

# New taxation system won't result in losses

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THE Government will not incur any losses by implementing the new income tax system in 2000 as it only involves changing the base year, Datuk Seri Dr Mahathir Mohamad said yesterday.

The Prime Minister said the waiver on paying income tax for 1999 did not mean the Government would lose one year's tax because the actual tax would still be collected.

"Actually you don't lose anything because now, you are bringing ahead (the base year). Apparently you are missing one year's tax but in fact you don't.

"Only the basis (year) of the tax (is changed). The actual tax, you still collect. The basis is no longer the previous year but the current year."

Under the new base year system, Dr Mahathir said, the relevant authorities would train the taxable parties to carry out their own tax assessment.

Asked why the base year was being changed, he said: "It was based on the idea that sometimes, for example, last year, you made a lot of money and you spent the money, and this year you lose money but you have to pay tax and you find it difficult to pay."

Dr Mahathir said the Budget's objective was to facilitate and support the business sector.

"This is to enable them to do business and make profits. When businesses make profits, 28% belongs to the Government.

"If they lose money, as indeed they have in the first six months of this year, then we make no money. That's the reason for our deficit," he added.

On whether civil servants would be paid a bonus, the Prime Minister said it was very difficult to pay because of the defi-

cit budget.

"We will have to borrow money. When you have a deficit budget you have to finance the deficit, which means borrowing money. When you pay a bonus based on borrowed money, it's going to be very difficult.

"The problem with bonus is that people are quite happy to accept bonus, but ... when there's no grounds for bonus, they still insist on bonus.

"Not that we don't want to give (bonus), we appreciate the services of the government employees but we don't have the money," he said.

Dr Mahathir said the proposed one Saturday off in a month beginning January for civil servants would not affect working hours, which would re-

main the same.

He said the only difference was that the civil servants would have to work half an hour longer on certain days to make up for the number of working hours lost on the monthly Saturday off.

"Anyway, civil servants can rest and relax and maybe they can be encouraged to not only go shopping but also (to promote) domestic tourism," he said.

Responding to a question, the Prime Minister said it was not true the deficit budget for next year was higher than before, stating that it was normal and "we are not arming ourselves in any way."

On the Asia-Pacific Economic Co-operation (Apec) summit next month, Dr Mahathir was

asked to comment on reports that US President Bill Clinton would not want to have a bilateral meeting with him.

The Prime Minister said the issue of bilateral talks did not arise because Apec was a multi-lateral conference on economy.

"We did not ask (for any bilateral meeting), so why is there a need to raise the issue?" he asked.

On a proposal by some US congressmen that Apec should be used also to talk about human rights, Dr Mahathir said:

"I want to emphasise that Apec is about economic co-operation. It has nothing to do with political issues but if you want to change it to a political forum, then it is no longer Apec," he said.