

A taxpayer's charter for a better fiscal citizenship

By Karim Daher

As evidenced by recent surveys and public polls, Lebanese are disenchanted with their overall tax system and consider their obligation to pay taxes a burden. But they are decrying the many defects of their tax system without even understanding it. According to a national survey conducted in 2012 by the Institut des Finances Basil Fuleihan in cooperation with the World Bank, 70 percent of Lebanese people believed that taxes are used directly by politicians to fund their political agendas. This deficiency in the tax consciousness and the knowledge of Lebanese shows the need for a better financial literacy through a suitable educational and public approach.

To some extent, citizens try not to pay taxes—or avoid or deliberately fail to report income—because they do not understand tax law. Moreover, those who cannot understand tax rules may question the fairness of the tax system and feel that others are reaping more benefits. This, in turn, may make them more likely to evade taxes.

Clarifying and simplifying tax rules can help people better understand the tax law; however, simplification alone would not make it easier to enforce the law or to strengthen tax consciousness and fiscal citizenship. Public authorities must disseminate information about the tax system to the public, simplify tax regulations and procedures, promote transparency and accountability in the national budget and accounts, and change popular perceptions regarding the fairness of taxation.

One way to do this would be to adopt a chart for the taxpayer that summarizes in a clear manner their rights and obligations toward public authorities with a set of principles that strike a fair and equal balance between public service and the role of the tax administration on the one hand and the expectations of the legitimate taxpayers on the other.

The chart would include a very simplistic listing of tax principles and the most prominent rights and obligations of the state and of the taxpayer. It would be relied on and used as a reference by both the legislator and the administrative courts, without discrimination or favoritism, while enacting laws or rendering judgments.

There is no better way to encourage citizens to develop an understanding of the social contract around taxation than to make them an obvious part of the tax-paying system. In the book “Learning to Love Form 1040,” Lawrence Zelenak, a tax policy expert at the Duke University School of Law, writes that by making the filing of tax returns and connected payment of taxes painful for individuals, the return-filing process compels taxpayers to confront the extent of their total financial contributions to the government. This ought to make taxpayers more cognizant of how public officials are raising revenue and spending tax dollars. In short, the pain of paying taxes should propel taxpayers to be more politically and civically engaged and make them better citizens, as well as make politicians much more accountable to the public for their acts and decisions.

In it with this purpose in mind that the Lebanese Association for Taxpayer's Rights (ALDIC) have drafted this chart with the aim of encompassing all tax principles and guidelines within a draft bill that can be passed and act as base from which taxpayers and tax collectors interact. With this, it is the hope of ALDIC that the image of taxes and the objectives of taxation will be improved and valued as a prerequisite to restore confidence in institutions, expand the taxpayers' base and meet the objectives of productive economy and sustainable development.

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