By JACQUELINE ANN SURIN

KUALA LUMPUR: The Government will pay out more than RM1bil in bonuses to civil servants under Budget 2003 in what will be the largest ever payment since 1993.

Deputy Finance Minister Datuk Chan Kong Choy said the Government was still calculating the exact amount that would be paid out to the 950,000 civil servants.

"We will decide later when the bonus will be paid," he told reporters yesterday after opening the 4th Masters' Art Collection exhibition at Wisma Kebudayaan SGM.

Prime Minister Datuk Seri Dr Mahathir Mohamad announced the payment of a month's bonus or minimum RM1,200 to civil servants last Friday.

In an immediate response, Cuepac's president Datuk N. Siva Subramaniam said the bonus payments would benefit 280,000 civil servants with monthly salaries of between RM500 and RM1,000.

"Even though we did not receive the two-month bonus we requested for across the board, the Government's budget allocates means that the lowest-income group is getting twice their monthly salary from the bonus payment," he told The Star.

He said Cuepac's would work with the Chief Secretary to formulate a policy for civil servants that would ensure they worked harder to contribute to the nation.

On a Budget-related matter, Chan said only companies with concrete evidence that they had not collected sales or service taxes from clients would be exempted from paying them.

"We will be monitoring the situation very closely, and will come out with guidelines in two weeks," he said.

Chan said the Government decided to slash corporate taxes for small and medium industries (SMIs) by 8% to help them cut cost and remain competitive in a globalised market.

"We identified SMIs as being a contributing factor to our continued economic growth," he said, noting that there would be a spill over effect to other industries because SMIs provided products and services to other companies.