

*“We have to give them so much that our stomachs are empty of food”*  
**The Hidden Impact of Burma’s Arbitrary & Corrupt Taxation**



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**Front cover photo:** © HURFOM, “We are poor people, not because we are lazy, and don’t have jobs but because the money we earn daily is not enough for our daily food” Family in Mon State.

**Back cover photo:** © HURFOM, 77 year old woman collecting grass to make brooms to sell, Mon State.

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# Foreword

“Part of our struggle is to make the international community understand that we are a poor country not because there is an insufficiency of resources and investment, but because we are deprived of the basic institutions and practices that make for good government.”

*Daw Aung San Suu Kyi*

“The combination of land confiscation, forced labour and tax extortion makes life difficult for the villagers of Wae Won and Wae Taw. They face a scarcity of land, and are unable to tend to their fields because they must work for the battalions. They cannot afford to pay taxes or fees to the authorities or army. When these problems became severe, many villagers abandon their native villages and flee to other areas.”<sup>1</sup>

The Network for Human Rights Documentation – Burma (ND-Burma) a multi ethnic network, was formed in 2003 to provide a way for Burma human rights organizations to collaborate on the human rights documentation process. The 13 ND-Burma member organizations, from different areas across Burma, seek to collectively use the truth of what communities in Burma have endured to challenge the regime’s power through present-day advocacy as well as prepare for justice and accountability measures in a potential transition.

ND-Burma collectively has over 2,000 entries in its database and has developed a strong track record on training human rights data collectors. The network has chosen arbitrary taxation for the subject of our first report. This may seem an unusual choice, given the dramatic and severe civil and political human rights violations that also deserve attention. Indeed, ND-Burma’s database contains stories of arbitrary arrest and detention, killings, recruitment and use of child soldiers, and many other categories of human rights violations. So, why taxation?

In early 2007, we asked ourselves what issue was affecting people in all of our communities – rural and urban, majority and minority ethnic communities, male and female. We also asked ourselves what issue was having a large impact on our communities but was not well represented in the record of human rights violations that we and others were developing. None of us expected at the beginning of the exercise that we would end up focusing on taxation and its corruption.

Around the same time, the ’88 Generation Students conducted its “Open Hearts Letter Campaign,” encouraging people to write letters expressing their daily sufferings in relation to political, economic, and social affairs. The group received

<sup>1</sup> HURFOM (2009) “Meeting with taxation victims from southern Thanbyuzayat Township in the border” Mon state, Martus Bulletin

over 2,500 letters, and over 50% of them identified “sufferings relating to costs of living, business, education and health.”<sup>2</sup> ND-Burma’s research came to a similar conclusion. People in Burma are forced to hand over large proportions of their income and property in official and unofficial taxes and this happens so often for each family, that it makes basic survival extremely hard. We wanted to highlight how the arbitrary and repressive nature of these taxes has an immense impact on every aspect of people’s lives. Taxation in Burma affects people’s livelihood and quality of life but also becomes all-consuming as families desperately try to find the money and other resources to pay these taxes and find ways to cope with the devastating effect it has on their already dismal income. People consequently have little time to be concerned with their rights, as day to day survival under this taxation system has become a priority.

The 88 Generation Students findings, and ND-Burma’s recognition in 2007 that economic pressure was a major source of suffering, were prescient. Later that year, a fuel-price hike sent a ripple effect through the economy, suddenly making it impossible for day labourers to afford the transportation to take them to their jobs. When the 88 Generation Students leaders were jailed for organizing demonstrations, Buddhist monks dramatically took on the leadership role, calling for economic reform and tying the dismal state of the economy to the need for political reconciliation.

We do not expect that people’s lives will improve after the elections planned for 2010. The military is poised to maintain control over the political life of the country. Its plan to transform the armed opposition groups into a Border Guard Force and various militias will maintain the militarization of Burmese society – a system largely paid for through arbitrary taxation, as this report demonstrates. People’s livelihoods will improve only when genuine political reform takes place and democratic systems are developed that give people recourse when their property is taken from them unfairly, when extortion is brought under control, and people’s representatives are chosen freely and fairly and then are answerable to their communities.

The system of taxation and extortion impacts on the people of Burma’s basic human rights by violating their right to an adequate standard of living, right to development, property rights, right to education and in the forced labour they are subjected to. The report aims to inform the international community about these practices committed by the regime and the immense negative impact it creates on the people of Burma. It also urges accountability and change.

## **ND-Burma Management Board**

**May 2010**

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<sup>2</sup>88 Generation Students. 2008. The findings in the open heart letter campaign in January 2007. Available at: <http://www.burmalibrary.org/docs6/OpenHeart-Publication.pdf>.

# Methodology

Gathering information on Human Rights violations and the behaviour of government officials in relation to official and unofficial taxation in Burma is extremely challenging. The repressive and watching nature of Burma's state and the arbitrary nature of much of the taxation mean it is not possible to conduct a comprehensive survey of the taxation system. ND-Burma's data collectors operated undercover and in localised areas, they, their organisations and interviewees took part in this report at great personal risk.

The primary research for this report is 342 records of interviews conducted by field workers and nine interviews conducted by the author, with 85% of these events recorded occurring between 2008 and 2010. Some of these records are accessible at [www.martus.ceu.hu](http://www.martus.ceu.hu). Data collectors from ND-Burma's member organisations received training on documentation and gaining consent. The information used in this report contains pseudonyms and identifying information has been withheld to protect the safety of those involved. Additional information analysed for this report includes previous reports by ND-Burma member organisations and other Burmese civil society organisations, Burmese media, economic reviews and articles.

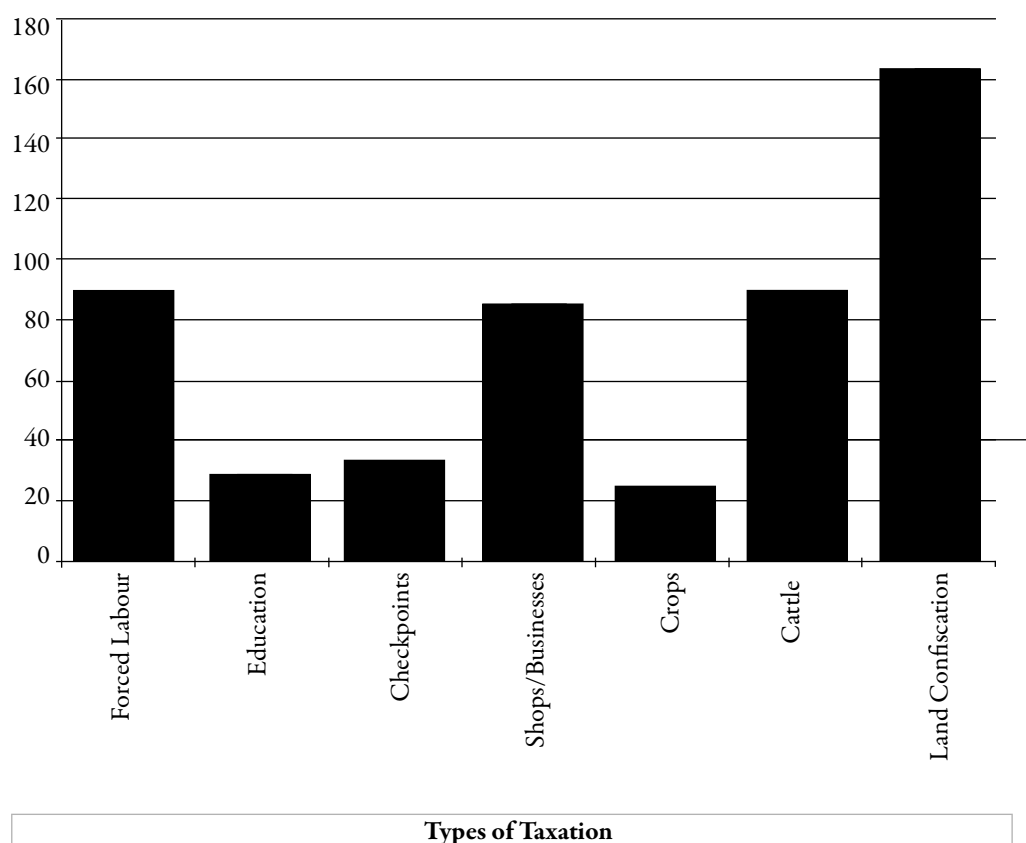
The official exchange rate is 1 US\$ to 6 Kyat. However, the unofficial rate is 975-1000 Kyat, which is the rate used in Burma and therefore the rate used in this report. Salary levels in Burma are currently among the lowest in Asia. For example Government workers usually earn between 15,000 Kyat (15 US\$) and 200,000 Kyat (200 US\$) a month and Government teachers earn around 45,000 Kyat (45 US\$) a month. A small shop owner would take in about 3000-5000 Kyat a day.

This report reviews data mainly showing the arbitrary and corrupt collection of money, land, goods and labour in the name of taxation by the SPDC and regime-backed organizations, such as the Union Solidarity and Development Association (USDA). Non-state actors, such as armed opposition groups, may also be involved in these taxation practices, requiring villagers to support them with money, food and labour. The context in which taxation by non-state actors occurs is very different than the state-backed practice and therefore is beyond the scope of this report. This report is comprised of two parts, firstly an analysis of the economic impact of the SPDC's collection of resources from the people in the name of taxation. Secondly, it presents an analysis of how this economic impact combined with the methods of collection used and the poor expenditure on education and health by the SPDC breaches human rights.

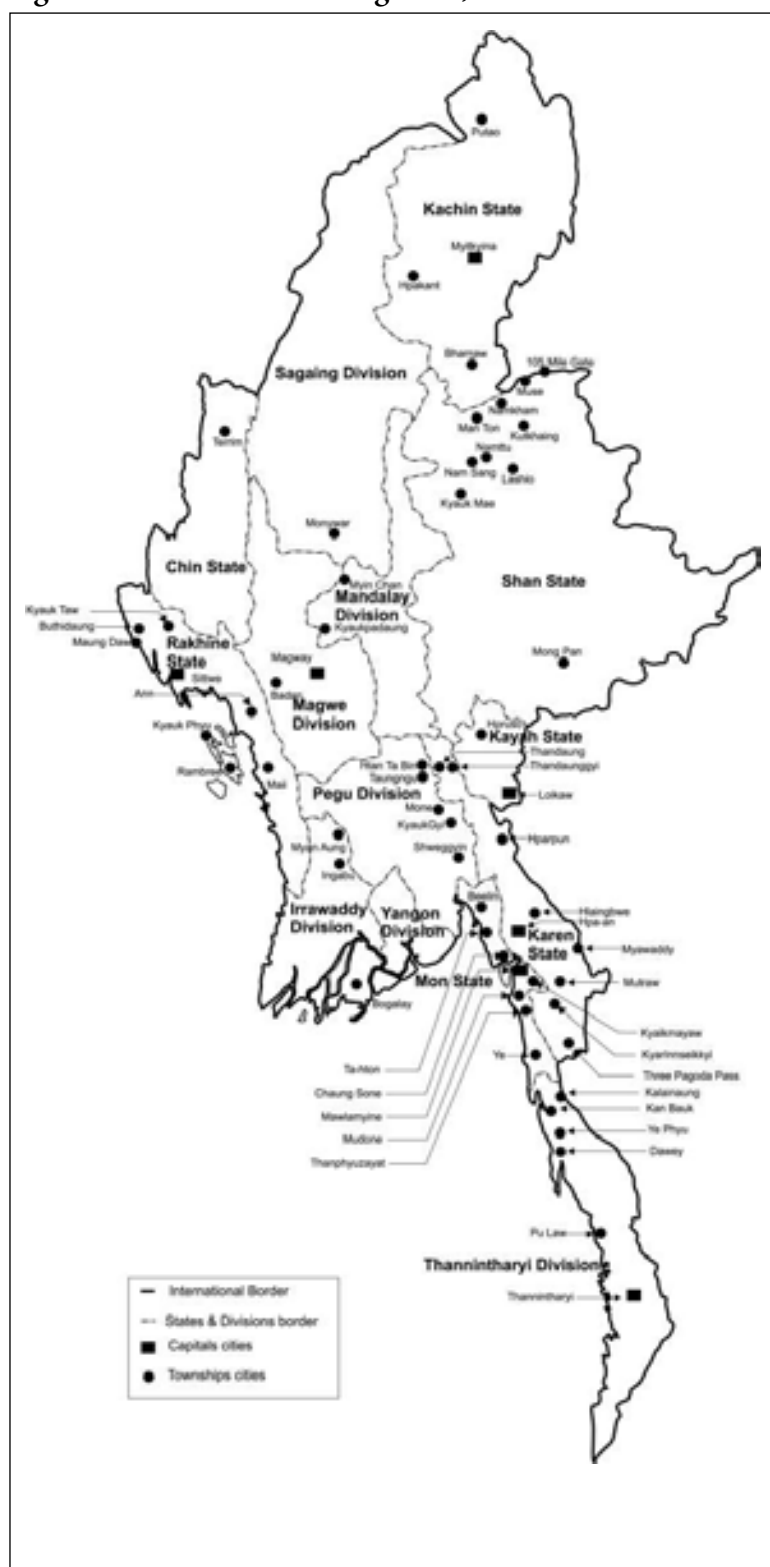
Data was collected on arbitrary taxation which for the purposes of this report



includes a range of corrupt actions used to extort various resources from the people. Each interview can contain information on a number of different types of corrupt and arbitrary taxation. Therefore, whilst the total number of interviews about taxation undertaken by ND-Burma field workers was 342 the number of corrupt and arbitrary actions recorded was much larger. The table below shows some of the most common types of arbitrary taxation that were described in the interviews. This breakdown is shown as a representation of the data collected by ND-Burma and does not necessarily reflect the proportions experienced across Burma.



**Data was gathered from the following areas;**



“We have to give them so much that our stomachs are empty of food”

# Summary

“When we think of the state of the economy, we are not thinking in terms of money flow. We are thinking in terms of the effect on everyday lives of people.”  
*Daw Aung San Suu Kyi*

“We cannot do anything to reduce this taxation and they just came and collect by force. We face difficulties when they come and collect often. We just work for odd jobs and so how can we pay their taxes? Same villagers did not know that they have to pay tax for building a new house. In the past when we built new houses we did not have to pay a tax for this. I know that the group who demanded money from us were police but I do not know their names. They will use that money for themselves only.”<sup>3</sup>

Governments require resources to provide goods and services, such as health care, education, roads, bridges, electricity, water and sanitation. The majority of government revenue is typically raised by; taxing people and their businesses, charging fees for services supplied by a government, aid funds and revenue from the country’s natural resources. People all over the world are dissatisfied and complain about the taxes they are obliged to pay. However, as this report shows, the taxation that occurs in Burma is of such an arbitrary, corrupt nature and negatively affects Burma’s economy and its people’s livelihood on such a level, that it is grossly and systematically impacting on their human rights. The military has transformed taxation from a routine and legitimate function of government into extortion and a tool of repression. This destructive taxation system, with its lack of basic public provisions, has crushed the people’s capacity to stand up against the state of Burma as their need to focus on survival prevails.



**Family living in poverty in Mon State (HURFOM)**

## Corruption in Burma's Taxation System

"They have no rules on collecting tax. They spread the gates between the groups and collect money. Moreover, the amount is arbitrary and most of the times they do not give receipts. If we have receipts, we can say that we have already paid. But sometimes although we have receipts, they deny that they were not the same groups. Therefore it is not easy for us to do trade. I am informed that people are facing difficulties because they do not have enough money to survive on because of the police who are serving in the border township have been collecting unfair tax on Thor La Gi drivers and local ethnic people."<sup>4</sup>

This report will show that the taxation system in Burma does not comply with recognised norms. The system is neither fair, efficient nor flexible, the size and timing of many of the taxes imposed, which have been increasing in recent years, is unpredictable making budgeting and planning impossible. Taxes are commonly not linked to income or the capacity of households and businesses to pay, with the level of taxation imposed on the population in many areas, being much too high relative to income and profit.

Most of the taxes and resources taken by the state in Burma are not allocated to services desired by the population but rather there exists long term neglect and poor policy governing the provision of public goods. People are paying large amounts of tax yet are receiving very limited public services and in some areas extremely limited access to health services, electricity and water. Estimations are that less than 5% of Burma's budget is spent on health and welfare.

ND-Burma's data shows that additionally, the level of corruption and extortion imposed by government agencies and the army is high, meaning that families are not just devastated by the amounts they are required to pay in taxes but also by a range of other forced payments. Extortion is a common method used by individuals and the state agencies to collect revenue, people are often forced to pay inflated taxes/fees to individuals. Therefore, in this report we additionally look at a range of corrupt acts that occur under the guise of taxation including:-

- taking of land, livestock and other assets,
- goods confiscated and not returned until a payment is given,
- Tatmadaw and government officials forcing people to pay arbitrary high payments at checkpoints,
- forced "donations" for calendars, festivals, school buildings and school registration/equipment,

4 PWO (2009) "Tax on Thor La Gi in Nam Kham Township" State, Martus Bulletin

- the loss of earnings and health occurred or fees in order to avoid forced labour/child soldiers.
- soldiers helping themselves to free supplies from stores,
- farmers being forced to grow certain crops and sell them at lower than market price to the army,
- inflated taxes or fees with the difference lining individual government officials' pockets.

Burma's public accounts are so inadequate that the information on tax revenue is unlikely to even reflect taxes raised by the country's official system of taxation. Additionally, the official system of taxation in terms of what is taxed bears little relationship to the actual system of taxation, so the information about tax revenue made available by Burma's bureaucracy does not in any way indicate the actual size or the sources of tax revenue.

More than 50% of the national budget is spent on the military, compared to the meagre provisions it provides in health and social care. This disproportionately large army imposes a heavy taxation burden that is not able to be supported by the size of Burma's economy. Senior members of the SPDC and their associates have siphoned off the state's most lucrative revenue sources, such as those from gas, minerals, gems and wood.

Additionally, the collection of taxes is poorly coordinated and suffers from administrative incompetence and dishonesty. There are too many agencies collecting taxes, including a predominance of the military and other armed groups, who at times retain resources for their own personal gain. The entrenchment of military in society has created a situation where, particularly in rural areas, there is no rule of law, only the demands and power of the army.

"On average, villagers have to provide military government organizations with more than 10,000 Kyat a month. Even though villagers have no food to eat they still have to pay them. At the hands of the SPDC the villagers have to work harder but they still have not enough food for their families."<sup>5</sup>

There is a correlation between presence of soldiers and the level of taxation and the amount of resources taken from the people. The SPDC, has a deliberate policy of limiting its financing of the military personnel from the central budget, instead giving between 300,000 and 400,000 soldiers in the Tatmadaw permission to take large amounts of resources from the private sector and the people, in its "live off the land" policy. The state and its collecting agencies not only take money but in rural areas where people are less likely to have cash, cattle, livestock and belongings are confiscated. In some areas non-state actors additionally require villagers to support them with food, payments and labour. For many villagers their crop or livestock is

<sup>5</sup> HURFOM (2009) "Meeting with a victim who was extorted by military government officials in Bee Lin Township" Mon State, Martus Bulletin

their livelihood. When this is confiscated and large fees demanded for their return, the only way for villagers to survive is to sell some more of their cattle or to access loans from other villagers or family members. As this situation is ongoing this results in a cycle of debt and a constant inability to secure sustainable livelihood. This involvement of the Tatmadaw and other armed groups in the collection and taking of revenue and resources also enhances the regime's control and suppression of the population.

## Human Rights

"We don't know why the Light Infantry Battalion (LIB) comes to collect taxes from our tea plantations and we don't have the right to ask them why. We get little benefit from our tea plantation each year and it is just good enough to sustain us. We can't save money from our tea plantation to pay additional things. So if we have to pay 20,000 Kyat for one acre, in a year we need to pay 140,000 Kyat in total. It's very difficult to collect this money and pay. They threatened us, telling us that if we would not pay, the LIB would seize our plantation".<sup>6</sup>

Burma as a member of the United Nations (UN) and ASEAN has obligations which it is not fulfilling. Even states that have not ratified international treaties on human rights are bound to respect human rights principles that are part of "customary law", law that has gained universal acceptance in the international community. The Universal Declaration of Human Rights is widely considered to be part of customary law and therefore binding on all states, whether or not they have ratified subsequent human rights treaties. Burma voted for the Universal Declaration; however, ND-Burma evidences in this report the state of Burma failing to take progressive measures and in particular to realise Articles 4, 17, 22 and 25. Burma has also signed the UN Convention on Corruption and many of the actions recorded by ND-Burma are deemed corruption under this convention.

The impact of the SPDC's taxation system and the extortion carried out by its collecting agencies and soldiers is the denial of many people's right to an adequate standard of living and their rights to health, housing, food and education. Governments are responsible for creating the conditions in which their citizens can exercise the full range of their human rights, including economic and social rights. Therefore, implementing a corrupt taxation system breaches this responsibility. Human rights set out the basic minimum standards against which the actions (and failures to act) of governments can be judged. This report highlights that the state of Burma is implementing a system of corrupt taxation which; fails to comply with any accepted norms, fails to stop the diversion of government revenues into private

6 TSYO (2009) "Illegal taxation for tea plantation owners" Shan State, Martus Bulletin

pockets, fails to provide public services to cover the basic minimums of an adequate standard of living and continues to fail to adhere to customary human rights law.

The people of Burma's civil and political rights are also breached as there is no forum for representation of choice in how taxes are allocated or spent, there have been no elections in over 20 years and the last election result was ignored, with the junta remaining in control. The arbitrary and punishing nature of the taxation system in place, the corruption and the very limited provision of services has seriously undermined the people's willingness to pay taxes. This is likely to impose challenges for installing any taxation system, fair or otherwise, for the government that will be formed after the 2010 elections. Additionally, according to the constitution even after the election the military will retain 25% of parliamentary seats, seriously compromising any genuine democratic reform.

Tomas Ojea Quintana, the UN Special Rapporteur on Human Rights recently stated that the gross and systematic nature of human rights violations in Burma resulted from SPDC policy and that some of these violations may constitute crimes against humanity and war crimes. He has therefore called for a United Nations Commission of Inquiry and ND-Burma's data supports this recommendation as it shows the SPDC use of corrupt acts, including forced labour to extort resources from the people is occurring across Burma. This re-allocation of resources from the private to the military and state, based on force has had, and continues to have, a large negative impact on the standard of living of the country's population.



Families fleeing from Ye Byu Township in Tanintharyi Division because of human rights violations including arbitrary taxation (HURFOM)

# Key Recommendations

## To the State Peace and Development Council (SPDC)

- Recognise that the arbitrary taxation occurring violates human rights and end impunity of those committing these acts and the policies that condone this by removing the 2008 constitution's Article 445 which states that no actions can be taken against a state authority performing duties.
- Reform the system of taxation in Burma, including increasing expenditure on health and education, with public participation and in line with Burma's commitments as a member of ASEAN, namely the ASEAN charter and the three ASEAN pillars of security, socio-cultural and economic integration.<sup>7</sup>
- Decrease expenditure on the military and cease the "live-off the land" policy and the involvement of the military in taxation collection.
- Cease national development projects which lead to unlawful taxation and human rights abuses.
- Stop the use of Forced Labour and Child Soldiers and fulfil its obligations under the ILO Conventions on Forced Labour and UN Convention on the Rights of the Child.

## To the International Community

- Publically acknowledge the economic hardship and related Human Rights abuses occurring and publically support the recommendation for a United Nations Commission of Inquiry and genuine democratic reform.

## IMF, World Bank, Asia Development Bank and other financial institutions:

- Only provide support when able to ensure that standards for transparency, accountability, governance and human rights are implemented.
- Recognise publicly the minimal public services expenditure and the corrupt and arbitrary taxation systems enforced by the SPDC.
- The Asian Development Bank should cease providing technical assistance to

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See full tax reform recommendations in conclusion and appendix



Burma via loans or grants to the Greater Mekong Sub region programme, which involves the military government, and publicly disclose the percentage of funds already allocated to Burma's military generals.

### **Multinational cooperation's, foreign investors, donors and development groups:**

- Practise revenue transparency and recognise publically that the taxes they pay go directly to financing the military and are not used to fund basic public services.
- Ensure their projects have effective transparency and accountability mechanisms and do not involve the military using forced labour and arbitrary taxation.

### **ASEAN:**

- Call upon the SPDC to cease arbitrary and corrupt taxation practices and to encourage democratic change.
- Establish an independent body with a complaints mechanism to monitor the arbitrary taxation occurring in Burma.
- Call upon the SPDC to enable the people to participate in economic decisions through free and fair elections in line with their obligations under the ASEAN Charter.

### **To China, India & Thailand:**

- Publically recognise that arbitrary taxation is one of the main causes of migration and therefore put pressure on the SPDC to reform their taxation and achieve democracy.

### **To the people of Burma**

- Raise awareness through the media and document the extent of the corruption within the collection and distribution of taxes and the suffering and human rights violations this causes.
- Share information with each other about how to document and complain about corrupt actions and arbitrary taxation.
- Wherever possible lodge formal complaints about experiences of arbitrary and corrupt taxation and forced labour with the Village Peace and Development Council and the ILO.

# I. The Basic Norms of a Taxation System

## Administration Costs

A tax system should be easy and relatively inexpensive to administer for individuals, households, businesses and the taxation agencies. Administrative simplicity includes low administration costs for the taxation agencies in terms of the assessment and collection of taxes.

The “unofficial” and arbitrary nature of most of the taxes collected in Burma means that the agencies engaged in collecting taxes keep few records and therefore record keeping costs are low. As most of the taxes are levied on a lump-sum basis, with limited consideration given to capacity to pay, assessment costs are low. However, the large number of agencies engaged in collecting taxes, rather than engaged in productive activities and the direct method of collecting means that considerable resources are allocated to collection. The number of “unofficial” agencies engaged in collecting taxes means that individuals, households and businesses do not have a good idea about the size and timing of their tax liabilities, increasing the costs of the tax system for the private sector.

## Flexibility

A tax system should be able to respond easily (in some cases automatically) to changes in economic circumstances.

In Burma the size of the taxes does not typically respond to changes in economic circumstances, in particular to changes in income of individuals, households and small businesses.<sup>8</sup> The main reason is that most taxes are lump-sum, and not based on an assessment of income. Even though most people in Burma earn their living from agriculture, taxes are levied without consideration to changes in agricultural output, arising, say, from price changes and crop size.<sup>9</sup> Also taxes do not take into account the agricultural cycle, with agricultural households’ facing high levels of taxation, when little income from agriculture is earned.<sup>10</sup> A flexible system of taxation (in countries such as Burma where financial institutions are under

8 HURFOM (2009) “Interview: Forced to pay various titles of fees including gas pipeline, village security and government run summer paddy project,” Mudon Township, Mon State, Martus Bulletin, 1 October; HURFOM (2009) “DKBA extorts money and food supplies from Karen State villagers,” Kyainnseiky Township, Kawkaireik Township, Karen State, Martus Bulletin, 9 September.

9 HURFOM (2009) “Interview: Forced to pay various titles of fees including gas pipeline, village security and government run summer paddy project,” Mudon Township, Moulmein District, Mon State, Martus Bulletin, 1 October; IMNA (2010) “Villagers strain under taxes after profit loss from bad harvest,” Mudon Township, Moulmein District, Mon State, Burma News International, 16 February - <http://www.bnionline.net/news/imna/7913-villagers-strain-under-taxes-after-profit-loss-from-bad-harvest.html> - accessed 25 February 2010; IMNA (2010) “New Customs Department land tax overburdens owners with acreage,” Mudon and Thanbyuzayat Townships, Moulmein District, Mon State, Independent Mon News Agency, 1 March - <http://www.bnionline.net/news/imna/7996-new-customs-department-land-tax-overburdens-owners-with-acreage.html> - accessed 2 March 2010.

10 HURFOM (2007) Villagers in Mon State are stuck with extortion imposed by Light Infantry Battalion No.31,” Ye Township, Moulmein District, Mon State, Martus Bulletin, 7 September; KHRG (2009) “Exploitative abuse and villager responses in Thaton District,” Thaton District, Karen Human Rights Group, 25 November, p.10 - <http://www.khrg.org/khrg2009/khrg09f20.pdf> - accessed 23 March 2010.

developed) needs to consider the variation in income arising from the agricultural cycle and changes in agricultural output.

## Political Responsibility

No government is perfectly informed about the consequences of the decisions they make with regard to taxation policy. Even governments intent on designing a system of taxation that considers the preferences of the public find it difficult to design a taxation system, as all governments have limited information about the consequences of taxation. Governments also have limited control over the responses of households and businesses to any tax that is levied. Additionally, taxation decisions in any system are determined by a small group. Yet, even with these caveats, a tax system can incorporate the desires of a country's citizens, with democracy a mechanism for eliciting of preferences. This means that the system should be designed so that individuals, households and businesses can ascertain who has to pay, the timing and amount, along with the purpose for which taxes are to be used, (which requires the system to be accountable and transparent).

The above does not describe the situation in Burma, where there is no relationship between the preferences of citizens and the county's taxation system. Most taxes are collected by groups that are engaged in the suppression and control of people and their property. Individuals, households and businesses do not have a clear understanding of whom to pay taxes, when these have to be paid and how much is to be paid. There are no mechanisms that promote the accountability and transparency of taxing agencies. In some places in Burma, if you are brave enough to confront the local officials it might be possible to negotiate a lower tax.<sup>11</sup> However, it is more likely that complaints to the authorities will be met with physical intimidation and punishment.<sup>12</sup> In many areas no-one complains to the local authorities about taxation, due to the physical punishments that have been metered out by the local Tatmadaw and the local militia forces, against people who do not pay their taxes.<sup>13</sup>

## Fairness

The tax system should be fair in its relative treatment of different individuals and households, which entails considering two basic concepts of equity.

11 Interview 7, Female; Balu Island; Chaungzon Township, Moulmein District; Mon State – 28 August 2009 Mae Sot, Witness.

12 Khatter Non (2010) "Villagers cowed in fear after arbitrary killing by Burmese army," Yebyu Township, Tavoy District, Tenasserim Division, Independent Mon News Agency, 25 February - <http://www.bnionline.net/news/imna/7987-villagers-cowed-in-fear-after-arbitrary-killing-by-burmese-army.html> - accessed 7 April 2010; KHRG (2009) "Exploitative abuse and villager responses in Thaton District," Thaton District, Karen Human Rights Group, 25 November - <http://www.khrg.org/khrg2009/khrg09f20.pdf> - accessed 23 March 2010; KHRG (2009) "SPDC and DKBA order documents: August 2008 to June 2009," Karen Human Rights Group, August - <http://www.khrg.org/khrg2009/khrg0904.pdf> - accessed 23 March 2010.

13 HURFOM (2007) "Interview with forced labour victim from Khaw-Zar Sub Township," Martus Bulletin, 10 April; HURFOM (2009) "Interview: Forced to pay various titles of fees including gas pipeline, village security and government run summer paddy project," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 1 October.

The first principal is that of horizontal equity where individuals, who are the same in all relevant respects are treated equally. Such a tax system does not discriminate on the basis of ethnicity, religion, gender, marital status or age. Violations of principals of horizontal equity do not appear to be endemic in the official and unofficial systems of taxation in Burma, except for the discrimination in the levying of taxes on the Rohingya. There will however be differences in the level of taxation between ethnic groups arising from the numbers of soldiers in the border states, compared to the predominantly Burman areas. The second principal is that of vertical equity. This is based on the idea that individuals and households that are in a position to pay higher taxes should do so. Vertical equity can be assessed by comparing the effective tax rate for individuals and households at different levels of income.

$$\text{Effective Rate of Tax} = T/I$$

Where

T = Amount of tax paid by an individual or household

I = Individual's or household's total income

A tax system is classified as regressive, proportional or progressive based on the relative amounts an individual or household pays in tax at different levels of income. A taxation system is progressive when the tax rate ( $T/I$ ) for the rich is more than the tax rate for those on lower levels of income. The tax system is classified as proportional when the tax rate is the same for all, regardless of the level of income. The tax system is regressive when those on lower incomes are subject to a higher tax rate than those on higher incomes.

Given that most of Burma's taxes are 'unofficial' (coupled with the difficulties of doing research in Burma); it is not possible to undertake a comprehensive analysis of the tax rates on individual and household (and business) income. However, the available evidence suggests that the taxing agencies rarely or only roughly assess the income level of households or profit levels of small businesses, with most taxes levied as a lump-sum. This means that people with a lower income and businesses with the smallest profit margins are effectively taxed at a higher rate. The regressive system of taxation is coupled with numerous controls imposed by the state and its associated agencies over the use of resources. These controls and the regular (though unpredictable) appropriation of private sector resources by the state makes it difficult for the private sector to operate and compete with state sponsored businesses.

## **Economic Efficiency**

Another characteristic of a well-designed tax system is that it does not interfere with the efficient allocation of resources. This considers the impact that taxation has on economic activity and the choices individuals, households and businesses make in response to different taxes. In assessing the economic impacts, taxes are viewed as

non-distortionary or distortionary. Taxes are non-distortionary when individuals, households and businesses do not react to the tax, i.e. there is nothing the entity being taxed can do to alter their tax liability. Lump-sum taxes are regarded as non-distortionary taxes as people have to pay regardless of their income or wealth levels, making it more difficult for people to change their behaviour to avoid taxes, than other types of taxes. Lump sum taxes, as they are not distortionary, allow governments to raise more revenue. However, the major impact of lump-sum taxes on individuals, households and businesses is that they lower income. This has a serious impact on people's livelihoods when the households paying lump-sum taxes have very limited incomes and when profit margins of business are meagre. Lump-sum taxes on individuals and households may be non-distortionary, but they violate the principle of vertical equity, as the poorer are subject to higher rates of taxation.

Lump-sum taxes in Burma decrease the already low levels of income to such an extent that some households are unable to purchase basic consumption items. There are many reports that this taxation is so high that some people are forced to sell off assets to cover the taxes levied.<sup>14</sup> For some households the high level of taxation has caused households to send members to Thailand and other countries to work.<sup>15</sup> The available information does not allow for estimates of the percentage of households affected, but evidence suggests that in Arakan, Karen and Mon States and Tenasserim Division these problems are widespread. The impact of taxes on efficiency in Burma is complex and difficult to assess, as any tax has many potential economic consequences, which include short and long term impacts. It is not possible to assess all the impacts of distortionary taxes levied in Burma, but the general affect has been to lower private sector productivity, decrease the number of profitable economic exchanges and decrease private sector investment, all of which contribute to lower overall economic growth.

14 HURFOM (2009) "Meeting with a victim who was extorted by military government officials in Beelin Township," Beelin Township, Thaton District, Mon State, Martus Bulletin, 1 June; PW/O (2009) "Tax on belongings and households in Pan Swe Village," Maington Township, Maing Hsat District, Shan State, Martus Bulletin, 10 July.

15 HURFOM (2007) "Myanmar Women's Affair Federation collected money and forces young women to join," Karen State, 4 April; HURFOM (2009) "Corruption and arbitrary taxation on road repairs in Hangan," Ye Township, Moulmein District, Mon State, The Mon Forum, 15 July – <http://rehmonnya.org/archives/979#more-979> – accessed 26 February 2010.



Carrying crops from a farm, Mon State (HURFOM)



Families living in poverty, Mon State (HURFOM)

## II. The Economic Impact of Burma's Taxation System

There are several sources of income and wealth that are generally considered to be acceptable to tax, and these include taxes levied on personal income, corporate or company profits, property, and goods and services. Burma does have legislation governing the levying of taxation on these sources, but this gives little indication of the actual system of 'taxation', which includes forced labour, forced purchases of unwanted goods and services from the state and the theft of land, animals and other property. These 'taxes' are a central component of this report, as to ignore them (and to only analyse official taxation and standard sources of taxation) would seriously misrepresent the state's access to private sector revenue and resources, and consequently the impacts this has on people's livelihood and the private sector. The precarious economic situations for many households in Burma means that taxes can cause households (and businesses) to lose even their limited assets, children to drop out of school, and people to migrant to border countries.<sup>16</sup>

### Taxation on Households

#### Who Collects the Taxation on Households?

Much of the taxation levied on households (though the percentages are unknown) is undertaken by the Township Peace and Development Council (TPDC)/Village Peace and development Council (VPDC) and the locally based Tatmadaw.<sup>17</sup> In some areas the TPDC/VPDC collect taxes for the local Tatmadaw.<sup>18</sup> In some areas ceasefire groups also collect taxes to provide rations and income for soldiers and their families.<sup>19</sup> It is also common for the Tatmadaw and ceasefire groups to levy a specific amount of money on a village, leaving the internal allocation of the tax to the VPDC.<sup>20</sup> There are also many other agencies associated with the state that engage in taxing households, including the police, fire-brigades, and Government Organised NGOs such as the Union Solidarity and Development Association (USDA), Myanmar Maternal and Child Welfare Association (MMCWA) and the Myanmar Woman's Affairs Federation (MWAFF).<sup>21</sup> These agencies are defacto arms of the state,

16 HURFOM (2009) "Interview: Forced to pay various titles of fees including gas pipeline, village security and government run summer paddy project," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 1 October; Interview 3 Female, Mae Sot 25 August 2009, Witness.

17 Burma Issues (2008) "Forced labour in Taungoo District," Taungoo District, Pegu Division, Martus Bulletin, 3 July; HURFOM (2008) "Forced labour in Nyaunglibin District," Kyaukkyi Township, Taungoo District, Pegu Division, Martus Bulletin, 3 July; HURFOM (2009) "Interview: Forced to pay various titles of fees including gas pipeline, village security and government run summer paddy project," Mudon Township, Mon State, Martus Bulletin, 1 October; PWOW (2009) "Various taxes in Ze Tong Hone Village," Namhsan Township, Kyaukse District, Shan State, Martus Bulletin, May.

18 HURFOM (2009) "Arbitrary taxes increasing in Mudon Township," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 5 September.

19 HURFOM (2009) "Interview with extortion victim from Beelin Township," Beelin Township, Thaton District, Mon State, Martus Bulletin, 1 October; HURFOM (2009) "Myawaddy residents caught in clash over rice contributions," Myawaddy Township, Kawkaik District, Karen State, Martus Bulletin, 10 October; HURFOM (2009) "DKBA extorts money and food supplies from Karen State villagers," Kyainnseikyi Township, Kawkaik District, Karen State, Martus Bulletin, 9 September; HURFOM (2009) "Villagers were forced to pay by insurgent group and SPDC soldiers," Yebu Township, Tavoy District, Tenasserim Division, 7 August. Excessive DKBA extortion targets hard-hit elephant owners, December 1, 2009, <http://rehmonnya.org/archives/1221>

20 HURFOM (2010) "DKBA extortion plagues Kawkaik Township in 2010," Kawkaik Township, Kawkaik District, Karen State, 18 February- <http://rehmonnya.org/archives/979#more-979> - accessed 26 February 2010.

21 HURFOM (2007) "Myanmar Women's Affairs Federation collected money and forces young women to join," Karen State, 4 April; HURFOM (2009) "Interview with extortion victim from Beelin Township," Beelin Township, Thaton District, Mon State, Martus Bulletin, 1 October - 14 November; KWAT (2007) "Collection for the monks in Mungu Village," Muse Township, Muse District, Shan State, Martus Bulletin, May.



they have been formed by the SPDC to look like NGOs and to give the impression that the state is democratic.<sup>22</sup> These agencies mostly do not coordinate their levying of taxes, with households having to pay a raft of taxes to different agencies and groups associated with the state.<sup>23</sup> This lack of coordination between the taxing agencies means that the timing and size of household taxes is riddled with uncertainty. This uncertainty means that households cannot plan the payment of their taxes, which is a basic requirement of fair system of taxation.

## What are the Taxes Used for?

The available public records provide little information on the size, and none on the allocation, of these taxes. However, evidence suggests that a large percentage of the taxes collected are not allocated to the provision of services desired by the population. Instead, reports indicate that household taxes are used to cover the administration costs and incomes of TPDC/VPDC.<sup>24</sup> There are also many examples where the TPDC/VPDC and local Tatmadaw allocate a large proportion of the taxes collected to their private incomes and activities.<sup>25</sup> Taxes can also be used to provide income and rations for members of the Tatmadaw.<sup>26</sup> Other taxes are used on celebrations and “beautification” for visiting military officials.<sup>27</sup> Sometimes taxes are levied to cover the travel costs of senior Tatmadaw members travelling in the area.<sup>28</sup> Even when there may be a legitimate reason for taxation, there are questions about the efficacy of the service that is being funded.<sup>29</sup> For example, in Myitkyina Township in 2008 people with telephone numbers beginning with the prefix 25 were charged 550,000 Kyat to have their numbers changed, after problems arose with the service.

Customers had no idea about the relationship between the size of the charge, the reasons for the problem and the costs of its resolution.<sup>30</sup> It is also common that

- 22 Naim, Moisés: Democracy's Dangerous Impostors, *The Washington Post*, 21 April 2007, Network for democracy and Development Documentation and Research Department, The White Shirts, How the USDA will become the new face of Burma's Dictatorship 2006
- 23 KHRG (2007) "State repression and the creation of poverty in southern Karen State," Kawkaik District, Karen State, 23 February - <http://www.khrg.org/khrg2007/khrg07f2.html> - accessed 22 February 2010.
- 24 HURFOM (2006) "Monthly Tax for village militia force, village security and fire prevention," Thanbyuzayat Township, Moulmein District, Mon State, Martus Bulletin, 1 January; HURFOM (2006) "Monthly Tax for village militia force, village security and fire prevention" Thanbyuzayat Township, Moulmein District, Mon State, Martus Bulletin, 1 January; HURFOM (2009) "Motorbikes and money taken from Yebyu township residents," Yebyu Township, Tavoy District, Tenasserim Division, Martus Bulletin, 1 January.
- 25 HURFOM (2006) "Monthly Tax for village militia force, village security and fire prevention," Thanbyuzayat Township, Moulmein District, Mon State, Martus Bulletin, 1 January; HURFOM (2009) "Motorbikes and money taken from Yebyu township residents," Yebyu Township, Tavoy District, Tenasserim Division, Martus Bulletin, 1 January; KHRG (2005) "Dooplaya District: Fighting and human rights abuse still continue after ceasefire," Karen Human Rights Group, 18 February - <http://www.khrg.org/khrg2005/khrg05f1.html> - accessed 19 February 2010; SHAN (2008) "Junta collects taxes on home entertainment," Maington Township, Maing Hsat District, Shan State, Shan Herald Agency for News, 21 February - [http://www.shanland.org/index.php?option=com\\_content&view=article&id=1518&3Ajunta-collects-taxes-on-home-entertainment&Itemid=301](http://www.shanland.org/index.php?option=com_content&view=article&id=1518&3Ajunta-collects-taxes-on-home-entertainment&Itemid=301) - accessed 17 February 2010; PWO (2009) "Fire sentry and communal taxes in Aong Chan Tar village," Nankham Township, Muse District, Shan State, Martus Bulletin, 24 December.
- 26 HURFOM (2007) "Villagers in Mon State are stuck with extortion imposed by Light Infantry Battalion No.31," Ye Township, Moulmein District, Mon State, Martus Bulletin, 7 September; HURFOM (2009) "Interview: Forced to pay money to security forces," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 1 October; Peacerunning (2009) "Military increasing in Ye Township," Ye Township, Moulmein District, Mon State, Democracy for Burma, 7 October - <http://democracyforburma.wordpress.com/2009/10/07/military-increasing-in-ye-township/> - accessed 15 February 2009
- 27 Burma Issues (2009) "SPDC held a festival using villagers money," Pa'an Township, Pa'an District, Karen State, Martus Bulletin, 10 October; KWAT (2009) "The villagers forced to pay money" Putao Township, Putao District, Kachin State, Martus Bulletin, 6 January; KWAT (2008) "Students were forced to pay money," Myitkyina Township, Myitkyina District, Kachin State, Martus Bulletin, 1 November; TSYO (2009) "Forced labour," Namhsan Township, Kyaukme District, Shan State, Martus Bulletin, 20 May;
- 28 PWO (2009) "Various taxes in Namhsan Township," Namhsan Township, Kyaukme District, Shan State, Martus Bulletin, 28 August.
- 29 KNG (2008) "Living under duress in Kachin State," Myitkyina Township, Myitkyina District, Kachin State, 30 September - <http://www.kachinnews.com/Commentary/Living-under-duress-in-Kachin-State.html> - accessed 23 February 2010; TSYO (2009) "Youth forced to attend fire-fighter training by authorities," Nankham Township, Muse District, Shan State, Martus Bulletin, 2 October.
- 30 KNG (2008) "Living under duress in Kachin State," Myitkyina Township, Myitkyina District, Kachin State, 30 September - <http://www.kachinnews.com/Commentary/Living-under-duress-in-Kachin-State.html> - accessed 23 February 2010.

people do not know the reason for the taxes being levied.<sup>31</sup>

## Taxes on Household Income

The Income Tax Law (1974) governs the collection of personal income (and business) tax in Burma, which on paper levies progressive rates of taxation beginning at 3% and increasing to 30% as income, increases.<sup>32</sup> On-budget (recorded) income tax collected in Burma, at least between the 2004/05 and 2008/09 financial years, ranged between a 43 and 53 percentage of total tax revenue, which is considerably larger than comparable poor countries.<sup>33</sup> However, this legislation is a veneer for a veracious state that imposes a regressive and high level of taxation on personal income, at least in some areas of Burma. The Internal Revenue Department in the Ministry of Finance is officially assigned with the legislative responsibility for collecting personal income tax, but many of the taxes levied on household incomes are not levied by this government department. In their stead are many other agencies associated with the state, competing to collect taxes on households. There is some evidence from different areas of Burma that the SPDC is conducting a comprehensive registration of household assets, including land size, livestock, carts, motorbikes and telephones to use as the basis to broaden the tax base.<sup>34</sup>

Taxes on household income levied by the different agencies of the state in Burma are not always based on the level of the household's income.<sup>35</sup> When they are based on income, the assessment of income is roughly estimated, with tax scales relatively flat, and not conforming to official rates of taxation. Additionally, many of the taxes are levied on a lump-sum basis, which means that the effective rate of tax is higher the poorer the household.<sup>36</sup> Typically these taxes are levied each month.

The biggest influence on the size of monthly taxation is location, and not income, with significant variation even within the same state or division. The most information about the taxation on household income comes from Mon and Karen States and Tenasserim Division, where the Tatmadaw and other armed groups regularly levy taxes on households. For example, in some areas of Thanbyuzayat Township in Mon State between January 2006 and May 2007 households were taxed each month between 450 and 500 Kyat, with the variation based on estimated income.<sup>37</sup> In another area in the same township, and across the same period households were levied a monthly tax varying between 500 and 1,000 Kyat.<sup>38</sup> By

31 PWO (2009) "Various taxes in Ze Tong Hone Village," Namhsan Township, Kyaukme District, Shan State, Martus Bulletin, May.

32 Burmese citizens (which include non-residents) and foreigners earning foreign currency are taxed at higher rates between 35-40 percent) – KPMG (1995) Investment in Myanmar, KPMG, Singapore, October, p.39.

33 <http://www.csostat.gov.mm> – accessed 17 September 2009; Personal income taxes are (typically) a much smaller percentage of tax revenue in poor versus rich countries, as this method of taxation is costly and difficult to collect income tax from large numbers of poor people. Also governments typically devote little resources to collecting taxes from the very wealthy.

34 KHRG (2007) "State repression and the creation of poverty in southern Karen State," Kawkaeik District, Karen State, 23 February - <http://www.khrgh.org/khrgh2007/khrgh07f2.html> - accessed 22 February 2010; PWO (2009) "Tax on belongings and households in Pan Swe Village," Mongton Township, Kyaukme District, Shan State, Martus Bulletin, 10 July.

35 PWO (2009) "Tax on belongings and households in Pan Swe Village," Mongton Township, Kyaukme District, Shan State, Martus Bulletin, 10 July; PWO (2009) "Various taxes in Ze Tong Hone village," Namhsan Township, Kyaukme District, Shan State, Martus Bulletin, May.

36 KWAT (2009) "Forced to sell rice at discount to government and education fee in Nawng Hkai," Putao Township, Putao District, Kachin State, Martus Bulletin.

37 HURFOM (2006) "Monthly Tax for village militia force, village security and fire prevention" Thanbyuzayat Township, Moulmein District, Mon State, Martus Bulletin, 1 January.

38 Ibid.

2009, on available evidence household taxes across Mon State varied between 1,200 and 10,000 Kyat per month.<sup>39</sup> Again taxes on households even within the same Township varied significantly. For example households in Ye Township in 2009 in some areas reported paying taxes between 1,200 and 1,500 Kyat each month.<sup>40</sup> Whereas in another area of Ye Township the tax on households were considerably higher at 10,000 Kyat per month.<sup>41</sup>

Furthermore, the absolute amount of taxes levied on households in at least Mon and Karen States and Tenasserim Division have been increasing since 2004.<sup>42</sup> For example, in some areas of Thanbyuzayat Township in Mon State taxes on households in 2006 were between 500 and 1,000 Kyat, but by 2009 these had increased to 3,500 and 4,500 Kyat.<sup>43</sup> In Mudon Township household cash taxes in 2004 varied between 1,500 and 4,500 Kyat per month. However, by August 2009, the taxes on at least some of these households were around 10,000 Kyat per month.<sup>44</sup> Part of this increase arose from a shift in the method of extracting resources by the local Tatmadaw charged with guarding the gas pipeline. Prior to August 2009, resources were extracted by forcing people without compensation to guard the pipeline. After August 2009 the local Tatmadaw levied cash taxes and began guarding the pipeline themselves. In another area in Mudon Township, total monthly cash taxes levied on households were reported at similar high levels, between 11,000 and 12,000 Kyat. Additionally, between 2,500 and 3,000 Kyat were levied for the stated reason of providing security for the pipeline. Another 3,000 Kyat was to provide income for village militia; whilst between 5,500 and 6,000 Kyat was to provide revenue to the various GONGOS.<sup>45</sup> This was in a situation where there had been large increases in the price of food, which had not been accompanied by increases in the nominal daily wage, and with the highest daily wage being only 3,500 Kyat. This was coupled with increasing unemployment caused by the movement of people from middle and upper Burma into the area, also in search of employment.<sup>46</sup>

Similarly, in some areas of Ye Township in Mon State, cash taxes on some households increased from 2,000 Kyat per month in 2007 to 10,000 Kyat in 2009.<sup>47</sup> In some of the areas in Ye District households with rubber and betel nut plantations were able to cover production costs and cover basic living expenses, though the level of cash taxation on households is so high that many households have sent children to

39 HURFOM (2009) "Burmese government employees increase arbitrary taxation in Mon State," Mon State, 11 August – <http://rehmonnya.org/archives/1003> - accessed 5/09/2009; HURFOM (2009) "Corruption and arbitrary taxation on road repairs in Hangan," Ye Township, Moulmein District, Mon State, The Mon Forum, 15 July – <http://rehmonnya.org/archives/979#more-979> – accessed 26 February 2010; Peacerunning (2009) "Military increasing in Ye Township," Ye Township, Moulmein District, Mon State, Democracy for Burma, 7 October <http://democracyforburma.wordpress.com/2009/10/07/military-increasing-in-ye-township/> - accessed 15 February 2009;

40 Peacerunning (2009) "Military increasing in Ye Township," Ye Township, Moulmein District, Mon State, Democracy for Burma, 7 October – <http://democracyforburma.wordpress.com/2009/10/07/military-increasing-in-ye-township/> - accessed 15 February 2009.

41 HURFOM (2009) "Corruption and arbitrary taxation on road repairs in Hangan," Ye Township, Moulmein District, Mon State, The Mon Forum, 15 July – <http://rehmonnya.org/archives/979#more-979> – accessed 26 February 2010.

42 KNG (2008) "Living under duress in Kachin State," Myitkyina Township, Myitkyina District, Kachin State, 30 September – <http://www.kachinnews.com/Commentary/Living-under-duress-in-Kachin-State.html> - accessed 23 February 2010.

43 HURFOM (2009) "Burmese government employees increase arbitrary taxation in Mon State," Mon State, 11 August – <http://rehmonnya.org/archives/1003> - accessed 5/09/2009;

44 Ibid.

45 HURFOM (2009) "Interview: Forced to pay various titles of fees including gas pipeline, village security and government run summer paddy project," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 1 October.

46 Ibid.

47 HURFOM (2007) "Villagers in Mon State are stuck with extortion imposed by Light Infantry Battalion No.31," Ye Township, Moulmein District Mon State, Martus Bulletin, 7 September.

Thailand to earn additional income.<sup>48</sup> There have more recently been increases in cash taxes on households as the different agencies associated with the state prepare for the election scheduled to be held in 2010.<sup>49</sup> Some of these taxes appear to be fundraising to pay for the regime's election campaign, and others are arising from the uncertainty created by the election, with some groups fearing a loss of future income raising opportunities.

Taxes are also specifically levied to provide revenue to the GONGO's particularly the MMCWA, and the USDA.<sup>50</sup> Most of these taxes are levied as a lump-sum, with the size of the tax varying on the basis of geography. In some areas in Mudon Township households in 2009 were paying between 5,500 and 6,000 Kyat each month to the GONGOs, creating serious difficulties for the poor households in the area.<sup>51</sup> In Karen State the levying of taxes on household appears to be less systematic than those levied in Mon State (though the funds raised are not necessarily less). The reports suggest that many of the taxes imposed by the Tatmadaw and the DKBA are levied on the village, rather than directly on each household. This means that the village heads then have to determine the tax liability of each household.<sup>52</sup> Also, villages in Karen State appear to have been particularly subject to the levying of taxes by the GONGOs. For example, the MWAf began levying fees across Karen State from the beginning of 2007, levying a monthly tax of 1,000 Kyat for each girl in the household.<sup>53</sup>

## Taxes on Property

Burma also has legislation that governs the taxation of property (Court Fees Act 1937 and the Myanmar Stamp Act 1935). Property taxes are officially collected by the Internal Revenue Department in the Ministry of Finance. In Burma, as in many poor countries, wealth (property and other assets) is heavily concentrated and is a major determinant of unequal incomes. Property taxes are cheaper and administratively simpler to collect (as it is easier to see who is asset rich) than personal income tax. Although typically property taxes in poorer countries account for only a small percentage of tax revenue, which accords with Burma's official statistics. The Myanmar Stamp Act 1935 governs the taxes to be imposed on the transfer of property, though this has little bearing in a country where most land transfers between private citizens are informal and the transfer of land to the state is typically forced by the latter. Nevertheless the state produces official statistics that

48 HURFOM (2009) "Corruption and arbitrary taxation on road repairs in Hangan," Ye Township, Moulmein District, Mon State, *The Mon Forum*, 15 July – <http://rehmonnyia.org/archives/979#more-979> – accessed 26 February 2010.

49 IMNA "New Customs Department land tax overburdens owners with acreage," Mudon and Thanbyuzayat Townships, Moulmein District, Mon State, *Independent Mon News Agency*, 1 March – <http://www.bnionline.net/news/imna/7996-new-customs-department-land-tax-overburdens-owners-with-acreage.html> – accessed 2 March 2010.

50 HURFOM (2009) "Interview: Forced to pay various titles of fees including gas pipeline, village security and government run summer paddy project," Mudon Township, Moulmein District, Mon State, *Martus Bulletin*, 1 October; Interview 3 Female, Mae Sot 25 August 2009, Witness; KHRG (2009) "SPDC and DKBA order documents: August 2008 to June 2009," Karen Human Rights Group, August – <http://www.khrg.org/khrg2009/khrg0904.pdf> – accessed 23 March 2010.

51 HURFOM (2009) "Interview: Forced to pay various titles of fees including gas pipeline, village security and government run summer paddy project," Mudon Township, Moulmein District, Mon State, *Martus Bulletin*, 1 October.

52 KHRG (2009) "SPDC and DKBA order documents: August 2008 to June 2009," Karen Human Rights Group, August – <http://www.khrg.org/khrg2009/khrg0904.pdf> – accessed 23 March 2010.

53 HURFOM (2007) "Myanmar Women's Affair Federation collected money and forces young women to join," Karen State, *Martus Bulletin*, 4 April.

report that taxes from land transfer are less than one percent and no more than 1.5% of total taxes (in the last five years).<sup>54</sup>

The nature of Burma's state means, that in effect the most common "tax" on property is confiscation by the state carried out by agencies without any legislative authority to confiscate property. This confiscation is arbitrary in the sense that it is not governed by any policy designed (or intended) to enhance the public good. Though, it is not arbitrary in the sense that it is designed to enrich local representatives of the Tatmadaw and other agencies associated with the state. Property in the context of this report includes basic items, such as livestock and utensils, as even these can be taken by the unofficial tax collecting agencies. This type of "taxation" by the state not only lowers the income of households, but lowers their capacity to earn future income, destroying productive assets, which in many cases have been built over generations. It additionally results in lowering the level of private sector investment and the growth of Burma's economy, guaranteeing the impoverishment of the current and future generations.

Property Tax on land and house for 6 months, 1200 Kyat, (1.2 US\$) (HREIB)

**Residential Property:** Relatively new taxes for at least some areas of Burma are taxes on residential land and houses. This tax now appears to be levied in many areas of Burma, though the year of its introduction has varied considerably. For example, in Mudon Township in Mon State the tax was first levied in 2007; whereas in at least some areas of Ye Township in the same state a monthly tax on residential housing

54 <http://www.csostatat.gov.mm> – accessed 17 September 2009.

was introduced in 2003. This does not mean that some properties in Ye were not taxed prior to 2003 as one report has them being taxes in 1996.<sup>55</sup> Another report has annual property taxes being introduced in 2008 in Mong Pan Township in Shan State.<sup>56</sup>

Even though the tax on housing appears now to be relatively common across Burma, the tax rate on similar housing has varied considerably. Taxes levied on land are based on estimates of the value of the land. Taxes on residential land, at least in Rangoon Township, are common and reports suggest they are not large.<sup>57</sup> Taxes on housing are also based on value determined by the materials of construction and the number of stories. Since, 2009 in Nankham Township in Shan State an annual tax has been levied on residential property, varying between 1,300 and 4,000 Kyat depending upon the materials used in their construction.<sup>58</sup> In contrast, taxes on residential housing in Ye Township in Mon State began in 2003 and were imposed on a monthly basis, until the middle of 2009. Wooden houses with thatched roofs were taxed 600 Kyat per month; whilst wooden houses with iron roofs were taxed 1,000 Kyat per month and cement houses were taxed 1,500 Kyat each month.<sup>59</sup> However, in July 2009 the method of levying taxes on residential housing in Ye Township changed, with households forced to pay these taxes in an annual instalment.<sup>60</sup> The annual tax also introduced a new category of houses (two storey houses), which increased the differentiation in the amount of taxes levied. The annual tax was levied at 2,800 Kyat for a wooden house with a thatch roof, 3,500 Kyat for a wooden house with an iron roof, 7,000 Kyat for a two storey house and 15,000 Kyat for a cement/brick house. This meant that the total nominal tax on property was significantly lower, especially for the poorer quality dwellings, than under the previous method. However, the levying of the tax in one instalment meant that those without savings were forced to borrow increasing their debt levels. Those who could not pay the tax were threatened with the confiscation of their property. In Mong Pan Township in Shan State in 2008 an unannounced tax on the most expensive houses in the town was levied by representatives from the district Excise Department.<sup>61</sup> The size of the tax was based on rough estimates of the value of the homes. Households were only given six days' notice to pay the tax.<sup>62</sup> In Myitkyina Township in Kachin State taxes are again levied depending on the type of housing, with available information indicating that the annual tax varies between 5,000 and 10,000 Kyat.<sup>63</sup>

**Construction of New Housing:** In 2009 a tax on newly constructed houses has

55 KHRG (1996) "Forced labour in Mon areas," Ye Township, Moulmein District, Mon State, Karen Human Rights Group, 22 May - <http://www.khrg.org/khrg96/khrg9620.html> - accessed 21 February 2010.

56 SHAN (2008) "Authorities to levy house tax in Southern Shan State," Mong Pan Township, Langkher District, Shan State, Shan Herald Agency for News, 23 February - [http://www.shanland.org/index.php?option=com\\_content&view=article&id=1528%3Aauthorities-levy-house-tax-in-southern-shan-state&Itemid=301](http://www.shanland.org/index.php?option=com_content&view=article&id=1528%3Aauthorities-levy-house-tax-in-southern-shan-state&Itemid=301) - accessed 17 February 2010.

57 Interview 3 Female, Mae Sot 25/08/09, Witness - Rangoon Township, Rangoon Division. The taxes are levied every 3 months.

58 PWO (22010) "House tax in Aong Chan Tar village," Nankham Township, Muse District, Shan State, Martus Bulletin, January.

59 HURFOM (2009) "Ye Township households must pay year's housing tax upfront," Ye Township, Moulmein District, Mon State, 22 August <http://rehmonya.org/archives/1025> - accessed 4 September 2009.

60 Ibid.

61 SHAN (2008) "Authorities to levy house tax in Southern Shan State," Shan Herald Agency for News, Mong Pan Township, Langkher District, Shan State, 23 February - [http://www.shanland.org/index.php?option=com\\_content&view=article&id=1528%3Aauthorities-levy-house-tax-in-southern-shan-state&Itemid=301](http://www.shanland.org/index.php?option=com_content&view=article&id=1528%3Aauthorities-levy-house-tax-in-southern-shan-state&Itemid=301) - accessed 17 February 2010.

62 Ibid.

63 KWAT (2008) "Tax on homes in Du Mare," Myitkyina Township, Kachin State, Martus Bulletin, December.

been increasingly levied across Burma on houses constructed since 2007.<sup>64</sup> The tax was first levied in 2009 and collected by representatives from the TPDC and VPDC. The size of the tax is typically determined by the number of storeys and the materials used in construction, which provides a rough estimate of the costs of construction and consequently capacity to pay. In September 2009, public meetings were held in some of the villages in Mudon Township where representatives from the TPDC announced that owners of houses constructed since 2007 were liable for a new tax.<sup>65</sup>

On the 25 March 2010 the TPDC announced and attempted to tax owners of new homes in all of the villages in Mudon Township.<sup>66</sup> Widespread inability to pay and complaints of double taxation led to the collection of the tax to be deferred to April.<sup>67</sup> The size of the tax depended upon the materials used in their construction. Owners of newly constructed wooden houses had to pay a tax of 200,000 Kyat. Owners of one and two story houses made of cement had to pay, 300,000 Kyat and 450,000 Kyat, respectively.<sup>68</sup> In 2009, in Chaungzon Township also in Mon State the minimum tax on newly constructed houses was reported at a much lower rate at 60,000 Kyat.<sup>69</sup>

In one area of Pa'an Township in Karen State the tax levied on new houses that had been constructed since 2007, was much higher varying between 1.1 and 1.4 million Kyat levied exclusively on the most expensive homes.<sup>70</sup> In another area of Pa'an Township the tax levied was the same regardless of the quality, at 200,000 Kyat per house.<sup>71</sup> As households did not know the tax was to be levied when they built their new homes resources were not allocated for the tax. Households were only given a month to pay, meaning that some households had to borrow money or sell off agricultural land.<sup>72</sup>

Taxes can also be levied on repairs and improvements to existing housing.<sup>73</sup> Based on existing reports home owners are not aware that taxes should be paid, until after the repairs and improvements have taken place. Furthermore, the households did not know if the fees levied were taxes or fines for not adhering to "regulations" of which they had no knowledge.

**(Non-Land) Assets:** Taxes can be levied on household items. For example, in Maington Township in Shan State, the local Tatmadaw commander levied taxes on households with TVs, VCD players and satellite dishes.<sup>74</sup> In larger towns satellite

64 HURFOM (2009) "Residents were ordered to pay huge amounts of taxes on Mudon Township," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 1 September.

65 HURFOM (2009) "Residents were ordered to pay huge amounts of taxes on Mudon Township," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 1 September.

66 IMNA (2010) "Mudon TPDC finally collects long-threatened housing tax," Independent Mon News Agency, 29 March - <http://www.bnionline.net/news/imna/8225-mudon-tpdc-finally-collects-long-threatened-housing-tax.html> - accessed 7 April 2010.

67 Ibid.

68 Ibid.

69 Interview 7, Female; Balu Island; Chaungzon Township, Moulmein District; Mon State – 28 August 2009 Mae Sot, Witnesses.

70 HURFOM (2009) "Residents were ordered to pay huge amounts of taxes on Mudon Township," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 1 September; Interview 7, Female; Balu Island; Chaungzon Township, Moulmein District; Mon State – 28 August 2009 Mae Sot, Witnesses.

71 HURFOM (2009) "Residents were ordered to pay huge amounts of taxes on Mudon Township," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 1 September.

72 Ibid.

73 AASYC (2009) "Fees for building houses on farms in San Sub-Township," Kyaukpyu Township, Kyaukphu District, Arakan State, Martus Bulletin, 24 April; PWO (2009) "Tax on home improvements in Pok Tin Ma Village," Nankham Township, Muse District, Shan State, Martus Bulletin, 28 December.

74 SHAN (2008) "Junta collects taxes on home entertainment," Maington Township, Maing Hsat District, Shan State, Shan Herald Agency for News, 21 February - [http://www.shanland.org/index.php?option=com\\_content&view=article&id=1518%3AJunta-collects-taxes-on-home-entertainment&Itemid=301](http://www.shanland.org/index.php?option=com_content&view=article&id=1518%3AJunta-collects-taxes-on-home-entertainment&Itemid=301) - accessed

dishes are also taxed, with the official rate of 15,000 Kyat per month.<sup>75</sup>

Bullock carts, motorbikes and cars are also subject to temporary confiscation for use by the Tatmadaw and sometimes by the TPDC.<sup>76</sup> Households have to bear the costs of any repairs and maintenance of the vehicles required when returned.<sup>77</sup> Sometimes households are forced to purchase items at exorbitant prices, such as newspapers, calendars and posters produced by the SPDC, as a method raising revenue for different agencies associated with the state.<sup>78</sup> More generally, extortion of money and other assets from households and individuals by representatives of different agencies of the state is common place throughout Burma.<sup>79</sup>

## Taxes and Fees for Household Services

An analysis of the provision of services and their relationship to taxation in Burma has yet to be undertaken. There is little information available about the relationship between the costs of the provision of any services provided by the state and the fees charged.<sup>80</sup> However, many households pay taxes without receiving any desired services from the government. This occurs even when taxes are levied for the stated purpose of providing services. For example, taxes are often collected and allocated to members of the fire brigade, even when they are not providing the services that might be expected.<sup>81</sup> In 2009 (between November and December), taxes collected for the state purpose of fire-fighter training proved instead to be for militia training.<sup>82</sup>

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17 February 2010;

- 75 Mizzima (2009) "Burmese junta's mouthpiece says satellite TV bad for people," Mizzima, 29 April - <http://www.bnionline.net/media-alert/6188-burmese-juntas-mouthpiece-says-satellite-tv-qbad-for-peopleq.html> - accessed 2 March 2010.
- 76 Burma Issues (2008) "Over 300 cars were used to transport SPDC military food supplies in Mone Township," Nyaungglin District, Pegu District, Martus Bulletin, 16 December; HREIB (2006) "Za Ya Gyi Villagers forced to take the rice for TOC 3 using their bullock carts," Toungoo Township, Toungoo District, Pegu Division, Martus Bulletin, 3 March; PWO (2006) "SPDC forced and ordered cars to carry castor trees in Nankham Township," Nankham Township, Muse District, Shan State, Martus Bulletin, 14 July; HURFOM (2009) "Motorbikes and money taken from Yebyu township residents," Yebyu Township, Tavoy District, Tenasserim Division, Martus Bulletin, 1 January; KWAT (2009) "Extortion of money from thor la gyi driver in Muse," Muse Township, Muse District Shan State, Martus Bulletin, March; PWO (2008) "Confiscation of motorbike," Mongton Township, Kyaukme District, Martus Bulletin, 10 January; PYNG (2007) "Numbers of lorry forced to carry military supplies," Mongton Township, Kyaukme District, Shan State, Martus Bulletin, 22 May; PYNG (2008) "Local residents slave for Shweli Hydropower construction," Mongton Township, Kyaukme District, Shan State, Martus Bulletin, 15 February; PYNG (2008) "Truck owners were forced to carry military supplies," Mongton Township, Kyaukme District, Shan State, Martus Bulletin, 1 June; PYNG (2008) "Local motor bikers forced to work for government poll campaigning," Namhsan Township, and Mongton Townships, Kyaukme District, Shan State, Martus Bulletin, 4 April. PYNG (2008) "Soldiers threaten and seize money," Namhsan and Mongton Townships, Kyaukme District, Shan State, Martus Bulletin, 18 February; PYNG (2008) "Local residents slave for Shweli Hydropower Construction," Mongton Township, Kyaukme District, Shan State, Martus Bulletin, 15 February;
- 77 PYNG (2008) "Local residents slave for Shweli Hydropower Construction," Mongton Township, Kyaukme District, Shan State, Martus Bulletin, 15 February.
- 78 KHRG (2007) "State repression and the creation of poverty in southern Karen State," Dooplaya District, Karen Human Rights Group, 23 February - <http://www.khrg.org/khrg2007/khrg07f2.html> - accessed 22 February 2010; KHRG (2009) "SPDC and DKBA order documents: August 2008 to June 2009," Karen Human Rights Group, August - <http://www.khrg.org/khrg2009/khrg0904.pdf> - accessed 23 March 2010.
- 79 Kaladan Press (2008) "Police and labourers clash, one dead, three injured in Sittwe," Sittwe Township, Sittwe District, Arakan State, 14 July - <http://www.bnionline.net/news/kaladan/4479-police-and-laborers-clash-one-dead-three-injured-in-sittwe.html> - accessed 4 March 2010; Kaladan Press (2010) "Arbitrary tax and tolls imposed in Maungdaw, Arakan," Maungdaw Township, Maungdaw District, Arakan State, Kaladan Press, 27 January - <http://www.bnionline.net/news/kaladan/7776-arbitrary-tax-and-toll-imposed-in-maungdaw-arakan.html> - accessed 1 March; KHRG (2009) "SPDC and DKBA order documents: August 2008 to June 2009," Karen Human Rights Group, August - <http://www.khrg.org/khrg2009/khrg0904.pdf> - accessed 23 March 2010; Tin Soe (2010) "Army engineering unit operate like gangsters in Northern Arakan," Maungdaw Township, Maungdaw District, Arakan State, Kaladan Press, 12 January - <http://www.bnionline.net/news/kaladan/7658-army-engineering-unit-operate-like-gangsters-in-northern-arakan.html> - accessed 1 March 2010. Burma Issues (2009) "SPDC commander Thin Maung Sint abuse on villagers," Taungoo Township, Taungoo District, Pegu Division, Martus Bulletin, 1 August; Burma Issues (2009) "SPDC shot and forcibly took villagers' supplies," Htantabin Township, Toungoo District, Pegu Division, Martus Bulletin, 15 October; HURFOM (2009) "LIB No. 556 uses KNU activity to justify human rights violations in Palaw Township," Palaw Township, Mergui District, Tenasserim Division, Martus Bulletin, 17 October 2009; HURFOM (2009) "DKBA soldiers beat and rob villagers in Thaton District," Thaton District, Mon State, Martus Bulletin, 13 September; HURFOM (2009) "Burmese battalions used physical and emotional intimidation to extort money from the local villages," Thanbyuzayat Township, Moulmein District, Mon State, Martus Bulletin, 1 September; KHRG (2009) "Exploitation and recruitment under the DKBA in Pa'an District," Pa'an District, Karen State, Karen Human Rights Group, 29 June, - [www.khrg.org/khrg2009/khrg09f11.pdf](http://www.khrg.org/khrg2009/khrg09f11.pdf) - accessed 21 February 2010; KHRG (2009) "SPDC and DKBA order documents: August 2008 to June 2009," Karen Human Rights Group, August - <http://www.khrg.org/khrg2009/khrg0904.pdf> - accessed 23 March 2010.
- 80 Another new source of revenue for the central government appeared in 2009. The levying of income tax is associated with the issuing of identification papers allowing people to work for one year in Thailand. Those holding identification papers reported being taxed on their earnings in Thailand, although the tax rate was not reported - Lawi Weng (2009) "Burmese authorities issue 'passports' to migrants," Irrawaddy, 16 June - [www.irrawaddy.org/article.php?art\\_id=16020](http://www.irrawaddy.org/article.php?art_id=16020) - accessed 16 February 2010.
- 81 TSYO (2009) "Youth forced to attend fire-fighter training by authorities," Nankham Township, Muse District, Shan State, Martus Bulletin, 2 October.
- 82 IMNA (2010) "Fire-truck tax baffles villagers," Mudon Township, Moulmein District, Mon State, Burma News International, 10 February - <http://www.burmanewsinternational.net>



Taxes can also be levied for the stated purpose of purchasing equipment, such as fire-engines, which never materialise.<sup>83</sup> In Myitkyina Township in Kachin State in 2008, taxes were increased for the stated purpose of covering the costs of garbage collection. This occurred in a situation where the garbage services are concentrated in the area of the Tatmadaw's Northern Command Headquarters.<sup>84 85</sup>

Improvements in services, when they actually do occur are financed by up-front connection fees levied on users. For example, in a satellite suburb in Rangoon Township households had to pay large up-front fees to be connected to the water network, with the fee reported to be based on the size of the land. Most of the households in the quarter preferred the new service, being easier and cheaper on a per-unit basis than the previous purchase of bottled water. This is the case even though the new piped water supply service works only twice a day during the wet season and in the dry season there is often no water.<sup>86</sup> The size of the connections fees meant that some households had to borrow from the local money lender, incurring burdensome interest bearing debt.<sup>87</sup> In other areas fees for improvements in services are levied after the construction has been completed. For example, in Sittwe Township in Arakan State during 2009, the TPDC replaced a major water pipe that had been originally laid under British rule, and which improved the quality of the water.<sup>88</sup> Households connecting to the pipe had to pay 3,000 Kyat for the application form and 52,000 Kyat for the connection. Those households not directly near the new pipe had to incur additional costs associated with the laying of connecting pipes. However, households unable to pay for the connection are now without piped water and have to collect water at crowded public outlets.

Another, example of the large fees being charged for connection to services is from Myitkyina in Kachin State, which in April 2008 began to have 24 hour electricity, supplied by a company controlled by the Kachin Independence Organisation. Even though 24 hour electricity is available, unlike most places in Burma, the connection fees can cost hundreds of thousands of Kyat.<sup>89</sup> Coupled with the large connection fees is the Tatmadaw's use of the threat of violence to force households to supply them with services. This occurred in Myitkyina in September 2010 when the local Tatmadaw command began to levy taxes to cover the costs of lighting the main road, which leads to their Northern Command Headquarters.<sup>90</sup> Households were even ordered to purchase the light bulbs for this strip of street lighting.

bnionline.net/news/imna/7871-fire-truck-tax-baffles-villagers.html - accessed 25 February 2010.

83 IMNA (2010) "Fire-truck tax baffles villagers," Mudon Township, Mon State, Burma News International, 10 February - <http://www.bnionline.net/news/imna/7871-fire-truck-tax-baffles-villagers.html> - accessed 25 February 2010.

84 KNG (2008) "Junta collects municipal taxes but provides no service for civilians in Myitkyina," Myitkyina Township, Kachin State, Kachin News Group, 12 September - <http://www.kachinnews.com/News/Junta-collects-municipal-taxes-but-provides-no-service-for-civilians-in-Myitkyina.html> - accessed 23 February 2010; KNG (2008) "Living under duress in Kachin State," Myitkyina Township, Myitkyina District, Kachin State, 30 September - <http://www.kachinnews.com/Commentary/Living-under-duress-in-Kachin-State.html> - accessed 23 February 2010.

85 KNG (2008) "Living under duress in Kachin State," Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 30 September - <http://www.kachinnews.com/Commentary/Living-under-duress-in-Kachin-State.html> - accessed 23 February 2010.

86 Mae Sot Taxation Training Interview 3 Female, 25 August 2009, Rangoon Township, Rangoon Division.

87 This supports other evidence that it is the connection fee, rather than the per-unit price of price water that prevents the poor from having access to safe water supply services. The policy implication is that poor households be granted subsidies that allows them to cover the connection fee. See for example M.Basini, J. Isham and B. Reilly (2008) "The Determinants of Water Connection and Water Consumption: Empirical Evidence from a Cambodian Household Survey," *World Development*, 36(5), 953-968.

88 Narinjara News (2009) "Sittwe residents suffer from high taxes on water," Sittwe Township, Sittwe District, Arakan State, Narinjara News, 14 December - <http://www.bnionline.net/news/narinjara/7554-sittwe-residents-suffer-from-high-taxes-on-water.html> - accessed 1 March 2010.

89 KNG (2009) "Junta amasses money while civilians suffer," Myitkyina Township, Myitkyina District, Kachin State, 23 March - <http://www.bnionline.net/news/kng/6028-junta-amasses-money-while-civilians-suffer.html> - accessed 2 March 2010.

90 KNG (2008) "Junta orders civilians to pay electricity charges for roadside lighting," Myitkyina Township, Kachin State, Kachin News Group, 30 September - <http://www.kachinnews.com/News/Junta-orders-civilians-to-pay-electricity-charges-for-roadside-lighting.html> - accessed 23 February 2010.

Generally, corruption in the supply of services to households (and businesses) has also increased.<sup>91</sup> For example, access to mobile phones is controlled by the government in Burma, rather than the private sector. At the beginning of 2010, the state owned Myanmar Post and Telecommunications began increasing the availability of mobile phones in nine states and divisions - Kachin, Chin, Mon, Arakan and Southern Shan States and Sagaing, Magwe, Pegu and Irrawaddy Divisions.<sup>92</sup> The official price for the rental of the phone connection was reported as 500,000 Kyat per month. However, despite the already very high price, there were reports from Mon State the rental price being charged was higher, at 700,000 Kyat per month.<sup>93</sup>

## Fines

Fines, though they are not strictly taxes, are commonly imposed in order to raise government revenue in many countries. The offences on which fines are levied should be outlined in legislation and well known to the general public. In Burma, fines are also a common method of raising revenue for different state agencies, though most of the revenue is allocated to personal income. Additionally, even if the offenses are outlined in legislation, their collection is unpredictable and carried out by different agencies. Sometimes households/individuals are fined by the different agencies of the state for non-compliance with various "offenses", many of which are unpredictable.<sup>94</sup> Some of the fines are for political reasons, such as non-attendance at government rallies and failure to report visitors to the local authorities.<sup>95</sup> The police appear to be heavily involved in using the powers of the state to arbitrarily impose, sometimes quite large, fines to exhort money. People can be fined for falling asleep when forced to do sentry duty for the Tatmadaw.<sup>96</sup> The lack of the rule of law and systematic corruption allow for widespread extortion by the police, who utilize the detention power of the state. There are reports from numerous locations in Mudon Township Mon State, where arbitrary arrest is used to extract poll taxes, reportedly of 20,000 Kyat.<sup>97</sup> Sometimes the fines are enough to plunge households into destitution, including the better-off households.<sup>98</sup>

91 Kyaw Kha (2010) "USDA dabbles in telecommunications business," Mon State, Mizzima News, 5 March - <http://www.bnionline.net/news/mizzima/8043-usda-dabbles-in-telecommunication-business.html> - accessed 8 March 2010.

92 Kyaw Zin Htun (2010) "MPT rolls out 450MHz phone network," Myanmar Times, 4 March.

93 Kyaw Kha (2010) "USDA dabbles in telecommunications business," Mon State, Mizzima News, 5 March - <http://www.bnionline.net/news/mizzima/8043-usda-dabbles-in-telecommunication-business.html> - accessed 8 March 2010; The very high monthly rental price may be another attempt by the central government to increase its revenue. Previously, the license fee for a mobile phone was much lower at K150,000. The change in the service fees was also coupled with less geographical coverage. The coverage of the earlier phones was national, whereas the coverage of the new phones is only within the state or division of issue.

94 KWAT (2007) "Fines for not working for the fire brigade in Hkalen Block," Pangsai Township, Shan State, Martus Bulletin; HURFOM (2009) "Army in Pegu forces young men to join army and villagers have to work as unpaid labourers," Kyauk-Kyi Township, Nayunglebin District, Pegu Division, 7 November; KWAT (2008) "The villagers were forced to work in Myitkyina University," Myitkyina Township, Kachin State, Martus Bulletin, 1 November; KWAT (2008) "Woman forced to pay money to the police," Putao Township, Putao District, Kachin State, Martus Bulletin, 10 September; PYNG (2008) "Truck owners were forced to carry military supplies," Mantong Township, Shan State, Martus Bulletin, 1 June; PYNG (2008) "Forced labour for the Shweli power lines," Namtu and Nankham Townships, Shan State, Martus Bulletin, 1 June; HURFOM (2007) "Police extort money from arrested young people in the Mon village," Mudon Township, Moulmein District, Martus Bulletin, 14 August.

95 HURFOM (2007) "Authorities fines people refusing to attend rally in Ye township," Ye Township, Mon State, Martus Bulletin, 24 October. HURFOM (2007) "Abuses occurring behind the rallies in Mudon Township," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 22 October; HURFOM (2007) "Abuses occurring behind the rallies in Ye Township," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 21 October; HURFOM (2007) "Abuses occurring behind the rallies in Mon State (1)," Ramanya, Moulmein, Mon State, Martus Bulletin, 1 October; PWO (2009) "Unfair fine on unreported census in Zon Gang Quarter," Nankham Township, Muse District, Shan State.

96 HURFOM (2007) "Interview with forced labour victim from Khaw-Zar Sub Township," Martus Bulletin, 10 April

97 HURFOM (2006) "Police and Navy extorted money from local villagers in Southern Burma," Martus Bulletin, March.

98 HURFOM (2009) "Interview: Forced to pay various titles of fees including gas pipeline, village security and government run summer paddy project," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 1 October.

# Taxation for Infrastructure

## Who Levies the Taxes and Forced Labour to Build Infrastructure?

The resources for infrastructure building and maintenance again mostly involve agencies extracting resources from households, as with other taxes levied on households this is decentralized and operates outside of any legal framework. The SPDC still issues decrees to the lower echelons of their administrative structure regarding the construction and maintenance of roads, bridges schools and government buildings. Some infrastructure building is determined by the locally based commanders in the Tatmadaw and TDPC.<sup>99</sup> Ceasefire groups likewise levy taxes and extract resources for the construction and maintenance of infrastructure.<sup>100</sup> Sometimes resources are extracted to finance infrastructure that benefits groups other than those doing the financing.<sup>101</sup> Sometimes the levying of taxes for the stated purpose of funding infrastructure is simply a cover<sup>102</sup> and funds received by the TPDC and Tatmadaw to finance infrastructure construction are diverted to personal income and forced labour is used instead.<sup>103</sup> Those providing the resources are excluded from participating in any process that might elicit their preferences regarding the building and maintenance of infrastructure.

## What is Used to Fund Infrastructure Building?

**Taxes on Households to Build Infrastructure:** In some areas taxation for the purpose of infrastructure building is on-going, with the size of the taxes being the major problem. Though, again many of the (cash) taxes levied for the construction of infrastructure are unpredictable in terms of the timing and the amount. Typically households are given little time, usually no more than two weeks to pay these taxes.<sup>104</sup>

Sometimes each household is levied a lump-sum tax, but in other circumstances rough estimates of household income are used to determine the size of the tax.<sup>105</sup> Sometimes the taxing agency will levy the tax on the village, with village leaders then determining the amounts to be paid by each household.<sup>106</sup> Sometimes taxes are

99 HURFOM (2006) "Tax for Development Projects," Thanbyuzayat and Ye Townships, Moulmein District, Mon State, Martus Bulletin, 25 May; HURFOM (2006) "Forced Labour Still Continued in Mon State," Ye Township, Moulmein District, Mon State, Martus Bulletin, 1 March; HURFOM (2006) "Forced labour still continues in Mon State #2," Mudon and Thanbyuzayat Townships, Moulmein District, Mon State, Martus Bulletin, 4 April.

100 Burma Issues (2007) "Locals forced to construct new army camp," Mawchi Township, Karenni State, Martus Bulletin, 11 June; Burma Issues (2008) "DKBA forced villagers to build military camp," Kawkaik Township, Dooplaya District, Karen State, Martus Bulletin, 12 November; Burma Issues (2008) "Confiscation of villagers' property," Papun Township, Pa'an District, Karen State, 19 September.

101 HURFOM (2009) "Villagers forced to repair road in Tenasserim Division," Tavoy Township, Tavoy District, Tenasserim Division, 29 August. <http://rehmonnya.org/archives/1003> - accessed 10 September 2009; KHRG (2009) "Exploitative abuse and villager responses in Thaton District," Thaton District, Karen Human Rights Group, 25 November, p.8 - <http://www.khrg.org/khrg2009/khrg09f20.pdf> - accessed 23 March 2010.

102 HURFOM (2009) "Corruption and arbitrary taxation on road repairs in Hangan," Ye Township, Moulmein District, Mon State, The Mon Forum, 15 July - <http://rehmonnya.org/archives/979#more-979> - accessed 26 February 2010; KHRG (2009) "Exploitative abuse and villager responses in Thaton District," Thaton District, Karen Human Rights Group, 25 November, p.9 - <http://www.khrg.org/khrg2009/khrg09f20.pdf> - accessed 23 March 2010.

103 PYNG (2003) "SPDC forced villagers to cut wood without pay," Namtu Township, Kyaukse District, Shan State, Martus Bulletin, 8 February. Mizzima News (2010) "Six Falam villager build road at own expense," Falam Township, Falam District, Chin State, 4 March - <http://www.bnionline.net/news/mizzima/8032-six-falam-villages-build-roads-at-own-expense.html> - accessed 23 March 2010.

104 HURFOM (2006) "Tax for Development Projects," Thanbyuzayat and Ye Townships, Moulmein District, Mon State, Martus Bulletin, 25 May.

105 Ibid.

106 KHRG (2007) "State repression and the creation of poverty in southern Karen State," Kawkaik District, Karen State, 23 February - <http://www.khrg.org/khrg2007/khrg07f2.html> - accessed 22 February 2010; KHRG (2009) "Exploitation and recruitment under the DKBA in Pa'an District," Pa'an District, Karen State, Karen Human Rights Group, 29 June, p.3 - [www.khrg.org/khrg2009/khrg09f11.pdf](http://www.khrg.org/khrg2009/khrg09f11.pdf) - accessed 21 February 2010; KHRG (2009) "Exploitative abuse and villager responses in Thaton District," Thaton District, Karen Human Rights Group, 25 November, p.9 - <http://www.khrg.org/khrg2009/khrg09f20.pdf> - ac-

levied to cover the cost of a specific component of an infrastructure project.<sup>107</sup> As with other cash taxes levied on households, those levied for infrastructure also vary considerably on the basis of geography. For example, in 2006 some households in Ye Township were taxed a lump-sum of 2,000 Kyat to fund local road construction.<sup>108</sup> Those households closer to the road were taxed a larger amount of 3,000 Kyat per household.<sup>109</sup> In 2006 in Thanbyuzayat Township, also in Mon State, the tax levied on households for road repairs was between 1,500 and 5,000 Kyat, this time varying on the basis of a rough estimate of household income.<sup>110</sup> Whereas, in 2007, in Ye Township, the Tatmadaw taxed each of the 600 households between 2,000 and 8,000 Kyat.<sup>111</sup>

**Forced Labour:** This purpose here is not to document in detail the use of forced labour, but to assess the impacts of this method of financing the construction and maintenance of infrastructure. Forced labour, is a significant and widespread method used by Burma's state to extract resources from the private sector. People are forced to supply labour without payment to construct buildings for military bases, TPDCs, VPDCs and schools, roads and bridges and other infrastructure.<sup>112</sup> To ignore forced labour in this regard would provide an inaccurate representation of the state's methods of extracting resources in order to fund its programs. Forced labour is equivalent to a 100% "tax" on an individual's wage for the period of the unpaid labour, with all its consequent abuses and income loss.<sup>113</sup> Another method of funding infrastructure building associated with forced labour is the levying of fines for failure to provide the demanded labour. Again the fines vary on the basis of geography. For example, in 2003 in Maington Township in Shan State, the fine varied between 230 and 330 Kyat for each day that labour wasn't supplied;<sup>114</sup> whereas in Maing Hsat Township in the same state in the same year, households were fined a much higher rate each day at around 1,200 Kyat. In 2004 households in Murngpan Township in Shan State were fined 1,000 Kyat per day. In 2006 in Mudon Township, households

cessed 23 March 2010.

107 HURFOM (2006) "SPDC continues forced labour," Ye Township, Moulmein District, Mon State and Yebyu Township, Tavoy District, Tenasserim Division, Martus Bulletin, 5 May.

108 HURFOM (2006) "Porter and forced labour fees by SPDC's battalions," Ye Township, Moulmein District, Mon State & Yebyu Township, Tavoy District, Tenasserim Divisions, Martus Bulletin, 3 May.

109 Ibid.

110 HURFOM (2006) "Tax for Development Projects," Thanbyuzayat and Ye Townships, Moulmein District, Mon State, Martus Bulletin, 25 May

111 HURFOM (2007) "Continued Forced Labour in Mon State," Khaw-Zar Sub-Township, Ye Township, Ye District, Mon State, Martus Bulletin, 1 January.

112 Burma Issues (2008) "SPDC Battalion Commander Aung Tin and Soe Myit gave orders to villagers," Nyaunglebin Township, Pegu District, Pegu Division, Martus Bulletin, 13 March; Burma Issues (2008) "Battalion Commanders forced villagers," Nyaunglebin Township, Pegu District, Pegu Division, Martus Bulletin, 2 March; Burma Issues (2008) "SPDC forced villagers to do road construction for the military," Nyaunglebin Township, Pegu District, Pegu Division, Martus Bulletin, 25 February; Burma Issues (2008) "Forced labour and confiscation and destruction of property," Nyaunglebin Township, Pegu District, Pegu Division, Martus Bulletin, 9 February; Burma Issues (2009) "Villagers force labour by SPDC at Play Has Lo Village," Hrantabin Township, Taungoo District, Karen State, Martus Bulletin, 19 March; HREIB (2008) "Forced labour," Myeik Township, Tenasserim Division, Martus Bulletin, 29 June; HURFOM (2006) "Forced Labour Still Continued in Mon State," Ye Township, Moulmein District, Mon State, Martus Bulletin, 1 March; HURFOM (2006) "Forced labour still continues in Mon State #2," Mudon and Thanbyuzayat Townships, Moulmein District, Mon State, Martus Bulletin, 4 April; HURFOM (2006) "Tax for Development Projects," Thanbyuzayat and Ye Townships, Moulmein District, Mon State, Martus Bulletin, 25 May; HURFOM (2007) "Villagers forced to clear bushes and tree roots," Khaw-Zar Sub-Township, Ye Township, Moulmein District, Mon State, Martus Bulletin, 9 January; KSWDC (2007) "80 villagers from 3 villages in Karenni State forced labour on army camp," Loi Kaw Township, Loi Kaw District, Karenni State, 27 July; PYNG (2008) "Villagers forced to do repairs on the hydropower dam project," Nankham Township, Muse District, Shan State, Martus Bulletin, 21 April; Tin Soe (2010) "Army engineering unit operate like gangsters in Northern Arakan," Maungdaw Township, Maungdaw District, Arakan State, Kaladan Press, 12 January - <http://www.bnionline.net/news/kaladan/7658-army-engineering-unit-operate-like-gangsters-in-northern-arakan.html> - accessed 1 March 2010.

113 Infrastructure building in some areas is also accompanied by restrictions on people's freedom of movement. This though not a tax has a negative impact on aggregate output. For example in 2006 in Ye Township from between March till the end of May, restrictions on people's movement meant that people in some villages could not work on their plantations and farms. People from these villages were also instructed that would be required to carry permission letters from their village headmen whenever they went to their farms or fruit plantations. Those without the requisite letters could be accused of being rebel members or supporters.

114 LWO (2003) "All villages in Maingrong Township forced to provide unpaid labour by Colonel Maung Pu from LIB519," Maington Township, Maing Hsat District, Shan State, Martus Bulletin, 10 April.

were fined 500 Kyat for the day;<sup>115</sup> whereas in Ye Township in the same state in the same year the fine levied on households that did not provide forced labour were fined around 1,600 Kyat.<sup>116</sup> Two years later in 2008, in Ye Township the fine for not supplying unpaid labour to the state had doubled to 2,500 Kyat per day.<sup>117</sup> In at least some areas of Yebyu Township, Tenasserim Division in 2008, fines were levied at 3,500 Kyat per day.<sup>118</sup> Similarly, in 2009 in Kaleinaung Sub-Township in Tavoy Township in Tenasserim Division the fine for providing labour was 3,500 Kyat per day.<sup>119</sup> The levying of fines associated with forced labour in terms of when they are levied and the amount levied increases the costs of these taxes, as households have limited opportunity to prepare for the payment. Fines for not supplying forced labour can also be levied in-kind, with households forced to provide inputs required to build infrastructure, such as wood, rocks, sand and cement.<sup>120</sup>

**Forced to Provide Materials:** Another method of funding infrastructure construction and maintenance is the forced acquisition of non-labour inputs from households.<sup>121</sup> In some situations individuals are ordered by the local authorities to provide the material required for construction.<sup>122</sup> In other cases the responsibility for providing the materials required for construction are levied on the village, rather on specific individuals.<sup>123</sup> This means that the village authorities/leaders bear the costs for organising the supply of the materials. For example, as part of a program of public works two villages in Ye Township were engaged in the upgrading of two wooden bridges in their local area.<sup>124</sup> For this purpose one village had to provide 20 bags of cement.<sup>125</sup> The other village had to provide the trees, which were located on private land.

## Impact of Infrastructure Taxation

There are a number of serious problems for households, apart from the human rights abuses associated with forced labour, arising from the present system of financing some of Burma's infrastructure building. Firstly, the system is not flexible as the demands on households for infrastructure building do not consider the fluctuations

- 115 HURFOM (2006) "Villagers forced to remove bushes from along the motor road," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 31 July.
- 116 HURFOM (2006) "SPDC continues forced labour," Ye Township, Moulmein District, Mon State and Yebyu Township, Tavoy District, Tenasserim Division, Martus Bulletin, 5 April.
- 117 HURFOM (2008) "Interview with forced labour victims from Ye Township," Ye Township, Moulmein District, Mon State, Martus Bulletin, 1 January.
- 118 HURFOM (2009) "Motorbikes and money taken from Yebyu township residents," Yebyu Township, Tavoy District, Tenasserim Division, Martus Bulletin, 1 January.
- 119 HURFOM (2009) "Villagers forced to repair road in Tenasserim Division," Tavoy Township, Tavoy District, Tenasserim Division, 29 August. <http://rehmonnya.org/archives/1003> - accessed 10 September 2009
- 120 HURFOM (2007) "Ongoing forced labour usage on SPDC's development projects in Southern Mon State," Ye Township, Moulmein District, Mon State, Martus Bulletin, 17 January.
- 121 HURFOM (2007) "Continued Forced Labour in Mon State," Khaw-Zar Sub-township, Ye Township, Moulmein District, Mon State, Martus Bulletin, 1 January; HURFOM (2007) "Ongoing forced labour usage of SPDC's development projects in Southern Mon State," Ye Township, Moulmein District, Mon State, Martus Bulletin, 17 January; KHRG (2009) "Exploitative abuse and villager responses in Thaton District," Thaton District, Karen Human Rights Group, 25 November, p.7-8 - <http://www.khrg.org/khrg2009/khrg09f20.pdf> - accessed 23 March 2010.
- 122 HURFOM (2006) "Tax for Development Projects," Thanbyuzayat and Ye Townships, Moulmein District, Mon State, Martus Bulletin, 25 May
- 123 HURFOM (2006) "SPDC continues forced labour," Ye Township, Moulmein District, Mon State and Yebyu Township, Tavoy District, Tenasserim Division, Martus Bulletin, 5 April.
- 124 HURFOM (2007) "Ongoing forced labour usage on SPDC's development projects in Southern Mon State," Ye Township, Moulmein District, Mon State, Martus Bulletin, 17 January.
- 125 HURFOM (2007) "Continued Forced Labour in Mon State," Khaw-Zar Sub-Township, Ye Township, Moulmein District, Mon State, Martus Bulletin, 1 January; HURFOM (2007) "Ongoing forced labour usage on SPDC's development projects in Southern Mon State," Ye Township, Moulmein District, Mon State, Martus Bulletin, 17 January.

in the economy and the agricultural cycle. The failure to consider the agricultural cycle also has negative efficiency implications arising from decreases in agricultural output and ultimately lowering the income of households in the private sector.<sup>126</sup> For example, 10 days at the end of May 2007 around 600 people were forced by the Tatmadaw in Khaw-Zar Sub-Township (for around ten days) to engage in road repairs and clean up public areas to welcome a Tatmadaw official.<sup>127</sup> The forced labour prevented people from attending to their fruit gardens, during the time of year, when durian ripens.<sup>128</sup> The timing also had implications for farmers growing other crops, who needed to prepare the land before the Monsoon rains began.

Another cost is the damage to any equipment that people have to provide to perform unpaid labour.<sup>129</sup> Additional costs from forced labour can include people being injured and beaten incurring the costs of medical care and/or the long term costs of disability.<sup>130</sup> Forced labour on households without savings can have an additional negative impact, when they are forced to borrow money (or sell assets) to cover the lost income, damage associated with using their personal equipment, and the costs of health care and disability.<sup>131</sup> These also lower the overall level of private sector income, and the distribution of resources between households in the private sector.

The tax system with regard to levying of resources for the building of infrastructure is not fair in its relative treatment of different individuals and households. The limited provisions to ascertain the capacity of households to incur the resource imposition for infrastructure building suggests that poorer households are being taxed for infrastructure building more than richer households. Again, this indicates that Burma's system of taxation is regressive.

There is considerable anecdotal evidence that much of the infrastructure built by forced labour is of poor quality.<sup>132</sup> The poor quality of the infrastructure is directly associated with the method of financing construction. There are limited incentives for labour to perform their job properly when they are uncompensated. There are also limited incentives for soldiers overseeing labour to ensure that work is done properly. The incentive is get the construction completed in line with orders. There are also incentives for households and military to supply inferior inputs to the construction process, as neither obtain returns from supplying higher cost inputs.

126 HURFOM (2008) "Interview with forced labour victims from Ye Township," Ye Township, Moulmein District, Mon State, Martus Bulletin, 1 January; TSYO (2009) "Youth forced to attend fire-fighter training by authorities," Nankham Township, Muse District, Shan State, Martus Bulletin, 2 October.

127 HURFOM (2007) "Villagers forced to work for a week to welcome Lt. Gen Maung Bo," Southern Ye Township, Moulmein District, Mon State, Martus Township, 23 May.

128 Ibid.

129 TSYO (2009) "Forced labour to rebuild road," Namhsan Township, Kyaukse District, Shan State, Martus Bulletin, 12 October; TSYO (2009) "Land confiscated by SPDC soldiers," Namhsan Township, Kyaukse District, Shan State, Martus Bulletin, 10 October.

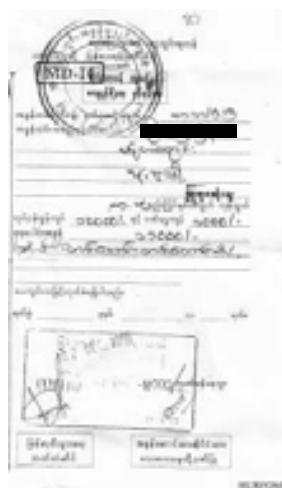
130 HURFOM (2008) "Interview with forced labour victims from Ye Township," Ye Township, Moulmein District, Mon State, Martus Bulletin, 1 January.

131 HURFOM (2009) "Villagers forced to repair road in Tenasserim Division," Tavoy Township, Tavoy District Tenasserim Division, 29 August. <http://rehmonnya.org/archives/1003> - accessed 10 September 2009; HURFOM (2006) "SPDC continues forced labour," Ye Township, Moulmein District, Mon State and Yebyu Township, Tavoy District, Tenasserim Division, Martus Bulletin, 5 April.

132 HURFOM (2009) "Villagers forced to repair road in Tenasserim Division," Tavoy Township, Tavoy District, Tenasserim Division, 29 August. <http://rehmonnya.org/archives/1003> - accessed 10 September 2009

## Taxation of Small Businesses

Burma has legislation that is supposed to govern the taxation of business income and profit (Income Tax Law 1974 and Profit Tax Law 1976). The official tax rate on businesses formed under the Myanmar Company Law Act is 30%, although corruption in state agencies means this rate is much higher in practice.<sup>133</sup> Taxation on businesses incorporated under the Corporate Law Act are outside the parameters of this report, as these are the larger companies, some with connections to the regime. The proportion of total recorded, on-budget taxes from the profits of these businesses have fallen from 15.5% to around 10% in the last five years.<sup>134</sup> Despite the fall in profit taxes as a percentage of total taxes, these are still extremely large as a proportion of total recorded taxes, relative to other poor countries. Typically in poor countries, taxes on corporate profits, (both local and foreign companies), amount to less than 3% of the country's tax revenue, (in rich countries it is around 6%). The taxation of small business is officially governed by the Profit Tax Law (1976) for which there is no public data.<sup>135</sup> As with households, there is evidence that the number of taxes and the absolute amount of taxes levied on businesses have been increasing, since 2009, due to orders from the central government.<sup>136</sup>



A receipt for 11,000 Baht (350 US\$) yearly tax for trading for a small stall. Converted to Baht because close to the Thai border. (HURFOM)

## Who Levies the Taxes?

Taxes on small privately owned businesses, as with households, are levied by a range of state agencies including the TPDC/VPDC, the Tatmadaw, police and ceasefire groups.<sup>137</sup> For example, in 2009 in Kyauktaw Township in Arakan State, rice mill owners paid a total of 60,000 Kyat in taxes to different state agencies.<sup>138</sup> This included an annual registration fee of 28,000 Kyat; 2,000 Kyat for the stated purpose of covering the administration expenses of the TPDC; 4,000 Kyat to the Ministry of Labour and 16,000 Kyat to the Internal Revenue Department in the

133 Business Environment Outlook (2008) Business Environment in Focus: Myanmar, October, p.2.

134 <http://www.csostat.gov.mm> - accessed 17 September 2009.

135 Ministry of Finance and Revenue, "Facts you need to know about taxation," Internal Revenue Department, Mon State - Translated from Burmese.

136 Auctions of licenses are a common method for governments to earn revenue, but in Burma they are also a common method of limiting competition. This forces up the price of the produce and has detrimental impacts on the income of those who can no longer operate. There are numerous examples of licenses being issued for this purpose. For example, in Bogale Township, after Cyclone Nargis fishing licenses were auctioned causing locals to lose their livelihoods. Salai Pi Pi (2009) "Fishing license affects lives of Nargis victims," Bogale Township, Hpyarpon District, Irrawaddy Division, Mizzima News, 1 May - <http://www.bnionline.net/news/mizzima/6197-fishing-license-affects-lives-of-nargis-victims.html> - accessed 2 March 2010. Another area, where licensing not only raises revenue, but has had serious detrimental impacts in creating shortages are the limited number of licenses issued for the importation of spare parts for vehicles. May Kyaw (2009) "New regulation introduced for importing car parts," Mizzima News, 15 July - <http://www.bnionline.net/news/mizzima/6657-new-regulation-introduced-for-importing-car-parts.html> - accessed 2 March 2010. Licenses and controls over the importation of cars have meant that car prices in Burma are seriously inflated.

137 HURFOM (2009) "DKBA conducts arbitrary taxation in Beelin Township, Beelin Township, Thaton District, Mon State, Martus Bulletin, 12 August; Khonumthung News (2010) "Small rice mill owner pays Kyat 60,000 as tax," Kyauktaw Township, Sittwe District, Arakan State, Khonumthung News, 8 January - <http://www.bnionline.net/news/khonumthung/7646-small-rice-mill-owner-pays-kyat-60000-as-tax.html> - accessed 1 March.

138 Khonumthung News (2010) "Small rice mill owner pays Kyat 60,000 as tax," Kyauktaw Township, Sittwe District, Arakan State, Khonumthung News, 8 January - <http://www.bnionline.net/news/khonumthung/7646-small-rice-mill-owner-pays-kyat-60000-as-tax.html> - accessed 1 March.

Ministry of Finance In Buthidaung, another township in Arakan State rice millers had similar problems, with multiple agencies collecting taxes.<sup>139</sup> For example during the 2008/09 fiscal year the local representatives of four government departments collected a total of 57,000 Kyat. The Internal Revenue Department collected

15,000 Kyat, the TPDC administration office collected 25,000 Kyat, and the Industry Ministry No.2 collected 12,000 Kyat and the Agricultural Department 5,000 Kyat. During the 2009/10 fiscal year total taxes on each rice mill had increased by more than 300% to 147,000 Kyat. The Internal Revenue Department increased it taxes by 25,000 Kyat, the TPDC administration office by 35,000 Kyat, and the



**“We have to pay tax to the train station security forces” Ye-Dawey Railway, Mon State (HURFOM)**

Agricultural Department increasing by 15,000 Kyat. The Industry Ministry No.2 did not increase its taxes, but another agency, the TPDC municipal official began by levying a lump-sum tax on all rice mills of 15,000 Kyat.<sup>140</sup> Another example, of multiple taxation, this time from Mon State are taxes that are levied on businesses that sell individual phone calls. Payments included a monthly fee of 2,000 Kyat to the local army battalion, and a monthly payment of 40,000 Kyat to the local military intelligence forces.<sup>141</sup>

There is some evidence of small scale tax farming in the levying of taxes on small business, where private agents are given the right to collect taxes. The private agency then has to pay the authorities a designated amount of tax, with any monies collected above this amount kept as private income.<sup>142</sup> This practice, as the private agents are profit maximisers, results in higher levels of taxes on businesses.

This uncoordinated method of levying taxes, typically increases the total amount of taxation levied on the business, as well as increasing other costs. This includes problems arising from the timing and the predictability of the amount of taxes to be paid.<sup>143</sup> There is no consistent pattern to the timing, and the amount of the taxes levied on businesses nor is their consistency regarding the agencies collecting

139 Narinjara News (2010) “Rice mill owners suffer due to increased taxes,” Buthidaung Township, Maungdaw District, Arakan State, Narinjara News, 6 January - <http://www.bnionline.net/news/narinjara/7613-rice-mill-owners-suffer-due-to-increased-taxesjanuary-5.html> - accessed 1 March 2010.

140 Ibid.

141 HFROM (2009) “Phone tapping by local authorities leads to economic hardship for phone owners,” Ye Township, Ye District, Mon State, Martus Bulletin, 1 January.

142 ASSYC (2010) “Tax for fishermen in Rambee City,” Rambee Township, Arakan State, Martus Bulletin, 10 January; PWO (2009) “Inflated tax on alcohol shops in Nam Tsit village and Man Sat village,” Nankham Township, Muse District, Shan State, Martus Bulletin, 31 October.

143 AASYC (2009) “Sitwe Taxis burdened with new number cards for 61,000 kyat,” Sitwe Township, Sitwe District, Arakan State, Martus Bulletin, 23 July; Burma Issues (2009) “SPDC has no tax law,” Beelin Township, Thaton District, Mon State, Martus Bulletin, Martus Bulletin, 22 August; PWO (2009) “Additional tax on shop in Aong Chan Tar Quarter,” Nankham Township, Muse District, Shan State, Martus Bulletin, 15 October.



the taxation. For example, restaurants in Mudon Township in 2009 were levied additional taxes of between 5,000 and 15,000 Kyat each month.<sup>144</sup> In 2009 in Beelin Township, also in Mon State, both the Tatmadaw and the DKBA levied taxes on local businesses, notably rice and lumber mills.<sup>145</sup> One of the taxes levied on the rice and lumber mills was 10,000 Kyat each month for the ‘operation of the business’, which was at least predictable. Other taxes imposed on the mills are not predictable, with the DKBA having levied taxes of around 15,000 for the previous few months, when their troops need money for food. Total taxes levied on these businesses during this period amounted to between 30,000 and 40,000 Kyat each month.<sup>146</sup> The uncertainty created by businesses not being informed of the size and timing of taxes increases the difficulties of making business decisions. This can force businesses to borrow money to pay taxes.

Even when taxes are predictable in terms of when they are levied, the amounts taxed can vary for reasons not associated with the business.<sup>147</sup> High tax rates can also lower income decreasing the number of profitable businesses in operation.

## What is Taxed?

**Cash Taxes on Businesses:** Licenses to operate businesses can be a legitimate method of raising revenue, regulating business behaviour and a method of financing services. However, in Burma’s system where few services are provided by the state, business licenses are often nothing more than a method of extracting money from the private sector.<sup>148</sup> In some areas, and for particular businesses, the Tatmadaw, and not Burma’s bureaucracy, controls the issuing of licenses in return for fees. Registration fees on businesses are often levied via negotiation with the local authorities and many are “unofficial”. Furthermore, the purchase of licenses and payment of registration fees does not necessarily protect business from abuses or unofficial taxation.<sup>149</sup>

There is typically an annual registration fee for the business levied by the local TPDC/VPDC, though details in the public domain are limited. Daily license fees can sometimes be levied on businesses, typically market stalls.<sup>150</sup> People involved in trade also have to obtain a permit from the authorities. Some licenses for, say, the production of alcohol are auctioned by the TPDC.<sup>151</sup> There are some signs of increased taxation on business ordered by the central government occurring via the issuing of notifications sent to certain businesses to apply for licenses to operate.

144 HURFOM (2009) “TPDC arbitrary tax demands in Mudon Township balloon,” Mudon Township, Moulmein District, Mon State, 9 September - <http://rehmonnya.org/archives/1003> - accessed 10 September 2009

145 HURFOM (2009) “DKBA conducts arbitrary taxation in Bilin Township,” Beelin Township, Thaton District, Mon State, 28 August - <http://rehmonnya.org/archives/1003> - accessed 7 September 2009

146 Ibid.

147 Ibid.

148 Narinjara News (2009) “Saka Kha 15 amasses huge funds,” Buthidaung Township, Maungdaw District, Arakan State, Narinjara News, 5 August - <http://www.bnionline.net/news/narinjara/6803-saka-kha-15-amasses-huge-funds.html> - accessed 2 March 2010.

149 Burma Issues (2009) “Corn traders fined,” Kawkaireik Township, Doooplaya District, Karen State, Martus Bulletin, 15 October.

150 KWAT (2009) “Taxes on stalls in Maw Mau Quarter,” Hpakan Township, Kachin State, Martus Bulletin, 1 December; KWAT (2009) “Tax on stalls in Maw Mau Hill,” Hpakan Township, Kachin State, Martus Bulletin, 9 December; KWAT (2009) “Stall tax on Jawng Kawng block,” Hpakan Township, Kachin State, Martus Bulletin, 8 December; KWAT (2010) “Stall tax in Hpakan,” Hpakan Township, Kachin State, Martus Bulletin, 5 January; KWAT (2010) “Stall tax in Maw Mau Quarter,” Hpakan Township, Kachin State, Martus Bulletin, 12 January.

151 Khonumthung News (2009) “Alcohol consumption drops in Thantlang Township,” Thantlang Township, Falam District, Chin State, 9 December - <http://www.bnionline.net/news/khonumthung/7534-alcohol-consumption-drops-in-thantlang-township.html> - accessed 1 March 2010.

For example in 2009 private hospitals, clinics and other health services were issued notices that they had to apply for a government issued license and pay taxes to the Health Ministry.<sup>152</sup> The license fee for clinics is based on the number of doctors and for hospitals it is based on the number of beds. There were also reports that businesses in Kachin State had to pay registration fees of 8,000 Kyat, for the first time in 2009.<sup>153</sup>

Many of the taxes levied on business (as with households) are levied on a lump-sum basis, rather than a percentage of revenue or profit.<sup>154</sup> For example, in 2009 in Kyauktaw Township in Arakan State, all rice mill owners were taxed a lump-sum of 60,000 Kyat, regardless of profit or revenue.<sup>155</sup> Lump sum taxes penalise smaller business owners, as they pay a higher effective tax rate than businesses with greater revenue. This penalising of smaller businesses acts to lower competition, forcing smaller businesses to leave the market. Some of the taxes levied are akin to extortion with little concern for the viability of the business.<sup>156</sup> For example, in June 2007 rice mill owners in Mudon Township in Mon State, of which there are around 100, were each ordered to pay the TPDC 50,000 Kyat regardless of income. Arrest was the threatened punishment for non-payment.<sup>157</sup> Smaller mill owners were reported to be unable to afford the payment. The available information does not allow for systematic assessments of tax rates on businesses. However, tax can sometimes be exceptionally high. For example, the market price of rice milling equipment purchased by a rice mill in Kyauktaw Township in Arakan State was reported as 12,000 Kyat, though the annual tax burden was 60,000 Kyat, five times the businesses capital investment.<sup>158</sup>

Sometimes taxes are levied on business based on rough assessments income.<sup>159</sup> One example, where a proxy for income was used to levy taxes, comes from Thaton District in Karen State in 2009 where the DKBA levied taxes on rice mill owners based on the size of the rice mill. The taxes levied were between 7,000 and 10,000 Kyat.<sup>160</sup> However, the taxes were levied at a time of year where income had yet to be earned from the sale of rice, illustrating the limited flexibility of Burma's system of taxation. Another problem (as with taxes levied on households) is that even when income is considered in determining the size of taxes levied arises from the lack of coordination in the taxation system.<sup>161</sup> For example, in 2009, the Customs

152 Irrawaddy (2009) "Burma licenses private hospitals, clinics," Irrawaddy, 8 October - [http://www.irrawaddy.org/article.php?art\\_id=16954](http://www.irrawaddy.org/article.php?art_id=16954) - accessed 16 February 2010.

153 KNG (2009) "Junta rakes in 1,000 million kyat from auction of seized cars," Myitkyina Township, Kachin News Group, 23 June - <http://www.kachinnews.com/News/Junta-rakes-in-1000-million-Kyat-from-auction-of-seized-cars.html> - accessed 23 February 2010.

154 Khonumthung News (2010) "Small rice mill owner pays Kyat 60,000 as tax," Kyauktaw Township, Sittwe District, Arakan State, Khonumthung News, 8 January - <http://www.bnionline.net/news/khonumthung/7646-small-rice-mill-owner-pays-kyat-60000-as-tax.html> - accessed 1 March.

155 Khonumthung News (2010) "Small rice mill owner pays Kyat 60,000 as tax," Kyauktaw Township, Sittwe District, Arakan State, Khonumthung News, 8 January - <http://www.bnionline.net/news/khonumthung/7646-small-rice-mill-owner-pays-kyat-60000-as-tax.html> - accessed 1 March.

156 KWAT (2009) "Tax on Karaoke shop in Sum Pra Bum Township," Putao Township, Kachin State, Martus Bulletin; Burma Issues (2009) "SPDC has no tax law," Beilin Township, Thaton District, Mon State, Martus Bulletin, 22 August; PYNG (2006) "Suburban retailers punished for no license," Namhsan Township, Shan State, 27 December.

157 HURFOM (2007) "Township authorities ordered over 100 rice mill owners to pay for army rations," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 9-15 June 2007.

158 Khonumthung News (2010) "Small rice mill owner pays Kyat 60,000 as tax," Kyauktaw Township, Sittwe District, Arakan State, Khonumthung News, 8 January - <http://www.bnionline.net/news/khonumthung/7646-small-rice-mill-owner-pays-kyat-60000-as-tax.html> - accessed 1 March.

159 HURFOM (2009) "Three Pagoda Pass Township businesses falter under second annual tax," Three Pagoda Pass Township (Phayathonezu), Karen State, Martus Bulletin, 1 October.

160 KHRG (2009) "Exploitative abuse and villager responses in Thaton District," Thaton District, Karen Human Rights Group, 25 November - <http://www.khrg.org/khrg2009/khrg09f20.pdf> - accessed 23 March 2010. A comparison of the income tax rate is impossible as the requisite information is not available.

161 HURFOM (2009) "Three Pagoda Pass Township businesses falter under second annual tax," Three Pagoda Pass Township (Phayathonezu) Karen State, Martus

Department began to levy a 15% tax on business income in Three Pagoda Township in Karen State.<sup>162</sup> However, the new tax came on top of taxes levied by the TPDC.<sup>163</sup> Also, even when taxes are levied on income the tax rate varies across Burma. For example, in another Hpakant Township in Kachin State, the tax rate on business income varied between 20 and 25%.<sup>164</sup>

**Taxes on Businesses for Service Provision:** As with houses, businesses are taxed for the provision of services, provided by the state. However (as with households), businesses do not always receive the services for which they are paying. For example, businesses in the town of Myitkyina in Kachin State were taxed between 66 and 800 Kyat per day for the stated purpose of having their garbage collected, though the service was rarely provided.<sup>165</sup> Stall owners at the markets in Hpakant Township in Kachin State, were also taxed for the purpose of providing cleaning services, at around 100 Kyat per day.<sup>166</sup> Again, limited garbage and cleaning services were provided in return.

Sometimes taxes are actually levied for services, with phone owners in Mon State who use the system paying large fees of 150,000 Kyat per month to the agency which distributes the phone's signal regionally.<sup>167</sup> As with households, there is no information about the relationship between the cost of the state providing any services to businesses and the fees charged. The regulation and state control of the telecommunications system means that private businesses not connected to the state involved in the mobile phone business are easy prey to fines and extortion.<sup>168</sup> This is especially the case for owners of mobile phones that are connected to networks in China, Thailand and Bangladesh.<sup>169</sup> These phones are technically illegal (though common), providing opportunities for revenue collection by different state agencies.<sup>170</sup> Military commanders are also involved in renting mobile phones that are connected to networks in neighbouring countries. In Maungdaw Township in Arakan State the local Tatmadaw commander rents phone connected to Bangladesh's

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Bulletin, 1 October.

162 Ibid.

163 Ibid.

164 The tax rate on income in phone shops were reported at 25 percent; whilst the tax rate on income earned from the sale of jade in the same township was reported, at 20 percent - KWAT (2010) "Private phone company tax in Myo Ma Quarter," Hpakant Township, Kachin State, Martus Bulletin, 5 January; KWAT (2010) "Tax on jade in Yuma, Hpakant Township, Kachin State, Martus Bulletin, 17 January.

165 KNG (2008) "Junta collects municipal taxes but provides no service for civilians in Myitkyina," Myitkyina Township, Kachin State, Kachin News Group, 12 September - <http://www.kachinnews.com/News/Junta-collects-municipal-taxes-but-provides-no-service-for-civilians-in-Myitkyina.html> - accessed 23 February 2010; KNG (2008) "Living under duress in Kachin State," Myitkyina Township, Myitkyina District, Kachin State, 30 September - <http://www.kachinnews.com/Commentary/Living-under-duress-in-Kachin-State.html> - accessed 23 February 2010.

166 KWAT (2009) "Taxes on stalls in Maw Mau Quarter," Hpakant Township, Kachin State, Martus Bulletin, 1 December; KWAT (2009) "Tax on stalls in Maw Mau Hill," Hpakant Township, Kachin State, Martus Bulletin, 9 December; KWAT (2009) "Stall tax on Jawng Kawng block," Hpakant Township, Kachin State, Martus Bulletin, 8 December; KWAT (2010) "Stall tax in Hpakant," Hpakant Township, Kachin State, Martus Bulletin, 5 January; KWAT (2010) "Stall tax in Maw Mau Quarter," Hpakant Township, Kachin State, Martus Bulletin, 12 January.

167 HFROM (2009) "Phone tapping by local authorities leads to economic hardship for phone owners," Ye Township, Ye District, Mon State, Martus Bulletin, 1 January.

168 Myo Thein (2010) "Businesses accuse Htoo Trading of unfair monopolization," Rangoon Township, Rangoon Division, Mizzima News, 22 January - <http://www.bnionline.net/news/mizzima/7742-businesses-accuse-htoo-trading-of-unfair-monopolization.html> - accessed 8 March 2010; Kyaw Zin Htun (2010) "MPT rolls out 450MHz phone network," Myanmar Times, 4 March <http://www.mmtimes.com/2010/info/512/it51201.html> - accessed 9 March 2010.

169 Burma Issues (2009) "DKBA tax for phone," Kawkaireik Township, Kawkaireik District, Karen State, Martus Bulletin, 30 November.

170 Kaladan Press (2009) "Nasaka using new strategy to extort money," Maungdaw Township, Maungdaw District, Arakan State, Kaladan Press, 18 August - <http://www.bnionline.net/news/kaladan/6872-nasaka-using-new-strategy-to-extort-money.html> - accessed 8 March 2010; Kaladan Press (2009) "Authorities extort money on new pretext from Rohingya community," Maungdaw Township, Maungdaw District, Arakan State - <http://www.bnionline.net/news/kaladan/7004-authorities-extort-money-on-new-pretext-from-rohingya-community.html> - accessed 22 March 2010; Kaladan Press (2010) "Nasaka's arbitrary arrest and extortion in Maungdaw," Maungdaw Township, Maungdaw District, Arakan State, 11 February - <http://www.bnionline.net/news/kaladan/7884-nasakas-arbitrary-arrest-and-extortion-in-maungdaw.html> - accessed 22 March 2010.

mobile network at a monthly rate of 150,000 Kyat.<sup>171</sup> Businesses who rent their phones from the military commander can sell phone calls to individuals in the open market. Those who use phones connected to networks in neighbouring countries without payment to the local authorities must use the phones covertly.

Many of the fees levied by agencies associated with the state are not the providers of any services. For example, businesses based on land line phones provided by the Burma's state have to obtain permission and negotiate a fee with local authorities, to sell individual phones calls.<sup>172</sup> One such business in Mon State in 2009 had to pay monthly payments of 2,000 Kyat to the local army battalion, and 40,000 Kyat to local military intelligence. Phone owners also had to pay 150,000 Kyat per month to the service provider, the Myanmar Post and Telecommunications for line rental. Another (implicit) tax was imposed at the beginning of 2009, when phone owners were told to monitor the calls of their clients, which resulted in decrease in the number and length of phone calls, since clients were wary of surveillance.<sup>173</sup> This practice of paying fees to agencies associated with the state that are not the providers of the service is common practice.<sup>174</sup> Except that monopoly licensing practices by the state in the area of telecommunications increases the price charged.

**Taxes on Machinery and Equipment:** According to Burma's Income Tax Law 1974, most businesses can deduct a depreciation allowance for equipment. Businesses exempt from this include entertainment, hotels, restaurants, beauty parlours and gyms.<sup>175</sup> Nevertheless, equipment owned by businesses can be subject to taxation, rather than a source for a depreciation allowance.<sup>176</sup> Examples include rice milling equipment, chainsaws, televisions, and sound and karaoke systems.<sup>177</sup>

New taxes have also been levied on equipment owned by business, one such new tax was that levied on shops with TVs and sound systems. For example, in July 2009 the TPDC in Mudon Township in Mon State introduced a tax on businesses with television and entertainment systems.<sup>178</sup> In Mudon Township the size of the tax depended on whether the shop was located in a city or in a rural area. Shops with televisions and sound systems in the towns were each taxed 10,000 Kyat, whilst shops designated as being in rural areas were taxed at a considerably higher rate between 45,000 and 50,000 Kyat.<sup>179</sup> In previous years the same businesses had only had to pay an annual tax to the TPDC of 1,000 Kyat.<sup>180</sup> A similar tax was reported

171 Maung Aye (2010) "Nasaka Commander makes 10 million Kyat a month renting Bangladesh phones," Maungdaw Township, Maungdaw District, Arakan State, Narinjara News, 8 March - <http://www.bnionline.net/news/narinjara/8054-nasaka-commander-makes-10-million-kyat-a-month-renting-bangladesh-phones.html> - accessed 22 March 2010.

172 HURFOM (2009) "Phone tapping by local authorities leads to economic hardship for phone owners," Ye Township, Ye District, Mon State, Martus Bulletin, 1 January. In Khaw-Zar and Lamine Sub-Townships in Mon State the areas covered by the report mobile phones do not work, so homes with land line phones sell individual calls. Many of the people with phones operate money transfer businesses.

173 Ibid.

174 Burma Issues (2009) "DKBA tax for phone," Kawkareik Township, Kawkareik District, Karen State, Martus Bulletin, 30 November.

175 Internal Revenue Department Mon State, Ministry of Finance and Revenue "Facts you need to know about taxation,"

176 PWO (2009) "Tax on rice machine in Oilaw village," Mantong Township, Shan State, Martus Bulletin, 20 October; PWO (2009) "Tax on rice machine in Win Pat Village," Mantong Township, Shan State, Martus Bulletin, 21 October.

177 KHRG (2007) "State repression and the creation of poverty in southern Karen State," Kawkareik District, Karen State, 23 February - <http://www.khrg.org/khrg2007/khrg07f2.html> - accessed 22 February 2010; HURFOM (2009) "Causing great economic hardship and food crisis," Kaleanaung Sub-Township, Tenasserim Division, Martus Bulletin, 10 March.

178 HURFOM (2009) "TPDC arbitrary tax demands in Mudon Township balloon," Mudon Township, Moulmein District, Mon State, 9 September. <http://rehmonnya.org/archives/1003> - accessed 10/09/2009

179 Ibid.

180 Ibid.

in December 2009 in Rangoon District where licence fees on shops with televisions were introduced. The fee was levied on a lump-sum basis, at a much higher level at 45,000 Kyat for each television.<sup>181</sup> The size of the tax led many shop owners to remove televisions from their premises. Failure to purchase a license was reported to be punishable with a three year prison term or a fine of 100,000 Kyat or both. Shops that removed their televisions rather than pay the tax reported a loss in customers, as many customers come to shops to watch televisions not having them at home. Taxes can be levied on equipment and storage facilities even when they are not in use.<sup>182</sup>

**Taxes on Internal Trade:** In addition to the licenses required to engage in trade, taxes are also levied on the actual trade of goods, which is often unpredictable.<sup>183</sup> If taxes on trade (as with other taxes) cannot be paid, the traders can have the entire value of their goods (rather than the size of the tax) appropriated by the state.<sup>184</sup> Common taxes are those levied on merchants involved in the purchase and trade of agricultural produce. This lowers the amount of trade within the country and consequently the level of income. Taxes on the movement of goods within Burma are discussed in the section on “Taxes at Checkpoints.”

The combination of regulation and corruption within state associated agencies means that fees levied on business vary across the country. One common form of corruption that increases the taxes levied on businesses is when representatives of a state agency levy a higher tax or fee than that mandated by the central government.<sup>185</sup> Businesses can have their property requisitioned for use by the state for non-payment of license and registration fees.<sup>186</sup> Businesses can also have their equipment stolen not just by the Tatmadaw, but by representatives of the different agencies composing the TPDC.<sup>187</sup> Businesses (as with households) are also subject to extortion by the Tatmadaw, sometimes in league with the TPDC.<sup>188</sup> Sometimes shops are subject to extortion by ceasefire groups.<sup>189</sup> Extortion by police is also a common practice. Police commonly levy taxes and exhort money from shops, particularly those that sell alcohol, often forced to provide free drinks to the police and their friends.<sup>190</sup> Extortion is common across many other industries. For example, in the fish farming

- 181 Mizzima News (2009) “Rangoon shops lose customers due to license order,” Rangoon District, Rangoon Division, Mizzima News, 4 December
- 182 PWO (2009) “Tax on rice machine in Oilaw village,” Mantong Township, Shan State, Martus Bulletin, 20 October; PWO (2009) “Tax on rice machine in Win Pat Village,” Mantong Township, Shan State, Martus Bulletin, 21 October; A trader in the Three Pagoda (Phayathonezu) Township reported having to pay between B10,000 and B15,000 per month to keep his warehouse. For more in depth analysis of these businesses see HURFOM (2008) “Protecting their rice pots: An economic profile of trade and corruption in Three Pagoda Pass,” The Mon Forum, 30 December, p.7.
- 183 KHRG (2005) “Dooplaya District: Fighting and human rights abuse still continue after ceasefire,” Karen Human Rights Group - <http://www.khrg.org/khrg2005/khrg05f1.html> - accessed 19 February 2010; HURFOM (2009) “Profits dwindle under cane and cattle tax,” Kaleingang Township, Tenasserim Division, Martus Bulletin, 28 August.
- 184 KHRG (2005) “Dooplaya District: Fighting and human rights abuse still continue after ceasefire,” Karen Human Rights Group - <http://www.khrg.org/khrg2005/khrg05f1.html> - accessed 19 February 2010;
- 185 PWO (2009) “Inflated tax on alcohol shops in Namsit and Mansat Villages,” Nankham Township, Shan State, Martus Bulletin, 31 October.
- 186 PWO (2008) “Driver and tor lar gyi forced to carry stone to compensate for unpaid taxes,” Mantong Township, Shan State, Martus Bulletin, 13 March.
- 187 Burma Issues (2008) “SPDC loot Karenni nation individual supplies,” Demawso Township, Loikaw District, Karenni State, Martus Bulletin, 15 February; KNG (2009) “Extortion name of the game in Burma’s northern Kachin State,” Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 22 May - <http://www.bnionline.net/news/kng/6314-extortion-name-of-the-game-in-burmas-northern-kachin-state.html> - accessed 2 March 2010.
- 188 HURFOM (2007) “Township authorities ordered over 100 rice mill owners to pay for army rations,” Mudon Township, Moulmein District, Mon State, Martus Bulletin, 9-15 June 2007; KNG (2009) “Extortion name of the game in Burma’s northern Kachin State,” Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 22 May - <http://www.bnionline.net/news/kng/6314-extortion-name-of-the-game-in-burmas-northern-kachin-state.html> - accessed 2 March 2010; Tin Soe (2010) “Army engineering unit operate like gangsters in Northern Arakan,” Maungdaw Township, Maungdaw District, Arakan State, Kaladan Press, 12 January - <http://www.bnionline.net/news/kaladan/7658-army-engineering-unit-operate-like-gangsters-in-northern-arakan.html> - accessed 1 March 2010.
- 189 KHRG (2009) “Exploitation and recruitment under the DKBA in Pa’an District,” Karen State, Karen Human Rights Group, 29 June, - [www.khrg.org/khrg2009/khrg09f11.pdf](http://www.khrg.org/khrg2009/khrg09f11.pdf) - accessed 21 February 2010.
- 190 Interview 7 Female; Balu Island; Chaungzon Township, Moulmein District; Mon State - 28/08/09 Mae Sot, Witnesses; PWO (2009) “Additional tax on shop in Aong Chan Tar Quarter,” Nankham Township, Shan State, Martus Bulletin, 15 October; PWO (2009) “Inflated tax on alcohol shops in Namsit and Mansat Villages,” Nankham Township, Shan State, Martus Bulletin, 31 October.

industry in Mraybon Township in Arakan State, groups associated with the state have used the threat of violence (the destruction of their fish farms) to extract revenue, which is then shared amongst local representatives of state agencies. Again, those with fish farms were given only given 15 days to pay.<sup>191</sup> In Arakan State, ethnicity is one determinant of taxation levels, with businesses owned by Rohingya being subject to higher levels of taxation.<sup>192</sup> Some of this extortion is regular and predictable, however random extortion is also quite common.<sup>193</sup> Retirement or replacement from the TPDC can provide an incentive for taxes to be levied on businesses (as with households). For example when the chair of Mudon TPDC was to be replaced in 2007, an additional one-off tax was levied on rice mills.<sup>194</sup> These taxes were in addition to the 100 to 200 tins of paddy supplied to the Tatmadaw three months earlier.<sup>195</sup>

## Taxation of Private Sector Agriculture

### Who Levies the Taxes?

As with taxes levied on households and businesses, many of the taxes levied on the agricultural sector are collected by the TPDC/VPDC, the Tatmadaw and some cease-fire groups. There is little information about the allocation of the taxes, fees and fines levied on agriculture. However, we do know that even when taxes are levied for services that may be useful for farmers, people (given their experience of the taxation system) are sceptical that the funds will be used for the stated purpose or that it will benefit them.<sup>196</sup>

### Land Confiscation

There has been considerable uncompensated appropriation of private agricultural land by the Tatmadaw and other arms of the state after SLORC came to power.<sup>197</sup> It is an accepted practice internationally for governments to acquire land for the purpose of building public infrastructure to improve the public good. However, welfare is only improved if the loss of the output arising from the appropriation of agricultural land is less than the benefits generated by the state from appropriating

191 Narinja News (2008) "Shrimp farm owners face extortion," Mraybon Township, Arakan State, Narinja News, 18 September - <http://www.bnionline.net/news/narinjara/4980-shrimp-farm-owners-face-extortion.html> - accessed 4 March 2010.

192 Kaladan Press (2010) "Arbitrary tax and tolls imposed in Maungdaw, Arakan," Maungdaw Township, Maungdaw District, Arakan State, Kaladan Press, 27 January - <http://www.bnionline.net/news/kaladan/7776-arbitrary-tax-and-tolls-imposed-in-maungdaw-arakan.html> - accessed 1 March 2010.

193 KWAT (2009) "Extortion of money from Thor la gyi driver in Muse," Muse District, Shan State, Martus Bulletin, March.

194 HURFOM (2007) "Township authorities ordered over 100 rice mill owners to pay for army rations," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 9-15 June 2007.

195 Ibid.

196 HURFOM (2009) "Mudon township residents forced to pay for community tractor, again," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 25 October.

197 HURFOM (2009) "Interview with extortion victim from Beelin Township," Beelin Township, Thaton District, Mon State, Martus Bulletin, 1 October - 14 November; HURFOM (2009) "More than one hundred acres of farmland confiscated in Kamawet Sub-Township," Mudon Township, Mon State, 1-30 October; KNG (2007) "Acres of orchards and paddy fields in Kachin State confiscated by army," Kachin State, Kachin News Group, 12 July - <http://www.kachinnews.com/News/Acres-of-orchards-and-paddy-fields-in-Kachin-State-confiscated-by-army.html> - accessed 24 February; LWO (2006) "Villagers in Mongtong are forced to work for Burma Army," Maington Township, Maing Hsat District, Shan State, Martus Bulletin, 1 January; Narinja News (2007) "Army savings in Northern Arakan go up," Buthidaung Township, Maungdaw District and Rathedaung Township, Sittwe District, Arakan State, Narinja News, 20 January - <http://www.bnionline.net/news/narinjara/1203-army-savings-in-northern-arakan-go-up.html> - accessed 4 March 2010.

the land. It is doubtful that any “official” policy assessment has been undertaken for the numerous land and property appropriations that have occurred in Burma, since SLORC came to power. There have, however, been numerous assessments of the impacts on the private sector of land seizures undertaken by organisations publishing outside of Burma.

## **The Tatmadaw “Contracts” with Land Owners**

Another common practice of gathering agricultural resources by agencies associated with the state are forced ‘contracts’ between the traditional owners of agricultural land and the Tatmadaw. One common “contract” is when the harvest is split between the Tatmadaw and the owner. Another common “contract” is the appropriation of land by the Tatmadaw, which is then sold. Sometimes the land is sold to the original owner, other times it is sold to the person willing to pay the highest price.<sup>198</sup> Sometimes the land is rented back to the owners, who then work the land.<sup>199</sup> Another type of ‘contract’ is where the former owners are forced to pay a fixed fee per tree or acre to the Tatmadaw in order to harvest their land.<sup>200</sup> Rents, fixed fee payments, and splits in the harvest do not necessarily result in lower output on pre-existing agricultural land, though the uncertainty generated from such practices would lower investment in private sector agriculture. However, these “contracts” redistribute income away from the people to the Tatmadaw and its members.

## **Monopsonies**

A monopsony is a market form in which only one buyer faces many sellers. It is an example of imperfect competition, similar to a monopoly, in which only one seller faces many buyers. The enforcement of monopsony purchases of agricultural output is another method used by the military to extract resources from the private sector. This occurs when typically the Tatmadaw, or other agencies associated with the state, use violence or the threat of violence, to ensure they are the only buyer of output. This results in the price decreasing to below that offered by the market, lowering the income of farmers affected. This practice again results in a redistribution of income and resources to the military and other government agencies. For example, in Namhsan Township in Northern Shan State, a representative of the Tatmadaw decreed that all tea tree growers in the area had to sell their output to his tea processing facility, at a price of 800 Kyat per Phake Tar (1 Phake Tar = 1.632932532 Kilogram).<sup>201</sup> In nearby areas the lowest price per Phake Tar was 1000 Kyat. This

198 KHRG (2007) “State repression and the creation of poverty in southern Karen State,” Dooplaya District, Karen State, 23 February - <http://www.khrg.org/khrg2007/khrg07f2.html> - accessed 22 February 2010.

199 Narinjara News (2009) “Saka Kha 15 amasses huge funds,” Buthidaung Township, Maungdaw District, Arakan State, Narinjara News, 5 August - <http://www.bnionline.net/news/narinjara/6803-saka-kha-15-amasses-huge-funds.html> - accessed 2 March 2010.

200 HURFOM (2009) “Laid Waste: Human Rights along the Kanbaw to Myaing Kalay Gas Pipeline,” HURFOM, May, Appendix 2. Sometimes there is a higher price attached to each rubber tree, on the original owner for not entering into a contract to tap trees. For example, in Waekali Village in 2007 owners could pay K750 per tree for tapping or alternatively K1,000 a tree if they did not want to tap the rubber trees.

201 PYNG (2007) “Factory Captain Diminishes the Price of Tea Leaves,” Namhsan Township, Kyaukse District, Shan State, Martus Bulletin, 5 May.

amounts to an implicit tax per Phake Tar of 200 Kyat. Representatives from the Customs Department were also levying a much smaller tax of 5 Kyat per Phake Tar on the tea.<sup>202</sup> The tea tree growers were also in debt to the Tatmadaw officer who, in addition to controlling the purchase of tea in the area, controlled the sale of many of the local foodstuffs. The monopsony price paid for the tea was insufficient to cover the debts many households had incurred prior to the harvest.<sup>203</sup> Another example of monopsony purchases comes from Kyaukpu and Sittwe Townships in Arakan State.<sup>204</sup> This time local fishermen were forced to sell their catch at below market prices to one of two fish purchasing centres operated by the Tatmadaw and the Navy. The military harassed fisherman and prevented traders from Rangoon and Mandalay from purchasing fish products in the area in order to suppress prices. In another example from Arakan State, this time in Maungdaw Township, salt manufacturers have been forced to sell salt to the local Tatmadaw at well below the market price.<sup>205</sup>



Tax for irrigation for 3 months, 1443 Kyat (1.2 US\$) (HREIB)

## Controls over Crops and Fines

Farmers in Burma can be forced to grow certain crops, such as plants for bio-fuel, sunflowers, rubber trees and summer paddy. Decrees governing the type of crops to be grown on private land are not technically taxes, but the imposition of these state controls provides the state with the opportunity to levy fines and implicit taxes on farmers not complying with decrees.<sup>206</sup> This has important implications for the level of the household's income and the policy is often linked with other taxes.

202 Ibid.

203 Ibid.

204 Narinjara News (2009) "Burmese army exploits fisherman," Kyaukpyu Township, Kyaukpyu District and Sittwe Township, Sittwe District, Arakan State, Narinjara News, 18 September - <http://www.bnionline.net/news/narinjara/7068-burmese-army-exploits-fishermen.html> - accessed 2 March 2010.

205 Kaladan Press (2010) "Salt producers forced to sell to Nasaka at lower prices," Maungdaw Township, Maungdaw District, Arakan State, Kaladan Press, 9 February - <http://www.bnionline.net/news/kaladan/7861-salt-producers-forced-to-sell-to-nasaka-at-lower-prices.html> - accessed 2 March 2010.

206 HURFOM (2009) "More than one hundred acres of farmland confiscated in Kamawet Sub-Township," Mudon Township, Mon State, 1-30 October; HURFOM (2009) "Interview: Forced to pay various titles of fees including gas pipeline, village security and government run summer paddy project," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 1 October; HURFOM (2009) "Mudon township residents forced to pay for community tractor, again," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 25 October; KWAT (2009) "Fines for not growing government seeds Munggu," Shan State, Martus Bulletin; PWO (2006) "Villagers forced to grow paddy," Namhsan Township, Kyaukme District, Shan State, Martus Bulletin, 1 November.



## Land or Property Taxes<sup>207</sup>

Taxes can be levied on the number of acres of farmland and in some areas these have only been recently introduced.<sup>208</sup> This is the case for at least some areas in Shan and Mon States.<sup>209</sup> For example, in Mongton Township in Shan State in 2009 the local Tatmadaw began to levy a tax of 20,000 Kyat per acre on the owners of tea plantations.<sup>210</sup> Another example of this new tax being levied is from Mudon and Thanbyuzayat Townships in Mon State, where representatives from the Customs Department began in early 2010 to suddenly levy a tax of 30,000 Kyat per acre on rubber plantations. The tax was significantly larger than the income of most farmers in the area at the time, which was only around 5,000 Kyat per acre, which was lower than previous years due to a decrease in the price of rubber.<sup>211</sup> In other areas, such as Dooplaya District in Karen State, taxes on agricultural land levied on a per acre basis have been in existence since at least 2004, with the tax in 2005 being 1,000 Kyat per acre.<sup>212</sup>

## Taxes on Inputs

According to the Commercial Tax Law 1990, the legislation that governs the taxation of goods and services; agricultural inputs are exempt from taxation. However, there are a number of implicit taxes on inputs into private sector agriculture. Implicit taxes include the compulsory purchases of crop seeds and fertilizer from the state at above market prices.<sup>213</sup> Taxes on water also appear to be common, but are often not related to the provision of services, such as managing the distribution of water and the maintenance and upgrading of irrigation systems.<sup>214</sup> The authorities also force farmers to purchase bio-fuel seeds and plants in compliance with the government's bio-fuel program.<sup>215</sup>

207 A land tax is a tax on the value of unimproved land. This is different to a property tax, which taxes the value of the land and the fixed improvements, such as housing and irrigation. It is not clear, if the taxes levied in Burma are land or property taxes.

208 K<sup>19</sup> KWAT (2008) "Agriculture tax in Hpai Kaung Village," Pangsai Township, Muse District, Shan State, Martus Bulletin; TSYO (2009) "Illegal tax for tea plantation owners," Mongron Township, Kyaukme District, Shan State, Martus Bulletin, 1 January.

209 IMNA (2010) "New Customs Department land tax overburdens owners with acreage," Mudon and Thanbyuzayat Townships, Moulmein District, Mon State, Independent Mon News Agency, 1 March - <http://www.bnionline.net/news/imna/7996-new-customs-department-land-tax-overburdens-owners-with-acreage.html> - accessed 2 March 2010; TSYO (2009) "Illegal tax for tea plantation owners," Mongron Township, Kyaukme District, Shan State, Martus Bulletin, 1 January.

210 TSYO (2009) "Illegal tax for tea plantation owners," Mongron Township, Kyaukme District, Shan State, Martus Bulletin, 1 January.

211 IMNA (2010) "New Customs Department land tax overburdens owners with acreage," Mudon and Thanbyuzayat Townships, Moulmein District, Mon State, Independent Mon News Agency, 1 March - <http://www.bnionline.net/news/imna/7996-new-customs-department-land-tax-overburdens-owners-with-acreage.html> - accessed 2 March 2010.

212 HURFOM (2009) "More than one hundred acres of farmland confiscated in Kamawat Sub-Township," Mudon Township, Moulmein District, Mon State, 20 November; KWAT (2009) "Fines for not growing government seeds Munggu, Muse District" Shan State, Martus Bulletin; KWAT (2008) Agriculture tax in Hpai Kaung Village," Pangsai Township, Muse District, Shan State, Martus Bulletin; KHRG (2005) "Dooplaya District: Fighting and human rights abuse still continue after ceasefire," Karen Human Rights Group - <http://www.khrg.org/khrg2005/khrg05f1.html> - accessed 19 February 2010;

213 HURFOM (2009) "Summer paddy abuse intensifies in Kamawat Village, Mudon Township," Mudon township, Moulmein District, Mon State, 28 December - <http://rehmonnya.org/archives/1244#more-1244> - accessed 7 April 2010; KNG (2009) "Farmers forced to buy new variety of paddy seed in Kachin State," Myitkayina Township, Myitkayina District, Kachin State, Kachin News Group, 27 April - <http://www.kachinnews.com/News/Farmers-forced-to-buy-new-variety-of-paddy-seed-in-Kachin-State.html> - accessed 7 April 2010; PWO (2006) "Villagers forced to grow paddy," Namhsan Township, Kyaukme District, Shan State, Martus Bulletin, 1 November; PWO (2009) "Various taxes in Namhsan Township," Namhsan Township, Kyaukme District, Shan State, Martus Bulletin, 18 August.

214 HURFOM (2009) "Summer paddy abuse intensifies in Kamawat Village, Mudon Township," Mudon township, Moulmein District, Mon State, 28 December - <http://rehmonnya.org/archives/1244#more-1244> - accessed 7 April 2010; Karenni Homeland (2008) "Farmers over-taxed by Burmese authorities for irrigation," Loikaw Township, Loikaw District, Karenni, 15 September - <http://www.karennihomeland.com/NewsArticle.php?ContentID=172> - accessed 9 April 2010; PWO (2006) "Villagers forced to grow paddy," Namhsan Township, Kyaukme District, Shan State, Martus Bulletin, 1 November; PWO (2009) "Various taxes in Namhsan Township," Namhsan Township, Kyaukme District, Shan State, Martus Bulletin, 18 August;

215 HDRU (2008) "Villagers forced to buy jatropa seeds at a high price," Kengtung and Langkhurh Townships, Shan State, Martus Bulletin, 1 April.

## Taxes on Output

Also exempt from taxation according to the Commercial Tax Law 1990 is agricultural output. Yet in Karen State it is still common practice for the DKBA and the Tatmadaw to levy cash taxes on agricultural output.<sup>216</sup> Farmers are also subject to implicit taxes on agricultural output (notably rice). These implicit taxes include the forced sale of agricultural output at below market prices and the confiscation of a percentage of the output, typically by the Tatmadaw.<sup>217</sup> For example, in Tachilek Township in eastern Shan State in 2010 the TPDC were still purchasing rice from local farmers at less than half the market price.<sup>218</sup> The taxation on agricultural output can also be levied on crops that had been previously subject to decrees preventing farmers from planting the crop. For example, after the order to farmers not to grow cucumbers in Hpakant Township in Kachin State had been rescinded, a tax on the crop was levied.<sup>219</sup> These taxes are not always high, with one report putting the tax rate at between 2.5 and 5%.<sup>220</sup> Agricultural output (as with other goods), being transported throughout Burma are also subject to taxation, which is discussed in more detail in the section on “Taxes at Checkpoints.” Outright theft of agricultural output (rather than land) is another common method used by the Tatmadaw. As with the other methods used by Burma’s state the most obvious impact of this is a redistribution of income to the state or military sector.

## Taxes on Animals

Again there is no uniformity in the taxation of animals. For example, in 2009 in Nansam Township in Arakan State a lump-sum tax of 15,000 Kyat was levied by the police on households with any farm animals, regardless of the number or value of the animals.<sup>221</sup> Taxation on larger animals, such as elephants is common practice, though again the size of the tax varies considerably. For example, a tax on elephants in one village in Pa’an Township in Karen State in 2009 was 200,000 Kyat, whilst in another village in the same township the tax per elephant was 100,000 Kyat.<sup>222</sup> Reports from Mon State likewise have the tax on elephants levied on a per head basis, at 100,000 Kyat.<sup>223</sup>

216 KHRG (2009) “Extortion and restrictions under the DKBA in Pa’an District,” Karen Human Rights Group, 16 March, p.3 - <http://www.khrg.org/khrg2009/khrg09f4.pdf> - accessed 23 March 2010;

217 KNG (2007) “Acres of orchards and paddy fields in Kachin State confiscated by army,” Kachin State, Kachin News Group, 12 July - <http://www.kachinnews.com/News/Acres-of-orchards-and-paddy-fields-in-Kachin-State-confiscated-by-army.html> - accessed 24 February; LWO (2006) “Villagers in Mongtong are forced to work for Burma Army,” Mongtong Township, Shan State, Martus Bulletin, 1 January; KWAT (2009) “Forced to sell rice at discount to government and education fee in Nawng Hkai,” Putao Township, Putao District, Kachin State, 2000-until now Martus Bulletin.

218 The number of baskets of rice produced per acre in the area was not reported. The market price per basket of rice in the area was K6,000, with a basket being equal to 20 kilograms. The TDPC paid only K3,100 per basket, with a basket weighing more at 23 kilograms. Zaw Gyi (2010) “Junta Traders buy rice for army at low prices,” Network Media Group, 25 January - <http://www.bnionline.net/news/nmg/7745-junta-traders-buy-rice-for-army-at-low-prices.html> - accessed 1 March 2010.

219 SHAN (2008) “Local authority allows planting of taxed cucumber,” Shan Herald Agency for News, 21 January, [http://www.shanland.org/index.php?option=com\\_content&view=article&id=1523%3Alocal-authority-allows-planting-of-taxed-cucumber&Itemid=301](http://www.shanland.org/index.php?option=com_content&view=article&id=1523%3Alocal-authority-allows-planting-of-taxed-cucumber&Itemid=301) - accessed 17 February 2010.

220 Ibid.

221 TSYO (2009) “Illegal taxation for keeping farm animals,” Namhsan Township, Kyaukse District, Shan State, Martus Bulletin, 1 October.

222 KHRG (2009) “Exploitation and recruitment under the DKBA in Pa’an District,” Karen State, Karen Human Rights Group, 29 June, p.4 - [www.khrg.org/khrg2009/khrg09f11.pdf](http://www.khrg.org/khrg2009/khrg09f11.pdf) - accessed 21 February 2010.

223 Private correspondence with HURFOM.

## Other Taxes

There are in addition to those discussed above, additional taxes levied on agriculture. For example, in Mon State the Department of Forestry levies taxes on rubber plantation owners if they want to cut down their old unproductive trees. Not only are the fees large, at 20,000 Kyat per acre, but it takes more than a year after the fees have been paid for permission to be granted.<sup>224</sup> Also, plantation owners (once granted permission to cut their trees), must pay the local representatives from the Department of Forestry between 15,000 and 20,000 Kyat for each ton of wood sold, which is about 10% of the sale price.<sup>225</sup>

## Tatmadaw and the TPDC/VPDC Businesses

Another impact of the limited financing of the battalions in the Tatmadaw has been the establishment of businesses owned by local military units and/or their commanders. Most of the capital, including agricultural and grazing land has been confiscated from the private sector without compensation.<sup>226</sup> The limited information about businesses operated by local military units, indicates some variety in the governance structures and the methods used to obtain the required inputs. Nonetheless, the threat and use of violence is a common method of allocating resources to these businesses. Furthermore, the degree that violence or its threat is used to extract resources depends on the type of business, the nature of the required inputs and, importantly, the veracity of the local military commanders.<sup>227</sup> As with the construction of infrastructure, this commonly includes the use of forced labour on businesses owned by the Tatmadaw and other agencies associated with the state.<sup>228</sup>

224 Kawlai (2010) "Years of corruption chafe Mon State rubber farmers," Mon State, Independent Mon News Agency, 1 February - <http://www.bnionline.net/news/imna/7807-years-of-corruption-chafe-mon-state-rubber-farmers.html> - accessed 2 March 2010.

225 In addition to the taxes and fees levied, owners of rubber plantations are subject to a raft of regulation governing any decisions they can take over the land they cultivate, increasing the costs of any decisions.

226 AASYC, PYO & MYPO (2009) Holding Our Ground: Land Confiscation in Arakan and Mon States, and Pa-O Areas of Southern Shan State, March - [http://www.burmalibrary.org/docs07/HOLDING\\_OUR\\_GROUND\(en\).pdf](http://www.burmalibrary.org/docs07/HOLDING_OUR_GROUND(en).pdf) - accessed 15 March 2010; KHRG (2005) "Doo playa District: Fighting and human rights abuse still continue after ceasefire," Karen Human Rights Group - <http://www.khrg.org/khrg2005/khrg05f1.html> - accessed 19 February 2010; KHRG (2007) "State repression and the creation of poverty in southern Karen State," Kawkaik District, Karen State, 23 February - <http://www.khrg.org/khrg2007/khrg07f2.html> - accessed 22 February 2010; HURFOM (2007) "The Burmese military battalion based in sub Khaw-Zar Township, Mon State has again started to force villagers to uproot bushes and roots of trees," Ye Township, Moulmein District, Mon State, Martus Bulletin, 9-10 January; LWO (2006) "Villagers in Mongtong are forced to work for Burma Army," Mongtong Township, Shan State, Martus Bulletin, 1 January; TSYO (2009) "Land confiscated by SPDC soldiers," Namhsan Township, Kyaukse District, Shan State, Martus Bulletin, 10 October.

227 HURFOM (2009) "Laid Waste: Human Rights along the Kanbauk to Myaing Kalay Gas Pipeline," HURFOM, May, p.23.

228 AAPPB (2008) "Forced labour in a castor oil plantation," Sittwe Township, Arakan State, Martus Bulletin, 15 June; Burma Issues (2007) "Villagers forced to clear cashew nut garden," Papun Township, Pa'an District, Karen State, 28 June; HDRU (2006) "The VPDC members collect money and force villagers to serve as labourers for a plantation project," Myita Township, Tenasserim Division, Martus Bulletin, 15 October; HDRU (2007) "Civilians forced to work in Burma Army's paddy fields," Bhamo Township, Bhamo District, Kachin State, Martus Bulletin, 23 August; HDRU (2008) "Authorities force locals into hard labour in Chin State," Marupi Township, Chin State, Martus Bulletin, 8 November; HDRU (2008) "Chin people forced to clean bushes in tea gardens," Falam Township, Chin State, 11 July; HURFOM (2007) "The Burmese Army forced villagers including women to work in battalion's summer paddy farms," Khaw-Zar Sub-Township, Ye Township, Mon State, Martus Bulletin, 27 February; HURFOM (2007) "Army plant summer paddy using farmer's equipment," Ye and Mudon Townships, Moulmein District, Mon State, Martus Bulletin, 22 January; HURFOM (2007) "Even university students forced to grow physic nut," Moulmein Township, Mon State, Martus Bulletin, 28 June; KHRG (2005) "Doo playa District: Fighting and human rights abuse still continue after ceasefire," Karen Human Rights Group - <http://www.khrg.org/khrg2005/khrg05f1.html> - accessed 19 February 2010; KHRG (2008) "Forced labour and extortion in Pa'an District," KHRG #2008-F11, 8 August - [www.khrg.org/khrg2008/khrg08f11.pdf](http://www.khrg.org/khrg2008/khrg08f11.pdf) - accessed 11 February 2009; KHRG (2008) "Daily demands and exploitation: Life under the control of the SPDC and DKBA forces in Pa'an District," Karen State, Karen Human Rights Group, 18 September - <http://www.khrg.org/khrg2008/khrg08f13.pdf> - accessed 21 February 2010; LWO (2006) "Villagers in Mongtong are forced to work for Burma Army," Mongtong Township, Shan State, Martus Bulletin, 1 January; LWO (2007) "Land confiscation from local people," Mongsat Township, Shan State, Martus Bulletin, 1 July; LWO (2008) "Forced to plant castor oil plants," Tachilek Township, Shan State, Martus Bulletin, 6 June; LWO (2008) "Forced to work in rural village," Tachilek Township, Tachilek District, Shan State, 17 September; LWO (2008) "Ordered to work," Tachilek Township, Tachilek District, Shan State, 16 September; LWO (2008) "Forced to plant castor oil plants," Tachilek Township, Shan State, Martus Bulletin, 6 June; PWO (2005) "Students from Mantong Township forced to labour on Tatmadaw paddy fields," Mangtong Township, Kyaukse District, Shan State, Martus Bulletin, 1 July; PWO (2006) "Villagers in Mongtong Township forced to work for Burma Army," Mantong Township, Kyaukse District, Shan State, Martus Bulletin, 1 January; PYNG (2008) "Villagers forced to plant castor oil (Jatropha) plants by the military," Mantong and Namtu Townships, Shan State, Martus Bulletin, 1 April; Yoma 3 News Service (2008) "Agriculture for military provision and animal husbandry," Paletwa

The incentives governing businesses owned by the Tatmadaw and other state agency controlled businesses means that productivity is lower relative to private sector production.<sup>229</sup> One of the serious economic outcomes, for state owned businesses is the limited incentives to invest capital in the business. This is due to the threat of confiscation and that labour can be acquired without compensation and capital can simply be stolen. The larger the possibility of confiscation and the longer the period required for returns to be generated, as in rubber, betel nut and fruit plantations, the greater the negative incentive inhibiting the growth potential inherent in the private sector. In addition to negative impacts on productivity arising from the appropriation of inputs, is the redistribution of income towards the military and the state. The appropriation of agricultural land by the state also creates unemployment, and problems of hunger.<sup>230</sup> Which in some cases has encouraged people to enter Thailand in search of work.<sup>231</sup>

Most of the businesses operated by local Tatmadaw battalions and their leaders are in the agricultural sector.<sup>232</sup> These include orchards,<sup>233</sup> fish farms,<sup>234</sup> bamboo groves,<sup>235</sup> tea plantations<sup>236</sup>, rubber plantations,<sup>237</sup> sunflower farms, paddy,<sup>238</sup> and bio-fuel crops.<sup>239</sup> Businesses outside of agriculture are in sectors with limited capital inputs, such as saw mills, transportation, brick making and fishing.<sup>240</sup> Some businesses are controlled by the USDA;<sup>241</sup> whilst other businesses are under the control of the TPDC.<sup>242</sup> Ceasefire groups such as the DKBA also operate businesses, particularly in

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- Township, Mindat District, Chin State, Martus Bulletin, 3 March;
- 229 HURFOM (2007) "Army plant summer paddy using farmer's equipment," Ye and Mudon Townships, Moulmein District, Mon State, Martus Bulletin, 22 January; Khonumthung News (2010) "Private tea plantations more productive than regime's," Khonumthung News, 12 March <http://www.bnionline.net/news/khonumthung/8097-private-tea-plantations-more-productive-than-regimes.html> - accessed 15 March 2010.
- 230 Burma Issues (2007) "Villagers forced to clear cashew nut garden," Papun Township, Pa'an District, Karen State, 28 June; KHRG (2008) "Forced labour and extortion in Pa'an District," KHRG #2008-F11, 8 August - [www.khrg.org/khrg2008/khrg08f11.pdf](http://www.khrg.org/khrg2008/khrg08f11.pdf) - accessed 11 February 2009.
- 231 HURFOM (2007) "The Burmese Army forced villagers including women to work in battalion's summer paddy farms," Khaw-Zar Sub-Township, Ye Township, Mon State, Martus Bulletin, 27 February.
- 232 Narinjara News (2009) "Saka Kha 15 amasses huge funds," Buthidaung Township, Maungdaw District, Arakan State, Narinjara News, 5 August - <http://www.bnionline.net/news/narinjara/6803-saka-kha-15-amasses-huge-funds.html> - accessed 2 March 2010; Narinjara News (2007) "Army savings in Northern Arakan go up," Buthidaung Township, Maungdaw District and Rathedaung Township, Sittwe District, Arakan State, Narinjara News, 20 January - <http://www.bnionline.net/news/narinjara/1203-army-savings-in-northern-arakan-go-up.html> - accessed 4 March 2010.
- 233 KNG (2007) "Acres of orchards and paddy fields in Kachin State confiscated by army," Kachin State, Kachin News Group, 12 July - <http://www.kachinnews.com/News/Acres-of-orchards-and-paddy-fields-in-Kachin-State-confiscated-by-army.html> - accessed 24 February;
- 234 Ibid.
- 235 Ibid.
- 236 TSYO (2009) "Land confiscated by SPDC soldiers," Namhsan Township, Kyaukse District, Shan State, Martus Bulletin, 10 October; HRDU (2008) "Authorities force locals into hard labour in Chin State," Matupi Township, Chin State, Martus Bulletin, 8 November.
- 237 KHRG (2007) "State repression and the creation of poverty in southern Karen State," Kawkaireik District, Karen State, 23 February - <http://www.khrg.org/khrg2007/khrg07f2.html> - accessed 22 February 2010; HURFOM (2007) "The Burmese military battalion based in sub Khaw-Zar Township, Mon State has again started to force villagers to uproot bushes and roots of trees," Ye Township, Moulmein District, Mon State, Martus Bulletin, 9-10 January.
- 238 HDRU (2007) "Civilians forced to work in Burma Army's paddy fields," Bhamo Township, Bhamo District, Kachin State, Martus Bulletin, 23 August; KNG (2007) "Acres of orchards and paddy fields in Kachin State confiscated by army," Kachin State, Kachin News Group, 12 July - <http://www.kachinnews.com/News/Acres-of-orchards-and-paddy-fields-in-Kachin-State-confiscated-by-army.html> - accessed 24 February; KHRG (2005) "Doooplaya District: Fighting and human rights abuse still continue after ceasefire," Karen Human Rights Group - <http://www.khrg.org/khrg2005/khrg05f1.html> - accessed 19 February 2010; HURFOM (2007) "The Burmese Army forced villagers including women to work in battalion's summer paddy farms," Khaw-Zar Sub-Township, Ye Township, Mon State, Martus Bulletin, 27 February; HURFOM (2007) "The Burmese military battalion based in sub Khaw-Zar Township, Mon State has again started to force villagers to uproot bushes and roots of trees," Ye Township, Moulmein District, Mon State, Martus Bulletin, 9-10 January; LWO (2007) "Land confiscation from local people," Mongsat Township, Shan State, Martus Bulletin, 1 July.
- 239 Burma Issues (2007) "Magwe residents complain to ILO," Pwintbyu Township, Minbu District, Magwe Division, Martus Bulletin, 27 July; LWO (2007) "Land confiscation from local people," Mongsat Township, Shan State, Martus Bulletin, 1 July.
- 240 HURFOM (2007) "Villagers forced to make bricks for army's own business," Martus Bulletin, 1-29 January; HURFOM (2007) "Local residents were forced to provide timber to army brick factory," Martus Bulletin, 1 January - 5 March; HURFOM (2007) "People forced to provide timber to army brick factory," Martus Bulletin, 5 March; Narinjara News (2009) "Saka Kha 15 amasses huge funds," Buthidaung Township, Maungdaw District, Arakan State, Narinjara News, 5 August - <http://www.bnionline.net/news/narinjara/6803-saka-kha-15-amasses-huge-funds.html> - accessed 2 March 2010; Narinjara News (2007) "Army savings in Northern Arakan go up," Buthidaung Township, Maungdaw District and Rathedaung Township, Sittwe District, Township, Arakan State, Narinjara News, 20 January - <http://www.bnionline.net/news/narinjara/1203-army-savings-in-northern-arakan-go-up.html> - accessed 4 March 2010.
- 241 LWO (2008) "Forced to work in rural village," Tachilek Township, Tachilek District, Shan State, 17 September; LWO (2008) "Ordered to work," Tachilek Township, Tachilek District, Shan State, 16 September.
- 242 AAPPB (2008) "Forced labour in a castor oil plantation," Sittwe Township, Sittwe District, Arakan State, Martus Bulletin, 15 June; HRDU (2008) "Authorities force locals into hard labour in Chin State," Matupi Township, Mindat District, Chin State, Martus Bulletin, 8 November; HRDU (2008) "Chin people forced to clean bushes in tea gardens," Falam Township, Falam District, Chin State, 11 July; LWO (2008) "Forced to plant castor oil plants," Tachilek Township, Tachilek District, Shan State, Martus Bulletin, 6 June.

the agricultural sector, though one report has the DKBA in Pa'an District entering into tourism.<sup>243</sup> The Tatmadaw and other armed groups are also involved in 'illegal' business activities such as logging and drug smuggling.

The Tatmadaw and ceasefire groups also levy taxes to support its businesses.<sup>244</sup> Some of these taxes are unpredictable, whilst others are levied on a more regular basis.

<sup>245</sup> Another implicit tax, associated with forced labour is the requirement that households and individuals utilise their own equipment when forced to provide uncompensated labour.<sup>246</sup> For example, in Khaw-Zar Sub-Township in Mon State in 2007, households had to provide cows and carts for the ploughing of land controlled by the local Tatmadaw in preparation for the planting of paddy.<sup>247</sup> Implicit taxation also occurs when the Tatmadaw and ceasefire groups utilise private sector resources without compensation as inputs into their businesses.<sup>248</sup>

## The Brick Factories in Ye Township<sup>249</sup>

An example of small business owned by the local Tatmadaw based on expropriation of resources from the private sector are four brick factories in Ye Township, which began operating in 2006.<sup>250</sup> Two of the brick factories are owned by Infantry Battalion No.31, with another jointly owned by the battalion's deputy commander, and the ex-village head of a local village.<sup>251</sup> Nothing is known about the internal allocation of resources between members of IB No.31. The land on which the brick factories are located was confiscated without compensation. The threat (and use) of

243 Burma Issues (2007) "Villagers forced to clear cashew nut garden," Papun Township, Pa'an District, Karen State, 28 June; KHRG (2008) "Forced labour and extortion in Pa'an District," KHRG #2008-F11, 8 August - [www.khrg.org/khrg2008/khrg08f11.pdf](http://www.khrg.org/khrg2008/khrg08f11.pdf) - accessed 11 February 2009; KHRG (2008) "Daily demands and exploitation: Life under the control of the SPDC and DKBA forces in Pa'an District," Karen State, Karen Human Rights Group, 18 September - <http://www.khrg.org/khrg2008/khrg08f13.pdf> - accessed 21 February 2010; KHRG (2009) "Exploitation and recruitment under the DKBA in Pa'an District," Karen State, Karen Human Rights Group, 29 June, p.1 - [www.khrg.org/khrg2009/khrg09f11.pdf](http://www.khrg.org/khrg2009/khrg09f11.pdf) - accessed 21 February 2010.

244 HURFOM (2007) "Even university students forced to grow physic nut," Moulmein Township, Mon State, Martus Bulletin, 28 June; HRDU (2008) "Authorities force locals into hard labour in Chin State," Matupi Township, Chin State, Martus Bulletin, 8 November; LWO KHRG (2009) "Exploitation and recruitment under the DKBA in Pa'an District," Karen State, Karen Human Rights Group, 29 June, p.1 - [www.khrg.org/khrg2009/khrg09f11.pdf](http://www.khrg.org/khrg2009/khrg09f11.pdf) - accessed 21 February 2010; (2008) "Forced to work in rural village," Tachilek Township, Tachilek District, Shan State, 17 September; LWO (2008) "Ordered to work," Tachilek Township, Tachilek District, Shan State, 16 September; HDRU (2008) "Chin people forced to clean bushes in tea gardens," Falam Township, Chin State, 11 July; AAPPB (2008) "Forced labour in a castor oil plantation," Sittwe Township, Arakan State, Martus Bulletin, 15 June; LWO (2008) "Forced to plant castor oil plants," Tachilek Township, Shan State, Martus Bulletin, 6 June; PYNG (2008) "Villagers forced to plant castor oil (Jatropha) plants by the military," Mantong and Namtu Townships, Shan State, Martus Bulletin, 1 April.

245 HDRU (2006) "The VPDC members collect money and force villagers to serve as labourers for a plantation project," Myita Township, Tenasserim Division, Martus Bulletin, 15 October.

246 KHRG (2008) "Daily demands and exploitation: Life under the control of the SPDC and DKBA forces in Pa'an District," Karen State, Karen Human Rights Group, 18 September - <http://www.khrg.org/khrg2008/khrg08f13.pdf> - accessed 21 February 2010; HURFOM (2007) "Army plant summer paddy using farmer's equipment," Ye and Mudon Townships, Moulmein District, Mon State, Martus Bulletin, 22 January; HURFOM (2007) "The Burmese Army forced villagers including women to work in battalion's summer paddy farms," Khaw-Zar Sub-Township, Ye Township, Mon State, Martus Bulletin, 27 February.

247 HURFOM (2007) "Army plant summer paddy using farmer's equipment," Ye and Mudon Townships, Moulmein District, Mon State, Martus Bulletin, 22 January.

248 KHRG (2008) "Daily demands and exploitation: Life under the control of the SPDC and DKBA forces in Pa'an District," Karen State, Karen Human Rights Group, 18 September - <http://www.khrg.org/khrg2008/khrg08f13.pdf> - accessed 21 February 2010; PW0 (2006) "SPDC forced and ordered cars to carry castor trees in Nankham Township," Nankham Township, Shan State, Martus Bulletin, 14 July.

249 The Village Tract is an administrative unit in the SPDC hierarchy. A Village Tract is eligible to become a Sub-Township, if it contains 12 or more villages. Both Khaw-Zar and Lamine Village Tracts were upgraded by the Ye Township PDC into Sub-Townships in 2003. There are regular reports of the use of forced labour in Khaw-Zar Sub-Township, which is in Southern Ye Township. Khaw-Zar was upgraded in 2003 to a Sub-Township from a Village Tract. This administrative promotion created many problems for locals as the authorities used forced labour to build infrastructure, which they deemed necessary for the promotion. The administrative promotion also meant that the area has been subject to more frequent visits from Tatmadaw officials to monitor the town's progress.

250 HURFOM (2007) "Villagers forced to make bricks for army's own business," Martus Bulletin, 1-29 January; HURFOM (2007) "Local residents were forced to provide timber to army brick factory," Martus Bulletin, 1 January; HURFOM (2007) "People forced to provide timber to army brick factory," Martus Bulletin, 5 March.

251 HURFOM (2007) "Local villagers were forced to work in Army's bricks production," Martus Bulletin, 7 February; HURFOM (2007) "SPDC's Army orders villagers to provide timber for army brick kilns again," Martus Bulletin, 11 April.

violence is the method used to allocate the required inputs, including labour to the business.<sup>252</sup> One of the ongoing inputs required for these brick factories is wood. Private households are forced under the threat of violence to provide uncompensated labour to gather, cut and haul the wood to the factories.<sup>253</sup> For example, four villages with a total of around 1,000 households were ordered (at least twice) in 2007 to provide fuel to run the brick kilns.<sup>254</sup> The wood had to be placed close to the main road where members of IB No.31 could easily collect it for transportation to the factory.<sup>255</sup> Sometimes, households themselves had to transport the timber to the brick kilns.<sup>256</sup> Only one village received any compensation from the Tatmadaw in 2007, after the intervention of a local monk, who demanded that people be compensated.<sup>257</sup> In this case the Tatmadaw paid the village for the cost of hiring vehicles to transport the wood to the factory.<sup>258</sup> At the beginning of 2007 IB No.31 forced 15 people from local villages to provide labour for the business each day and to undertake guard duty in the evening.<sup>259</sup> This occurred after the people hired to work in the brick factories ran away after not having received any wages since at least mid-December in the previous year.<sup>260</sup>

In some villages households and businesses were forced to buy quotas of poor quality bricks from the factories, at above market prices. The incentives created where inputs are taken by force means that product quality is lower and prices higher. The lower quality output means that the private sector will incur increased costs in the future (having to replace the bricks at an earlier date), than if produced by a competitive private sector. Another outcome of these businesses, based on the expropriation of resources from the private sector is the redistribution of income towards the Tatmadaw and other armed groups.

## The Bio-Fuel Crops and the Absence of Fuel

In December 2005 the SPDC announced that 50,000 acres in each of the nine military divisions were to be planted with bio-fuel crops.<sup>261</sup> By the end of 2006 reports emerged (which continued into 2010), of groups and agencies associated with the state engaged in forcing people, under the threat of violence or loss of assets, to grow bio-fuel crops and garnering resources for bio-fuel projects controlled by the

252 HURFOM (2009) "Laid Waste: Human Rights along the Kanbaw to Myaing Kalay Gas Pipeline," HURFOM, May, p.24; HURFOM (2007) "Villagers forced to make bricks for army's own business," Martus Bulletin, 1 January;

253 HURFOM (2007) "Local residents were forced to provide timber to army brick factory," Martus Bulletin, 1 January – 5 March; HURFOM (2007) "People forced to provide timber to army brick factory," Martus Bulletin, 5 March; HURFOM (2007) "SPDC's Army orders villagers to provide timber for army brick kilns again," Khaw-Zar Sub-Township, Ye Township, Moulmein District, Mon State, Martus Bulletin, 11 April; HURFOM (2007) "Villagers forced to work for a week to welcome Lt. Gen Maung Bo," Khaw-Zar Sub-Township, Ye Township, Moulmein District, Mon State, Martus Bulletin, 23 May; HURFOM (2009) "Laid Waste: Human Rights along the Kanbaw to Myaing Kalay Gas Pipeline," HURFOM, May, p.24.

254 HURFOM (2007) "Local residents were forced to provide timber to army brick factory," Martus Bulletin, 1 January – 5 March; HURFOM (2007) "SPDC's Army orders villagers to provide timber for army brick kilns again," Martus Bulletin, 11 April.

255 HURFOM (2007) "Local residents were forced to provide timber to army brick factory," Martus Bulletin, 1 January.

256 HURFOM (2007) "SPDC's Army orders villagers to provide timber for army brick kilns again," Martus Bulletin, 11 April.

257 Ibid.

258 Ibid.

259 HURFOM (2007) "Villagers forced to make bricks for Army's own business," Khaw-Zar Sub-Township, Ye Township, Moulmein District, Mon State, Martus Bulletin, 1-29 January; HURFOM (2007) "People forced to provide timber to army brick factory," Khaw-Zar Sub-Township, Ye Township, Moulmein District, Mon State, Martus Bulletin, 5 March.

260 HURFOM (2007) "Local villagers were forced to work in Army's bricks production," Khaw-Zar Sub-Township, Ye Township, Moulmein District, Mon State, Martus Bulletin, 7 February; HURFOM (2007) "Villagers forced to make bricks for Army's own business," Khaw-Zar Sub-Township, Ye Township, Moulmein District, Mon State, Martus Bulletin, 1 January.

261 Myanmar Times (2006) "Castor beans to be grown for bio-fuel," *Myanmar Times*, 9-15 January.

state.<sup>262</sup> In some areas households and farmers have been forced since 2006 to grow bio-fuel crops and provide resources for two plantings per year.<sup>263</sup> Students from schools and universities have also been forced to grow these crops in the grounds of their institutions.<sup>264</sup> Again, controls on the use of private property by the state are not technically taxation, but the policies are linked with the levying of taxes, both explicit and implicit. Despite the extensive program to grow crops for bio-fuel, including the widespread forced sale of the inputs into the crops and the use of forced labour, there are no reports that these crops have been purchased by the government or that the crops have been used to produce bio-fuel.

**Financing Bio-fuel Crops:** The financing of the bio-fuel crop program has involved the levying of cash taxes and the forcing of households, schools and businesses to purchase inputs for the program at above market prices. Financing has also involved the use of forced labour and the expropriation of private land. For example, at the beginning May 2006, people living near the main road between Mudon Township and Thanbyuzayat Townships in Moulmein District in Mon State were forced by their TPDCs to plant bio-fuel crops along both sides of the road.<sup>265</sup> Each of these households was ordered to plant at least five to seven plants in front of their homes.<sup>266</sup> Nearby households that were not forced to plant the crop were taxed between 1,050 and 1,500 Kyat to cover the costs of the trees. In areas along the road where the bio-fuel program had not begun, the Thanbyuzayat TPDC taxed each household 300 Kyat to finance future planting.<sup>267</sup>

Fines for the non-provision of unpaid labour has been another method used to cover the resources for the bio-fuel program. For example, in 2006 in Mudon Township the fine was 500 Kyat per day;<sup>268</sup> whilst in Ye Township in 2007 the fine was levied at 500 Kyat per day.<sup>269</sup> The bio-fuel crop program has involved the state forcing many households to purchase the plants and seeds required for cultivation.<sup>270</sup> For example,

262 HREIB (2006) "Villagers in several tracts in Larnghkur Township were confiscated and forced to work by IB99 to grow physic nut plants," Langkhur Township, Shan State, Martus Bulletin, 20 March; HURFOM (2006) "Inhabitants were forced to plant physic nuts (castor oil plants) in front of their house," Mudon and Thanbyuzayat Townships, Moulmein District, Mon State, Martus Bulletin, 1-31 May; HURFOM (2006) "Villagers forced to remove bushes along motor road," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 31 July; HURFOM (2007) "Authorities used forced labour to beautify physic nut yard in Mudon Township," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 10-21 May; HURFOM (2007) "Residents were forced to buy and grow the physic nut plant seeds," Mudon and Thanbyuzayat Townships, Moulmein District, Mon State, Martus Bulletin, 1-25 May; HURFOM (2007) "Villagers in Mudon Township are being forced to grow castor-oil plants," Mudon Township, Moulmein District, Mon State, 24-31 August; KHRG (2007) "State repression and the creation of poverty in southern Karen State," Kawkaireik Township, Karen Stated, 23 February - <http://www.khrg.org/khrg2007/khrg07f2.html> - accessed 22 February 2010; PYNG (2008) "Villagers forced to plant castor oil (Jatropha) plants by the military," Mantong and Namtu Townships, Shan State, Martus Bulletin, 1 April; PW0 (2006) "SPDC forced and ordered cars to carry castor trees in Nankham Township," Nankham Township, Shan State, Martus Bulletin, 14 July;

263 HURFOM (2006) "Villagers forced to remove bushes along motor road," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 31 July; HURFOM (2007) "Authorities used forced labour to beautify physic nut yard in Mudon Township," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 10-21 May.

264 PYNG (2007) "School forced to cultivate the Castor Nut," Kyaukme Township, Kyaukme District, Shan State, Martus Bulletin, 15 June; HURFOM (2007) "Even university students forced to grow physic nut," Moulmein Township, Mon State, Martus Bulletin, 28 June;

265 It is a common phenomenon for local authorities in authoritarian societies to respond to the decrees associated with national development programs to locate their 'contribution' in highly visible locations.

266 HURFOM (2006) "Inhabitants were forced to plant physic nuts (castor oil plants) in front of their house," Mudon and Thanbyuzayat Townships, Moulmein District, Mon State, Martus Bulletin, 1 May.

267 Ibid.

268 HURFOM (2006) "Villagers forced to remove bushes along motor road," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 31 July.

269 HURFOM (2007) "Authorities used forced labour to beautify physic nut yard in Mudon Township," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 10-21 May.

270 HREIB (2006) "Villagers in several tracts in Larnghkur Township were confiscated and forced to work by IB99 to grow physic nut plants," Langkhur Township, Shan State, Martus Bulletin, 20 March; HURFOM (2006) "Inhabitants were forced to plant physic nuts (castor oil plants) in front of their house," Martus Bulletin, 5-31 May; HURFOM (2007) "Residents were forced to buy and grow the physic nut plant seeds," Mudon and Thanbyuzayat Townships, Moulmein District, Mon State, Martus Bulletin, 1-25 May; HURFOM (2007) "Villagers in Mudon Township are being forced to grow castor-oil plants," Mudon Township, Moulmein District, Mon State, 24-31 August; KHRG (2007) "State repression and the creation of poverty in southern Karen State," Kawkaireik Township, Karen Stated, 23 February - <http://www.khrg.org/khrg2007/khrg07f2.html> - accessed 22 February 2010; PYNG (2008) "Villagers forced to plant castor oil (Jatropha) plants by the military," Mantong and Namtu Townships, Shan State, Martus Bulletin, 1 April.

in 2007 the TPDC in Mudon and Thanbyuzayat Townships, forced households to purchase between two and three bowls of seeds at a price between 3,000 and 5,000 Kyat per bowl. This reflected a shift from 2006, where households purchased seeds and plants from the private sector, but by 2007 control was in the hands of the local authorities.<sup>271</sup> Bio-fuel plants were initially supplied by the market, but by 2007 the sale of these were controlled by the authorities. As with other (implicit) taxes the prices for seeds and plants differ widely across time and place.

In other areas where sugarcane and tobacco was grown, owners of the land have been forced to grow the physic nut plant.<sup>272</sup> The amount of land that households were forced to assign to the cultivation of the physic nut plant was based on a rough assessment of the household's wealth.<sup>273</sup> Sometimes vehicles (and their drivers) are requisitioned to carry the castor plant.<sup>274</sup>

**Economic Loss from the Bio-fuel Program:** The central problem with the bio-fuel crop program is that there is no incentive for households to cultivate bio-fuel crops once they are planted. In many cases households do not have ownership rights over the crops they plant. For example in Mudon Township villages were ordered by the TPDC, and supervised by Tatmadaw soldiers, to plant bio-fuel crops in their gardens, beside fences and in front of their homes.<sup>275</sup> The forced plantings occur each year, but as people have no incentive to care for the plants, most die or are eaten by cows, buffaloes and other livestock.<sup>276</sup>

There are no established markets in bio-fuel crops (apart from the plants and seeds sold to those who are forced to plant the crop) and Burma does not have the technical capacity to produce bio-fuel. The absence of any market in the output means that all the inputs, including wages foregone due to forced labour, taxes (cash and in-kind) levied on households to finance the planting and cultivation of crops, and the income allocated to purchasing seeds and plants, were not used to produce goods and services desired by households and businesses. These inputs represent forgone income for both the state, military and the private sector. The economic losses from this programme, for a commensurate amount of resources, are more severe than even the taking of resources by the state for business and infrastructure building. The resources garnered for these purpose typically involve a transfer of income from the private sector to the state, rather than an aggregate loss of income. The bio-fuel program has simply lowered aggregate income for both the state and the private sector. In some cases the bio-fuel crop program has involved destruction of agricultural crops, particularly trees on plantations. This is not just a once-off loss of income, but represents ongoing income losses. For example, in Mudon Township in Mon State, where owners of rubber plantations were forced to cut down rubber trees

271 HURFOM (2007) "Residents were forced to buy and grow the physic nut plant seeds," Mudon and Thanbyuzayat Townships, Moulmein District, Mon State, Martus Bulletin, 1-25 May;

272 HREIB (2006) "Villagers in several tracts in Larnghkur Township were confiscated and forced to work by IB99 to grow physic nut plants," Langkhur Township, Shan State, Martus Bulletin, 20 March.

273 Ibid.

274 PWO (2006) "SPDC forced and ordered cars to carry castor trees in Nankham Township," Nankham Township, Shan State, Martus Bulletin, 14 July;

275 HURFOM (2007) "Villagers in Mudon Township are being forced to grow castor-oil plants," Mudon Township, Moulmein District, Mon State, 24-31 August.

276 HURFOM (2007) "Residents were forced to buy and grow the physic nut plant seeds," Mudon and Thanbyuzayat Townships, Moulmein District, Mon State, Martus Bulletin, 1-25 May; HURFOM (2007) "Villagers in Mudon Township are being forced to grow castor-oil plants," Mudon Township, Moulmein District, Mon State, 24-31 August.



to plant bio-fuel crops.<sup>277</sup> At the end of 2009, reports emerged that the government decided to move from its program of forcing people to grow bio-fuel crops, to extracting resources to build processing bio-fuel plants.<sup>278</sup>

## Taxes at Checkpoints

### Official Taxes on Goods and Services

There are several different types of taxes that can be levied on commodities and goods and services. One of these is taxes levied on goods and services sold within a country. There are two general methods of levying these taxes. One is referred to as a sales or consumption tax, which is levied at the end of the production process. Alternatively, a value added tax (VAT) can be imposed at each stage of the production process. The taxation on goods and services sold within Burma is on paper governed by legislation (Commercial Tax Law 1990), which mandates the levying of taxes on goods at the end of the production process. This legislation, even if it did govern the taxes levied on goods and services is not simple to administer, with the rate of taxation officially varying between 5 and 25% for most goods and services. Furthermore, there are 72 goods officially exempt from the sales tax. These include basic food, educational materials, clothing and agricultural inputs and outputs. The rate of taxation on other items such as jade, precious stones, oil and kerosene are levied at much higher rates of tax, varying between 30 and 200%. According to official statistics, taxes on goods and services accounted for (in the last five years) a very large percentage of recorded tax revenue, at between 40 and 45%.<sup>279</sup> Another common type of tax levied on goods and services are called excise duties. These are additional taxes on items such as alcohol, cigarettes and gambling, usually justified by the perceived negative externalities associated with their consumption.<sup>280</sup> The official system of taxation in Burma levies a tax rate of 75% of the value of tobacco related products.<sup>281</sup> Excise duties on other goods and services vary between 30 and 300%.<sup>282</sup>

Burma also has legislation, including the Sea Customs Act and Land Customs Act to govern the taxation of exports and imports. However, the taxes actually levied on exports and imports have long been based on decrees that emanate from the upper echelons of the central government. Hence, there is limited information on official tax rates. The Customs Department is the official agency charged with the administrative responsibility for collecting import and export taxes, though in practice there is a raft of agencies associated with the state engaged in collecting these

277 HURFOM (2006) "Inhabitants were forced to plant physic nuts (castor oil plants) in front of their house," *Martus Bulletin*, 5 May.

278 HURFOM (2009) "Villages in Kyaikmayaw Township forced to contribute money towards castor bean mill," *Kyaikmayaw Township, Moulmein District, Mon State, Martus Bulletin*, 15 October.

279 <http://www.csostat.gov.mm> – accessed 17 September 2009.

280 Another common source of revenue for governments is state sanctioned lotteries. In other display of increased taxation coming from the central government was the doubling of the price of Burma's state run lottery in January 2009. The last increase in the price of tickets occurred in 2005, where ticket prices were increased from K50 to K100 - Kyi Wai (2008) "Cost of Burmese lottery ticket to double," *Irrawaddy*, 27 October - [www.irrawaddy.org/article.php?art\\_id=14509](http://www.irrawaddy.org/article.php?art_id=14509) – accessed 16 February 2010.

281 Tobacco Control Measures in Myanmar - <http://www.moh.gov.mm/file/tobacco.pdf> - accessed the 15 February 2010.

282 <http://www.csostat.gov.mm> – accessed 17 September 2009.

taxes. Export and import taxes are typically the largest percentage of the officially collected taxes in poor countries, particularly when foreign traded commodities pass through a limited number of points and when exports and imports are controlled by a limited number of wholesalers. As a result it is typically easier to tax companies that are involved in importing and exporting than companies involved in internal trade. This is somewhat complicated and mitigated in Burma's case due to the country's long and porous borders, which are controlled by different armed groups. People involved in the export and import of goods at unofficial border crossings can fall prey to extortion. For example, traders purchasing goods in China and using the Laiza border crossing controlled by the Kachin Independance Organisation are often subject to extortion by Tatmadaw soldiers, as they travel to Myitkyina.<sup>283</sup> In the last five years recorded taxes on imports at ports and borders has accounted for between 4 to 8.5% of total recorded taxes, which is a very low percentage of total tax revenue, particularly for a poor country.<sup>284</sup> Part of this is explained by the absence of any official and publicly available statistics of revenue earned from the taxation of exports.<sup>285</sup>

The official taxes levied on goods and services are not the only taxes that affect their prices. A significant proportion of the taxes that impact on the price and supply of goods and services in Burma are levied at the checkpoints along the country's transport routes, where agencies associated with the state use the threat of violence to extract resources as people and goods attempt to move around the country. These include checkpoints on the main roads and trading routes.<sup>286</sup>

Border crossings, where taxes are levied on exports and imports are also a lucrative source of revenue for the Tatmadaw, other cease fire groups, and other taxing agencies associated with the state.<sup>287</sup> Taxes are also levied on many of the smaller

283 KNG (2009) "Extortion from car owners on border trade route," Myitkyina District, Kachin State, Kachin News Group, 6 November – <http://www.kachinnews.com/News/Extortion-from-car-owners-on-border-trade-route.html> - accessed 9 April 2010.

284 <http://www.csostat.gov.mm> – accessed 17 September 2009.

285 Not all exports and should be taxed at the same rate. There is a generally agreed upon set of general principals governing their taxation. Firstly, taxes should be imposed on goods that are produced by a relatively small number of licensed firms, so that evasion can be controlled. Secondly, taxes should not be imposed on exports and imports, if any increase in price from the tax causes demand to be choked off. Thirdly, taxes should only be levied on those exports and imports that are consumed by higher income groups.

286 HURFOM (2007) "Car owners have to pay higher passenger taxes" Thanbyuzayat Township, Moulmein District, Mon State and Three Pagado Pass Township, Pa'an District, Karen State, Martus Bulletin, 1 April; HURFOM (2008) "Protecting their rice pots: An economic profile of trade and corruption in Three Pagoda Pass," The Mon Forum, 30 December - [http://www.taigress.info/politics/p\\_82.html](http://www.taigress.info/politics/p_82.html) - accessed 10 February 2010; Kaladan Press (2010) "Seven Nasaka gates in Maungdaw," Maungdaw Township, Maungdaw District, Arakan State, Kaladan Press, 17 March - <http://www.bnionline.net/news/kaladan/8143--seven-nasaka-gates-in-maungdaw.html> - accessed 22 March 2010; KNG (2009) "Six trucks forced to transport Burmese Army arms and rations," Kachin News Group, Muse Township, Shan State, 9 October - <http://www.kachinnews.com/News/Six-trucks-forced-to-transport-Burmese-Army-arms-and-rations.html> - accessed 23 February 2010; KNG (2009) "Burmese military junta thrives on a cycle of corruption," Kachin News Group, Kachin State, 9 December - <http://www.kachinnews.com/News/Burmese-military-junta-thrives-on-cycle-of-corruption.html> - accessed 23 January 2010; KNG (2009) "Extortion name of the game in Burma's northern Kachin State," Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 22 May - <http://www.bnionline.net/news/kng/6314-extortion-name-of-the-game-in-burmas-northern-kachin-state.html> - accessed 2 March 2010; KHRG (2009) "Tollgates upon tollgates: En route with extortion along the Asian Highway," KHRG #2009-F17, 5 October - [www.khr.org/khr2009/khr09f17.pdf](http://www.khr.org/khr2009/khr09f17.pdf) - accessed 11 February 2009; KNG (2009) "Extortion from car owners on border trade route," Myitkyina District, Kachin State, Kachin News Group, 6 November - <http://www.kachinnews.com/News/Extortion-from-car-owners-on-border-trade-route.html> - accessed 7 April 2010; Narinjara News (2008) "Traders forced to pay toll at army gate," Buthiduang Township, Maungdaw Township, Arakan State, 15 July - <http://www.bnionline.net/news/narinjara/4489-traders-forced-to-pay-toll-at-army-gate.html> - accessed 4 March 2010; Khonumthung News (2009) "Immigration will not be responsible for lost IDs," Chin State, Khonumthung News, 22 December - <http://www.bnionline.net/news/khonumthung/7598-immigration-will-not-be-responsible-for-lost-ids.html> - accessed 1 March 2010; Myo Gyi (2010) "China made motorcycles allowed to import," Muse Township, Muse District, Shan State, Mizima News, 12 January - <http://www.bnionline.net/news/mizzima/7659-china-made-motorcycles-allowed-to-import.html> - accessed 1 March 2010; PWO (2006) "The soldiers and police force Daw Aye Sing to provide labour for road construction," Muse Township, Shan State, Martus Bulletin, 1 April; PWO (2009) "Inflated tax at ferry port at Hoe Sai village," Martus Bulletin, 18 September; PWO (2009) "Confiscation of MP3 player and phone in Man Tong Township," Martus Bulletin, 15 August; SHAN (2005) "Taxis boycott bridge tolls," Shan Herald Agency for News, 13 September - [http://www.shanland.org/index.php?option=com\\_content&view=article&id=1376%3Ataxis-boycott-bridge-tolls&Itemid=301](http://www.shanland.org/index.php?option=com_content&view=article&id=1376%3Ataxis-boycott-bridge-tolls&Itemid=301) - accessed 19 February 2010; TSYO (2009) "Additional taxes for vehicle owners," Muse and Nankham Townships, Muse District, Shan State, Martus Bulletin, 10 September; TSYO (2009) "Increased taxes on owners of vehicles," Nankham Township, Muse District, Shan State, Martus Bulletin, 9 August;

287 KNG (2007) "Multi-government agencies forcibly collect tax from traders," Kachin State, Kachin News Group, 3 July - <http://www.kachinnews.com/News/Multi-government-agencies-forcibly-collect-tax-from-traders.html> - accessed 25 February 2010; KNG (2009) "Burmese military junta thrives on a cycle of corruption," Kachin News Group, Kachin State, 9 December - <http://www.kachinnews.com/News/Burmese-military-junta-thrives-on-cycle-of-corruption.html> -



**Police waiting at a checkpoint in Mon State (HREIB)**

roads in the country and at checkpoints within townships and villages.<sup>288</sup> Taxes are levied on bridges, ports and rivers.<sup>289</sup> It is quite probable that this raft of unofficial taxes result in higher rates of tax on goods and services than those levied by the official system. There are large variations in the size of the taxes levied between the country's checkpoints and across the years, making it impossible to ascertain tax rates. For example, duties on Indian motorbikes (imported via Bangladesh) are each taxed between 100,000 and 150,000 Kyat; whereas the duties on motorbikes imported from Thailand and China at the respective border gates are only 30,000 and 50,000 Kyat.<sup>290</sup> Reports suggest that tax rates of 50% are not uncommon.<sup>291</sup> These checkpoint taxes are responsible for increasing the price of goods and services and lowering the number of profitable exchanges. High levels of taxation levied at checkpoints can lower the opportunities for people in many areas of Burma to transport their goods to market, directly lowering their income and creating large differences in prices across Burma. These taxes, with their potential to limit trade may even create shortages of basic commodities in some areas and may increase prices of those goods. There are many reports that the high levels of taxes levied at checkpoints have led to business closures. For example, in 2010 in Kawkaireik Township in Karen State, the increase in the number of checkpoints and the size of the taxes levied caused otherwise profitable businesses in trade and transport to shut down.<sup>292</sup>

accessed 23 January 2010; TSYO (2009) "Seizing money and materials from day labourers," Nankham Township, Muse District, Shan State, Martus Bulletin, 5 July; Myo Gyi (2010) "China made motorcycles allowed to import," Muse Township, Muse District, Shan State, Mizzima News, 12 January - <http://www.bnionline.net/news/mizzima/7659-china-made-motorcycles-allowed-to-import.html> - accessed 1 March 2010.

288 KHRG (2007) "State repression and the creation of poverty in southern Karen State," Kawkaireik Township, Karen State, 23 February - <http://www.khrg.org/khrg2007/khrg07f2.html> - accessed 22 February 2010; Mehm Oa, Tuka (2010) "Checkpoints cut driver income in Ye Township," Ye Township, Moulmein District, Mon State, Independent Mon News Agency, 18 January - <http://www.bnionline.net/news/imna/7699-checkpoints-cut-truck-driver-income-in-ye-township.html> - accessed 1 March 2010; PWO (2009) "Inflated tax at ferry port at Hoe Sai village," Martus Bulletin, 18 September; PWO (2009) "Confiscation of MP3 player and phone in Man Tong Township," Martus Bulletin, 15 August; TSYO (2009) "Taxation increases," Nankham Township, Muse District, Shan State, Martus Bulletin, 12 September; TSYO (2009) "Additional taxes for vehicle owners," Muse and Nankham Townships, Muse District, Martus Bulletin, 10 September.

289 HURFOM (2008) "Protecting their rice pots: An economic profile of trade and corruption in Three Pagoda Pass," The Mon Forum, 30 December; KNG (2009) "Children's death after fall from bridge ignored," Myitkyina Township, Kachin State, Kachin News Group, 27 July - <http://www.kachinnews.com/News/Childrens-death-after-fall-from-bridge-ignored.html> - accessed 23 February 2010; Karenni Homeland (2007) "Tolls imposed on vehicles crossing new bridge," Karenni, 13 September - <http://www.karennihomeland.com/NewsArticle.php?ContentID=107> - accessed 9 April 2010.

290 Takaloo (2010) "Indian motorcycles popular in Arakan," Maungdaw and Sittwe Districts, Arakan State, Narinjara News, 22 March - <http://www.bnionline.net/news/narinjara/8175-indian-motorcycles-popular-in-arakan.html> - accessed 23 March 2010. The higher import duties on Indian manufactured motorbikes, coupled with higher license fees means that prices are much higher than motorbikes manufactured in China and Thailand. This has led some customers in at least Arakan State to purchase Chinese and Thai motorbikes, even though Indian motorbikes are preferred due to their stronger frame, making them more suitable for the state's poor roads.

291 TSYO (2009) "Increased taxes on owners of vehicles," Nankham Township, Muse District, Shan State, Martus Bulletin, 8 September.

292 HURFOM (2010) "DKBA extortion plagues Kawkaireik Township in 2010," Kawkaireik Township, Kawkaireik District, Karen State, 18 February - <http://www.kachinnews.com/News/DKBA-extortion-plagues-Kawkaireik-Township-in-2010.html> - accessed 23 February 2010.

One of the serious problems with the taxes levied at the numerous checkpoints across Burma is the lack of predictability in terms of their timing and size. For example, in Kyainseikkyi Township in Karen State the tax levied on cattle, varied considerably, (eve in the same year) with people sometimes forced to pay 50,000 Kyat on a herd of cattle, whilst sometimes 30,000 Kyat could be levied on one or two cattle.<sup>293</sup>



Checkpoint on the road of Mawlamyine-Thandabyay, Mon State (HURFOM)

Another associated problem is the unpredictable nature of extortion when soldiers seize opportunities for extra income. For example, this is a common (though unpredictable) practice on the road between Laiza in Kachin State on the border with China and Myitkyina.<sup>294</sup> The uncertainty created by the inconsistency in the size of taxes lowers the profitable exchanges available from the movement of goods. This has negative impacts on the capacity of people and businesses to plan, distorting business decisions and lowering the overall level of profitable transactions.<sup>295</sup> This, in turn, lowers the incomes of households and the overall level of economic growth.

The taxes levied at checkpoints on roads and bridges are collected by TPDC/VPDC, representatives of different ministries and government departments, the police, the Tatmadaw and the ceasefire groups. Taxes at some of the country's ports are levied by Burma's navy and other agencies associated with the state.<sup>296</sup> On rivers and the sea representatives of the state, including the Customs Department, police and the navy, also impose taxes on fishing and other sea borne vessels. Taxes on boats can also be levied by ceasefire groups and police.<sup>297</sup> Some of these taxes are arbitrary in the sense that they are unpredictable, whilst some taxes are at least predictable in their regularity. Additional taxes can simply be imposed in areas upon the arrival of additional soldiers, either from the Tatmadaw or cease fire groups.<sup>298</sup>

At many checkpoints the revenue collected is divided between agencies associated with the state. For example, at three major checkpoints in Kachin State, 18 different

rehmonnya.org/archives/979#more-979 - accessed 26 February 2010.

293 HURFOM (2009) "Profits dwindle under cane and cattle tax," Tavoy Township, Tavoy District, Tenasserim Division, Martus Bulletin, 28 August; KHRG (2007) "State repression and the creation of poverty in southern Karen State," Kawkaireik District, Karen State, 23 February - <http://www.khrg.org/khrg2007/khrg07f2.html> - accessed 22 February 2010

294 KNG (2009) "Extortion from car owners on border trade route," Myitkyina District, Kachin State, Kachin News Group, 6 November - <http://www.kachinnews.com/News/Extortion-from-car-owners-on-border-trade-route.html> - accessed 7 April 2010.

295 KHRG (2007) "State repression and the creation of poverty in southern Karen State," Kawkaireik District, Karen State, 23 February - <http://www.khrg.org/khrg2007/khrg07f2.html> - accessed 22 February 2010; SHAN (2005) "Taxis boycott bridge tolls," Shan Herald Agency for News, 13 September - [http://www.shanland.org/index.php?option=com\\_content&view=article&id=1376%3Ataxis-boycott-bridge-tolls&Itemid=301](http://www.shanland.org/index.php?option=com_content&view=article&id=1376%3Ataxis-boycott-bridge-tolls&Itemid=301) - accessed 19 February 2010.

296 AASYC (2009) "Burmese navy's permit for tolls troubles public in Arakan," Sittwe Township, Sittwe District, Arakan State, Martus Bulletin, 1 July.

297 KHRG (2008) "Daily demands and exploitation: Life under the control of the SPDC and DKBA forces in Pa'an District," Pa'an District, Karen State, Karen Human Rights Group, 18 September - <http://www.khrg.org/khrg2008/khrg08f13.pdf> - accessed 21 February 2010; PWO (2009) "Inflated tax at ferry port at Hoe Sai Village," Nankham Township, Muse District, Shan State, Martus Bulletin, 18 September.

298 Tin Soe (2010) "Army engineering unit operate like gangsters in Northern Arakan," Maungdaw Township, Maungdaw District, Arakan State, Kaladan Press, 12 January - <http://www.bnionline.net/news/kaladan/7658-army-engineering-unit-operate-like-gangsters-in-northern-arakan.html> - accessed 1 March 2010.

agencies associated with Burma's state were reported to be collecting revenue.<sup>299</sup> At some of the lucrative collection points, battalions in the Tatmadaw are rotated, so that revenue can be distributed more widely.<sup>300</sup> Also, any road can have different groups levying taxes at different points, without any coordination regarding the amount of taxes levied. The limited coordination between the different taxing agencies in their scramble for revenue is one reason for the excessive taxation levied on roads. For example, in 2007 on the road between Thanbyuzayat Township and Three Pagoda Pass, there were around 19 checkpoints collecting revenue, including two controlled by the Mon National Liberation Army, two by the Karen National Liberation Army, while the others are controlled by the Tatmadaw, the DKBA and the Karen Peace Front.<sup>301</sup>

Most of the revenue collected at checkpoints is for the private income of members of the groups doing the levying, rather than as tolls levied for the purpose of financing infrastructure construction and maintenance.<sup>302</sup> Only in rare cases are tolls levied to finance infrastructure. One such case is the Yuzana Company, which has been given the contract by Burma's government to build a section of the Ledo (Stillwell) road, in the Myitkyina Township area. In return the company was granted the rights to levy tolls on the road.<sup>303</sup> Even when tolls are actually levied to finance infrastructure, there are still problems. There is no public information about these contracts, including the costs of construction and the size of the tolls to be collected.<sup>304</sup> In some instances tolls and other taxes are levied on locals before construction has been completed, further complicating accountability, as there are no mechanism to ensure that these taxes are actually allocated to the stated purpose.<sup>305</sup>

Sometimes users pay large taxes at checkpoints, whilst experiencing declines in the quality of the infrastructure.<sup>306</sup> For example, in Northern Shan State, on the road between Nankham and Nanpakar in Muse District in 2009, total taxes levied at the different checkpoints along the road amounted to 450,000 Kyat for a truck, despite declines in the quality of the road. Before the road began to deteriorate a car would use seven large tins of petrol, but after cars were using 20 large tins, significantly

299 KNG (2007) "Multi-government agencies forcibly collect tax from traders," Kachin State, Kachin News Group, 3 July - <http://www.kachinnews.com/News/Multi-government-agencies-forcibly-collect-tax-from-traders.html> - accessed 25 February 2010.

300 KNG (2009) "Burmese military junta thrives on a cycle of corruption," Kachin News Group, Kachin State, 9 December - <http://www.kachinnews.com/News/Burmese-military-junta-thrives-on-cycle-of-corruption.html> - accessed 23 January 2010.

301 HURFOM (2007) "Car owners have to pay higher passenger taxes," Thanbyuzayat Township, Moulmein District, Mon State and Three Pagoda Pass Township, Pa'an District, Karen State, Martus Bulletin, 1 April

302 Narinjara News (2008) "Traders forced to pay toll at army gate," Buthiduung and Maungdaw Townships, Muangdaw Township, Arakan State, 15 July - <http://www.bnionline.net/news/narinjara/4489-traders-forced-to-pay-toll-at-army-gate.html> - accessed 4 March 2010; TSYO (2009) "Taxation increases," Nankham Township, Muse District, Shan State, Martus Bulletin, 12 September; TSYO (2009) "Additional taxes for vehicle owners," Nankham Township, Muse District, Martus Bulletin, 10 September; Min Lwin (2009) "Kachin recruiting drive launched as tension mounts," Irrawaddy, 16 June - [http://www.irrawaddy.org/article.php?art\\_id=16022](http://www.irrawaddy.org/article.php?art_id=16022) - accessed 16 February.

303 KNG (2007) "Junta gives Yuzana Company contract to rebuild Ledo Road," Myitkyina District, Kachin State, Kachin News Group, 21 November - <http://www.kachinnews.com/News/Junta-gives-Yuzana-Company-contract-to-rebuild-Ledo-Road.html> - accessed 23 February 2010. The Ledo (or Stillwell) Road, at 1,079 miles, is to connect Ledo Village in Assam State India to Kunming in Yunnan Province, China.

304 KNG (2009) "Asia World collects tax on road under construction: Hpakant jade mining road," Hpakant Township, Myitkyina District, Kachin State, Kachin News Group, 2 January - <http://www.kachinnews.com/News/Asia-World-collects-road-tax-on-under-construction-Hpakant-jade-mining-road.html> - accessed 23 February 2010; SHAN (2005) "Taxis boycott bridge tolls," Shan Herald Agency for News, 13 September - [http://www.shanland.org/index.php?option=com\\_content&view=article&id=1376%3Ataxis-boycott-bridge-tolls&Itemid=301](http://www.shanland.org/index.php?option=com_content&view=article&id=1376%3Ataxis-boycott-bridge-tolls&Itemid=301) - accessed 19 February 2010.

305 KNG (2009) "Asia World collects tax on road under construction: Hpakant jade mining road," Hpakant Township, Myitkyina District, Kachin State, Kachin News Group, 2 January - <http://www.kachinnews.com/News/Asia-World-collects-road-tax-on-under-construction-Hpakant-jade-mining-road.html> - accessed 23 February 2010;

306 Narinjara News (2008) "Traders forced to pay toll at army gate," Buthiduung Township, Maungdaw District, Arakan State, 15 July - <http://www.bnionline.net/news/narinjara/4489-traders-forced-to-pay-toll-at-army-gate.html> - accessed 4 March 2010; TSYO (2009) "Increased taxes on owners of vehicles," Nankham Township, Muse District, Shan State, Martus Bulletin, 8 September;

increasing petrol costs by 52,000 Kyat.<sup>307</sup> The time to complete the journey also rose from seven hours to three days.<sup>308</sup> Another example is on the main road between Buthidaung and Maungdaw Townships in Arakan State, where a check point was even established after large declines in the quality of road, due to mudslides and bridge collapses, so that motorbikes, cars or trucks could no longer use the road. This meant that taxes were levied on pushcarts and people carrying goods between the townships.<sup>309</sup> Another example is the Balaminhhtin Irrawaddy Bridge in Myitkyina Township, Kachin State, where the Tatmadaw levies taxes at both ends. However, none of the revenue is allocated to the maintenance of the bridge, which has resulted in the deaths of several children using the bridge's pedestrian walkway.<sup>310</sup> Another example where tolls and taxes are not allocated to road repair and improvement is the 63 km road from Thanbyuzayat Township in Mon State to the Three Pagoda Pass Township in Karen State, which is close to the Thai border town of Sangklabluria. This road is the major route for people leaving Mon and Karen States to work in Thailand and is an important trade route.<sup>311</sup> The quality of the road is poor, though there were some improvements immediately after the NMSP reached a ceasefire with SPDC in 1995, with the road being repaired after the Monsoon.<sup>312</sup> The road is dirt/clay and is only passable between November and the first week of June (outside the Monsoon Season).<sup>313</sup> Along the 63 kilometres there are more than two dozen checkpoints, operated by various armed groups associated with the state, including ceasefire groups.<sup>314</sup> In the period between 2006 and April 2007 between Thanbyuzayat Township and the Three Pagoda Pass the total taxes levied had increased, along with the addition of two more checkpoints.<sup>315</sup> By April 2007 the size of the taxes levied at each checkpoint was between 500 and 3,000 Kyat.<sup>316</sup> Taxes imposed at checkpoints are levied on the type of vehicle and the goods being transported. In April 2007 car and mini-bus owners were charging passengers 30,000 Kyat each for the journey, with around half to two-thirds of this revenue (17,000 Kyat) allocated between the 19 checkpoints along the road.<sup>317</sup> Major checkpoints were installed in Moulmein, Mudon and Thanbyuzayat Townships in Mon State in 2008 during the period of the referendum, after which they were removed.<sup>318</sup> However, they were erected again in August 2009, with head taxes between 3,000 and 5,000 Kyat levied on vehicles.<sup>319</sup> In places where the Tatmadaw is fighting, people can be forced to pay for documents to travel beyond the bounds

307 One tin of petrol = K4,000

308 TSYO (2009) "Increased taxes on owners of vehicles," Nanhkam Township, Muse District, Shan State, *Martus Bulletin*, 8 September;

309 Narinjara News (2008) "Traders forced to pay toll at army gate," Buthiduang and Maungdaw Townships, Maungdaw District, Arakan State, 15 July - <http://www.bnionline.net/news/narinjara/4489-traders-forced-to-pay-toll-at-army-gate.html> - accessed 4 March 2010.

310 KNG (2009) "Children's death after fall from bridge ignored," Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 27 July - <http://www.kachinnews.com/News/Children's-death-after-fall-from-bridge-ignored.html> - accessed 23 February 2010.

311 For more in depth analysis of these businesses see HURFOM (2008) "Protecting their rice pots: An economic profile of trade and corruption in Three Pagoda Pass," *The Mon Forum*, 30 December.

312 HURFOM 2007 "Car owners have to pay higher passenger taxes," Mon and Karen States, *Martus Bulletin*, 1 April

313 Ibid.

314 HURFOM (2008) "Protecting their rice pots: An economic profile of trade and corruption in Three Pagoda Pass," *The Mon Forum*, 30 December.

315 Op cit.

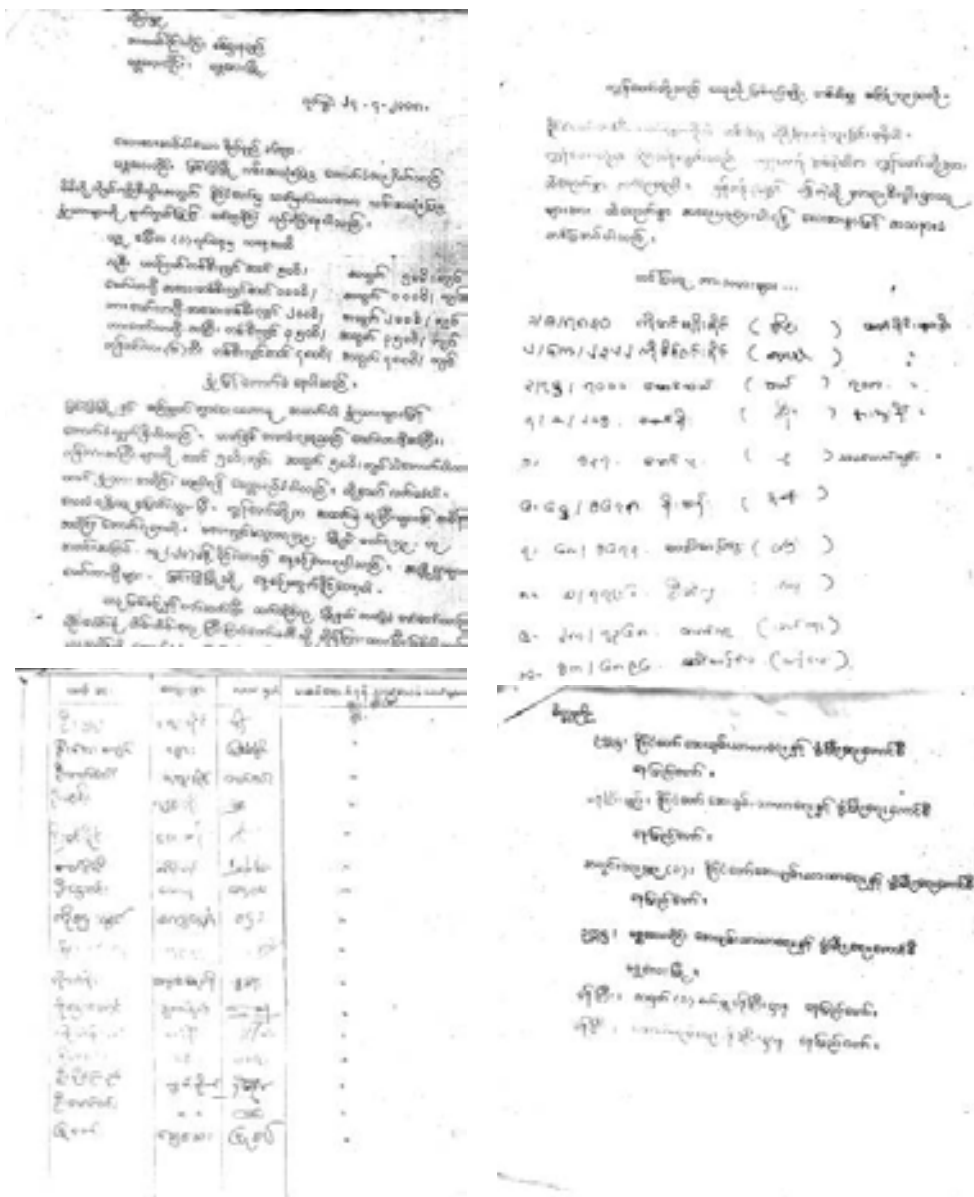
316 Two checkpoints are controlled by the Mon National Liberation Army (MNLA), two by the Karen National Liberation Army while the others are controlled by the Tatmadaw, the Democratic Karen Buddhist Army (DKBA), and the Karen Peace Front (KPF) (HURFOM 2007 "Car owners have to pay higher passenger taxes," Mon and Karen States, *Martus Bulletin*, 1 April.

317 One person interviewed stated that each of his passengers incurred around K17,000 in tolls. Another, mini-bus owner carrying 20 passengers was left with only K200,000 in revenue after the tolls along the road had been levied, indicating that the tolls per passenger were as much as K30,000. (HURFOM 2007 "Car owners have to pay higher passenger taxes," Mon and Karen States, *Martus Bulletin*, 1 April

318 HURFOM (2009) "Travel restrictions resisted in Mon State," Thanbyuzayat Township, Moulmein District, Mon State, *Martus Bulletin*, 12 August.

319 Ibid.

of their village.<sup>320</sup> Extortion is also blatant and common at many checkpoints with representatives from different agencies confiscating goods arbitrarily.<sup>321</sup>



**Complaint letter to Central Command in Mandalay Division about being charged more than the official rate at a checkpoint (Yoma3)**

**Taxes on the Water:** Taxes are also levied on the transportation of people and goods by boat, where limited infrastructure is provided by the state. For example, during

320 HURFOM (2009) "Residents restricted to villages in Tenasserim Division," Yebyu Township, Tavoy District, Tenasserim Division, Martus Bulletin, 10 August – 14 October.

321 PW/O (2009) "Inflated tax at ferry port at Hoe Sai village," *Martus Bulletin*, 18 September; PW/O (2009) "Confiscation of MP3 player and phone in Man Tong Township," Mongton Township, Kyaukse District, Shan State, *Martus Bulletin*, 15 August.

the Monsoon when the road between Thanbyuzayat Township and Three Pagoda Pass is not passable, the transport route is along the Zemi River. The travel begins at Kyainnseiky Township in Karen State and ends at Chaungzon, which is about 15 miles from the Three Pagoda Township. There are also numerous checkpoints, along the river, where fees and taxes are extracted.<sup>322</sup> The number of checkpoints on the Zemi River (as on the road between Thanbyuzayat Township and Three Pagoda Pass) fluctuates depending upon the security situation and the capacity and willingness of the different armed groups and other agencies associated with the state to extract taxes and the varying methods used to determine the size of the tax.<sup>323</sup> For example, at the end of 2008, the groups controlling some the 13 checkpoints on the Zemi River, were levying lump-sum taxes on boats, with the fee varying between 4,000 and 10,000 Kyat.<sup>324</sup> Other checkpoints were levying taxes per passenger, reported to be between 1,000 and 1,500 Kyat.<sup>325</sup> At one checkpoint the tax on cargo boats was reported to be between 20,000 and 30,000 Kyat based on the goods being transported.<sup>326</sup> The cost of the journey for a single person, which took two days at the end of 2008 was around 35,000 Kyat.<sup>327</sup>

Another example in a different area in Burma where taxes are extracted from boats transporting people and goods is in Sittwe District in Arakan State. To begin the journey from Sittwe Township permission from the local police is required, for which a fee of 500 Kyat is charged.<sup>328</sup> At each port on the journey the local police charge an additional 200 Kyat, which can be paid in oil or diesel, if the person in charge of the vessel does not have the requisite cash available. At some ports additional fees are charged by the Customs Department for docking.<sup>329</sup> It is extremely difficult to avoid fees at each port, as boats are forced to stop, or police will fire warning shots. Having left the port, there are also fees to be paid to the navy.<sup>330</sup> When the local military requires forced labour, the boats can be requisitioned to carry the labour to the area determined by the military. The customs officials manning the docks in the area also extract taxes by selling the tickets for the travel on privately owned vessels, keeping 20% of the ticket price. In this area, the revenue from smaller vessels transporting people and goods was around 8,000 Kyat in 2006. Half of the boat owners' revenue went to the various taxes levied by the various arms of the state. After other costs are included, notably labour and fuel the profit margin is slim.<sup>331</sup> Transaction costs are lower for the larger boats as they can pay a monthly fee to cover all the different taxes, and are issued with a letter to certify the payment of the charges.<sup>332</sup> In Khaw-Taung Township in Tenasserim Division, the navy has been imposing in-kind taxes on local fishing vessels at a rate of five gallons of oil each time a fishing vessel goes to sea beginning around 2002.<sup>333</sup> The imposition of the

322 HURFOM (2008) "Protecting their rice pots: An economic profile of trade and corruption in Three Pagoda Pass," *The Mon Forum*, 30 December.

323 *Ibid.*, p.3.

324 *Ibid.*

325 *Ibid.*

326 *Ibid.*, p.4.

327 *Ibid.*

328 Interview 8, Male, Sittwe Township, Sittwe District, Arakan State –28 August 2009, Mae Sot, Victim.

329 *Ibid.*

330 *Ibid.*

331 *Ibid.*

332 *Ibid.*

333 In 2006 each gallon of oil in the area was reported to be worth K4,540. HURFOM (2006) "Police and Navy extorted money from local villagers in Southern



tax, especially during periods when oil prices are high, causes fishing vessels to put to sea less often, as the revenue from the sale of fish is insufficient to cover costs.<sup>334</sup> The Burmese Navy in Ye township in Mon State also imposes an oil tax on fishing vessels going to sea.<sup>335</sup> The navy imposes fines on boats that breach the designated size of engines and those using car engines to power their boat, which in one area were reported at 10,000 Kyat per vessel.<sup>336</sup>

There is evidence that the nominal value of taxes collected at checkpoints have been increasing along with their number, though the amount levied varies on personal and ethnic relationships, of the persons in charge of the individual checkpoint.<sup>337</sup> The pressure on the DKBA to transfer into a Border Guard Force has led to increases in the number of checkpoints in Karen State, and the size of the tolls collected in 2009 and 2010.<sup>338</sup> In Ye Township the size of the tolls and taxes also increased at the beginning of 2010.<sup>339</sup> For example, vehicles carrying passengers travelling from one village on the outskirts of Ye Township in 2009 had to pay 4,000 Kyat at a checkpoint established by the Tatmadaw.<sup>340</sup> The one checkpoint inside Ye Township at this stage did not levy any taxes. However, at the beginning of 2010 the checkpoint had increased its tax to 5,000 Kyat. An additional checkpoint on the bridge on the outskirts of Ye Township was established by the Tatmadaw, where a tax of 1,000 Kyat was levied. Upon entering the township vehicle owners had to pay another 5,000 Kyat to the NMSP. Moreover, the one checkpoint inside Ye had grown to three, which were each levying 1,000 Kyat on each vehicle. The increase in the number of checkpoints and the size of the tolls, meant that the taxes levied on vehicle owners undertaking the journey had increased from 4,000 Kyat in 2009 to 14,000 Kyat in 2010.<sup>341</sup>

There is no consistency across Burma with regard to the methods of determining the size of the taxes to be levied on vehicles, people and goods.<sup>342</sup> Many of the taxes are levied on a lump-sum basis, with the size of the tax typically based on the type of vehicle, with more expensive and being levied a larger tax.<sup>343</sup> The size of the tax levied on cargo boats can also be based on the size of the boat.<sup>344</sup> Taxes can also be levied on individuals travelling in cars or boats, paying in addition to those levied on

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Burma," Mudon Township, Moulmein District, Mon State, and Kawtsung Township, Myeik District, Tenasserim Division, *Martus Bulletin*, 17 March.

334 Ibid.

335 Ibid.

336 Ibid.

337 TSYO (2009) "Additional taxes for vehicle owners," Muse and Nankham Townships, Muse District, Shan State, *Martus Bulletin*, 10 September; HURFOM (2010) "DKBA extortion plagues Kawkaik Township in 2010," Kawkaik Township, Kawkaik District, Karen State, 18 February- <http://rehmonnya.org/archives/979#more-979> - accessed 26 February 2010; Mehm Oa, Tuka (2010) "Checkpoints cut driver income in Ye Township," Ye Township, Moulmein District, Mon State, Independent Mon News Agency, 18 January - <http://www.bnionline.net/news/imna/7699-checkpoints-cut-truck-driver-income-in-ye-township.html> - accessed 1 March 2010.

338 HURFOM (2010) "DKBA extortion plagues Kawkaik Township in 2010," Kawkaik Township, Kawkaik District, Karen State, 18 February- <http://rehmonnya.org/archives/979#more-979> - accessed 26 February 2010.

339 Mehm Oa, Tuka (2010) "Checkpoints cut driver income in Ye Township," Ye Township, Moulmein District, Mon State, Independent Mon News Agency, 18 January - <http://www.bnionline.net/news/imna/7699-checkpoints-cut-truck-driver-income-in-ye-township.html> - accessed 1 March 2010.

340 The journey takes about 4 hours and is not passable in the wet season. Prior to the road being built in 2006, people taking the same journey had to walk for two to three days. In the wet season the only means of transportation is by boat.

341 Mehm Oa, Tuka (2010) "Checkpoints cut driver income in Ye Township," Ye Township, Moulmein District, Mon State, Independent Mon News Agency, 18 January - <http://www.bnionline.net/news/imna/7699-checkpoints-cut-truck-driver-income-in-ye-township.html> - accessed 1 March 2010.

342 KNG (2009) "Asia World collects tax on road under construction: Hpakan jade mining road," Hpakan Township, Myitkyina District, Kachin State, Kachin News Group, 2 January - <http://www.kachinnews.com/News/Asia-World-collects-road-tax-on-under-construction-Hpakan-jade-mining-road.html> - accessed 23 February 2010; TSYO (2009) "Additional taxes for vehicle owners," Muse and Nankham Townships, Muse District, *Martus Bulletin*, 10 September; TSYO (2009) "Increased taxes on owners of vehicles," Nankham Township, Muse District, Shan State, *Martus Bulletin*, 8 September.

343 TSYO (2009) "Additional taxes for vehicle owners," Muse and Nankham Townships, Muse District, *Martus Bulletin*, 10 September.

344 AASYC (2009) "Burmese navy's permit for tolls troubles public in Arakan," Sittwe Township, Sittwe District, Arakan State, *Martus Bulletin*, 1 July.

the drivers of the vehicles. Individuals can also be taxed on goods being transported, regardless of whether they are for home consumption or trade.<sup>345</sup> Even bullock carts carrying produce are taxed.<sup>346</sup>



Democratic Karen Buddhist Army checkpoint in Karen State  
(HURFOM)

## Vehicle Licenses and Fees

Registration and license fees are not technically taxes, but elsewhere, typically these types of fees are imposed to cover the costs of services provided by the state. In Burma there is little information about the allocation this revenue from license fees. This has not changed even with the increased efforts in the last two years to encourage motorbike owners to pay exorbitant fees to license their vehicles.

## Motorbikes and Cars

In many areas of Burma licenses to drive cars and motorbikes do not exist. However, as with other taxes, there is some evidence that driver's licenses were being used as another method of raising revenue. For example, in 2009 in Shan State, the TPDC began collecting fees with the stated purpose of issuing driving licenses.<sup>347</sup> Those without driver's licenses were threatened with additional fines and arrest. In Mong Yan in Shan State the fee for a motorbike license was reported to be 5,300 Kyat, whilst in Keng Tung Township in the same state the license fee was higher at 8,500 Kyat.

The importation of cars and motorbikes into Burma is officially controlled by the

<sup>345</sup> Ibid.

<sup>346</sup> KNG (2007) "Burmese military forces collect tax on bull-carts," Myitkyina District, Kachin State, Kachin News Agency, 22 March - <http://www.kachinnews.com/News/Burmese-Military-Forces-to-Collect-Tax-on-Bull-Carts.html> - accessed 1 March 2010.

<sup>347</sup> SHAN (2009) "Authorities collecting money for driving licenses without issuing them," Shan Herald Agency for News, 30 April - [http://www.shanland.org/index.php?option=com\\_content&view=article&id=2558%3Aauthorities-collecting-money-for-driving-licenses-without-issuing-them&Itemid=301](http://www.shanland.org/index.php?option=com_content&view=article&id=2558%3Aauthorities-collecting-money-for-driving-licenses-without-issuing-them&Itemid=301) - accessed 17 February 2010.

government, with only a limited number of import licenses issued. There are also a limited number of official border crossings where motorbikes and cars can be imported.<sup>348</sup> Some relaxation of the policy occurred in January 2010, when more companies were officially allowed to import motorbikes manufactured in China. These followed increases in the number of companies allowed to import spare parts for motorbikes at the end of 2009 after severe shortages in spare parts arose.<sup>349</sup> The controls over the importation of vehicles have meant that prices are unnecessarily high. Moreover, the restrictions on the importation of motorbikes have encouraged widespread smuggling of motorbikes from China and Thailand.

There is no legislation or published regulations governing the licensing of vehicles. The higher echelons of the government may have provided written instructions regarding license fees, but these are not publicly available. Vehicle license fees are essentially one-off taxes. License fees levied on vehicles are excessively high, being a large percentage of the market price of the vehicle, which in turn significantly increases their price. The size of the license fees has encouraged wide-spread non-compliance, which in turn provides opportunities for agencies associated with the state to continually impose fines on unlicensed vehicles.<sup>350</sup> In addition to widespread corruption, there is the related problem of extortion, when the owners of registered vehicles are fined or taxed for unspecified or bogus reasons. Licensed vehicles can be confiscated by the authorities for the purpose of extorting money.<sup>351</sup> This also encourages people not to register their vehicles, believing they will still be subject to fees and fines anyway.<sup>352</sup> Fines levied on vehicles are collected by a raft of different agencies associated with the state, though the police appear to dominate the extortion of vehicle owners. Confiscation of unlicensed vehicles occasionally occurs, associated with efforts by local authorities to force people to register their motorbikes.<sup>353</sup> Sometimes the confiscation of unlicensed motorbikes is used as a form of political harassment.<sup>354</sup> Another method of revenue raising by the state associated with the licensing of vehicles occurs when vehicles are impounded and then sold at auctions. For example, in Myitkyina Township in Kachin State in 2009, around 1,000 million Kyat was obtained from the sale of 400 unlicensed vehicles.<sup>355</sup>

348 Myo Gyi (2010) "China made motorcycles allowed to import," Muse Township, Muse District, Shan State, Mizzima News, 12 January - <http://www.bnionline.net/news/mizzima/7659-china-made-motorcycles-allowed-to-import-.html> - accessed 1 March 2010.

349 May Kyaw (2009) "New regulation introduced for importing car parts," Mizzima News, 15 July - <http://www.bnionline.net/news/mizzima/6657-new-regulation-introduced-for-importing-car-parts.html> - accessed 2 March 2010.

350 KNG (2009) "Extortion name of the game in Burma's northern Kachin State," Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 22 May - <http://www.bnionline.net/news/kng/6314-extortion-name-of-the-game-in-burmas-northern-kachin-state.html> - accessed 2 March 2010; KNG (2008) "Quiet confiscation of unlicensed motorcycles during examinations," Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 12 March - <http://www.kachinnews.com/News/Quiet-confiscation-of-unlicensed-motorcycles-during-examinations.html> - accessed 7 April 2010.

351 KNG (2009) "Motorcycle rickshaws banned during Thingyan in Myitkyina," Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 13 April - <http://www.bnionline.net/news/kng/6125-motorcycle-rickshaws-banned-during-thingyan-in-mytikyina.html> - accessed 2 March 2010.

352 PWO (2009) "Tax on machines and motorbikes in Oilaw village," Mongton Township, Kyaukse District, Shan State, Martus Bulletin, 19 October.

353 KNG (2007) "Resuming unlicensed motorcycle confiscation in Myitkyina," Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 18 May - <http://www.kachinnews.com/News/Resuming-unlicensed-motorcycles-confiscation-in-Myitkyina.html> - accessed 7 April 2010; KNG (2008) "Quiet confiscation of unlicensed motorcycles during examinations," Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 12 March - <http://www.kachinnews.com/News/Quiet-confiscation-of-unlicensed-motorcycles-during-examinations.html> - accessed 7 April 2010; KNG (2009) "Junta peeved over lack of applicants for two wheeler license," Myitkyina Township, Myitkyina District, Kachin State, 29 July - <http://www.kachinnews.com/News/Junta-peeved-over-lack-of-applicants-for-two-wheeler-license.html> - accessed 9 April 2010;

354 KNG (2008) "Traffic police seize unlicensed motorcycles after festival," Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 15 January - <http://www.kachinnews.com/News/Traffic-police-seize-unlicensed-motorcycles-after-festival.html> - accessed 7 April 2010; KNG (2008) "Living under duress in Kachin State," Myitkyina Township, Myitkyina District, Kachin State, 30 September - <http://www.kachinnews.com/Commentary/Living-under-duress-in-Kachin-State.html> - accessed 23 February 2010; KNG (2009) "Burmese authorities disturb minority Christmas," Mansi Township, Bhamo District, Kachin State, 27 December - <http://www.kachinnews.com/News/Burmese-authorities-disturb-minority-Christmas.html> - accessed 7 April 2010; KNG (2010) "Ethnic Kachin Manua Festival starts amidst Burma Junta's Harassment," Myitkyina Township, Myitkyina District, Kachin State, 6 January - <http://www.kachinnews.com/News/Ethnic-Kachin-Manau-festival-starts-amidst-Burma-junta's-harassment.html> - accessed 7 April 2010.

355 KNG (2009) "Junta rakes in 1,000 million kyat from auction of seized cars," Myitkyina Township, Kachin News Group, 23 June - <http://www.kachinnews.com/>

Similar auctions of confiscated vehicles have occurred in other areas of Burma.<sup>356</sup>

There is no immediate solution to the endemic corruption in the raising of revenue by the many different agencies engaged in levying taxes, but the removal of excessive fees associated with the licensing of vehicles would encourage people to register their vehicles. Another problem, as with other areas of revenue raising is the inconsistencies in their implementation, even when a centralised policy exists. The system of licensing vehicles differs between the states and divisions and even within their boundaries. However, there are some similarities in the licensing system across Burma to suggest that the policy originates with the central government. The license fees for motorbikes and cars are based on the year of manufacture and the model, which influences the price of the vehicle.<sup>357</sup> License fees for vehicles are typically levied for the life of the vehicle (and not annually). License fees for motorbikes, prior to the end of 2009 were being levied at between a third and a half of the price of the new motorbike.<sup>358</sup> For example, in Sittwe Township in Arakan State the license fee varied between 150,000 and 300,000 Kyat for motorbikes made in China and Thailand.<sup>359</sup> However, the license fees for motorbikes made in India in Arakan State are significantly higher between 750,000 and 900,000 Kyat.<sup>360</sup> On Balu Island in Mon State the fee varied between 150,000 and 500,000 Kyat, which was higher than other areas of Mon State.<sup>361</sup> Between July and November 2008 in Kachin State the local Transport and Customs Office sped up the processing time for issuing motorbike licenses from around a month to two days, with the purpose of increasing the uptake and consequently the amount of revenue.<sup>362</sup> In Kachin State at the time and into 2009 the license fees for Chinese made motorbikes were between 150,000 and 300,000 Kyat.<sup>363</sup>

Even in areas where the bureaucracy required to process vehicle licenses does not exist, vehicles are confiscated or their owners fined for non-registration. For example, in Myitkyina Township in 2008 police without warning began confiscating Chinese manufactured three-wheeled motorbikes for not being registered, even though there was no process available that allowed owners to register these vehicles. Prior to the confiscation it had been common practice for police to fine owners 3,000 Kyat for the same stated reason.<sup>364</sup> Until recently, the authorities in some areas of Burma have

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News/Junta-rakes-in-1000-million-Kyat-from-auction-of-seized-cars.html - accessed 23 February 2010.

356 Hseng Khio Fah (2009) "Wa biggest buyers of seized cars at auction," Kengtung Township, Kengtung District, Shan State, Shan Herald Agency for News, 23 October - <http://www.bnionline.net/news/shan/7290-wa-biggest-buyers-of-seized-cars-at-auction.html> - accessed 1 March 2010. The auction price for a Toyota Saloon with a license was reported to be K1.25 million.

357 HURFOM (2008) "Protecting their rice pots: An economic profile of trade and corruption in Three Pagoda Pass," The Mon Forum, 30 December - [http://www.taigress.info/politics/p\\_82.html](http://www.taigress.info/politics/p_82.html) - accessed 10 February 2010;

358 Takaloo (2009) "Ka-Nya-Na's new license troubles motorcycle users in Arakan," Sittwe Township, Sittwe District, Narinjara News, 17 December - <http://www.bnionline.net/news/narinjara/7580-ka-nya-nas-new-license-troubles-motorcycle-users-in-arakan.html> - accessed 1 March 2010.

359 Interview 8, Female, Balu Island, Chaungzon Township, Moulmein District; Mon State.

360 Takaloo (2010) "Indian motorcycles popular in Arakan," Sittwe and Maungdaw Districts, Arakan State, Narinjara News, 22 March - <http://www.bnionline.net/news/narinjara/8175-indian-motorcycles-popular-in-arakan.html> - accessed 23 March 2010.

361 HURFOM (2008) "Protecting their rice pots: An economic profile of trade and corruption in Three Pagoda Pass," The Mon Forum, 30 December - [http://www.taigress.info/politics/p\\_82.html](http://www.taigress.info/politics/p_82.html) - accessed 10 February 2010; Interview 8, Female, Balu Island, Chaungzon Township, Moulmein District; Mon State; Takaloo (2009) "Ka-Nya-Na's new license troubles motorcycle users in Arakan," Sittwe Township, Sittwe District, Narinjara News, 17 December - <http://www.bnionline.net/news/narinjara/7580-ka-nya-nas-new-license-troubles-motorcycle-users-in-arakan.html> - accessed 1 March 2010.

362 KNG (2009) "Deadline for motorcycle licenses extended in Kachin State," Kachin News Group, 10 November - <http://www.kachinnews.com/News/Deadline-for-motorcycle-licenses-extended-in-Kachin-State.html> - accessed 7 April 2010.

363 KNG (2009) "Junta amasses money while civilians suffer," Bhamo and Myitkyina Township, Kachin State, Kachin News Group 23 March - <http://www.kachinnews.com/News/Junta-amasses-money-while-civilians-suffer.html> - accessed 7 April 2010; KNG (2009) "Burmese authorities disturb minority Christmas," Mansi Township, Bhamo District, Kachin State, 27 December - <http://www.kachinnews.com/News/Burmese-authorities-disturb-minority-Christmas.html> - accessed 7 April 2010.

364 KNG (2008) "Living under duress in Kachin State," Myitkyina Township, Myitkyina District, Kachin State, 30 September - <http://www.kachinnews.com/>

not mandated the licensing of all types of vehicles.<sup>365</sup>

In 2009 the license fees for motorbikes was more than doubled, with the introduction of the 17/Ya license.<sup>366</sup> Again there is some variation in the cost of licenses across Burma, even though the policy originated with the central government. Corruption at the local level has meant that the increase in the license fees is not the same across all areas. The

increase in the fees occurred in an environment where corruption meant that fees for the same motorbikes already differed, prior to the large increase in price. The large increase in the license fees was also accompanied by enhanced crackdowns on people riding unregistered motorbikes, as well as the expansion in the areas where motorbikes are expected to be licensed. For example, in 2009 new and large license fees, between 100,000 and 300,000 Kyat were levied on motorbikes in at least Myitkyina and Bhamo Townships in Kachin State.<sup>367</sup> The introduction of the new license has also been accompanied by increased crackdowns on unregistered motorbikes. Also, in Sittwe Township in Arakan State at the end 2009, the 17/Ya licence was associated with a doubling in fees (from between 150,000 and 300,000 Kyat to between 300,000 and 600,000 Kyat).<sup>368</sup> Motorbikes registered under the old system could have their licenses upgraded by paying an additional 25,000 Kyat fee. In Mon State at the end of 2009 the license fees were reported to have increased to similar high levels, and were at between 300,000 and 620,000 Kyat.<sup>369</sup>

Despite the introduction of the 17/Ya licence it is not always possible for people to register their vehicles, as the requisite bureaucracy is not in place across Burma. For example, motorbike owners in Mon State could only obtain the 17/Ya license in the capital Moulmein. Regardless and because of the poor uptake of the new license, police were reported to be pulling over motorbike riders more frequently.<sup>370</sup> The new licenses for motorbikes were supposed to have been purchased and issued by the end



Traffic Police in Ye Township in Mon State (HURFOM)

Commentary/Living-under-duress-in-Kachin-State.html - accessed 23 February 2010.

365 KNG (2009) "Junta rakes in 1,000 million kyat from auction of seized cars," Myitkyina Township, Kachin News Group, 23 June - <http://www.kachinnews.com/News/Junta-rakes-in-1000-million-Kyat-from-auction-of-seized-cars.html> - accessed 23 February 2010.

366 IMNA (2009) "New motorbike licenses spark conflict," Mon State, Independent Mon News Agency, 9 December - <http://www.bnionline.net/news/imna/7537-new-motorbike-licenses-spark-conflict.html> - accessed 1 March 2010; Takaloo (2009) "Ka-Nya-Na's new license troubles motorcycle users in Arakan," Sittwe Township, Sittwe District, Narinjara News, 17 December - <http://www.bnionline.net/news/narinjara/7580-ka-nya-nas-new-license-troubles-motorcycle-users-in-arakan.html> - accessed 1 March 2010.

367 KNG (2009) "Junta amasses money while civilians suffer," Bhamo Township, Bhamo District and Myitkyina Township, Kachin State, 23 March - <http://www.bnionline.net/news/kng/6028-junta-amasses-money-while-civilians-suffer.html> - accessed 2 March 2010.

368 Takaloo (2009) "Ka-Nya-Na's new license troubles motorcycle users in Arakan," Sittwe Township, Sittwe District, Narinjara News, 17 December - <http://www.bnionline.net/news/narinjara/7580-ka-nya-nas-new-license-troubles-motorcycle-users-in-arakan.html> - accessed 1 March 2010.

369 IMNA (2009) "New motorbike licenses spark conflict," Mon State, Independent Mon News Agency, 9 December - <http://www.bnionline.net/news/imna/7537-new-motorbike-licenses-spark-conflict.html> - accessed 1 March 2010;

370 Ibid.

of January 2010, though fines were being levied before this date.<sup>371</sup> The high license fees for motorbikes, despite their being the main mode of mechanised transportation for people in Burma, appears to have led to many motorbikes in the country being unregistered, making them a common target for harassment and fines.<sup>372</sup>

The stated reason for the dramatic increase in the licensing fees was the removal of the regulation that prevented motorbikes licensed in one state or division being legally able to travel outside their boundaries. The removal of this regulation occurred with the issuing of the 17/Ya license, which ostensibly allows owners to use their motorbikes anywhere in the country. Rangoon and Naypidaw are still exceptions, as only agencies associated with the state are allowed to possess motorbikes in these areas. In many areas of Burma the relaxation of regulations on motorbike licenses are redundant as the transport infrastructure does not allow for inter-state travel by motorbike.

There are also reports of increases in license fees for cars occurring in 2010, but these are less numerous than those for motorbikes. For example, in Myawaddy Township in Karen State, near the Maesot on the border with Thailand in February 2010, the annual license fees for cars was increased from 10 to 15% of the price of the car.<sup>373</sup>

The increase in the annual license fee was accompanied by a relaxation in the policy that only allowed cars purchased (or stolen) in Thailand to be used locally. Increase in fees on other vehicles also occurred in 2009. For example, in Sittwe Township fees on three-wheeled taxis were increased and the license plates for these vehicles were changed from circular to triangle shaped.<sup>374</sup>

## License for Boats

All water-borne vessels are officially subject to a construction and license fee, though there is little public information currently available on these fees. Despite this scarcity of information similar problems to other license fees are evident. For example in different villages in Pa'an District in Karen State in 2008, the tax levied on motorboats varied between 22,000 and 100,000



**A boat transporting goods in Mon State (HREIB)**

371 Myo Gyi (2010) "China made motorcycles allowed to import," Muse Township, Muse District, Shan State, Mizzima News, 12 January - <http://www.bnionline.net/news/mizzima/7659-china-made-motorcycles-allowed-to-import-.html> - accessed 1 March 2010.

372 KNG (2010) "Ethnic Kachin Manau festival starts amidst Burma junta's harassment," Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 6 January - <http://www.bnionline.net/news/kng/7624-ethnic-kachin-manau-festival-starts-amidst-burma-juntas-harassment-.html> - accessed 1 March 2010; Salai Pi Pi (2010) "Imprisoned Burmese journalists recognized for reporting the truth," Mizzima News, 27 January - <http://www.bnionline.net/news/mizzima/7768-imprisoned-burmese-journalists-recognized-for-reporting-truth-.html> - accessed 1 March 2010.

373 Usa Pichai (2010) "Villagers told to keep an eye on vehicles to prevent theft," Myawaddy Township, Myawaddy District, Karen State, Mizzima News, 25 January - <http://www.bnionline.net/news/mizzima/7754-villagers-told-to-keep-an-eye-on-vehicles-to-prevent-theft-.html> - accessed 23 March 2010.

374 IMNA (2009) "New motorbike licenses spark conflict," Mon State, Independent Mon News Agency, 9 December - <http://www.bnionline.net/news/imna/7537-new-motorbike-licenses-spark-conflict.html> - accessed 1 March 2010;

Kyat.<sup>375</sup> The variation in the tax was reported not to be based on the type or value of the vessel.

## Other Vehicle Fees

In addition to the license fees, vehicle owners can be subject to other fees, which have been formalised at least at the local level. However, there is no consistency in these fees across geographical areas, suggesting that these taxes/fees have been mandated by the local authorities and not the central bureaucracy. For example, on Balu Island in Mon State, in addition to the initial license fee for motorbikes, a considerably smaller annual fee of 1,000 Kyat has been levied.<sup>376</sup> Furthermore, individuals, upon their initial purchase of a motor-bike, must pay an unofficial fee of 30,000 Kyat to the traffic police.<sup>377</sup> The payee is issued with a certificate, which must be shown whenever the owner/rider is stopped. Any owner/rider who does not produce the certificate has their motor cycle confiscated. Motorbikes are the only viable form of transportation in the area, so the majority of households have had to pay this fee.<sup>378</sup>

Car and motorbike owners are also subject to a raft of unpredictable fees and taxes (in addition to those levied at checkpoints), including extortion.<sup>379</sup> For example, motorbike owners in Kaw-Zar Sub-Township in Ye Township were taxed a lump-sum of 30,000 Kyat with the stated purpose of building a primary school.<sup>380</sup> In some areas the fees are levied on a more regular basis, typically monthly, and often with the stated purpose of road repair.<sup>381</sup> For example, in Three Pagoda Pass Township in Karen State, near the Thai border, car owners in 2006 were paying between 300 and 1,000 Baht, each month, based on the type of car. Motorcycle owners were levied 50 Baht each month.<sup>382</sup> In addition to the monthly tax, vehicle owners in the Township are subject to irregularly levied taxes. For example, in January 2010, truck owners were each taxed between 500 and 3,600 Baht, varying on the basis of the type of truck.<sup>383</sup> These taxes are collected in Baht due to the close proximity to the Thai border.

## Temporary Confiscation

Another unpredictable 'tax' is the temporary confiscation of vehicles for use by the Tatmadaw, TPDC and other agencies associated with the state.<sup>384</sup> The temporary

375 KHRG (2008) "Daily demands and exploitation: Life under the control of the SPDC and DKBA forces in Pa'an District," Karen State, Karen Human Rights Group, 18 September - <http://www.khrg.org/khrg2008/khrg08f13.pdf> - accessed 21 February 2010.

376 Interview 8, Female, Balu Island, Chaungzon Township, Moulmein District; Mon State

377 Ibid.

378 Ibid.

379 HURFOM (2006) "Authorities extorted money in the border town," Three Pagoda Pass (Phayathonezu) Township, Karen State, Martus Bulletin, 1 March; HURFOM (2006) "Forced labour still continues in Mon State (#2)," Ye Township, Moulmein District, Mon State, Martus Bulletin, 4 April; KNG (2009) "Extortion name of the game in Burma's northern Kachin State," Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 22 May - <http://www.bionline.net/news/kng/6314-extortion-name-of-the-game-in-burmas-northern-kachin-state.html> - accessed 2 March 2010.

380 HURFOM (2006) "Forced labour still continues in Mon State (#2)," Ye Township, Moulmein District, Mon State, Martus Bulletin, 4 April.

381 HURFOM (2006) "Authorities extorted money in the border town," Three Pagoda Pass (Phayathonezu) Township, Karen State, Martus Bulletin, 1 March.

382 Ibid.

383 HURFOM (2010) "Truck owners taxed after administrator borrows significant sums," Three Pagoda Pass (Phayathonezu) Township, Karen State, HURFOM, 15 January - <http://rehmonnyia.org/archives/1280> - accessed 15 February 2010.

384 HURFOM (2006) "Forced labour still continues in Mon State (#2)," Ye Township, Mon State, Martus Bulletin, 4 April; Burma Issues (2008) "Over 300 cars were used to transport SPDC military food supplies in Mone Township," Nyaunglibin District, Pegu District, Martus Bulletin, 16 December; HURFOM (2009)

confiscation also means that households have to bear the costs of repair and maintenance of the vehicles.<sup>385</sup> Trucks are particularly vulnerable to temporary confiscation, being used to transport supplies for the Tatmadaw, ceasefire groups and other government connected agencies.<sup>386</sup> The confiscation of vehicles can be commuted into monetary taxes. For example, in Three Pagoda Pass Township in Mon State, near the Thai border town of Sangklaburi, the TPDC, at the beginning of 2010, informed owners of (four and 10 wheeled) trucks that they would no longer have their vehicles requisitioned to transport goods for the military.<sup>387</sup> Instead all truck owners would pay a tax every six months to cover the cost of the military hiring vehicles. The first tax of 1,500 Baht was levied on four wheeled trucks, and 3,000 Baht was levied on 10 wheeled trucks.

## The Economic Impact on Livelihoods

The accumulative effect for many people of these extensive official and unofficial taxes is poverty. Such large proportions of people's incomes and property are collected by the SPDC and its defacto groups that livelihoods are drastically decreased, resulting in debt and an inability to access an adequate standard of living. The next section looks at how the economic impact of Burma's taxation system and its collection methods, combined with the minimal expenditure on public services, affects the people of Burma's access to human rights.

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"Motorbikes and money taken from Yebyu township residents," Yebyu Township, Tavoy District, Tenasserim Division, Martus Bulletin, 1 January – 1 June; KNG (2009) "Six trucks forced to transport Burmese Army arms and rations," Kachin News Group, Muse Township, Shan State, 9 October - <http://www.kachinnews.com/News/Six-trucks-forced-to-transport-Burmese-Army-arms-and-rations.html> - accessed 23 February 2010; PWO (2008) "Driver and Tor Lar Gyi forced to carry stone to compensate for unpaid taxes," Mantong Township, Shan State, Martus Bulletin, 13 March; PYNG (2007) "Numbers of lorry forced to carry military supplies," Mongton Township, Kyaukme District, Shan State, Martus Bulletin, 22 May; PYNG (2008) "Local residents slave for Shweli Hydropower construction," Mongton Township, Kyaukme District, Shan State, Martus Bulletin, 15 February; PYNG (2008) "Truck owners were forced to carry military supplies," Mongton Township, Kyaukme District, Shan State, Martus Bulletin, 1 June; PYNG (2008) "Local motor bikers forced to work for government poll campaigning," Mongton and Namhsan Townships, Kyaukme District, Shan State, Martus Bulletin, 4 May; PYNG (2008) "Soldiers threaten and seize money," Namhsan and Mongton Townships, Kyaukme District, Shan State, Martus Bulletin, 18 February; PYNG (2008) "Local residents slave for Shweli Hydropower Construction," Mongton Township, Shan State, Martus Bulletin, 15 February; PWO (2008) "Confiscation of motorbike," Mongton Township, Kyaukme District, Martus Bulletin, 10 January.

385 PYNG (2008) "Local residents slave for Shweli Hydropower Construction," Mongton Township, Kyaukme District, Shan State, 15 February, Martus Bulletin,  
 386 HURFOM (2010) "Truck owners taxed after administrator borrows significant sums," Rehmonnya.org, 15 January - <http://rehmonnya.org/archives/1280> - accessed 15 February 2010.

387 IMNA (2010) "Vehicle owners pay the price for military shipments in Three Pagoda Pass," Three Pagoda Pass Township (Phayathonezu), Karen State, Independent Mon News Agency, 6 January - <http://www.bnionline.net/news/imna/7623-vehicle-owners-pay-the-price-for-military-shipments-in-three-pagoda-pass.html> - accessed 1 March 2010.



### III. The Impact of Burma's Taxation System on Human Rights

"We have no more time to work, no money to give them and not enough food to survive. We fled our native village in early May, 2009 to avoid forced labour and the battalions' arbitrary tax extortions." <sup>388</sup>

The present system of taxation is so corrupt and oppressive it is directly contributing to the deteriorating living conditions of people and particularly children, in Burma. The system of taxation is not "designed" and implemented with consideration for its impact on households, businesses and the broader economy. In fact the system arises from the needs of Burma's military state, which has too many soldiers directly supported by taxation. Taxes are too high and are often a fixed amount, affecting the poorest the most, placing a great burden on households and business and causing debt. The resulting lower incomes are also contributing to lowering private sector investment and consequently affecting economic growth. The taxes at the numerous checkpoints are an extremely serious impediment to private sector economic activity, increasing uncertainty, lowering the number of profitable exchanges and overall economic activity. This, coupled with the already low incomes, is seriously affecting the capacity of households to purchase basic goods and services.

Taxes and other revenue are not used to produce goods and services desired and required by the people of Burma. Instead tax revenue that reaches the central budget is mostly allocated to the military and its supporting structures. The redistribution of income and assets away from the private sector to a non-productive state lowers private sector investment and the long-term growth of Burma's economy, and consequently the rights to an adequate standard of living.

This section of the report builds on the economic analysis of the previous sections to explore how the economic impact of the high level of taxation and its collection methods, combined with the minimal expenditure on public services, affects the people of Burma's access to human rights.

388 HURFOM (2009) "Meeting with taxation victims from southern Thanbyuzayat Township in the border" *Mon state, Martus Bulletin*

## Burma's Human Rights Obligations



Children in poverty in Kawkareik in Karen State (HURFOM)

“Mostly people end up with debt because they often have to pay taxes to the military and authorities and sometimes these people are also the people who make a law to stop people doing their logging, so we have no way of surviving.”<sup>389</sup>

The Universal Declaration of Human Rights (UDHR), although not a binding treaty, sets out the most basic rights that all United Nations member states are expected to promote and protect. Additionally, The Association of Southeast Asian Nations (ASEAN) Charter requires Burma to have “Respect for fundamental freedoms, the promotion and protection of human rights, and the promotion of social justice.” Burma as a member of the United Nations and ASEAN has an obligation to adhere to the provisions of both the Universal Declaration of Human Rights and the ASEAN Charter.

While international human rights law does not prescribe a specific economic system or how to reform financial, economic and social policy, it does set out clear priorities and boundaries. Burma, therefore, has at times legal obligations and at other times expectations governed by international norms to treat its people following certain principles. The UDHR requires states to “promote respect” for human rights through prohibiting arbitrary interference of human rights and by establishing effective measures to protect persons from racial or other forms of discrimination,

<sup>389</sup> ERI (2010) “Tennisarim taxation on logging in Yépyu township” Tenasserim Division, Martus Bulletin

harassment, withdrawal of services, or other threats. The UDHR also requires “progressive realization” of human rights, meaning that a state must take steps to continuously realise rights despite its level of development as a country.<sup>390</sup> This obligation can entail issues such as public expenditure, governmental regulation of the economy, the provision of basic public services and infrastructure, taxation and other redistributive economic measures. The principle does not permit the allowance or deliberate perpetration of policies and systems which result



**A migrant family in poverty in Ye Phyu, Tanninsarim Division (HURFOM)**

in economic injustice and disparity. Burma ignores these principles when it persists in not allocating sufficient resources towards basic social services, in allowing its public services to be undermined through corruption and in deliberately neglecting the institutional structures required to deliver these services. This report seeks to show that Burma’s practice of corrupt and arbitrary taxation and lack of service provision is on such a level that it ignores these basic principles and boundaries.

International thinking has also developed a great significance in states developing measures to improve standards of living of those living in poverty. All United Nations’ states are expected to take steps to guarantee minimum conditions for all to live a dignified life, as the United Nations in 1986, declared that the right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to. The Preamble of the Declaration on the Right to Development states “development is a comprehensive economic, social, cultural and political process, which aims at the constant improvement of the well-being of the entire population and of all individuals on the basis of their active, free and meaningful participation in development and in the fair distribution of benefits resulting therefrom.”

Fiscal responsibilities, which involve citizen participation and contain accountability, can be a tool to development and the fulfilment of economic and social rights, enabling the state to reduce inequalities and generate and redirect resources towards the progressive realization of these rights. However, Burma’s fiscal policies deprive people of a basic level of subsistence necessary to live in dignity and continue to worsen people’s access to human rights. The SPDC practices of arbitrarily depriving

<sup>390</sup> As noted by Danilo Turk, the UN Special Rapporteur on Economic, Social and Cultural Rights (ESCR) : “States are obliged, regardless of their level of economic development, to ensure respect for minimum subsistence rights for all.”

property and using forced labour, both human rights violations in themselves, additionally lead to a lowering of income that impacts on the people's right to an adequate standard of living.

## Corruption in Burma's Taxation System

"Then they interrogated the villagers and threatened them saying they must pay tax or they will be arrested. Villagers are afraid of being arrested, so they collected in the village 50,000 Kyat to give to the police. I do not remember how many times but they always come and collect when they want to. We do not know how to deal with this and so we pay them."<sup>391</sup>

Burma's taxation system is rife with corrupt acts that impact on the human rights of the people. In 1997, United Nations Development Programme research concluded that corruption reduces a state's ability to provide necessary public services and so it therefore interferes with the right to development. The Seoul findings<sup>392</sup> condemned corruption as immoral, unjust and repugnant to the ideals of humanity enshrined in the Universal Declaration of Human Rights, and confirmed the conviction that all human beings have a basic human right to live in a corruption-free society. Corruption also undermines economic development because it generates considerable distortions and inefficiency. It results in increases in the cost of business to the people because of the requirement to make illicit payments and the cost of negotiating with officials. It is also essential to recognize that corruption facilitates and perpetrates the abuse of human rights as endemic corruption cannot coexist with equality and dignity. This is recognised by UN treaty bodies and UN special procedures, that have concluded that, widespread corruption curtails states abilities to respect, protect and fulfill human rights obligations.<sup>393</sup>

Corruption in Burma is noted in the Heritage Foundation and Wall Street Journal's 2010 Index of Economic Freedom has having repressive governance which interferes heavily with its economic activity and that freedom from corruption is extraordinarily weak. It sets Burma's economic freedom score as 36.7, making its economy 175<sup>th</sup> out of 179 countries.<sup>394</sup> Burma has signed (not yet ratified) the UN Convention against Corruption (UNCAC) in 2005, which sets an international

391 PWO (2009) "Deforestation and unfair collection of tax in Ze Bankok village" Shan State, Martus Bulletin

392 The Seoul Findings, 11th International Anti-Corruption Conference, Seoul, May 2003;

393 (See, for example, statements by the Committee on Economic, Social and Cultural Rights that "states face serious problems of corruption, which have negative effects on the full exercise of rights covered by the Covenant [ICESCR]" E/C.12/1/ADD.91/CESCR, 2003, para. 12); and by the Committee on the Rights of the Child that it "remains concerned at the negative impact corruption may have on the allocation of already limited resources to effectively improve the promotion and protection of children's rights, including their right to education and health" CRC/C/COG/CO/1 para 14. See also the statement by the UN Special Rapporteur on independence of judges and lawyers in E/CN.4/2006/52/Add.4, para 96).

394 <http://www.heritage.org/index/Country/Burma>

standard. It requires states to ensure that their public services and finances are efficient, transparent and accountable. Additionally, public servants should be bound by codes of conduct, have requirements for financial and other disclosures, and be subject to appropriate disciplinary measures. The UNCAC prohibits bribery, abuse of position, illicit enrichment and obstruction of justice. These are all crimes that occur repeatedly within ND-Burma's data on arbitrary taxation. These acts additionally go against the key human rights principles of discrimination and equality; every individual is entitled to be treated equally by public officials and have equal access to public services. ND-Burma's data shows corruption exists within Burma's taxation system where government officials abuse their powers for their own gain, demanding that people pay a higher tax or fee than that stipulated by the central government forcing them to give in to extortion and bribery if they are to survive.<sup>395</sup> People are being forced to hand over goods and cash on the pretext of fees and taxes, e.g. for ceremonies or development projects and bribes to avoid forced labour, child soldiering, and being imprisoned for minor offences.<sup>396</sup> This extortion and corruption directly impacts on people's human rights as the resulting reduction in the family income, frequently leads to food scarcity and a decrease in livelihood. People also have to resort to paying extra fees or bribes to gain access to basic services such as health and education services. Burma, when it allows corrupt practices into its taxation system and refuses to install measures to prevent these practices, is perpetuating the human rights abuses of the people of Burma.

"In order to get an agricultural loan, each village group has to pay 20,000 Kyat to the agricultural administration manager, 3,000 Kyat to the deputy manager, 2,000 Kyat each to the two administration secretaries, 8,000 Kyat for the agricultural administration's approval letter and another 8,000 Kyat for the landmark department's approval letter. Each farmer has to give an additional 500 Kyat for an application form and 100 Kyat more as a form filling fee. And then the village group has to pay another 15,000 Kyat as an account checking fee."<sup>397</sup>

These demands for money, property and labour are backed by implicit or explicit threats of violence. Despite such risks, however, some rural villagers employ a variety of strategies to minimise complying with these exploitative demands. Village heads are sometimes able to appeal to military personnel for reductions and this may be combined with bribing the officials to reduce demands on the village. Villagers

395 PWO (2009) "Inflated tax on alcohol shops in Namsit and Mansat Villages," Nankham Township, Shan State, Martus Bulletin, 31 October.

396 Burma Issues (2008) "SPDC loot Karenni nation individual supplies," Demawso Township, Loikaw District, Karenni State, Martus Bulletin, 15 February; KNG (2009) "Extortion name of the game in Burma's northern Kachin State," Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 22 May - <http://www.bnionline.net/news/kng/6314-extortion-name-of-the-game-in-burmas-northern-kachin-state.html> - accessed 2 March 2010. HURFOM (2007) "Township authorities ordered over 100 rice mill owners to pay for army rations," Mudon Township, Moulmein District, Mon State, Martus Bulletin, 9-15 June 2007; KNG (2009) "Extortion name of the game in Burma's northern Kachin State," Myitkyina Township, Myitkyina District, Kachin State, Kachin News Group, 22 May - <http://www.bnionline.net/news/kng/6314-extortion-name-of-the-game-in-burmas-northern-kachin-state.html> - accessed 2 March 2010; Tin Soe (2010) "Army engineering unit operate like gangsters in Northern Arakan," Maungdaw Township, Maungdaw District, Arakan State, Kaladan Press, 12 January - <http://www.bnionline.net/news/kaladan/7658-army-engineering-unit-operate-like-gangsters-in-northern-arakan.html> - accessed 1 March 2010.

397 Burma Human Rights Yearbook 2008, Human Rights Documentation Unit, November 2009

sometimes lie to reduce the demands such as underreporting the number of villagers or households in a given village, which reduces the total amount requested. These savings can be divided amongst the village or used to lessen the burden on vulnerable households, such as those headed by widows or orphans. Therefore, it is important that outside groups providing aid or development support should be careful not to undermine these attempts for example by initiating or supporting registration processes that contradict deliberately falsified local information. Further details on these strategies employed by rural villagers are explored by Karen Human Rights Group<sup>398</sup>.

“We could not refuse to pay them because they would threaten us in many ways, we were charged with many things, such as being sympathizers of rebel groups and anti the government, and dissidents. If we were charged with these cases, they would destroy our houses, plantations and even our body sometimes. So, we had better stay quiet and pay whatever they demand from the villagers. Because of this arbitrary extortion of the villagers, we had to borrow money from money releasers and some people have to ask their relatives and members of family to send back money so that they can pay. As for me, when they demanded the money, I had none so I had to borrow money from my friend and pay her back with interest.”<sup>399</sup>

## Arbitrary Interference and Deprivation of Property

### UDHR Article 17

- (1) Everyone has the right to own property alone as well as in association with others.
- (2) No one shall be arbitrarily deprived of his property.

“It wasn’t fair – my family had to pay them because they confiscated my plantation last May. If I wanted my plantation back I had to pay more than 500,000 Kyat. In this case I had to borrow from another [person] 400,000 Kyat with a high interest.”<sup>400</sup>

398 KHRG (2008) “Village Agency: Rural rights and resistance in a militarized Karen State”

399 ERI (2006) “We always have to pay them and time of their requirement, and we could leave our stomach to be empty of food” Ye Township, Mon State, Martus Bulletin

400 HURFOM (2009) “ Meeting with a victim who was extorted by military government officials in Bee Lin Township” Mon state, Martus Bulletin,

The SPDC, its agencies and at times some armed opposition groups breach property rights when they force people to hand over land, housing and other property, arbitrarily and without appropriate legislation. This level of appropriation of people's property is so high that it is impacting on people's livelihoods and standards of living. International law states that interference with property for taxation must not be arbitrary or discriminatory; that it must be proportional and justifiable and not result in an excessive burden to individuals. It must also be subscribed in domestic law following a fair and proper procedure and executed by an appropriate authority.

<sup>401</sup> However, ND-Burma's data shows a taxation system which continues to breach these principles, by continuing to forcibly confiscate land and other property without compensation. Property rights are extremely weak, ownership of land is not permitted, only different categories of land use rights. Land is taken and used for housing and training for the military or to generate additional rations income for the troops. Such abuses are widespread and have been increasing since 1997, when the military was instructed to meet its logistical needs locally, thereby condoning the forced confiscation of villagers' possessions by the military to sustain itself. Land is also confiscated for development projects such as Castor oil plantations, the Shwe gas project, hydro power dam projects, and to build highways. Land confiscation has been documented in a number of human rights reports concerning ethnic nationalities.<sup>402</sup>

Property confiscated includes individuals other belongings such as crops, cattle and machinery. Excessive taxation and confiscation of property and other controls over the resources in rural areas means that farmers are struggling to meet their basic needs. Farmers are still forced to sell quotas to the military at below market prices and to produce two crops a year depleting the quality of the land. Agricultural land can be confiscated if they refuse and there is no avenue for redress.<sup>403</sup> This is particularly common in remote areas of the country where the army's repression is even higher.

"At the moment it feels like everyday our township faces the same thing with motorbikes being seized and villagers being threatened with significant fines. The traffic cops wait outside the village, often concealing themselves until the last minute, so they are almost like robbers, sneaking out and seizing the bikes, threatening and fining the villagers."<sup>404</sup>

<sup>401</sup> [http://www.echr.coe.int/library/DIGDOC/DG2/HRHAND/DG2-EN-HRHAND-04\(2003\).pdf](http://www.echr.coe.int/library/DIGDOC/DG2/HRHAND/DG2-EN-HRHAND-04(2003).pdf)

<sup>402</sup> AASYC & PYO & MYPO (2009) "Holding our ground", AASTY (2010) "Overview of Land Confiscation", The Arakan Oil Watch (2010) "The Shwe Gas bulletin" Vol 3, Issue 10, Amnesty international (2010) "The Repression of ethnic activists in Myanmar"

<sup>403</sup> Moo Ko Htee (2008) "Mission Impossible, surviving under the Burmese regime" [www.burmaissues.org/En](http://www.burmaissues.org/En)

<sup>404</sup> Burma Human Rights Yearbook 2008, Human Rights Documentation Unit, November 2009

The arbitrary nature of this confiscation of property can also amount to discrimination, where people are being targeted because of their ethnic group, such as at check points where being taxed or fined can depend on the personal and ethnic relationships, of the persons in charge of the individual checkpoint.<sup>405</sup> Additionally, the selective reallocation of people's belongings further increases the geographical inequities in the tax system, with the civilian population in the border states bearing the greater burden.

Stripping people of the land upon which their livelihoods are based, without providing adequate compensation, results in a decrease or abolition of income and therefore threatens food security and access to education and health services. This form of raising revenue not only breaches property rights but the loss of income it results in can additionally contribute to violating the right to an adequate living standard.



**Many families live in homes of a very poor condition, Mon State (HREIB)**

405 TSYO (2009) "Additional taxes for vehicle owners," Muse and Nankham Townships, Muse District, Shan State, Martus Bulletin, 10 September; HURFOM (2010) "DKBA extortion plagues Kawkaireik Township in 2010," Kawkaireik Township, Kawkaireik District, Karen State, 18 February- <http://rehmonnya.org/archives/979#more-979> - accessed 26 February 2010; Mehm Oa, Tuka (2010) "Checkpoints cut driver income in Ye Township," Ye Township, Moulmein District, Mon State, Independent Mon News Agency, 18 January - <http://www.bnionline.net/news/imna/7699-checkpoints-cut-truck-driver-income-in-ye-township.html> - accessed 1 March 2010; HURFOM (2009) "Interview with extortion victim from Beelin Township," Beelin Township, Tharon District, Mon State, Martus Bulletin, 1 October; HURFOM (2009) "Myawaddy residents caught in clash over rice contributions," Myawaddy Township, Kawkaireik District, Karen State, Martus Bulletin, 10 October; HURFOM (2009) "DKBA extorts money and food supplies from Karen State villagers," Kyainnseiky Township, Kawkaireik Township, Karen State, Martus Bulletin, 9 September; HURFOM (2009) "Villagers were forced to pay by insurgent group and SPDC soldiers," Yebyu Township, Tavoy District, Tenasserim Division, 7 August.



# Forced Labour

## UDHR Article 4

No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms.

“When the pipeline project started we had to work as unpaid workers one week per month...for nearly 3 months. We had to bring food for ourselves. If someone could not go to work, they have to find a replacement. We have to hire someone. The price was so expensive – it cost 3,000 Kyat [for one day]. That is why many women and children were involved as workers on the pipeline.”<sup>406</sup>



Forced Labour, Mon State (HREIB)

Forced labour is another method the SPDC uses to extract resources from the people. Forced labour is a human rights violation in its own right but also impacts on the rights to development and adequate standard of living. Burma has acceded to the International Labour Organization (ILO) Convention No. 29 which prohibits forced labour, and in 2000 it issued an order outlawing the practice. However, forced labour continues to be a policy and practice of the military and the ILO and many groups have accused Burma on numerous occasions of violating this convention.<sup>407</sup>

<sup>406</sup> HURFOM (2009) “Laid Waste: Human Rights along the Kanbaw to Mawlaikay gas pipeline”

<sup>407</sup> International Labour Office (2010-06-17 GB.307/6) “GB March 2010 (307th session): Developments concerning the question of the observance by the Government of Myanmar of the Forced Labour Convention, 1930 (No. 29)” KHRG (2006) “Less than Human: Convict Porters in the 2005 - 2006 Northern Karen State Offensive” [www.khrg.org/khrg2006/khrg0603.html](http://www.khrg.org/khrg2006/khrg0603.html), KHRG (2006) “Surviving in Shadow: Widespread Militarization and the Systematic Use of

The focus on forced labour in this report is to highlight that it is in effect a 100% tax, as it results in people being unable to work in their own businesses or farms. Data collected by ND-Burma and others shows that forced labour is still a widespread occurrence that results in massive losses of income due to loss of earnings and bribes paid to avoid it. For example, in Thaton District in Karen State in 2009 around 4000 villages paid the DKBA between 3,000,000 and 5,200,000 Kyat each, to avoid men being conscripted.<sup>408</sup> Additionally, many people forced to work in this way are subject to harsh working conditions which can affect their long term physical and mental health, therefore lowering their productivity and resulting in loss of earnings. People have no real form of redress to this violation as the mechanism to lodge complaints as The Official Secrets Act 1923 considers it an offence for any person to possess information deemed classified by the state, resulting in the SPDC prosecuting people who lodged what it considered to be “false complaints” of forced labour.

“The villagers were told to cut grass and bushes in their rubber plantations that are owned by the Light Infantry Brigade 550. One person per household had to go and work in the rubber plantations during this month. Everyone had to bring knives and hoes needed for the work site, and enough basic rations for one week to have meals in the work site. Anyone absent would be fined about 2,000 Kyat and sent to camp jail. At the time, there were about 300 people at the work site. Over 50 people were women, and over 20 people were students, there instead of their parents, and only four were men (elderly). During work time for a week, the soldiers fed us nothing not even water and we were not paid.”<sup>409</sup>

Similarly, the practice of child soldiers can also be used as a way of extorting resources and resulting in a loss of income. Child soldiers are a breach of Article 38 of the Convention on the Rights of the Child and the Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict, both of which Burma has acceded to. There have been several detailed reports on child soldiers as a human rights violation in itself.<sup>410</sup> ND-Burma additionally highlights in this report that, like forced labour, child soldiers impacts on standards of living from loss of income through bribes to stop the child being taken, or to retrieve them and also in the loss of the child’s support at home and the loss of education to the child.

Forced Labour in the Campaign for Control of Thaton District” [www.khrg.org/khrg2006/khrg0601a.htm](http://www.khrg.org/khrg2006/khrg0601a.htm), Burma Issues (2005) “From Prison to Frontline” [www.burmaissues.org/En/reports/porters.html](http://www.burmaissues.org/En/reports/porters.html), ERI (2009) “Getting it Wrong”, ERI (2009) “Total Impact”, Burma Issues (2006) “Shoot on Sight” <http://www.burmaissues.org/En/reports/shootonsight.html>

408 KHRG (2009) “Extortion and restrictions under the DKBA in Pa’an District,” Karen Human Rights Group, 16 March, p.3 - <http://www.khrg.org/khrg2009/khrg09f4.pdf> - accessed 23 March 2010; KHRG (2009) “Exploitative abuse and villager responses in Thaton District,” Thaton District, Karen Human Rights Group, 25 November - <http://www.khrg.org/khrg2009/khrg09f20.pdf> - accessed 23 March 2010.

409 ERI (2006) “If someone absences who will fine about 2,000 kyats and will send to our camp jail. The rubber plantations are our owned business,” Ponnagyayun Township, Arakan State, Martus Bulletin

410 HREIB (2008) “Forgotten Future: Children Affected by Armed Conflict in Burma” [www.hreib.com/images/pb/childrightsreport2008.pdf](http://www.hreib.com/images/pb/childrightsreport2008.pdf), HREIB (2006) “Child Soldiers in Burma’s SPDC Armed Forces” [www.hreib.com/images/pb/csreport.pdf](http://www.hreib.com/images/pb/csreport.pdf), Yoma3 (2009) “Child Soldiers: Burma’s Sons of Sorrow”

“A student from Irrawaddy Division was recruited into the Burmese Army and his parents had to give money to get him back from the Army. The boy, aged 15, was found among many young boys in the army camp the army staff said they must pay 50,000 Kyat (55 US\$) to release him. His parents couldn’t afford the money, so they had to collect money from friends.”<sup>411</sup>

## Adequate Standard of Living

### UDHR Article 22

Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

### UDHR Article 25

- (1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.
- (2) Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.

The UDHR sets out rights to an adequate standard of living, including access to public services. Additionally, the Convention on the Rights of the Child which Burma has acceded to, also states that a child has a right to an adequate standard of living, education and health care. The right to an adequate standard of living in Burma is being affected by the methods that the SPDC chooses to gain revenue from its people, namely its corrupt system of taxation collection, deprivation of property and forced labour. The economic impact of this was analyzed in detail in sections I and II of this report. In addition when looking at the impact on human rights ND-Burma also highlight briefly here the devastating effect that the SPDCs decisions on its expenditure of these taxes has on human rights for the people of Burma.

<sup>411</sup> Excerpt from “A boy who was recruited was took back from the army after pay” Yoma 3 Internet News 2009 ([www.Yoma3.org](http://www.Yoma3.org))

This was beyond the scope of the economic analysis, however, Burma's decision to use such meagre resources on health and education services drastically impacts on people's right of non-discriminatory access to these services. Widespread corruption and extortion in education was particularly noted in ND-Burma's data. From a human rights perspective, people in Burma's standard of living is not only affected by their decreased incomes from the collection of taxation but additionally by the minimal access to health and education services, resulting from minimal expenditure by the SPDC on these services. The impact of this on human rights requires further research than in this report. Some of these aspects have been reported on by various groups.<sup>412</sup>



**A family living in poverty in Mon State (HREIB)**

ND-Burma and others' data show that many people in Burma have a poor standard of living that is perpetrated by this corrupt taxation system, which arbitrarily deprives people of their property and livelihood. As shown in section II of this report the level of taxation is such that it reduces peoples income so drastically that it often results in debt and poverty. The joint United Nations Development Programme (UNDP)–Government of Myanmar Integrated Household Living Conditions Assessment (2007) places poverty incidence at 32%, with rural poverty significantly higher (36%) compared to urban poverty (22%). In the latest 2007 Human Development Index released by UNDP Burma was ranked 138 out of 182 among the countries surveyed.<sup>413</sup> Food and water shortages in Burma, due to inadequate support from the government have been raised as an issue by groups such as the Chin Human Rights Organisation and the Asian Legal Resource Centre for several years.<sup>414</sup>

“On 1 November 2007, there was reportedly an outbreak of diarrhea in Bawli Bazaar of Maungdaw Township, Arakan State, believed to have been brought on by a sudden change in weather conditions. Many people afflicted with the illness were admitted to the medical clinic in Bawli Bazar, however there was little that could be done for them, owing to the

412 TYSO (2010) “Lightless Life” [www.palaungland.org/wpcontent/uploads/2010/Report/ED/Education%20Publication%20Report.pdf](http://www.palaungland.org/wpcontent/uploads/2010/Report/ED/Education%20Publication%20Report.pdf), Burma Issues (2008), “Living Ghosts” [www.burmaissues.org/En/reports/livingghosts.html](http://www.burmaissues.org/En/reports/livingghosts.html), Burma Issues (1998) “Education for the Marginalized Karen in Burma”, [www.burmaissues.org/En/reports/educationfor.html](http://www.burmaissues.org/En/reports/educationfor.html), HURFOM (2009) “Economic predation: taxation, extortion and commandeering in Mon State”, [http://rehmonnya.org/archives/686\\_BPHWT](http://rehmonnya.org/archives/686_BPHWT) (2006) “Chronic Emergency”, [www.backpackteam.org/wp-content/uploads/reports/ChronicEmergency\(English%20version\).pdf](http://www.backpackteam.org/wp-content/uploads/reports/ChronicEmergency(English%20version).pdf), ABFSU (2000) “Year 2000 Education Report” [http://burmalibrary.org/docs/ABFSUedu\\_report.pdf](http://burmalibrary.org/docs/ABFSUedu_report.pdf), Over Heads are Bloody but Unbowed, Suppression of Educational Freedoms in Burma, December 1992, <http://www.article19.org/pdfs/publications/burma-educational-freedoms.pdf>

413 Asian Development Bank & Myanmar factsheet April 2010

414 Critical Point- Food Scarcity and hunger in Burma's Chin State 2008 <http://www.chro.ca/publications/special-reports.html>, Written statement\* submitted by Asian Legal Resource Centre (ALRC), COMMISSION ON HUMAN RIGHTS Fifty-ninth session Item 10 of the provisional agenda E/CN.4/2003/NGO/84 10 March 2003, May 2010, Yoma3 Internet News, May 2010 [www.mizzima.com](http://www.mizzima.com)

scarcity of oral saline and other much needed medicines. Between 6 and 8 November 2007, four patients died as a result of the diarrhea that they suffered from.<sup>415</sup>

Burma's fiscal policies also mean that farmers are struggling to meet their basic needs as they are still forced to sell quotas to military at below market prices and to produce two crops a year depleting the quality of the land. Their land can be confiscated if they refuse and this can often lead to debt and poverty.<sup>416</sup> This is particularly prominent in remote areas of the country where the army's repression is even higher.

"As a chainsaw owner, I had to pay between 60,000 to 80,000 Kyat in taxes, depending on who was charging me. The police force, which is based close to the railway station near my village, also extorted money from me. Sometimes I had to pay over 100,000 Kyat in monthly taxes. As a logger I only earned between 60,000 or 70,000 Kyat per month, plus I have to pay for fuel. So, I had to leave the village ... as I could no longer afford to continue paying the taxes."<sup>417</sup>

For many the impact on their standard of living is so great that it can also lead to migration. Studies looking at migration have shown that the country's grinding poverty, lack of economic opportunities, extortion and arbitrary taxation are prominent in the list of factors driving the migration of Burmese people.<sup>418</sup>



Villagers fleeing from Ye Phyu Township, Tanintharyi Division (HURFOM)

415 Burma Human Right Yearbook 2007 by the Human Rights Documentation Unit, Chapter 7

416 Moo Ko Htee (2008) "Mission Impossible, surviving under the Burmese regime" [www.burmaissues.org/En](http://www.burmaissues.org/En)

417 HURFOM (2009) "Causing great economic hardship and food crisis," Kaleanaung Sub-Township, Tenasserim Division, Martus Bulletin, 10 March.

418 Sean Turnell, Alison Vicary and Wylie Bradford for Burma Economic Watch, "Migrant Worker Remittances and Burma: An Economic Analysis of Survey Results" Andrew Bosson "Forced Migration/Internal Displacement in Burma with an Emphasis on Government Controlled areas"

The SPDC's minimal spending on education, 0.9% of GDP, has resulted in a range of corrupt acts by schools to obtain financing from the people. For some these costs are so high it results in children being unable to attend school. The SPDC in not providing adequate education services, and in allowing the bribery and corruption occurring within schools to impact on access to education, is not respecting the rights of children in Burma to education, which is explicitly granted in the Convention on the Rights of the Child. ND-Burma's data shows that families are being forced to pay additional fees and taxes in order for their children to be able to attend school. Fees range from having to pay the teacher fees to teach core curriculum that is not being taught during the day, to having to purchase school equipment provided by the state, to paying "donations" for new buildings. This is occurring even for primary schooling where, despite the CRC stating primary education should be free, forced payments can range from 60,000 to 100,000 Kyat (about 100 US\$) a year.<sup>419</sup> For some villagers these fees are too high resulting in children not being able to go to school.<sup>420</sup> In some areas one in five children do not go onto middle grades, causing a great impact on the education levels of the population. Many schools lack the most basic resources for teachers and students, which often leads to parents having to pay an inflated price for school resources such as books and pens.



Forced donation for building a new school building, 5000 Kyat (5-6 US\$)(HURFOM)

"Our child should be attending 1st Grade but he could not go to school because we could not pay the enrolment fee. Occasionally, when I did not have money, I did not pay them and I requested to wait 2 or 3 days. Sometimes, I have to borrow from my neighbour to pay. I cannot afford these children's school fees and also our livelihood on my salary. Taxation, it cannot be avoided and you cannot give less than the amount demanded because they collect from the school who take responsibility. Therefore, we must pay what they demand if not children would not go to school. We also have to prepare many things before we send our children to the school. In our village, many children do not go to school because they could not pay school enrollment. Many children are forced to leave school and help their parents work while they are still young."<sup>421</sup>

- 419 TSYO (2010) "Lightless Life, The negligence of the Military Regime, lack of opportunity in education and the futureless lives of Ta'ang people", Marwann Macan-Marker (2010) "Public education a drain on family incomes" <http://ipsnews.net/news.asp?idnews=51889>
- 420 Radio Free Burma (2010) :[http://www.rfa.org/burmese/news/student\\_unions\\_launch\\_pamphlet\\_campaign\\_on\\_skyrocketing\\_school\\_expenses-06122010151156.html](http://www.rfa.org/burmese/news/student_unions_launch_pamphlet_campaign_on_skyrocketing_school_expenses-06122010151156.html)
- 421 PWO (2009) "Taxation for education in Nam Kham Township" Shan State, Martus Bulletin

“When my child has to attend 5<sup>th</sup> standard, he has to go to another school, and I have to give them the school transfer document fee 2500 Kyat, and the school fee for 5<sup>th</sup> standard 9000 Kyat, and exercise book fee 1500 Kyat, and we have to buy more exercise books from the school as they couldn’t sell all books (1700 Kyat), and we have to give for stationeries fee, the text book fee and they are much higher than the private shops. I have to spend a lot of money for those fees, so, I have decided to drop out my child from the school and send him to go to work the rubber fields with his elder sister. His elder sister has already had to drop out from school when she was at 7<sup>th</sup> standard.”

Burma’s government spends the least percentage of its GDP on health care of any country in the world, 0.5% of the gross domestic product.<sup>[104]</sup> The impact of this is shown by the well being of the population. Infant mortality remains high, with an estimated 1 in 10 births resulting in the death of the infant. More than 25% of the population lacks access to safe drinking water. More than 30% of Burma’s children are chronically malnourished. The national prevalence of underweight and stunting among children under 5 years is 32%. The HIV/AIDS epidemic poses a serious threat to the Burmese population, an estimated 25,000 Burmese AIDS patients died in 2007, deaths that could largely have been prevented by Anti-Retroviral Therapy drugs and proper treatment.<sup>422</sup> Tuberculosis and malaria are also serious health risks, with malaria being the leading cause of mortality in Burma, and is very prevalent among children.<sup>423</sup> In 2006, the UNDP’s Human Development Index, which measures achievements in terms of life expectancy, educational attainment, and adjusted real income, ranked Burma 130 out of 177 countries. Medical costs are very high and health care is not available in all villages, people often cannot afford treatment and have to go to extreme lengths and sacrifice to raise funds for essential health care.

“My husband suffered from cancer for 3 years. To get medical treatment to save my husband we had to sell four acres of paddy field and two fishing nets. At the time, one acre of paddy field was about 70,000 Kyat and a big fishing net was about 25,000 Kyat in local selling price. We got about 350,000 Kyat from selling of four acres of paddy field and two fishing nets. We also had to sell some gold such as rings and chains to get medical treatment in town. And I borrowed some money from my neighbors. We had to spend over 600,000 Kyat to save my husband but we couldn’t save him. He was very good man everybody loved him a lot.”<sup>424</sup>

422 <http://www.msf.org/source/countries/asia/myanmar/2008/PreventableFate/PreventableFateReport.pdf>

423 <http://www.who.int>

424 ERI (2010) “Arakan local people in Madaya Kyaw fearing the threat that their farmland will be confiscated without proper compensation associated with the Shwe gas project” Arakan State, Marts Bulletin

Tomas Ojea Quintana, the UN Special Rapporteur on Human Rights recently stated that serious investment in the public service sector is urgently needed in order to make available affordable and accessible health care, education, and social security coverage.<sup>425</sup> More detailed research is required on the failure of the SPDC to provide adequate health and education services and the impact this has on the people of Burma's human rights. A taxation system should be predictable, transparent, accountable, codified and fair. This should include not only methods of collection and administration but additionally responsible and effective spending that benefits the people.

Many people of Burma's right to an adequate standard of living is violated because their income is so depleted by high taxes and other forced payments that they cannot afford the high payments required for the limited public services available.



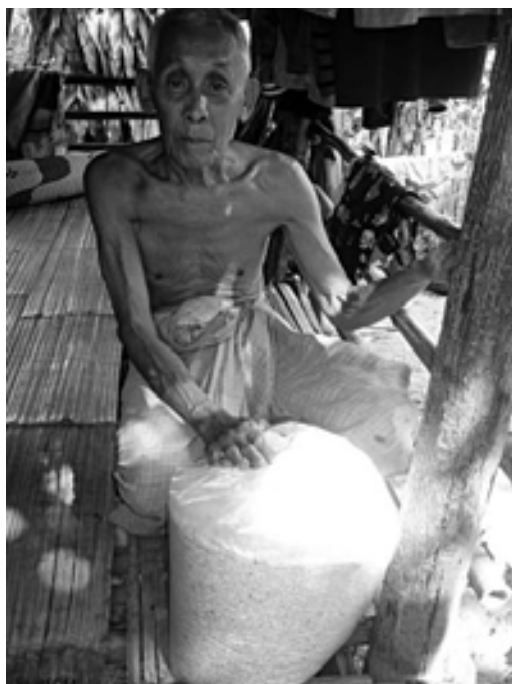
Children from Ye Township fled to New Mon State Party area because of persecution by SPDC troops (HURFOM)

<sup>425</sup> Human Rights Council (13th Session) Progress report of the Special Rapporteur on the situation of human rights in Myanmar, Tomás Ojea Quintana 10 march 2010



# Conclusion

**“The people of Burma are poor but the regime that oppresses them is not.”<sup>426</sup>**



**“I cannot buy enough rice for my family, I can only buy 4 or 5 Pyi.” (1 Pyi = 2.5 Kg)  
Thanphyuzayat Township, Mon State (HUR-FOM)**

Burma should be able to sustain itself with its wealth of natural and human resources, it was once one of the richest countries in Southeast Asia and the world's largest rice exporter, in 1950 the per capita of GDP of Burma and Thailand, were virtually identical. Burma has ravaged the country and its people, using a corrupt and arbitrary taxation system as a tool of repression to fund its illegal rule. Four decades of military rule, economic mismanagement, and endemic corruption have resulted in widespread poverty, poor health care, declining education levels, poor infrastructure, and continuously deteriorating economic conditions in Burma. Health, nutrition and education have become privileges of the few instead of universal rights, resulting in a population easier to control as it focuses on day-to-day survival. These violations of basic rights have resulted in extremely low standards of living and poverty for many Burmese people. The military regime have achieved a large military force at the direct cost to the economic survival of the nation and at the cost of the majority of people in Burma leading daily lives of quiet desperation.<sup>427</sup>

<sup>426</sup> Sean Turnell Burma Isn't Broke "The junta, not a lack of resources, is to blame for the people's poverty", online.wsj.com, AUGUST 6, 2009,

<sup>427</sup> Myo Nyunt & Nancy Hudson-Rodd, 2002, 'Burma development: Hostage of the Junta', *Asian Exchange Vol.* 17, No. 2 (2001)/ Vol. 18, No. 1 (2002), pp. 151-

The data collected by ND-Burma shows a taxation system that involves corrupt actions which breach the UNCAC and a multitude of human rights. It is not possible to assess all of the impacts of the corrupt taxation system in Burma, but the general effect has been to lower private sector productivity, decrease the number of profitable economic exchanges and decrease private sector investment. All of which have contributed to lower overall economic growth, decreased standards of living and violated the people's rights to services and development and an adequate standard of living. The corruption which persists within Burma needs to be addressed by having rule of law and effective measures in place to guard against impunity by any government official and reducing administrative discretion.<sup>428</sup> Tomas Ojea Quintana, the UN Special Rapporteur on Human Rights stated that the gross and systematic nature of human rights violations in Burma resulted from SPDC policy and that some of these violations may constitute crimes against humanity and war crimes.<sup>429</sup> He has therefore called for a United Nations Commission of Inquiry, ND-Burma's data supports this recommendation by showing that the SPDC uses corrupt acts, including forced labour to extort resources from the people across Burma. ND-Burma's data shows this results in many people being unable to access essential and basic services, necessary for an adequate standard of living. This is because their income is so depleted by the taxes and other forced payments demanded from them and the limited services available require high payments, that they are often beyond their means to access.

Burma needs a new tax system that conforms to international human rights principles and accepted norms and involves education and public debate. Currently tax revenue in Burma is rarely allocated to public services to benefit the people or on expenditure desired by the country's population, this needs to change. This tax reform needs to be accompanied by complementary reforms in critical areas of accounting, legal systems, tax administration and intergovernmental fiscal relations. New policies need to be formulated, legally authorized and combined with administrative machinery that is able to implement these reforms efficiently and fairly.<sup>430</sup> Reforms are also required that will limit the power of the state both politically and economically and cease the extensive involvement of the military and other armed groups in the collection of taxes. Tax reforms at the minimum need to include:<sup>431</sup>

- Lowering expenditure on the military and associated supporting structures, demobilizing most of the soldiers in the Tatmadaw and centralising the financing of the military to discourage the present "live-off the land" policy.
- Ending government development programs, which infringe on human rights and waste resources in particular the bio-fuel projects.

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176, Hong Kong: ARENA Press

428 Richard Goode (1984) *Government Finance in Developing Countries*, Washington, Brookings Institution.

429 Human Rights Council (13th Session) Progress report of the Special Rapporteur on the situation of human rights in Myanmar, Tomás Ojea Quintana 10 March 2010

430 Richard Goode (1984) *Government Finance in Developing Countries*, Washington, Brookings Institution; Wayne Thirsk (1997) "Overview: The Substance and Process of Tax Reform in Eight Developing Countries," In Wayne Thirsk (ed) *Tax Reform in Developing Countries*, Washington, World Bank.

431 For a more detailed look at tax reform in Burma see Appendix "The Basics of Tax Reform by Alison Vicary"

- Ceasing forcing taxation to be paid through in-kind inputs (including labour) to the state, with all taxes levied in cash..
- Implementing new methods to allocate licenses for services, as the present system provides opportunities for extortion and the arbitrary imposition of fines.
- Ceasing the violation of civil and political rights such as freedom of thought, opinion and expression, freedom of association, freedom from arbitrary arrest and detention to allow debate and development of economic policy.
- Ensuring that government revenue from the sale of natural resources is allocated to the government's budget.
- Redirecting spending on public goods and services to those that benefit the people of Burma and progressively promote the realisation of human rights including economic, social and cultural rights.
- Recommencing the publication of data on government expenditure, so people of Burma are informed of where revenue is being allocated.
- Implementing a tax reform with genuine democratic reform.

Tax reform must take into account the current conditions in the country and will be more successful if it involves measures to simplify tax administration and compliance.<sup>432</sup> All successful reform in other countries has involved a technocratic leadership supported by political will.<sup>433</sup> In Burma it is the SPDC that makes the political calculations about policy, with the objective to preserve their control over resources and the political system. The present political arrangements do not allow public involvement and protects the central interests of the SPDC. The people of Burma therefore do not have a way of changing the system and claiming back their rights to property and an adequate standard of living. It is critical that Burma's pro-democracy opposition begin to discuss taxation reform and have appropriate policy measures ready.<sup>434</sup> However, any taxation reform needs to take place in the context of genuine democratic reform. The 2008 constitution states that the military will hold 25% of seats, meaning that even after the 2010 elections the military will be able to undermine any attempts to reform the taxation system in to one that conforms to agreed norms and principles. Therefore, to achieve real change to the economic hardship and related human rights abuses being experienced by the people of Burma, tax reform needs to be implemented with genuine democratic reform.

432 Birger Nerre (2001) "The Concept of Tax Culture," in National Tax Association, *Proceedings 94<sup>th</sup> Annual Conference*., Malcolm Gillis (1989) "Comprehensive Tax Reform: The Indonesia Experience 1981-1988," In Malcolm Gillis (eds) *Tax Reform in Developing Countries*, Durham NC, Duke University Press.

433 Miguel Urrutia and Setsuko Yukawa (1989) "Economic Growth, Fiscal Policy and Democracy," In Miguel Urrutia, Shinichi Ichimura and Setsuko Yukawa (eds) *The Political Economy of Fiscal Policy*, Tokyo, United Nations University.

434 Richard Goode (1984) *Government Finance in Developing Countries*, Washington, Brookings Institution, Wayne Thirsk (1997) "Overview: The Substance and Process of Tax Reform in Eight Developing Countries," In Wayne Thirsk (ed) *Tax Reform in Developing Countries*, Washington, World Bank.



# Acronyms and Burmese Terms

|               |  |
|---------------|--|
| <b>AAPPB</b>  | Assistance Association for Political Prisoners - Burma |
| <b>AASYC</b>  | All Arakan Students' and Youths' Congress              |
| <b>ASEAN</b>  | Association of Southeast Asian Nations                 |
| <b>DKBA</b>   | Democratic Karen Buddhist Army                         |
| <b>ERI</b>    | EarthRights International                              |
| <b>GONGO</b>  | Government Organized NGO                               |
| <b>HRDU</b>   | Human Rights Documentation Unit                        |
| <b>HREIB</b>  | Human Rights Education Institute of Burma              |
| <b>HURFOM</b> | Human Rights Foundation of Monland                     |
| <b>IMNA</b>   | Independent Mon News Agency                            |
| <b>KHRG</b>   | Karen Human Rights Group                               |
| <b>KIO</b>    | Kachin Independence Organisation                       |
| <b>KNG</b>    | Kachin News Group                                      |
| <b>KSWDC</b>  | Karenni Social Welfare and Development Committee       |
| <b>Kyat</b>   | Burmese Currency                                       |
| <b>KWAT</b>   | Kachin Women's Association Thailand                    |
| <b>LWO</b>    | Lahu Women's Organisation                              |
| <b>MMCWA</b>  | Myanmar Maternal and Child Welfare Association         |
| <b>MWAF</b>   | Myanmar Women's Affairs Federation                     |
| <b>MYPO</b>   | Mon Youth Progressive Organisation                     |

|                        |  |
|------------------------|--|
| <b>NGO</b>             | Non-governmental Organisation                |
| <b>NMSP</b>            | New Mon State Party                          |
| <b>PWO</b>             | Palaung Women's Organisation                 |
| <b>Pyi</b>             | A Burmese measurement, 1 pyi=2.5 Kilograms   |
| <b>PYNG</b>            | Palung Youth Network Group                   |
| <b>PYO</b>             | Pa-O Youth Organisation                      |
| <b>SHAN</b>            | Shan Herald Agency for News                  |
| <b>SLORC</b>           | State Law and Order Restoration Council      |
| <b>SPDC</b>            | State Peace and Development Council          |
| <b>Tatmadaw</b>        | Burmese Armed Forces                         |
| <b>TPDC</b>            | Township Peace and Development Council       |
| <b>TSYO</b>            | Ta'ang Students and Youth Organization       |
| <b>USDA</b>            | Union Solidarity and Development Association |
| <b>Ya Ya Ka / VPDC</b> | Village Peace and Development Council        |

# The Basics of Tax Reform<sup>435</sup>

Alison Vicary

Burma needs a new tax system that is suitable for a market economy. However, any tax reform has to pay close attention to the reality of the country. And the reality of Burma's military state is that sensible tax reform is extremely unlikely and would be designed to benefit the military rather than the general population. A brief overview of the basics of tax reform highlights the limited possibility that meaningful reform would occur under the present regime.

1. Good policies need to be formulated. The evidence indicates that a number of factors are associated with the design of good tax policy.
  - There must be clarity of conception in the design of tax reform.
  - There must be internal political will for tax reform, and tax policy entrepreneurs who are willing to take the responsibility for the reform process.
  - Tax reform studies can serve as an important educational device and should be widely disseminated. This can include public debate around tax reform, which increases the public's sense of ownership. In the case of Burma any changes in policies emanating from the bureaucracy are unlikely, as open debate even within the bureaucracy is not possible and invites persecution. There would no role for Burma's public in the formulation of policy, as there are no mechanisms that allow for open discussion and debate.
  - Foreign advice is more likely to be heeded when it is sought rather than offered.
  - Tax reform needs to be accompanied by complementary reforms in critical areas of accounting, legal systems, tax administration and intergovernmental fiscal relations. In the context of Burma reforms that limit the power of the state both politically and economically are required before tax reform can be contemplated.
2. Policies need to be legally authorized.
  - This requires professional attention to detail in converting that conception into laws, regulations and procedures.

<sup>435</sup> Bird, Richard (2003) "Administrative Dimensions of Tax Reform," Practical Issues of Tax Policy in Developing Countries, World Bank, 28 April – 1 May.

- This requires three types of institutional units within the bureaucracy.
  - An organizational unit concerned specifically with drafting tax legislation. This would be unusual in Burma as most 'policy' is developed with limited input from any units within the present bureaucracy.
  - An organizational unit concerned with gathering and analysing data. At present any such unit would be not be able to perform these functions, as meaningful data collection and analysis would require the inclusion of taxes collected by the military and other armed groups. The threat of violence associated with military rule in Burma would preclude any such collection. In addition, the collection of information would also have to exclude the 'extra-legal' collection of taxes by members of Burma's bureaucracy.
  - This requires an organizational unit charged with permanent responsibility for tax reform planning, composed of economists, lawyers and statisticians.
- In the case of Burma, policy changes would have to be authorized by senior members in the SPDC. This is unlikely as reforms to the taxation system would impact negatively on the well-being of the leadership.

### 3. Policies need to be implemented.

- This requires that the administrative machinery for implementing reforms is efficient and fair.
- Reform requires the support and enthusiasms of those in the tax administration. Individuals in the bureaucracy must have an incentive to implement tax reform. Burma's bureaucracy has no incentive to implement any reform agenda. Fear and the associated inability of local bureaucrats in many areas of Burma to act independently of the Tatmadaw provides serious incentives not to implement any reforms that conflicts with the interests of the military stationed at the local level.
- Improving the administration of a fundamentally bad system of taxation does not constitute an improvement. Before any reforms are undertaken in the tax administration in Burma the basic tax structure and tax procedures need to be overhauled.



## Lessons from Tax Reform and their Implications for Burma

Tax reform under the present regime is improbable, as important reforms would negatively impact on the income of numerous agencies associated with state, including lower echelons of the SPDC and other armed groups. The major problem here is that the military and other agencies associated with the state are engaged in collecting taxes outside of any legal framework. Hence, the following basic ideas for reform of the tax system are advanced, knowing that without major political reform in Burma these are improbable.

- 1) Good tax reform requires not only good policies but both good tax administration and good expenditure policy.<sup>436</sup> Burma does not have a good tax administration. The most obvious problem is the extensive involvement of the military and other armed groups in the collection of taxes. Without successful demobilisation this problem will not disappear. Moreover, tax revenue in Burma is not allocated to expenditure desired by the country's population, rather it is diverted to private income and/or supporting armed groups that are engaged in non-productive and often destructive activities, including the control of resources and suppression of the country's population.
- 2) Interests can vary by age, region, by source of income, and different people fall into a number of different overlapping groups. All this matters as changes in taxation are a political calculation by those in the position to make decisions as to the relative costs and benefits of action (or inaction). In Burma it is the SPDC that makes the political calculations about policy, with the objective to preserve their control over resources and the political system. The central interest that is being protected under the present political arrangements is that of the SPDC.
- 3) An essential requirement for success is strong political will, exemplified by a champion(s) who is prepared to put their reputation on the line. So far Burma does not have anyone with the political will or power to institute significant reform (taxation or otherwise). Successful reforms require a cadre of policy makers and experts with detailed knowledge, of the existing system who are willing to take responsibility for reform. All successful reform in other countries has involved a technocratic leadership supported by political will.<sup>437</sup>
- 4) A big bang change in tax policy is better than an incremental approach. In the context of Burma this requires that the opposition or those outside the country begin to discuss taxation reform in the event of regime change.<sup>438</sup> For tax reform to succeed there must be domestic ownership of the proposals. Tax reform can be accomplished only when the time is ripe, such as when a new government comes to power and faces a major revenue problem. It is thus critical that Burma's

436 Richard Goode (1984) *Government Finance in Developing Countries*, Washington, Brookings Institution; Wayne Thirsk (1997) "Overview: The Substance and Process of Tax Reform in Eight Developing Countries," In Wayne Thirsk (ed) *Tax Reform in Developing Countries*, Washington, World Bank.

437 Miguel Urrutia and Setsuko Yukawa (1989) "Economic Growth, Fiscal Policy and Democracy," In Miguel Urrutia, Shinichi Ichimura and Setsuko Yukawa (eds) *The Political Economy of Fiscal Policy*, Tokyo, United Nations University.

438 Richard Goode (1984) *Government Finance in Developing Countries*, Washington, Brookings Institution.

opposition have appropriate policy measures ready.<sup>439</sup>

- 5) Openness, consultation and discussion can assist the reform process. The tax administration and the public require education to get them to accept reform. Under the present political system in Burma this is not possible, but could begin within Burma's population in exile.
- 6) The avenues that citizens have open to them to influence policy, other than voting, can include the following:
  - Organize or support a pressure group to put forth policy positions and influence the policy debate
  - Employ professional consultants to represent their interests at the drafting stage of the legislation
  - Put their case during implementation to the administration or judiciary
  - Find legal or illegal ways to avoid taxation
  - Remove their persons and their assets from the taxing jurisdiction.

In Burma people cannot at present influence policy. They can only react by finding methods to avoid taxation, which includes moving to bordering countries in search of employment.

- 7) Reforms tend to be more successful when they involve measures to simplify tax administration and compliance. Generally reforms that will work with poor administration tend to be more successful.<sup>440</sup> In the case of Burma the very poor administration and other supporting institutions required for tax reform require that any new system of taxation be kept simple.
- 8) Tax reform must take into account the initial conditions in the country.<sup>441</sup> This means that in the context of Burma taxation reform needs to occur with other large changes in policy.
- 9) Corruption is a plague (very much the case in Burma) and should be prevented as much as possible by making laws simpler and reducing administrative discretion.<sup>442</sup>

439 Wayne Thirsk (1997) "Overview: The Substance and Process of Tax Reform in Eight Developing Countries," In Wayne Thirsk (ed) *Tax Reform in Developing Countries*, Washington, World Bank.

440 Malcolm Gillis (1989) "Comprehensive Tax Reform: The Indonesia Experience 1981-1988," In Malcolm Gillis (eds) *Tax Reform in Developing Countries*, Durham NC, Duke University Press.

441 Birger Nerre (2001) "The Concept of Tax Culture," in National Tax Association, *Proceedings 94th Annual Conference*.

442 Richard Goode (1984) *Government Finance in Developing Countries*, Washington, Brookings Institution.

## **Other Basic Reforms (at a minimum) Required for Taxation Reform**

- 1) Rational tax policy design, codification and implementation require fundamental reforms to the military. This includes at a minimum the following with regard to the military:
  - a. Demobilize most of the soldiers in the Tatmadaw
  - b. Centralise the financing of the military to discourage the present “live-off the land” policy
  - c. Professionalise the military by moving it out of lower level business activities
- 2) Rational tax policy design, codification and implementation are premised on expenditure reform.
  - a. Ensure that government revenue from the sale of natural resources is allocated to the government’s budget
  - b. Lower expenditure on the military and associated supporting structures
  - c. Redirect spending on public goods and services desired by Burma’s population and which is necessary for a market economy.
  - d. Recommence the publication of data on government expenditure, so people have some idea where revenue is being allocated.
- 3) Rational tax policy design, codification and implementation require fundamental reform in the extent of government interference in Burma’s economy and in people’s lives. This includes at a minimum the following:
  - a. End to all government development programs, in particular the bio-fuel projects as these not only waste resources, but promote state intrusion into the private sector.
  - b. The state should cease forcing the private sector to provide in-kind inputs (including labour) to the state, with all taxes levied in cash.
  - c. New methods to allocate licenses for services, as the present system provides opportunities for extortion and the arbitrary imposition of fines.
  - d. An environment where open policy discussion (at least within the bureaucracy) can occur without people fearing persecution and/or imprisonment.

- 4) General development of institutions that are necessary for a modern system of taxation, which include the following:
  - a. A functioning postal system
  - b. A modern accounting system
  - c. Liberalisation and promotion of a modern banking sector
  - d. Professional bureaucracy that is not beholden to the military and where promotion is based on performance.
  - e. Finally the freedom of expression required to debate and develop rational economic policy.

# ND-Burma and its Member Organisations Information

Network for Human Rights Documentation – Burma (ND-Burma) formed in 2003 in order to provide a way for Burma human rights organizations to collaborate on the human rights documentation process. The 13 ND-Burma member organizations seek to collectively use the truth of what communities in Burma have endured to challenge the regime's power through present-day advocacy as well as prepare for justice and accountability measures in a potential transition. ND-Burma conducts fieldwork trainings; coordinates members' input into a common database using Martus, an open-source software developed by Benetech; and engages in joint-advocacy campaigns.

**Vision:**

Seeking truth and justice for a peaceful democratic transition in Burma

**Mission:**

Collaboration on a common human rights database

**Short-term goal:**

Make available high-quality and high-volume data for ND-Burma members and other advocacy groups

**Long-term goal:**

Develop an accurate historical record that can be drawn from for potential transitional justice mechanisms in a future democratic Burma.

[www.nd-burma.org](http://www.nd-burma.org)

Since the 1988 popular democracy movement was crushed in a ruthless crackdown by the military regime, thousands of people have been arrested, tortured and given long prison sentences for their beliefs and political activities. Even after political prisoners are released, they continue to face ill treatment. The military intimidates and harasses ex-political prisoners in order to prevent them from participating political activities. For example, on politically-sensitive occasions in the country - such as the anniversary of the 1988 pro-democracy uprising - ex-political prisoners are often re-arrested, interrogated and detained without reason. The military regime also attempts to isolate ex-political prisoners from society, for example by denying them economic and educational opportunities.

For these reasons, many ex-political prisoners are forced to live in exile. Many ex-political prisoners who spent many years in jail, and previously gave assistance to their fellow political prisoners, wanted to continue these activities. The Assistance Association for Political Prisoners (Burma) was founded by former political prisoners on 23 March 2000, the 11<sup>th</sup> anniversary of the arrest of 1988 student leader Min Ko Naing. AAPP is an independent, non-profit organization.

[www.aappb.org](http://www.aappb.org) , [www.fbppn.net](http://www.fbppn.net)

The military coup in 1988 led to an exodus of democracy activists to border areas, as they attempted to seek refuge from the violent crackdown and arbitrary arrest, imprisonment, and mistreatment by the military regime. The All Arakan Students' Union (AASU) 1988 and the Arakanese Students' Congress (ASC) 1994 became the All Arakan Students' and Youths' Congress (AASYC) in 1995.

### **Vision of AASYC**

“Our vision is that Burma shall be a genuine federal democratic union, where each and every citizen of every ethnic nationality is accorded the right and opportunity for liberty, equality, and social justice.”

## **Mission of AASYC**

In order to realize our vision, we shall:

1. Inspire active, informed and meaningful participation of the public in bringing about structural and institutional changes to political, socio-economic and cultural entities in Burma, through education and empowerment programs at the grassroots level
2. Lobby for the constructive engagement of the international community, by highlighting the negative impacts on global security and stability of the current political stasis and socio-economic stagnation in Burma
3. Promote the development of a new generation of political leadership that is inherently conscious of its rights, and proactively embraces its responsibilities for the democratic transition and state-building processes in Burma.

## **The following are the main objectives of AASYC:**

1. To promote physical fitness, intelligence, virtue, socio-economic improvement and friendship among Arakanese students and youths
2. To preserve Arakan's environment and cultural heritage
3. To build national solidarity in Arakan
4. To eliminate all forms of colonialism, chauvinism and dictatorship
5. To liberate the oppressed ethnic nationalities
6. To achieve democracy and respect for human rights
7. To achieve self-determination for Arakan State

**[www.aasyc.org](http://www.aasyc.org)**

Burma Issues is a non-profit organisation, made up of young ethnic people from Eastern Burma who now dedicate their lives to educating and empowering grassroots communities in Eastern Burma, documenting human rights abuses and acting as a bridge between grassroots communities and the international community.

#### Our work includes

- **Grassroots empowerment:** educating and empowering communities in Burma's civil war zones. Providing education to both adults and children in concepts of civil participation, leadership, critical thinking, and cultural pride
- **Information for action:** documenting human rights abuses through interviews, videos and photography
- **Campaigns for peace:** raising awareness amongst the international community about the situation

[www.burmaissues.org](http://www.burmaissues.org)

#### Mission statement:

EarthRights International (ERI) is a nongovernmental, nonprofit organization that combines the power of law and the power of people in defense of earth rights. We specialize in fact-finding, legal actions against perpetrators of earth rights abuses, training grassroots and community leaders, and advocacy campaigns. Through these strategies, ERI seeks to end earth rights abuses, to provide real solutions for real people, and to promote and protect human rights and the environment in the communities where we work.

#### What we do:

- We **document** human rights and environmental abuses in countries where few other organizations can safely operate. We expose and publicize earth rights abuses through campaigns, reports and articles.
- We **organize** the human rights and environmental activist communities around earth rights issues. We are at the forefront of



the movement to hold corporations accountable for fair human rights, labor, and environmental practices no matter where they do business.

- We **litigate** in U.S. courts on behalf of people around the world whose earth rights have been violated by governments and transnational corporations. For earth rights abuses against villagers in Burma, we brought the landmark lawsuit, Doe v. Unocal Corp.
- We **teach** people about their earth rights and remedies, especially people living under repressive regimes. We train villagers and refugee women to testify at the United Nations and other international agencies. We run the EarthRights Schools for activists in Southeast Asia.
- We **advocate** with those who have been harmed, and fight for better earth rights protections at every level, from the local to the international.

[www.earthrights.org](http://www.earthrights.org)

**Chin Human Rights Organization**

**CHRO**

The Chin Human Rights Organization (CHRO) is a non-governmental, non-profit advocacy organization legally registered in Canada. It was formed in 1995 on the India-Burma border by a group of Chin activists committed to promoting democracy in Burma, and raising international awareness of previously unreported human rights abuses being perpetrated against the Chin people by the Burmese military regime. The scope of CHRO's activities has since expanded to cover not only monitoring and documentation, but also internationally-focused advocacy campaigns, capacity-building trainings, and support for grassroots community initiatives. CHRO is the primary rights-based advocacy organization for the Chin people.

[www.chro.ca](http://www.chro.ca)

The Human Rights Documentation Unit (HRDU) is the research and documentation division of the National Coalition Government of the Union of Burma (NCGUB). HRDU was initially formed to document the human rights situation confronting the many and varied peoples of Burma, and to defend and promote those internationally recognised human rights that are inherent and inalienable for all persons irrespective of race, colour, creed, ethnicity or religion.

**e-mail : [enquiries.hrdu@gmail.com](mailto:enquiries.hrdu@gmail.com)**

The Human Rights Education Institute of Burma (HREIB) is a non-governmental, non-profit Burmese institute for human rights education in Burma, which facilitates a broad range of training and advocacy programs to grassroots organizations and community leaders to empower people to engage in social transformation and promote a culture of human rights for all. Founded in 2000, HREIB uses participatory teaching methodologies to empower grassroots community leaders, women, sexual minorities, and youth who can then become trainers themselves. HREIB envisions a society where human rights education is institutionalized as a potent tool for building a peaceful, tolerant and democratic Burma that respects all aspects of human rights and promotes human rights for all.

**[www.hreib.net](http://www.hreib.net), [www.hreib.com](http://www.hreib.com)**

The Human Rights Foundation of Monland (HURFOM) is a non-governmental human rights organization based in Thailand that focuses on documenting human rights abuses committed by the Burmese government in eastern and southern Burma. Founded in 1995 by a group of Mon youth, students and community leaders after a ceasefire ended open war between the Burmese government and the largest Mon political party. HURFOM has worked to document the extensive and ongoing human rights abuses committed against civilians, despite ceasefire arrangements.

**The main objectives of HURFOM are:**

- to monitor the human rights situation in Mon State and other areas of southern Burma
- to protect and promote the human rights of all people in Burma.

HURFOM produces monthly issues of the Mon Forum, published in print and online and containing news, lengthy reports and analysis of ongoing human rights violations in southern Burma. HURFOM also frequently publishes incident reports, commentary and features on its website. As a member of Network for Human Rights Documentation - Burma [ND-Burma], HURFOM collaborates on the human rights documentation process for the truth and justice for a peaceful democratic transition in Burma.

[www.rehmonnya.org](http://www.rehmonnya.org), [www.monland.org](http://www.monland.org)

**Kachin Women's Association Thailand****KWAT**

Owing to the deteriorating political, economic and social situation in Kachin State, many Kachin people, mainly young men and women, have left their homeland and scattered to foreign countries. The number of Kachin people coming to Thailand for various purposes is increasing year by year. Problems in the Kachin community in Thailand have also increased accordingly. Recognizing the urgent need for women to organize themselves to solve their own problems, the Kachin Women's Association Thailand (KWAT) was formed in Chiang Mai on the 9<sup>th</sup> September 1999.

**Vision:**

As a non-profit-making organisation working on behalf of Kachin women, we have a vision of a Kachin State where all forms of discrimination are eliminated; where all women are empowered to participate in decision making at a local, national and international level; and where all Kachin children have the opportunity to fulfill their potential.

**Mission:**

The empowerment and advancement of Kachin women in order to improve the lives of women and children in Kachin society

## **Strategic aims**

- To promote women's rights, children's rights and gender equality
- To promote women's participation in politics and in peace & reconciliation processes
- To oppose all forms of violence against women including human trafficking
- To provide health education & health services
- To promote women's awareness of how to manage and protect the environment

KWAT's programs and activities include Documentation & Research Program, Capacity Building Program, Anti Trafficking Program, Health Program, Migrant Worker Program, Income Generation and Advocacy activities.

**[www.kachinwomen.org](http://www.kachinwomen.org)**

**Lahu Women's Organization**

**LWO**

In 1997 October 30, Lahu women who arrived in Thailand from Burma, decided to form a women's organization at Lahu village in Thailand; named Lahu Women's Organization (LWO). We formed to help the needs of women and children, and to empower our Lahu women to participate in political, social, education, health and leadership roles through the awareness training, internship program, capacity building and women development program.

**Email: [lwo2003@yahoo.com](mailto:lwo2003@yahoo.com)**

PWO believes that recognizing women's rights and women's participation at different political and social levels is one of the processes of building a just society.

The Palaung Women's Organization (PWO) was established in 2000 in response to the dearth of women actively participating within other Palaung organizations. Cultural factors determined that men had greater access to training, better English language and computer skills, greater self-confidence and more leadership opportunities. PWO was formed with the intention of educating and empowering women so that they can develop and strengthen their own self determination and achieve equality of participation.

### **Mission**

PWO is an organization to empower and advance the social status of Palaung women towards equality, peace and a just society.

### **Objectives**

- To develop the status of Palaung women and encourage more female participation at all decision making levels.
- To maintain the literacy and culture of Palaung people.
- To participate in the democratic, peaceful and human rights movement for Burma.
- To advance and promote gender equality and women's rights by co-operating with other women's organizations.

[www.palaungwomen.com](http://www.palaungwomen.com)

In 1963, the Palaung State Liberation Party, PSLP started to fight for self-determination and equal rights for Ta'ang (Palaung) people. In 1991, they made a cease-fire with the Burmese regime. After that, some PSLP leaders who were dissatisfied and did not accept the cease-fire agreement formed the Palaung State Liberation Front (PSLF) in the Karen area in Manaplaw in 1992.

Some of the PSLF members wanted to support the Ta'ang youth and established the Palaung Student Youth Organization (PSYO) on the Thai-Burma border in 1998. Later that year, the name was changed to the Palaung Youth Network Group (PYNG) during the second meeting on 27 December, 1998.

In 2008, the second congress of PYNG decided to change the name of the organization to the Ta'ang Students and Youth Organization (TSYO) to reflect that although we are called the Palaung in the Burmese language, we will start to call ourselves "Ta'ang" as per our own language.

The mission of the Ta'ang Students and Youth Organization (TSYO) is to work for peace, justice, equality, and to build a federal democratic country, and to improve the lives of Ta'ang students, youth, and Ta'ang people.

[www.palaungland.org](http://www.palaungland.org)

### **Yoma3 News Services**

### **Yoma3**

In 1998 pro-democracy activists living in the Thai-Burma border area founded Yoma (3) News Service. It was envisioned as an organization that would fill in the critical information gaps created by the total media blackout that exists inside of Burma.

In September of 1998, in the Thai border town of Sagkhlaburi, we published the first quarterly issue of Yoma (3) News Journal with a circulation. Open Society Institute, Norwegian Burma Council, Burma Project funded the publication until issue number 8 in February 2001, when financial support halted.

The information in our journals was shared with various human-rights organizations, Burmese and international media groups, as well as distributed amongst the general public in Burma, and has been used as source material by numerous human rights publications, radio news wires, and border journals.

Our efforts have come at high cost as three journalists have been shot by the Thai and Burmese military while in the field. On Feb 29, 2000, Thai soldiers in Southern Thailand shot and killed Win Myint, while he was

investigating the forced relocation of ethnic Karen people in Karmar Palaw, Southern Thailand. On June 9, 2000, two of our other reporters, Sai Win Htut and Nyan Soe were arrested in Kyauk Tine village, Ye Township, Mon State, Burma and were summarily executed soon after.

On the Thai side our editorial staff are also in a position of incertitude. As our journal does not have a legal status in Thailand, if the government orders a crackdown we must relocate. This happened in Sangklaburi in 2002 and we have since moved into the northern Thailand area.

**[www.yoma3.org](http://www.yoma3.org)**