



### Press Release

## **Budget 2017-18: Poor People to Take the Oppressive Burden of Capitalist Economy and Pay Heavy Price for Awami League's Election Budget**

On 01 June, 2017, Bangladesh's Finance Minister AMA Muhith has placed a Taka 4 trillion budget for the fiscal year 2017-18 in the parliament, relying mostly on VAT collections to cover a 35% growth in revenue earnings. The fact of the matter is that in the name of this so-called 'development-heavy' budget, money will be snatched away from the pockets of the poor and the middle class to enhance the wealth of the ruling elite and their associates.

Heavy reliance on oppressive VAT scheme (flat rate of 15%) and cynical comments by Finance Minister only shows this capitalist government's apathy towards the mass people since the poor have to pay the same as the rich. When there is high tax burden on the lower income group of people, garments businessmen will be enjoying a reduced corporate tax rate of 15%. Moreover, manufacturers will also get rebate on purchase of raw materials, benefit of which would never come down to the end consumers. While presenting the budget, AMA Muhith's argument in favour of the rich was that lowering the burden on them will generate more income in the economy. He is sympathetic towards the garments owners and manufacturers but not ready to consider the impact of inflation on the lower income groups due to the cruel VAT system. His argument best exemplifies capitalism's repulsive essence of "trickle-down economy", that is, fattening the rich so that the poor get some left-overs from them.

Another key reason for adopting and constantly increasing VAT by all the regimes in Bangladesh is to please their western masters. Their neo-colonial institutions - International Monetary Fund (IMF), International Finance Corporation (IFC) etc. - have maintained strong pursuance on relying more on VAT for so-called efficient revenue mobilization. Under close supervisions of these institutions, this regime has been looting people's money by means of VAT and taxes to fund their so-called appallingly expensive but unnecessary 'mega projects'.

Bangladesh's economic disparity and failures have become chronic, endemic and unsurmountable due to the adoption of capitalist economic system by our failed rulers under the auspices of the colonial west. The only way to see the end of this unjust and cruel economic system is to replace it with Islamic economic system as part of the Khilafah state. Islam will bring fundamental changes in economy especially in the area of taxation. It will free people from cruel taxes like VAT or Goods and Services Tax (GST) and income tax. RasulAllah (saw) said, «لا يدخل الجنة صاحب مكس» "The collector of taxes will not enter Jannah" (Ahmad). Rather Islam will introduce its own unique system of revenue collection and mobilization, including revenue from public properties, such as gas, oil, electricity and water etc. and agricultural production, such as annual *kharaj* and *ushr* taxes, which would generate revenue without strangling economic vitality. Islam's overall tax base would be considerably lower compared to the unjust capitalist economy and it will be designed to encourage spending, investment and entrepreneurship. And of course as the currency of the Khilafah (Caliphate) would be based on gold and silver, naturally it will prevent inflation that the fiat currencies of today produce.

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