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BUDGET-MERGERS

STAMP DUTY & RPGT IN MERGERS TO BE EXEMPTED

KUALA LUMPUR, Oct 23 (Bernama) -- Stamp duties and the real property gains tax pertaining to mergers will be exempted from tax, Prime Minister Datuk Seri Dr Mahathir Mohamad announced today.

Dr Mahathir, who is also First Finance Minister, said the exemptions, granted for mergers concluded beginning Oct 24, 1998 and June 30, 1999, are aimed at reducing the cost of mergers.

Currently, mergers that satisfy the provisions under Section 15 of the Stamp Act 1949 and Schedule 2 of the Real Property Gains Tax 1976 are eligible for duty and tax exemptions.

Unveiling the 1999 Budget at Parliament House here, the prime minister also said that the degree of disclosure would be increased for both the public and private sectors.

A high-level Finance Committee comprising representatives from both the public and private sectors has drafted a framework to initiate corporate governance that would ensure prudence and transparency as well as set best practices for the financial sector.

On mergers, he said they have been encouraged by the government for several years now and were significant in order to ensure that banks are viable and efficient.

This action is in line with the government's objective to enable financial institutions to prepare themselves to face greater competition due to the impending liberalisation of the financial sector.

Dr Mahathir said mergers would strengthen local financial institutions.

-- BERNAMA

MR SHY