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BUDGET-TAX

GOVT TO LOSE RM1.2 BLN REVENUE FROM TAX CUTS

KUALA LUMPUR, Oct 19 (Bernama) -- The proposals to reduce and abolish various kinds of taxes in the 2002 Budget will result in a loss of government revenue totalling RM1.2 billion, said Prime Minister Datuk Seri Dr Mahathir Mohamad today.

At the same time, the government has to increase expenditure to stimulate the domestic economy and seek other revenue sources to strengthen its financial position, he said when tabling the 2002 Budget at the Dewan Rakyat here.

Dr Mahathir, who is also the finance minister, said the threshold for service tax imposition on restaurants, bars, snack bars and coffee houses, private clubs and advertising companies would be reduced to an annual sales turnover of RM300,000 and above from RM500,000 previously.

The government also proposed the threshold for the imposition of service tax on professional services be lowered to an annual sales turnover of RM150,000 from RM300,000.

Dr Mahathir said: "In this respect, the government will step up enforcement and conduct surveys to curb tax evasion."

In addition, the government had provided substantial subsidies totalling RM4.4 billion, of which more than half was for petroleum subsidies, he added.

To reduce the financial burden of the government, he said subsidies for petrol and diesel would be reduced and the retail price of these two products would rise by 10 sen per litre from tomorrow. -- BERNAMA

MK SHY