
Opposition Dismisses Government Pledge To Target Big Business

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Representatives of Armenia's main opposition alliance scoffed on Wednesday at Prime Minister Tigran Sarkisian's pledge to redirect his government's fight against tax evasion at large companies grossly underreporting their revenues.

Sarkisian promised last week 'radical' government measures to improve Armenia's business environment and, in particular, end privileged treatment of government-connected tycoons and their lucrative companies. They will now be 'the number one target' of Armenian tax authorities, he said.

Hrant Bagratian, a former prime minister and a leading member of the opposition Armenian National Congress (HAK), called the pledge a 'bluff,' saying that tax evasion by the rich is a key element of Armenia's political system that keeps the country's current rulers in power. 'The authority will never bite the hand that feeds it,' he told RFE/RL.

Vahan Shirkhanian, a leader of the Social Democrat Hnchakian Party affiliated with the HAK, made a similar point. 'Bringing big businesses into the tax field would mean putting the oligarchs on trial,' he said. 'Such a thing will certainly not happen under these authorities because the oligarchs are not only entrepreneurs but individuals holding the highest positions in government. Who will try whom?'

'The authorities can not fight against themselves,' agreed Aram Martirosian of the Democratic Path Party, which is also part of the opposition alliance.

Government connections have long been essential for engaging in lucrative forms of large-scale economic activity in Armenia. Some sectors of its economy have effectively been monopolized by wealthy entrepreneurs and their government patrons.

Suspiciously low earnings posted by their companies are widely seen as a key source of widespread tax evasion in the country. Successive Armenian governments' efforts to tackle tax fraud have until now mainly targeted small and medium-sized companies, however.

'Small and medium-sized businesses account for only 26 percent of the economy but provide 75 percent of the government's tax revenues,' said Bagratian. 'Other taxpayers, including big business, generate only 25 percent.'

While sharing the opposition skepticism, some local entrepreneurs are willing to give Armenia's reformist prime minister the benefit of the doubt. 'I believe that the state has a desire to change things,' said Arsen Ghazarian, chairman of the Armenian Union of Industrialists and Entrepreneurs. 'But the [government] system is cumbersome and slow.' Changing it requires 'hard and continuous work,' he said.
