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MAHATHIR-BUDGET

GOVT WILL TRY TO REDUCE BUDGET DEFICIT

PUTRAJAYA, July 14 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad says the government will try to reduce the budget deficit for next year to control government finances.

"If we spend excessively, we will face a big problem. If the economy were to deteriorate, we would face even greater problems," he said at a press conference after chairing a pre-budget dialogue here today.

Dr Mahathir, who is also Finance Minister, said the government's ability to meet demands for cuts in taxes, additional expenditure and others was limited.

He said the government could not reduce taxes simply so that businesses would gain more or spend more to improve the quality of life of the people.

If the government was not careful and reduced taxes and spent excessively, the country would face large budget deficit problems and have a weak financial standing.

"If our economy and finances were not strong, and if we are attacked just like what happened during the last financial crisis, our economy would not be able to recover," he said.

To fulfil the demands of social organisations, he said the government would have ensure that its finances were not weak so that it would be able to defend its independence and economic strength,

As such, he said the government needed to review all proposals for tax reductions and in some cases, the move could increase revenue.

He said this was also the same with corporate taxes where if its reduction boosted new business activities and encouraged strong economic growth, it could be done. -- BERNAMA

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