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REACTION-MAHATHIR (RAKYAT)

2001 BUDGET, A PEOPLE'S BUDGET, SAYS MAHATHIR

KUALA LUMPUR, Oct 27 (Bernama) -- The 2001 Budget, like in previous years, is a people's budget, especially for the low income group, said Prime Minister Datuk Seri Dr Mahathir Mohamad today.

Referring to the tax rebate for individuals which would eliminate the need to pay income tax among more than one million low and middle income wage earners, Dr Mahathir said the move would reduce their burden.

Finance minister Tun Daim Zainuddin had said in his budget speech that the tax rebates given to individuals would be increased from RM110 to RM350 while the rebate for the wife would also be raised from RM60 to RM350.

He had proposed that the eligible taxable income threshold for this rebate be increased from RM10,000 to RM35,000 and this would benefit 1.23 million taxpayers.

Although taxes would be decreased, the government would continue to improve the economy's performance and increase spending for various activities, Daim had said in his budget speech.

This could be done because the rebates would encourage consumer spending, he said.

Dr Mahathir also said that companies which recorded huge profits would be in a better position to contribute more tax revenue to the government.

When asked why the corporate tax was not reduced although it had been anticipated by many, the prime minister said the government could not afford to reduce taxes all at once.

"Over the long run, the government may not have any money. We need to build more schools and provide aid to many groups...everything is expanding," he said.

The government, he said, had to spend huge sums of money to overcome the digital divide between the rural and urban areas in the smart schools programme.

Spending on information technology equipment, software and teachers were very costly, he explained.

On the RM18.6 billion allocated for education, Dr Mahathir said spending on education was the biggest among all government ministries.

One third of government employees was involved in education, he added.

-- BERNAMA

MAD SHY