

Proposed Armenian Health Tax Proves Unpopular

Author: [Gayane Mkrtchyan](#)

Critics argue that the burden would not be equally spread.

Proposed tax rules that would increase the amount all working citizens pay towards health costs have been greeted with wide public criticism.

According to a ministry of health concept paper, those in salaried employment would pay an extra six per cent tax on their income to cover the health care costs for unemployed citizens.

Ministry figures show that 521 million US dollars is needed to support healthcare for the whole population annually. This year, 227 million dollars has been allocated towards health from the state budget, and the proposed tax is intended to help fill this shortfall.

Currently, 85 per cent of the population pay for their own healthcare, with the remainder accessing services by means of a state subsidy. There are six medical insurance companies in Armenia offering various packages to approximately 100,000 people.

The new tax would be introduced in 2022 if the government approves it and passes it to parliament.

During a government meeting on January 22, Prime Minister Nikol Pashinyan said although nothing had yet been decided, "we have determined our task which means the following: not a single citizen in the Republic of Armenia should be left at the doorstep of the hospital".

The proposed compulsory health insurance package would cover care for cardiovascular diseases, including surgeries, cancer treatment and most dental treatment.

But the universal health insurance concept paper has polled badly. In an online survey, 64 per cent of respondents opposed it and only 36 per cent were supportive. Critics notes that tcoverhe current government, which came to power after the 2018 so-called Velvet Revolution, had pledged to reduce taxes.

Armine Sargsyan, an accountant, said that the proposed reforms were unfair because some categories, such as migrant workers and taxi drivers, were exempt from paying tax.

"My salary is 220,000 drams (460 dollars), 60,000 (125 dollars) out of which is paid in taxes," she said. "If the concept is approved, then I will have to pay additional 13,000 27 dollars) for health insurance. Those who are exempt from taxes, for example, taxi drivers or those who work in other countries should pay as well; their income is more than mine. Why should I pay for them?"

According to preliminary estimates, for the 41 per cent of the working population who receive 150,000 drams (312 dollars) per month, the tax will not be an extra burden.

As for the rest of working citizens who earn more, the government said that other tax changes mean they will not be unduly affected. From 2020 until 2023, the unified income tax will be gradually reduced from 23 per cent to 20 per cent.

This means that the decreased income tax rate for about 59 per cent of working citizens will absorb much of the impact of the new healthcare payment. The government argues two to four billion dram (four to eight million dollars) would return to the pockets of 130,000 Armenians.

Paylak Tadevosyan, chairman of the Taxpayers Rights Protection NGO, said that approximately just 600,000 workers were currently registered as full-time employed and it would be unfair to make them bear the burden for the whole population of three million people.

"The prime minister claims that due to lowering income tax, the income [of ordinary working citizens] will increase from January 2020. But Arsen Torosyan, the minister of health, has instead provided for a new type of tax," Tadevosyan told IWPR.

There is also disagreement within government over the proposals. Minister of finance Atom Janjughazyan said he did not support the new plans, arguing that it would ultimately place an additional burden on the state, which would have to fill any shortfall in revenue.

"Our desire is to avoid any additional tax burdens," he said. "At the same time, the proposed version might lead to the situation when the state has to bear these costs, and here comes the question: in this case, who is going to do that?"

Some health care professionals argue that the changes do not address the system's most pressing issues.

Hayk Manasyan, a gastroenterologist at the Erebuni Medical Centre, said that the government needed to introduce modern standards and improve the quality of all areas of patient care before demanding such high rates of tax from citizens.

"I am for a health insurance system, but I believe it must be introduced gradually, starting with 500 drams (one dollar) contribution, which will be paid by everyone, regardless of whether they work or not," he said.

"We must start with the treatment of cancer, because while we are discussing the reform, people are dying of this disease. The government must solve this problem and only then move on. There is no social reciprocity if you take everything from me, but nothing from my neighbour," Manasyan told IWPR.

Responding to the criticism, health minister Arsen Torosyan explained that illness could lead to financial disaster for most families in Armenia.

"When a person goes into hospital, he gradually gets poorer, because he takes a loan to pay the bills or sells a house or a car," Torosyan told reporters last December.

As for grievances that the burden was not being equally spread among all citizens, the minister said that the changes would make Armenia a more equal and humane society.

"It can be your wife, your adult child who has not got a job yet, your retired parents, they are all disadvantaged, but they are your relatives, who might often borrow money from you, because at the moment they don't have a job. It can be any of us... we aren't paying for 'some strangers,'" Torosyan said.

Claims of unfair taxation over healthcare made no sense, he continued, adding, "With similar logic I could say: why should the citizens who did not pay taxes use the road which was repaired with the money I paid in taxes?"

Location: Armenia

Topic: Economy
Health
Life

Focus: From the Borderland to the
Steppes

Source URL: <https://iwpr.net/global-voices/proposed-armenian-health-tax-proves-unpopular>