
Small Traders Resume Tax Protests

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Hundreds of small traders rallied in Yerevan on Thursday to resist the introduction of cash registers which the Armenian government believes will help reduce widespread tax evasion in retail trade.

Under new government regulations approved last summer, thousands of traders selling prepared foodstuffs, clothing and other consumer goods in retail markets across Armenia had to install cash registers starting from October 2008. The electronic devices are used for determining the turnover of business entities and calculating the amount of value-added tax (VAT) paid by them.

The small traders were until then exempt from VAT and profit tax, paying only a so-called 'simplified tax' depending on the size and location of their commercial space. According to Prime Minister Tigran Sarkisian, as much as 80 percent of retail in Armenia was effectively not taxed as a result. VAT is by far the largest source of the government's tax revenues.

Last August, the government pushed through parliament a bill seriously restricting the application of simplified tax. Only those entities with an annual turnover of up to 58.3 million drams (\$190,000) can now qualify for this preferential form of taxation.

It appears that the tax authorities are only now starting to enforce the measure in earnest. Many traders remain strongly opposed to it, saying that they already pay enough taxes. Several hundred of them gathered outside the government headquarters in Yerevan during a weekly cabinet session to demand the scrapping of the requirement.

'Our goods cost a lot but we make little profits,' one man selling jewelry items at a Yerevan market told Aleksandr Ghazarian, a senior official from the prime minister's staff. Another protester warned that the new rules will force traders to think of new ways to 'deceive the state' and pay less taxes.

Ghazarian made clear, however, that the government will not reconsider its decision. Gagik Khachatryan, head of the State Revenue Committee (SRC), also indicated this as he left the government building. 'There is a government decision and I am obliged to enforce it,' he told RFE/RL.

Still Khachatryan promised to try to address the protesters' concerns. 'Our officials have been instructed to meet [traders'] representatives, look into their grievances and come up with answers,' he said. 'The process will continue in accordance with law.'

One of Khachatryan's deputies, Armen Alaverdian, met several representatives of the protesters later in the day. No agreements were apparently reached at the meeting.
