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Expect a good Budget, says PM (HL)

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KUALA LUMPUR, Tues. - The 2001 Budget, to be tabled on Oct 27, will be a good one as the economy performed very well this year, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said the favourable indications were reflected in the increase in trade and movement of containers in and out of the country.

"The signs show we have done very well this year. We have earned sufficient money to even achieve a surplus Budget. Basically, the general picture is good," he told reporters after opening the Kedah Trade Centre at UBN Tower in Jalan Sultan Ismail here today.

Dr Mahathir said even if the country could not achieve a surplus Budget, the proposals would "not be too bad".

He had been asked about the Budget to be tabled by Finance Minister Tun Daim Zainuddin in the Dewan Rakyat next month.

On whether the Government would remove the 10 per cent tax imposed on dividends on foreign short-term investments to help improve the performance of the stock market, Dr Mahathir said the matter had not been considered.

He said this was because it had not been established if the the current drop in share prices was owing to the tax.

"We want to first know and study the real cause of the poor performance of the stock market, which I dare say is not too bad ... it goes down and up.

"However, if we can be certain the removal of this tax would stimulate an increase in investments, yes (to the removal of the tax).

Dr Mahathir said the 10 per cent tax was only on dividends and not on capital gains.

"Therefore, the sum is very minimal," he said, adding that when people come to the country to make money, they should pay something.

"This is a small price they would have to pay," he said, adding that in other countries including the developed nations, tax was even imposed on capital gains.

Dr Mahathir said if there was no tax on capital gains or dividends, "then people come to invest here and they make lots of money, they take out money, then we end up getting nothing."

A worse scenario if such a tax was imposed, he added, was if foreign investors decided to pull out all together and the economy collapsed.

"As you can see, we are taking lots of risks. So I think people should appreciate that when they want to make money, they must also expect to give something back to the place where they make money. This is only fair.

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