

Non-taxing Budget

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KUALA LUMPUR: Budget 2003 is a people-friendly one, after all. The usual "victims" of price increase - cigarettes, alcoholic beverages and fuel - are spared this time.

It does not propose any increase in taxes nor introduce new ones.

Budget 2003 even brought smiles to the faces of the nation's close to one million civil servants as they will receive a one-month bonus or a minimum of RM1,200.

However, to ensure that the government will have adequate financial resources to finance expenditure, it proposes to intensify efforts to improve tax compliance.

In this regard, agencies entrusted to collect taxes, such as the Inland Revenue Board and Customs Department will have to step up

enforcement and parties concerned are required to give their "full cooperation" to these agencies.

The government forecasts a revenue of RM89.79 billion against proposed spending of RM109.8 billion, thereby expecting to register a deficit of 3.9% of the gross domestic product. This, it says, is lower than the 4.7% for this year.

The main focus of Budget

Budget highlights pg3

2003 is on efforts to stimulate domestic business and industrial activities to generate higher economic growth while at the same time outline measures to reduce the cost of doing business and boost the country's competitive edge.

Prime Minister Datuk Seri Dr Mahathir Mohamad, who is also finance minister, took two hours and 40 min-

utes to present it in the Dewan Rakyat yesterday.

In tandem with the policy to promote domestic investment, he proposes that the corporate tax rate for small and medium scale industries with paid-up capital of RM2.5 million and below be reduced from 28% to 20% on chargeable income up to RM100,000.

The biggest chunk or 27% of Budget 2003's total allocation goes to the Education Ministry. Health is allocated RM7.55 billion, 20% more than this year. The Woman and Family Development Ministry is given RM99.1 million (68% more than this year).

As a relief for those opting for voluntary separation schemes or are retrenched, the compensation received by an employee which is exempted from income tax will be raised from RM4,000 to RM6,000 for each completed year of service.