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TAXES-MAHATHIR

DR MAHATHIR HAS SLASHED TOP INCOME TAX BY MORE THAN 50 PCT OVER 22 YEARS

By: Yong Soo Heong

KUALA LUMPUR, Sept 15 (Bernama) -- A tax consultant says Datuk Seri Dr Mahathir Mohamad has in his 22-year tenure as prime minister slashed top individual income tax rates from a high of 60 percent in 1981 to 28 percent in 2002.

He had also lowered the corporate tax rate from 40 percent in 1981 to 28 percent in 2002, said Yong Poh Chye, executive director of Tax Advisory Management Services Sdn Bhd.

Commenting on the fact that many had expected the government to further reduce corporate and individual income taxes, Yong said taxpayers cannot expect more tax cuts for the moment as the economic stimulus package announced in May this year had provided a host of concessions and incentives.

He said the 2004 Budget had paved the way for the private sector, especially small and medium scale industries (SMIs), to fuel the economy by developing new sources of growth.

He said the proposal to increase the threshold of SMIs chargeable income from RM100,000 to RM500,000 under the concessionary corporate tax rate of 20 percent would support the SMIs in terms of output and exports as well as encourage reinvestment.

"The SMIs will also be on a stronger financial footing as the government proposed to assist them to address their non-performing loans with financial institutions," Yong noted.

This, he said, demonstrated that the government was also committed towards helping small businesses.

The government was perceived to be helping only big businesses in the aftermath of the 1997-98 financial crisis with the setting of agencies like Danaharta, Danamodal and the Corporate Debt Restructuring Committee (CDRC).

But with the latest initiative, Yong said the government had moved to helping small businesses that may be in financial trouble after it had helped the "big boys".

He also said if the global recovery was stronger in the near term, the objective of attaining a balanced budget was expected to be achieved in 2006.

Advanced countries like the United States, Japan and Western Europe are collectively expected to grow by 1.9 percent this year and 2.9 percent next year.

Tracing Dr Mahathir's management of the economy, Yong said he had cut the budget deficit from 16.2 percent of Gross Domestic Product (GDP) in 1981 to 5.4 percent of GDP in 2003 with a further credible forecast of 3.3 percent of GDP in 2004. -- BERNAMA

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