

Daily Mirror columnist Ranga Jayasuriya's expose on January 25 provides wider information. This country still provides free education and hospitalization across the board, irrespective of whether one is a rich or poor citizen. In other words, the poor of this country are in fact subsidizing the richer segments of society.

Our countrymen and women are fully aware, that whether they be doctors, lawyers, accountants, architects, professionals and bigtime businessmen, they find different ways and means to pay the lowest possible income tax. Tax consultants help clients stay within the law. Our giant neighbour and proven friend-in-need India, cannot be expected to continuously bankrupt us, for the sins committed by our leaders. Let us remember they (leaders) came into power with our tacit agreement -we keep electing them despite their known faults.

We citizens of Lanka have short memories; we seem to have forgotten the queues and shortages of yesteryear. We seem to have forgotten we need an IMF bailout to regain international credit-worthiness to make purchases of essentials.

The IMF bailout comes at a price. The price is putting our house in order. Cutting subsidies is part of the price, as is raising taxes to international levels. While the local anti-tax groups refer to this country as 'the land of taxes', nothing is further from the truth.

Even in low-income countries tax rates remain at an average of 15 %. In our own country, Sri Lanka's tax rate declined from 19% in 2000 to 8% in 2021.

OUR THOUGHT

POVERTY,
TAXATION AND
PROTESTS

In April last year our country declared itself bankrupt and announced a temporary suspension of its external debt. We have not yet been able to begin repayment of this debt and are depending on an International Monetary Fund (IMF) bailout to regain international credit worthiness.

From thence onward, our economic situation has continually deteriorated with insufficient exchange to purchase basic food items, fuel, gas, medicines and other essentials.

In September 2022, the Food and Agriculture Organization (FAO) and World Food Programme reported Sri Lankan children are acutely vulnerable to the worsening social crisis. It noted that an estimated 6.3 million people faced "moderate to severe acute food insecurity. Inflation hovers at around 64.3%, with food inflation at over 90%.

UNICEF's South Asia Regional Director George Laryea-Adjei told a media briefing that increasing living costs and food prices have forced many families in Lanka to drastically cut their daily diet. Over five and-a-half million people, including 2.3 million children, are in dire need of food support. UNICEF also revealed that 15.7% of children under 5 are suffering from malnutrition. According to Adjei, malnutrition in Sri Lanka was now the second worst in South Asia and the tenth worst in the world.

The Lady Ridgeway Children's Hospital also revealed that most of the children admitted to the facility over the past two months were suffering from ordinary or chronic malnutrition and stunted growth.

A study by a group of academics from the University of Peradeniya and published in 'Ground Views' reveals the average households' monthly income has decreased from LKR 76,390 in 2021 to LKR 72,720 by July 2022.

Meantime, inflation has increased by 52% between January 2022 and July 2022. The Department of Census and Statistics Household Income and Expenditure of 2019 reveals the poorest 20% - 21,000,000 families - receive around Rs.17,572/- per month. No unexpectedly public protests by trade unions and workers taking to the streets are now a near weekly occurrence. With wages not keeping up with rising inflation, ordinary workers and their families forced to forego meals and nutritious food as it is beyond their means.

With little funds at its disposal government has raised taxes. Workers and peasants were aghast... and during the past week a group of professional organizations comprising doctors, university dons, engineers, and bank employees took to the streets to protest warning that the new tax structure would wreak havoc at a time the masses were unable to meet the cost of living.

The reality is far different. The new taxes will not affect the broad mass of people. Taxation starts at the level of those receiving Rs. 100,000/- and over. The amount of tax payable per month for this group is less than Rs. 2,000/- per month!

Even those getting upto Rs. 183,333/- will pay Rs. 7,500/- per month. While taxes are progressively increased, it is only the very high-income bracket (those receiving a monthly income of Rs. 900,000 and Rs. 1,000,000/-) and over being subject to the 36% tax bracket. The reality is those receiving Rs. 100,000/- pay a mere 2.3% tax while those in the 900,000/- and over group fall under the higher taxable income.

Daily Mirror columnist Ranga Jayasuriya's expose on January 25 provides wider information. This country still provides free education and hospitalization across the board, irrespective of whether one is a rich or poor citizen. In other words, the poor of this country are in fact subsidizing the richer segments of society.

Our countrymen and women are fully aware, that whether they be doctors, lawyers, accountants, architects, professionals and bigtime businessmen, they find different ways and means to pay the lowest