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PM: Companies must not harp on tax incentives

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COMPANIES should not harp on the issue of tax incentives when there are other avenues they can turn to in facing the current difficult times, says Prime Minister Datuk Seri Dr Mahathir Mohamad.

"We must think along other lines too. Not just harping on tax incentives, tax rebates ...," he said in a dialogue session with industry captains at the 2001 CEO Summit organised by the Ministry of International Trade and Industry and a local IT company, MyBiz.

Dr Mahathir said the current economic downturn should not be looked at negatively all the time.

"If we examine the situation carefully, there are advantages that we can take from this," he said in response to a participant's suggestion that during this economic slowdown, the Government should provide tax incentives or rebates to the small, medium companies.

Dr Mahathir said from the Sept11 US attacks, "most likely there are opportunities for us. If there is war, I don't know how true this is, but maybe demand for some electronic components would go up."

On how best to meet up the challenges ahead of the opening of China's huge market, Dr Mahathir said "Despite the fear that China's growth could undermine the growth of other countries in the region, I always support the Prosper Thy Neighbour concept. As China grows, we can benefit as well."

"We can in fact supply some of China's needs in areas such as palm oil, paper ... and I am sure there will be a lot of things China needs," he said.

He said the faster China prospers, the better for Malaysia provided our labour costs are maintained as low as possible.

Speaking to reporters later, Dr Mahathir who is also Finance Minister when asked on what sort of tax incentives can be expected in the 2002 Budget to be tabled on Oct 19, said :

"From the Budget dialogue sessions held, there are two requests : cut down tax, give more incentives. We are looking at all proposals. (Whatever) acceptable, we take them."

On whether he will deliver the presentation, Dr Mahathir said it is a tradition that Finance Minister delivers the speech.