
Kocharian In Fresh Attack On Armenian Tax Bodies.

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President Robert Kocharian on Wednesday accused Armenia's tax authorities of lacking the will to combat widespread tax evasion in earnest and warned them against any involvement in the upcoming parliamentary elections.

Kocharian subjected the State Tax Service (STS) and the State Customs Committee (SCC) to unusually harsh criticism in a meeting attended by virtually all key government officials, including Prime Minister Andranik Markarian, Finance Minister Vartan Khachatrian and even the national police chief, Hayk Harutiunian. As recently as on December 8 he met most of these officials to similarly slam the collection of state revenues.

Kocharian was quoted by his office as saying that he gathered them again to "bring you back from holiday spirits and tables to a working state" and to remind them of a sizable rise in government spending envisaged by Armenia's budget for 2007.

"I don't see in the [tax collection] services sufficient energy to fight against the shadow economy," he said in remarks released by the presidential press service. "There is improvement, but it can not be considered satisfactory in the existing situation."

While noting that state revenues have grown substantially in recent years, Kocharian stressed that they equal less than 16 percent of Armenia's Gross Domestic Product -- one of the lowest proportions in the former Soviet Union. "When we compare our situation with that of Eastern European countries, Russia or Ukraine, [it turns out that] you perform poorly," he snapped.

Kocharian would not say whether the tax collection agencies should get tougher on the country's wealthiest businessmen that have close ties with his administration and are believed to grossly underreport their earnings. He warned instead that officials from the STS and the SCC must have "no connection whatsoever" with the parliamentary elections expected in May.

"Your main job is to meet the budget's revenue targets," he said.

"During this time you must do a better job ... The pre-election mood must have no influence on the quality of the work of the tax and customs services."

It was not clear whether Kocharian's unease stemmed from a recently passed legal amendment that allowed STS employees to be members of political parties. The change, effective from July 1, is widely seen as a boost to the governing Republican Party (HHK). Many senior employees of other government agencies are already affiliated with the HHK.
