

07/12/1999

Govt will keep pre-election promise on Budget: Daim

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THE Government is keeping its pre-election promise that the Budget 2000, which has to be re-tabled in the new Parliament, will be the same one presented in October, First Finance Minister Tun Daim Zainuddin says.

"It is our promise to the people. We honour our promise," he said.

As for whether changes would be made to the Budget, Daim said: "I want to replay the tape (of the first budget speech)... (to) save time."

The Opposition members of Parliament had dubbed the Budget tabled by Daim on October 29 an "election budget" because of the many goodies it proposed, including a 1 per cent cut in income tax for individuals and cooperatives. In addition, the Government would forego revenues amounting to RM700 million as a result of higher tax relief.

Parliament, however, was dissolved to pave way for the general elections before the Budget could be passed by the legislature.

Daim was speaking to reporters in Kuala Lumpur yesterday after launching a logo on self-assessment taxation by the Inland Revenue Board.

He also said the Government had no plans to increase gaming taxes. Sabah announced recently that it would impose a 10 per cent tax on the sale of lotteries in efforts to curb gambling in the state.

On the new Pas-led Terengganu State Government's decision to impose a 5-10 per cent kharaj or tax on non-Muslims' business income, Daim said he was not sure whether the move is constitutional.

"I am not a constitutional expert. As far as the Government is concerned, we are trying to reduce taxes... it is the Government's policy. We have reduced corporate taxes because we do not want to burden the people," he said.

Corporate taxes have gone down from as high as 35 per cent earlier this decade to 26 per cent.

On whether Terengganu can ask the Federal Government to reduce taxes to make way for the kharaj, Daim said: "They can ask. They are entitled to ask. It is a free country."

Finance Ministry secretary-general Datuk Othman Rejal meanwhile said Pas will have to refer the matter to the Attorney-General.

Daim also dismissed suggestions that there were differences between him and the Government on matters pertaining to the merger plan for the domestic financial services industry.

He was asked to respond to such talk based on observations of him not having commented on the exercise since the guidelines for it were relaxed in October.

"There are no differences. That is what the foreign press says... why do you repeat it? We are not parrots. If there was a conflict, I would not have stood for elections," Daim said.

In July, Bank Negara called for all domestic financial institutions to merge into six core groups by March 31 2000.

However in October, Prime Minister Datuk Seri Dr Mahathir Mohamad said the National Economic Action Council had decided that the banks can choose their own partners and that there could be more than six core banks. The deadline for mergers was also extended to end-2000.

Asked whether it was true he would not accept the post of Finance Minister in the new Cabinet, he said: "I have not even been offered".

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