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Daim: Study on proposed exit tax is complete

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SUNGAI PETANI, Mon. - The Government has completed a study on the proposed introduction of an exit tax for the early repatriation of capital, First Finance Minister and Special Functions Minister Tun Daim Zainuddin said today.

"We have completed the study... We will announce when the time comes," he said when asked by reporters at a Hari Raya gathering organised by Umno Merbok at Rumah Seri Kenangan in Bedong.

Daim, who is also National Economic Action Council executive director, said the Government had conducted a thorough study on the proposed tax.

He said the idea of an exit tax was actually proposed by foreign investors who were keen on investing in Malaysia.

"Actually, it is the foreign investors who are asking for the introduction of an exit tax.

"Some of these investors are unable to invest in our stock market although they are seeing remarkable improvement after the composite index soared from 260 points to 600 points.

"Therefore they suggested that we introduce exit tax and we told them that we would study the matter," he added.

Contrary to the perception of some people, the idea of an exit tax actually came from the foreign investors, Daim said.

"They were the ones who asked for an exit tax...many people thought we wanted to introduce it...actually the investors are asking for it," he added.

Daim said the Government did not want a recurrence of the earlier experience where investors pulled out capital to bring down the stock market.

"We do not want this to happen anymore...this (exit tax) is a good proposal, it will benefit the country and it will not affect any party," he added.

Asked whether the introduction of the exit tax would affect the stock market in the long term, Daim said it would not do so.

"What is important is if they can make money here (in the stock market), they will not withdraw their capital.

"Investors are interested in making profit...they will invest in places where they can make profit...moreover the idea (exit tax) was from them, not us," he added.

Asked whether Malaysia would offer new ideas at the G-15 Summit in Jamaica apart from ones forwarded by Dr Mahathir at the annual World Economic Forum in Switzerland, Daim said Malaysia had been asked to present a similar paper at the summit.

"We are hoping that we will get the support of the G-15 members," he added.

Daim said some members of G-15 had expressed interest in studying Malaysia's approach to the economic problems.

"Countries which are facing the same problems are now interested in learning from us.

"Many have come to us asking for our views and some admit that they should have taken the same steps.

"However, each country has its own problems and is in a situation of its own," he added.

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