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BUDGET-SHIPPING TAX

TAX EXEMPTIONS ON RENTAL INCOME FROM USE OF MALAYSIAN SHIPS

KUALA LUMPUR, Oct 23 (Bernama) -- The government in its 1999 Budget report has proposed that rental income received by residents from "time charter" and "voyage charter" of Malaysian ships be exempted from tax, effective from the year of assessment 1999.

Prime Minister and First Finance Minister Datuk Seri Dr Mahathir Mohamad, who tabled the Budget proposals in Parliament today, said the proposal was aimed at developing further the local shipping industry.

"The development of the services sector, in particular the shipping and insurance industries has not been satisfactory although it had begun to show progress," he said.

The situation, Dr Mahathir said had resulted in large deficits in the services account of the balance of payments, that is, RM19.4 billion, for the first eight months of this year.

He said to improve the situation, the government had implemented various measures including those to further develop the nation's services sector.

"We will continue to implement efforts to promote use of local ports," he added.

Although in the recent past, there has been an increased utilisation of domestic port facilities, Dr Mahathir said there was still excess capacity.

He added the nation had also spent close to RM7.5 billion over a 15-year period beginning 1986 to expand the national port capacity.

-- BERNAMA

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