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MAHATHIR-BUDGET

PM: CORPORATE TAX MAY BE CUT

PUTRAJAYA, July 10 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today hinted at a further lowering of the corporate tax rate when the 2002 national budget is tabled in Parliament later this year.

"We have studied the possibility (of a corporate tax reduction). We must also consider our needs in terms of the revenue to be raised from taxpayers," he told reporters after chairing the opening session of the Budget 2002 dialogues attended by 50 government and non-government agencies here today.

The rate of corporate tax in Malaysia today stands at 28 percent.

Other than corporate tax, Dr Mahathir (who is also the Finance Minister) said that incentives for attracting investment into the country would be provided while lower taxes to promote the expansion of trade and commerce would be considered.

Asked about the problems and issues raised by participants in the dialogue session, Dr Mahathir said they expressed the views and fears that the slowdown in the US economy, if prolonged, might adversely affect the growth of the Malaysian economy.

In this connection, the dialogue participants expressed the fear that the inflow of foreign direct investment or FDI would be reduced.

For this reason, the PM said, the rate of domestic investment must be raised and Malaysia has the capacity to do this.

However, he continued, the local manufacturers and entrepreneurs are worried that the banks would not lend money on easy and ready terms and this problem had to be suitably monitored.

On the thrust of the coming budget, Dr Mahathir said that because the theme for the present dialogue was to strengthen the country's resilience, the government must ensure the the country possesses both the financial resources and the trained officials to raise the capabilities of the national economy. -- BERNAMA

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