
MACEDONIA IS READY FOR 'FAIR' TAXES, MINISTER INSISTS

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Macedonia is to scrap its flat tax system in favour of more just progressive tax rates at the start of next year, Finance Minister Dragan Tevdovski told BIRN, insisting that the extra cash collected from high earners would enable the government to help the least well off in society.

Although the stated intention of the Social Democrats who came to power in mid-2017 was to raise taxes on top earners, the announcement of the reform last Saturday still surprised many.

Business associations, which mostly oppose the idea, have reiterated their calls for postponement.

We have enough arguments not to postpone the reform this time [as opposed to last year], Tevdovski responded.

He added that Macedonias NATO accession, which is expected next year, would benefit the economy, which he said could take the weight.

Under the changes, an additional tax of 18 per cent will be levied on any earnings over 90,000 denars [1,500 euros] a month, on top of the existing tax of 10 per cent.

Those earning 100,000 denars a month will, therefore, now pay 10 per cent in tax on the first 90,000 earned, and another 18 per cent on the remaining 10,000 denars.

This will apply both to salaries and to those making significant earnings from leasing real estate, from dividends, capital gains, lottery and others, which will be taxed at 15 per cent.

In a country with an average monthly salary of just over 300 euros, the government estimates that the reform will likely affect only about 1 per cent of the population.

It is expected to add about 25 million euros per year to the annual state budget of over 3 billion euros.

Although this sum seems purely symbolic, Tevdovski insists that the reform is not purely based on leftist ideology, and that its effects will not be only cosmetic.

This is absolutely not a cosmetic reform. On the contrary, the income will be used to redesign the social welfare system, which needs more money, some 35 million euro [a year].

Our goal is to significantly reduce poverty through social transfers that will specifically target the

poorest people, Tevdovski argued.

One of the new governments first measures in 2017, designed to ease the burden on poor, was to increase the monthly minimum wage from 9,000 to 12,000 denars [around 200 euros].

<http://www.balkaninsight.com/en/article/macedonia-is-ready-for-fair-taxes-minister-insists-11-08-2018>

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