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REACTION-MICCI

"BUDGET FINELY BALANCED" - MICCI

KUALA LUMPUR, Oct 19 (Bernama) -- Malaysian International Chamber of Commerce and Industry (MICCI) sees Budget 2002 as a finely balanced strategy for positioning the country to mitigate the adverse impact of a global economic slowdown.

"At the same, the Budget is building upon the strengths of the country's economy to ensure efforts towards long term goal of achieving the status of an industrialised nation by the year 2020 would not be derailed," the chamber said in a comment on the Budget which was tabled by Prime Minister Datuk Seri Dr Mahathir Mohamad here today.

The MICCI welcomed the government's decision to cut personal income tax by 1-2 percent as this would stimulate consumer spending and help retain and attract skilled personnel and professionals.

It also said the removal of the two-month restriction on bonus payment as a deductible expense would go a long way towards encouraging efficiency and productivity as it provides employers with the flexibility to reward deserving employees.

It also lauded the extension of the Reinvestment Allowance period to 15 years from the existing five years because with the unexpected higher focus on modernisation and upgrading of plants, this would pave the way for the competitiveness of Malaysian-made products to be raised.

The MICCI also commends the Government's renewed vigour towards addressing the shortcomings of its delivery system and its commitment towards improving the implementation capacity of the public sector machinery especially at state and local authority level.

But the MICCI was disappointed that the widely anticipated corporate tax cut did not materialise.

It said that while the corporate tax rate at 28 percent is quite attractive, a further reduction could provide a significant stimulus to potential new investors as well as encouraging reinvestments by existing investors.

Injecting a note of caution, the MICCI said it expected the Government, at least in the near term, would continue to be faced with difficult decisions in managing the economy within prudent limits in the face of the weakening economy.

Meanwhile, the Malaysian Associated Indian Chamber of Commerce & Industry (MAICCI) described the Budget as a people's budget which is practical to sustain the economy.

The business community should be pleased with the government's initiative to spur the domestic market, the MAICCI said.

The chamber said it would fully support the government in its plan to sustain the economy which would be domestic driven, and would also take the necessary steps to promote the agricultural sector and K-economy (knowledge economy) activities.-- BERNAMA

MSL SEL