
Already IT Specialists Will Start Leaving

By Karine Ionesyan

Story from Lragir.am News - 21/10/2013

The Armenian government continues to hit the incomes of the middle class, thereby boosting emigration. First the government's actions affected dentists and accountants. Now under the name of pension reforms the government is going to rob software developers who may make up the next wave of emigration as they may not afford their houses and living.

IT has officially been one of the economic priorities since 2008.

There are over 360 companies which employ 9354 specialists. The total turnover of these companies is about 320.9 million dollars and they had an average annual growth of 22.8% in 2008-2012. It is hard to imagine what will happen in 2014 after the RA Law on Funded Pension enters into force.

The new law will charge more taxes from employees. Formerly it was announced that the government will cover maximum 25,000 drams. If 5% of an employee's salary comprises 25,000 and up, the employee has to pay the second part as well to complete 10%. However, they did not mention other important points.

"Our Central Bank silenced 500,000 drams in the beginning. They only said that the employee and the government invest 5% each, thereby misleading taxpayers. In reality, if a person's gross income is 1 million, after taxes 750,000 drams will be left, and if this person has a loan and pays 550,000 drams a month, almost nothing is left to live on. As a result, the IT sphere will get more expensive, and investments to Armenia may decrease. Banks will perform a recalculation and charge some money because installments will exceed 75% of the former salary," Levon Harutiunyan, an employee of Mentor Graphics says.

He says 70% of his colleagues are paying for their houses.

Maneh Tandilyan is an accountant. She thinks the law will harm all the honest taxpayers.

"I am also paying a loan, I have two sons and retired parents, and this additional burden may cause serious difficulties for me, including not affording to repay my loan."

Another software developer Gevorg Gorgisyan says that most employees will prefer a lower salary on the payroll to receive the rest of the salary in cash, outside control of law, which is first of all bad for the state.

"Either the citizens resort to this step or they leave the country.

And this time we will have a wave of emigration that will differ from regular work migration. Those will migrate who are reluctant to violate the law. In other words, the few left law-abiding citizens, I am not afraid to say the cream of the society will leave the country," he says.

Software developer Anna Asatryan does not believe in the Armenian government and is convinced that this reform is just another robbery scheme.

"The law is written in a dishonest manner, so it turns out that the government is doing me a favor at my own expense," she says.

The members of the ARF parliamentary group have stated in their speeches for a number of times that Armenia has borrowed Chili's model of pension reforms which failed and was replaced, and introduction of this system will produce its negative consequences 25-30 years later.

The parliamentary opposition says the legislative package does not provide clear safeguards of return of funds in case the pension fund goes bankrupt or compensation of inflation etc.

IT specialists have drafted a letter to Prime Minister Sargsyan, they have called a petition for revision of the law. Copies of the letter will be sent to the National Assembly, ministries, embassies, the HRD, as well as other organizations.

Note that the program of introduction of funded pension will require also huge funding from the state budget. In 2014 it will take 20,855,800 drams, 26,820, 100 in 2015 and 32,641,700 in 2016.

<http://www.lragir.am/index/eng/0/country/view/31145>
