**Escaping taxes**

BY R A S H I D J AV A I D R A N A 2023-05-09

WHICH came first: the chicken or the egg? The principles of evolutionary biology are up for debate regarding this tricky question. Proponents of the `egg first` theory are of the view that the egg, a part of the fossil record, is a membranebound vessel with an embryo which could develop, grow and survive in that container. The protagonists of the `chicken first` principle, state that the protein required for the production of the calcium carbonate that makes up the eggshell comes from within the egg-laying hen.

A similar riddle could be: which comes first the state as a service provider to the people or the people as the resource provider to the state? To answer this question, arguments are available on both sides. Nowadays, we have no hesitation in declaring our country to be a failed state or a banana republic, primarily because of the prevailing precarious economic conditions and poor service delivery on the part of state institutions. The state has been described as the legislative-cumexecutive authority empowered by law to impose taxes the question regarding the provision of corresponding quality services by the executive authorities to the people arises as an important one.

Not paying tax as the authorities are not providing quality servicesis taken as a sturdy argument which may be countered on the basis of development budget constraints and the low tax-to-GDP ratio.

Though the role of the revenue-collection authorities and revenue-spending authorities is equally important, it is the tax collectors who are dragged, as the immediate point of contact, to face the wrath of the public. Shrugging off tax liability and targeting the tax collector by labelling him corrupt, inefficient and irresponsible for all the economic woes of the people is a persistent trend.

Is it wrong if Robin Hood, who, say, has managed to accumulate millions, is arranging the marriage expenses of a poor girl or providing meals to the poor and downtrodden, even if at the cost of not paying taxes? Shouldn`t the act of ostensible kindness towards individuals minimise the crime of cheating the state? Tax evaders indulge in this debate whether it has to do with the registration of retailers or point-of-sale integration with the state apparatus. On almost every substantial recovery notice, the courts are flooded with stay petitions, full of allegations of `harassment`, `coercive measures`, `maladministration`, etc.

It is strange to see the rich rush to secure plots or rejoice at the presence of foreign brand food chains or get them-selves put on the priority list for the delivery of their dream vehicles. Meanwhile, the economy remains in dun territory, with large parts of it undocumented. All the while, the middle class shrinks and is further pulled into poverty as it becomes harder day by day to make ends meet.

The state`s drift towards great economic insecurity and instability has made it imperative for it to undertake drastic reform measures towards business facilitation and documenting the grey economy. We need to unlock resources that are critical for development, and which are available for collective use, in order to pull our country out of the economic ICU it has been thrust into. Our crippled economy needs to stand up on the building blocks of domestic resource mobilisation, capturing economic activity, facilitating investments and the exploration of natural resources, and empowering the weaker sections of society as well as that vastly underutilised human resource women.Likewise, our young human resource, attracted only towards government jobs, needs to be inspired by entrepreneurship and be given a chance to develop their skills.

Taxation, by and large, is considered a byproduct of economic activity. Withoutunderstanding the symbiotic relationship between the state and the individual, we cannot evolve a culture of taxation in the country. Arguably, the state has provided security, identity, education, health and other rights to most of the people. But we are in the habit of using state institutions as a punching bag to vent our grievances, without understanding their budgetary constraints. Instead, let us prove our resilience by contributing to the national exchequer by filing our taxes and then expect quality services from the institutions.

It would be fitting to quote Adam Smith here: `The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state.` The wúter is a civil servant.

Twitter: @RashidJRana