

26 JAN 1999

GERAKAN-TAX

GERAKAN EXPRESSES SUPPORT FOR EXIT TAX

KUALA LUMPUR, Jan 26 (Bernama) -- Parti Gerakan Rakyat Malaysia (Parti Gerakan) fully supports the introduction of exit tax for early repatriation of capital as announced by Prime Minister Datuk Seri Dr Mahathir Mohamad yesterday, said one of its official today.

"The rationale for this policy, Parti Gerakan believes, is that Asian economies are in a recovery phase and Malaysia must take advantage of this and not lag behind," said its deputy secretary-general Dr Tan Kee Kwong in a statement released here today.

Dr Tan, who is also the Member of Parliament for Segambut, said the party believes that Malaysia has largely achieved the objectives of selective capital controls it implemented on Sept 1, 1998.

This is seen in the stabilising of the base lending rates (BLR) and the return of confidence of foreign and local investors, he said.

The Kuala Lumpur Stock Exchange (KLSE) has made a fantastic recovery over the past five months, where the composite index has gone beyond the 600 point mark and foreign reserves have increased by 15 percent, he added.

On the repatriation of capital, Parti Gerakan has suggested that the government consider allowing, for the first quarter of 1999, companies to repatriate 20 percent of their principle of portfolio investments and 10 percent of their profits.

It has also requested the government to allow companies, in the second quarter, to repatriate 15 percent of their principle of portfolio investments and 10 percent of profits.

In the third quarter, companies should be allowed to repatriate 10 percent of their principle of portfolio investments and 10 percent of profits, the party has suggested. -- BERNAMA

NLY SA