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BUDGET-REPORT
BUDGET: WHAT'S IN STORE FOR EVERYONE?

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KUALA LUMPUR, Oct 24 (Bernama) -- On Friday finance minister Tun Daim Zainuddin will unveil the country's financial and development blueprint for the next 12 months.

What's in store is always anybody's guess until after the minister discloses everything on what the government intends to do in the budget speech, which is expected to last for one and a half hours.

Some have described the federal government budget as a living document whose contents have a strong bearing on all levels of society.

Rightly so because the budget speech is more than just taxes. An important aspect of the budget will be the government's development strategies for the year and how it wants the country's economic and social development to proceed.

In the 2000 Budget, the thrust was about sustaining the country's economic recovery and accelerating economic growth in line with the nation's economic and development potential.

Along with this, other strategies include raising the nation's competitive edge and resilience against external risks and promoting the service sector as a lead sector in the country's economic development and improving the agriculture sector.

The government's budget strategy last year also included developing the skills and knowledge of country's human resources and continuing various social programmes for the well-being of the people and the environment.

In other words, the budget speech is a dynamic document which spells out what the government has in store for everyone. For 2001, Daim has hinted that the budget will contain "good news for the people."

Prime Minister Datuk Seri Dr Mahathir Mohamad also revealed that the 2001 Budget would be a surplus budget.

But as usual, the tax proposals will always be keenly-watched and analysed because they affect the pockets of consumers and the balance sheets of corporations.

Such proposals fall into four sections -- imposition of new taxes or duties, increasing the level of an existing tax or duty, reducing an existing tax or duty and abolishing the tax or duty altogether.

Much has been said over the last few days on what the government ought to do and what not to do. The "wish list" is rather long and growing.

For instance, many analysts expect the government to tackle the issue of corporate tax and individual income tax.

A cut in corporate and individual income taxes would mean more funds at the disposal of companies and individuals to stimulate spending as well as attract foreign investment.

Many tax consultants are hoping that the government would slice the corporate tax to 27 percent from the present 28 percent to make Malaysia an attractive place to do business. They also feel that the top rate of the personal income tax should come down to 28 percent from the present 29 percent.

Another area being looked at in earnest is the cost of doing business in Malaysia, especially with regard to companies based in Malaysia but whose operations are performed abroad. This area warrants serious attention, say tax experts, if Malaysia is to attract more foreign firms, especially market leaders in the knowledge-based economy, to set up shop in the country.

Those involved in real estate and construction are also hoping that the government would act to reduce the property overhang and stimulate more property transactions.

To formulate the budget, a series of pre-budget dialogues were held earlier this year to enable Treasury officials to know the expectations of the public and private sectors. Views elicited from the various memoranda are used by finance ministry officials to prepare the budget.

Along with the budget speech, the government will also issue the Treasury Economic Report 2000/2001 which contains comments and analyses on the country's economic and social sectors. -- BERNAMA

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