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MAHATHIR-BUSINESS

`99 BUDGET TO SUPPORT BUSINESS, SAYS PM

By: Arshi Mohd Daud

KUALA LUMPUR, Oct 23 (Bernama) -- Prime Minister and First Finance Minister Datuk Seri Dr Mahathir Mohamad today said the 1999 Budget was meant to facilitate the recovery of the private sector.

"We are supporting business in every way. We want them to make profit and we want them not to be burdened by taxes, non-performing loans and the like," he told a press conference after delivering the budget in Parliament here.

Dr Mahathir said the government wants businesses to earn profits so that the government would not have to operate on a deficit budget in the future.

The budget, among others contained several tax incentives for trading companies, unit trust firms, manufacturers, life insurers and tourism-related companies.

"As I keep on telling the people...when businesses make profit, 28 percent belongs to the government. When they lose money as in the first six months of this year...then the government will have a deficit," he said.

The prime minister said because the government had to work on a deficit budget in 1999, it could not give bonus to the civil servants, adding it would not be appropriate for the government to pay bonus based on borrowed money.

"There is no ground for bonus (for 1999) but it is not because we do not want to give. We appreciate the service rendered by government employees but we do not have the money." he added.

Dr Mahathir also explained that the income tax waiver for 1999 applied for both individual and corporate taxes.

However, this does not mean the government is losing money or foregoing a source of its income.

This, he said, was because the basis for income tax assessment would be changed to that of the current year from the year 2000 onwards from a basis of the preceding year as practised now.

He said it was easier to change the basis year to the current one since when a company makes losses in the preceding year as in the present assessment, it would be difficult for it to pay for taxes. -- BERNAMA

AD SHY