

20 SEP 2002
BUDGET-SMI
SMI CORPORATE TAX BE REDUCED TO 20 PERCENT

KUALA LUMPUR, Sept 20 (Bernama) -- Corporate tax rate for small and medium scale industries (SMIs) with paid-up capital of RM2.5 million and below will be reduced from 28 percent to 20 percent on chargeable income up to RM100,000, Prime Minister Datuk Seri Dr Mahathir Mohamad announced today.

In his budget speech at the parliament house here, Dr Mahathir who is also Finance Minister said this is in tandem with the policy to promote domestic investment, especially among the SMIs which have not benefited much from the existing tax incentives.

"This measure will result in a revenue loss of about RM270 million to the Government," he said.

Dr Mahathir said to further stimulate domestic investment, the corporate sector is encouraged to increase their reinvestment activities.

Under the existing reinvestment incentive package, a Pioneer Status company is required to complete its pioneer period to be eligible to benefit from re-investment incentive.

In order to accelerate reinvestment by a Pioneer Status company, Dr Mahathir proposed that the company be given an option to qualify for Reinvestment Allowance before the completion of its pioneer period, on condition the company surrenders its Pioneer Status. -- BERNAMA

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