of companies," said Lim.

He added that there were companies that made contributions amounting to 16 per cent of their employees salary and the Government had no objections

to that.

Meanwhile, responding to a question on the proposed amendments to the Employment Act 1955, Lim said proposed increased penalties for flouting Labour court decisions would not drive away foreign investors.

"This suggestion by some quarters is not true because foreign companies have no problems with our laws. The ones that are flouting the law are the local companies. Of course those who have committed offences will not be happy with the proposed amendments."

He added that the amendments would protect the local workers' interests better since employers who retrench locals to employ foreign workers could be prosecuted.

The only action available currently is for the Ministry to request the Immigration Department to not renew the foreign workers' working permits.

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