

[Working Paper Series: 2019 MDRN Survey 8]

## Public Opinion Survey on YCDC Taxation

Salween Institute for Public Policy (SIPP)

### Introduction

In 2014 and 2015, Yangon City and Mandalay City respectively held city development committee elections. Yangon City Development Committee (YCDC) comprises seven committee members, four of whom are elected. Under the supervision of this committee, 12 district-level and 99 township-level committee members run city development affairs. It plays a crucial role in services delivery to the biggest city in Myanmar. Yangon, the largest commercial city of Myanmar with an estimated population of 7.3 million, is experiencing rapid urbanization and accelerated development. Yangon City Development Committee (YCDC) is one of the local government organizations involved in this urbanization and development. As a municipal organization, the YCDC provides services with the tax it collects. At the same time, YCDC is a decentralized institution that pursues its own sources of revenue.

After March 31, 2019, YCDC formed a new committee and structural members. The new structure of the committee will change many procedures and policies in their upcoming activities. When this occurs, it will be critical to know the opinions of the residents of Yangon in order to improve the performance and services of YCDC. As the most decentralized institution both in terms of responsibilities and financial authority, YCDC needs to know public opinion regarding taxation. From a financial perspective, YCDC also needs to improve the systems it uses to collect tax and persuade the public to support the improvement of their services and performance. Thus, this survey data was collected to learn about public opinion with regard to taxation. Several types of taxes are paid by Yangon residents, and this article describes their opinion of these taxes.

### Why is Taxation Important?

YCDC is one of the local government authorities in the Yangon Region and has the most decentralized features in terms of financial authority and responsibilities. YCDC is the institution which has the most revenue, with its revenue accounting for almost 68% of each fiscal year in the Yangon region.<sup>1</sup> Taxation plays a crucial role in the provision of social services and public goods as the collected tax revenue is spent delivering such goods and services. This paper is set out into three sections. The first section explores the taxation knowledge of the survey respondents, and opinions and knowledge of taxation are reflected here. The second section of this paper examines which groups pay the most in taxes and also what kind of taxes are paid by respondents. The third and final section offers some basic, overall opinions from survey respondents on taxation.

---

<sup>1</sup>[https://themimu.info/sites/themimu.info/files/documents/Highlights\\_Local\\_Governance\\_Mapping\\_Yangon\\_UNDP\\_Feb2015.pdf](https://themimu.info/sites/themimu.info/files/documents/Highlights_Local_Governance_Mapping_Yangon_UNDP_Feb2015.pdf)

### Objectives of the Research

The primary objectives of the survey are as follows:

- To understand the knowledge of residents regarding the taxes collected by YCDC.
- To encourage YCDC officers to raise public awareness on taxation.
- To assess the satisfaction of residents in Yangon.

The survey unearthed some considerable findings. The correlation between distinct groups (divided by work, age, sex, and education) and answers are quite important for policy makers and research groups. Thus, some of the correlations found are also presented.

### Methodology and Sampling Process

The research was conducted using quantitative methods and by collecting public opinion surveys of Yangon residents. This opinion survey covered 485 respondents, and systematic sampling was used after randomly organizing the population size. The sampling process is detailed as follows.

The Myanmar Democracy Research Network (MDRN) followed the methods in the table for every single level. Therefore, this survey used suitable step-by-step methods. The sampling process was implemented with technical support from Hankook Research.

Layers	Method
Township	PPS
Ward	PPS
House	Systematic Sampling (Interval 10 houses)
House	Kish Grid

### Research Areas and Survey Duration

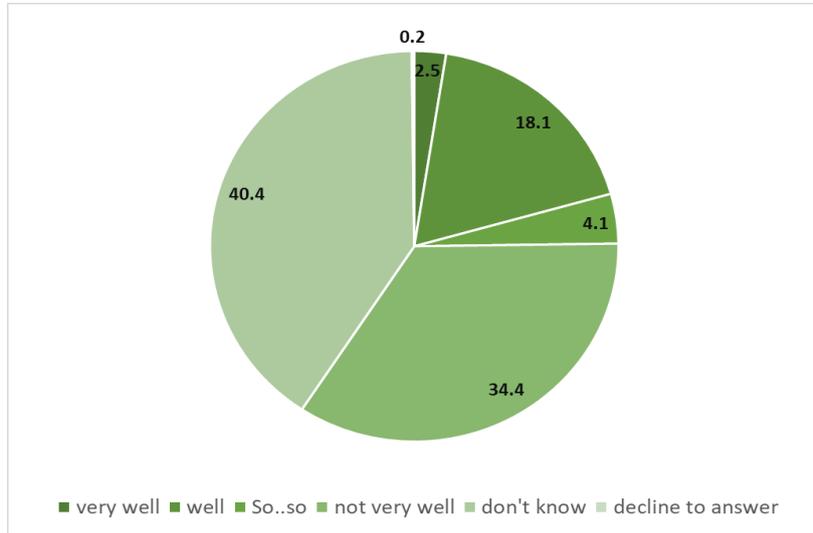
This sample size, which comprised 33 townships in areas governed by Yangon City Development Committee, and the data were collected in April 2019. However, the social services only covered in (26) townships and (7) townships are still far from the services due to beyond YCDC's capacities.

## Knowledge of the Respondents

This section mainly focuses on four questions. Respondents were asked various questions to assess their knowledge of the differences between fees, taxes, and charges. The interviewers also assessed the sources of this tax information. Respondents also answered questions about why taxes are collected and about their rights as a taxpayer. Overall, significant findings show that few people can distinguish between taxes, charges, and fees. The survey also found that many respondents are confused about why they pay taxes. One notable finding was that most respondents assumed that they pay tax just for administrative costs, and only a few answered that taxes were collected to fund

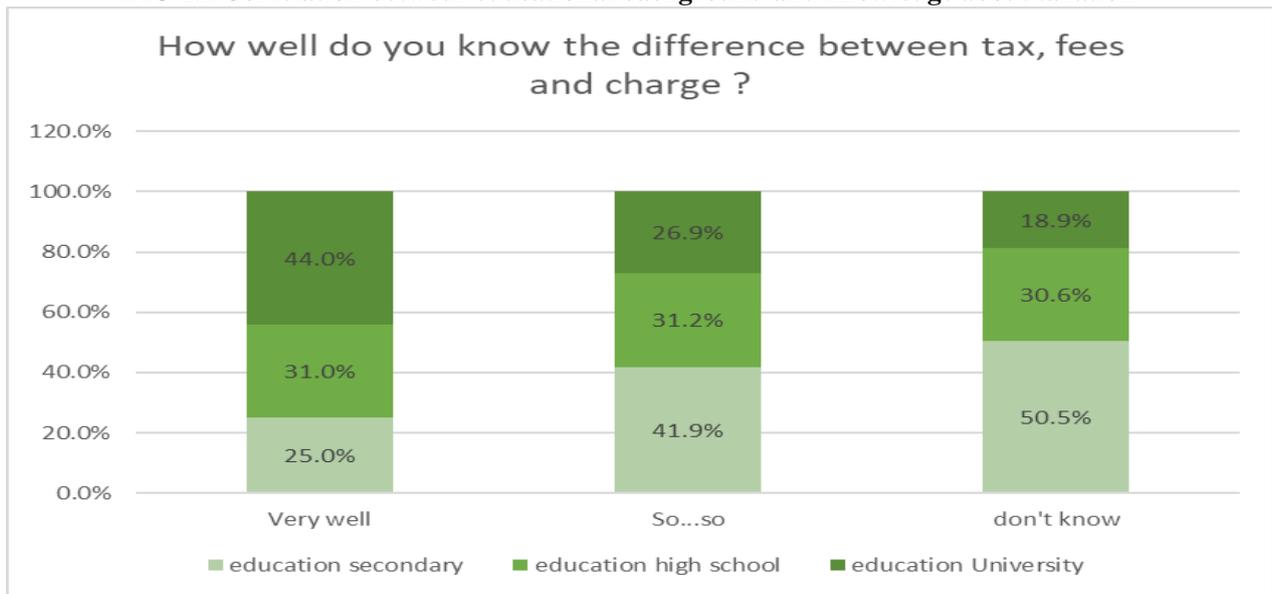
services. The survey also found that YCDC was the most informative source regarding taxation. In addition, it was found that many taxpayers were unaware of rights such as their right to be reimbursed. Other correlated facts are also presented in this section.

**FIG 1.1 How well do you know the difference between tax, fees, and charges?**



A minority of respondents (2.5%) answered that they know the difference between taxes, fees, and charges very well, and the third largest number of respondents (18.1) stated that they know the difference well. However, the first and second largest number of respondents fell into the categories of "not knowing" the difference. Overall, more than 70% of the respondents were unclear on the difference between these three things.

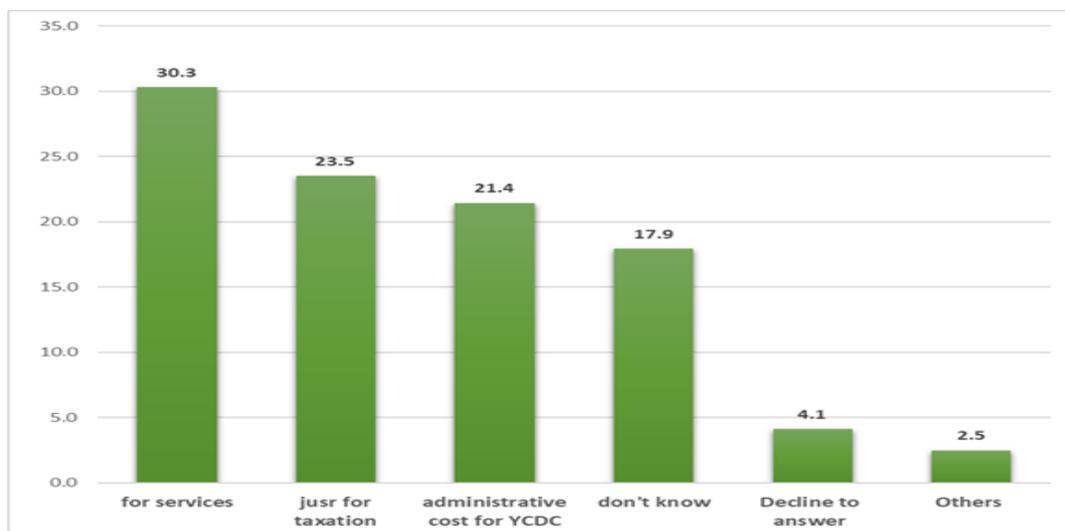
**FIG 1.2 Correlation between educational background and knowledge about taxation**



The survey found that education correlates strongly to certain factors. This graph shows that educational background has an important relationship with knowledge about taxation. The percentage of respondents (44%) who answered

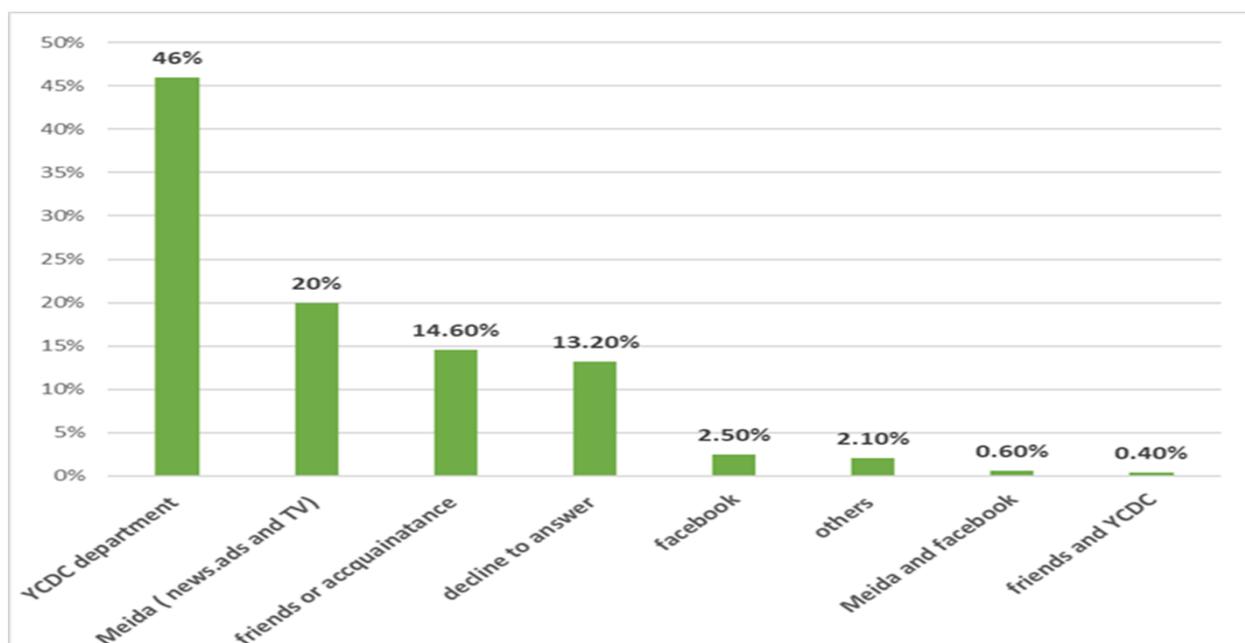
that they knew the differences between charges, fees, and taxes "very well" were mostly university educated, and half of the respondents (50%) who answered "don't know" had only finished secondary education.

**FIG 1.3 What is the main reason residents pay taxes, fees, and charges?**



The survey showed that respondents do not have clear knowledge of the main reasons that residents pay taxes, fees, and charges. Only 30% of respondents answered they pay taxes, fees, and charges to fund public services provided by the government. Nearly 45% of respondents answered that taxes are paid just to cover government spending. This fact highlighted that the view of respondents about taxation is not particularly positive.

**FIG 1.4 Where do you get your knowledge about paying taxes, fees, and charges?**

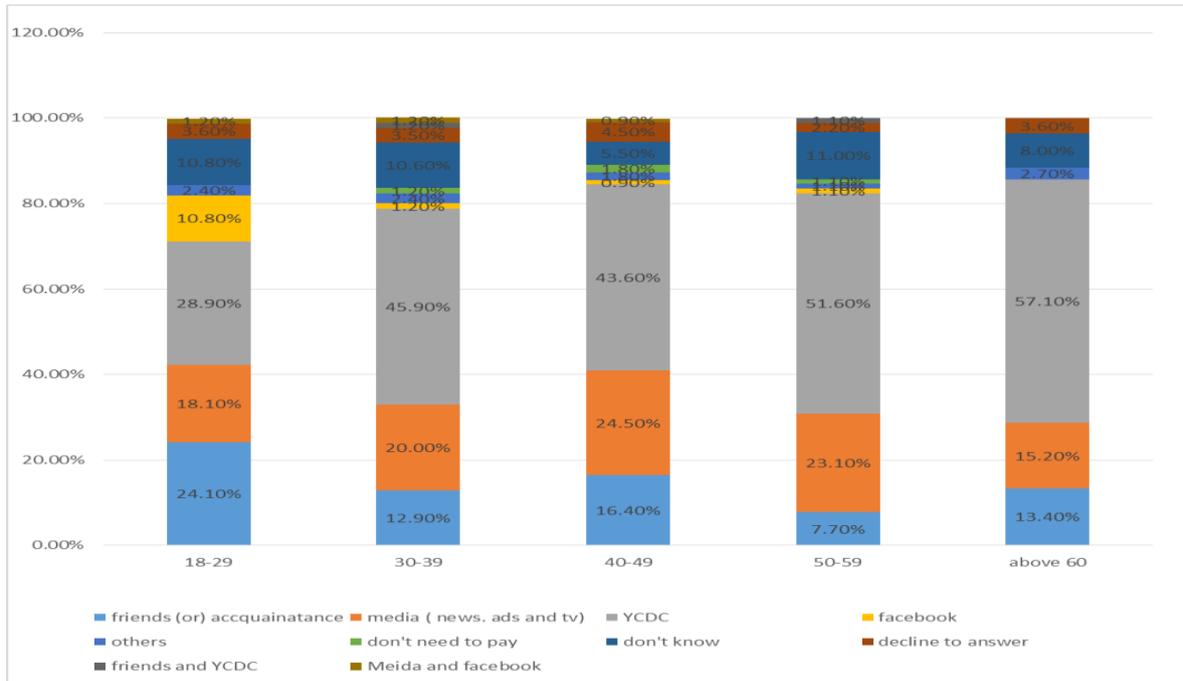


**YCDC is the biggest source communicating tax information.** According to the survey, residents of Yangon get information about taxes from several sources. However, YCDC was the biggest and most obvious information

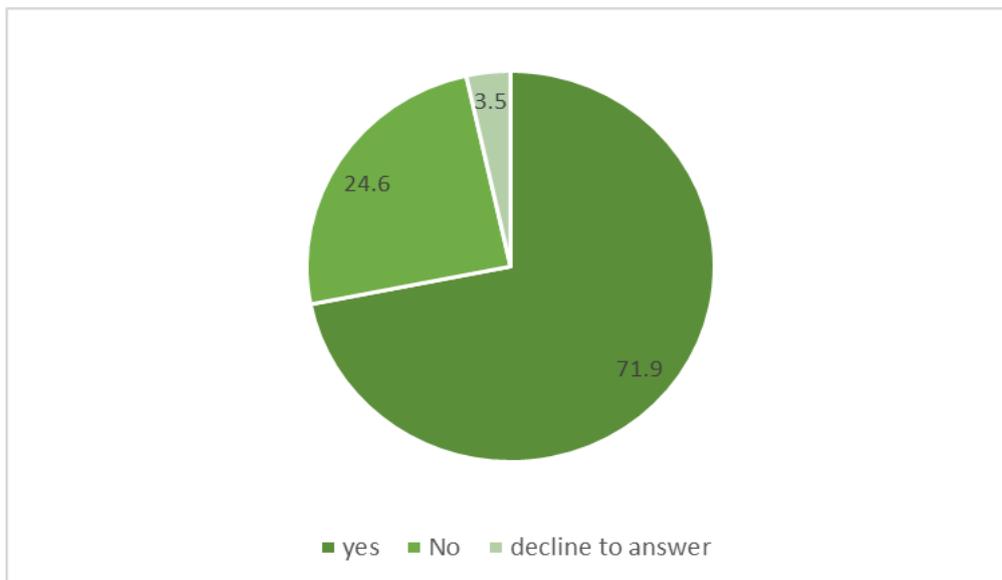
source. The second and third largest response rates combined were still lower than YCDC.

The age of the respondents and the information sources of taxation were also found to be correlated. According to the table below, most young people between the ages of 18 and 30 years old got their information about taxation from social media sites such as Facebook while most people over 30 got their information from YCDC. Based on these results, it could be a good idea for YCDC to use social media as a platform to increase Yangon resident knowledge about taxation.

**FIG 1.5 Information Sources of Taxation (by age)**



**FIG 1.6 Do you know that you have a right to reimbursement or a reduced tax rate?**

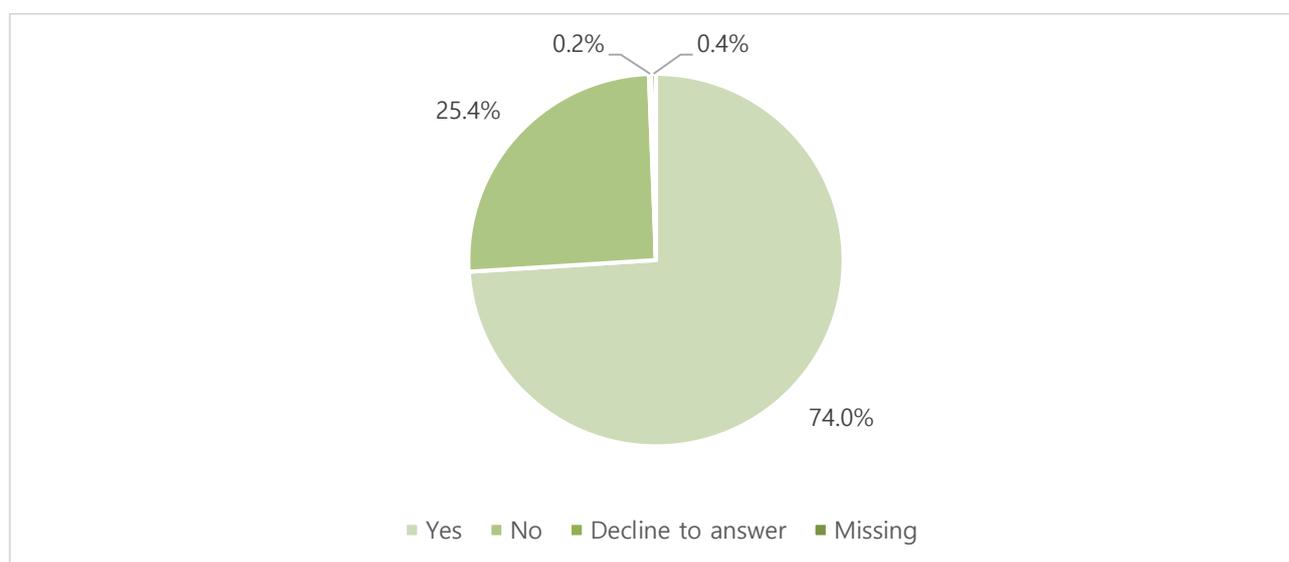


**Most respondents do not know their rights.** According to procedural taxation laws, taxpayers can claim reimbursements for incidents such as burning, grabbing, and damage from natural disasters. This graph shows that 83.5 % of the survey respondents were unaware of their right to do this.

## Tax Collection

When we asked about tax collection, our questions mainly focused on what kinds of taxes, fees, and charges the survey respondents pay on a daily, monthly, and annual basis. The following charts also distinguish who pays what taxes by dividing our respondents and the taxes they pay according to the type of job they have.

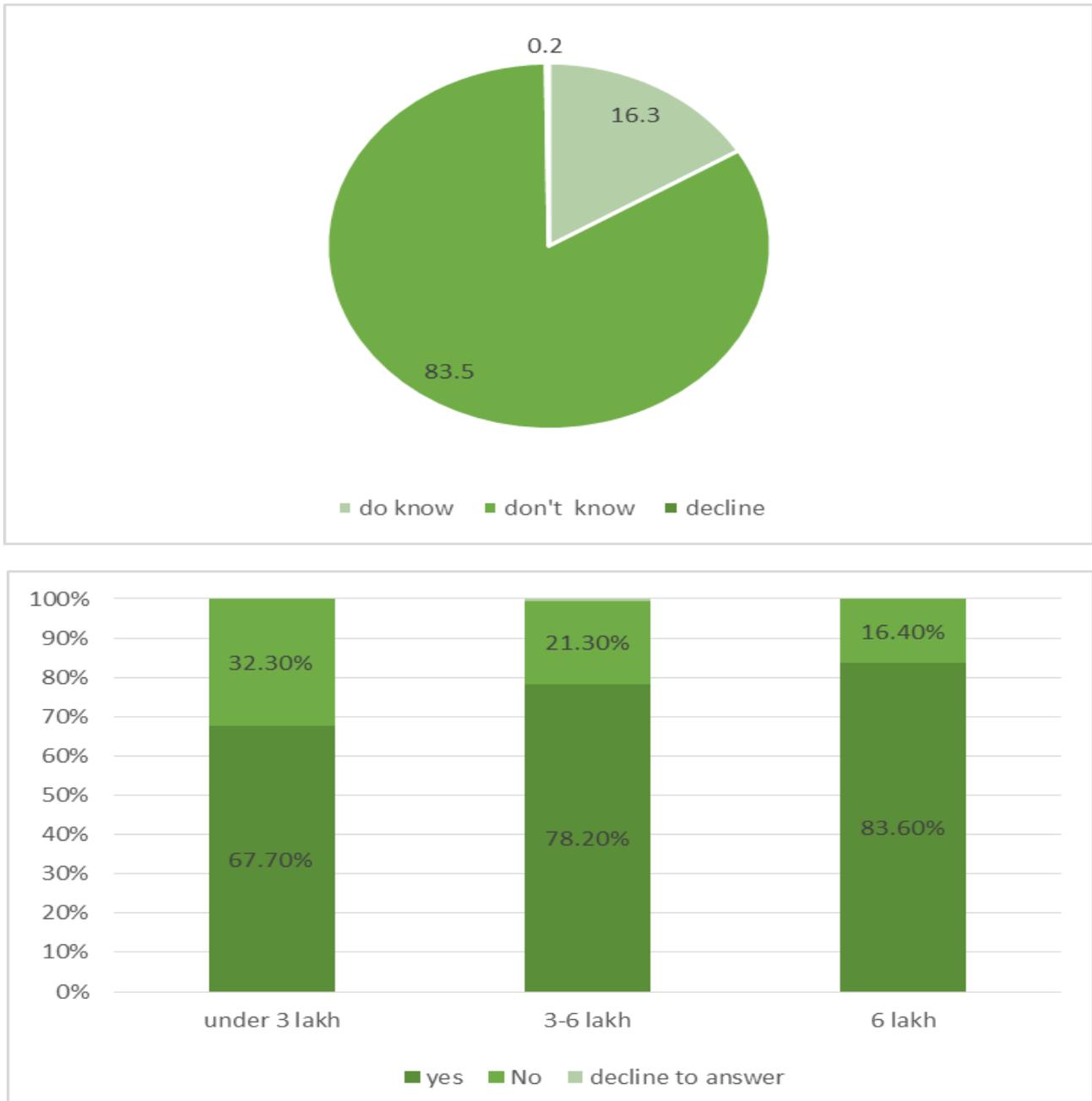
**FIG 2.1 Do you pay any monthly taxes to YCDC?**



Monthly taxes are collected via payments for services such as sewage, electricity, water supply, and so on. Most respondents paid monthly taxes. Still, 24.6% of the respondents stated that they do not pay any taxes, and some of these indicated that their circumstances prevented them from paying. Around 4% of respondents declined to answer this question.

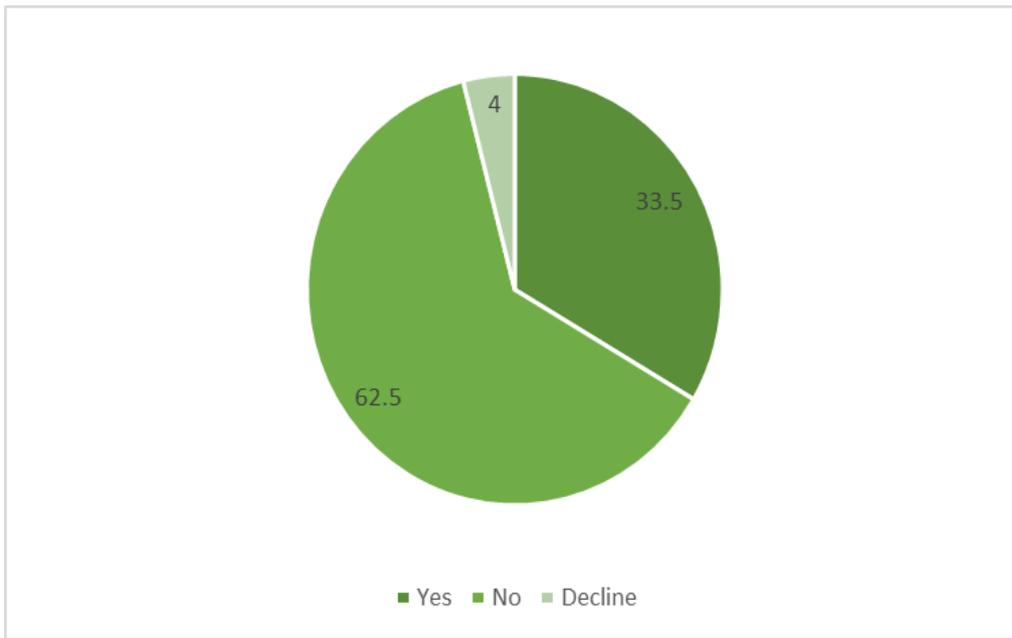
The majority of taxes respondents paid were for land, garbage, and electricity. The survey did not find any relationship between the type of work taxpayers engaged in and whether or not their taxes were paid. All of the respondents (workers, non-workers, and business owners) consistently pay their monthly taxes, and which can be seen in the following table.

FIG 2.2 Correlation between income groups and monthly taxes paid



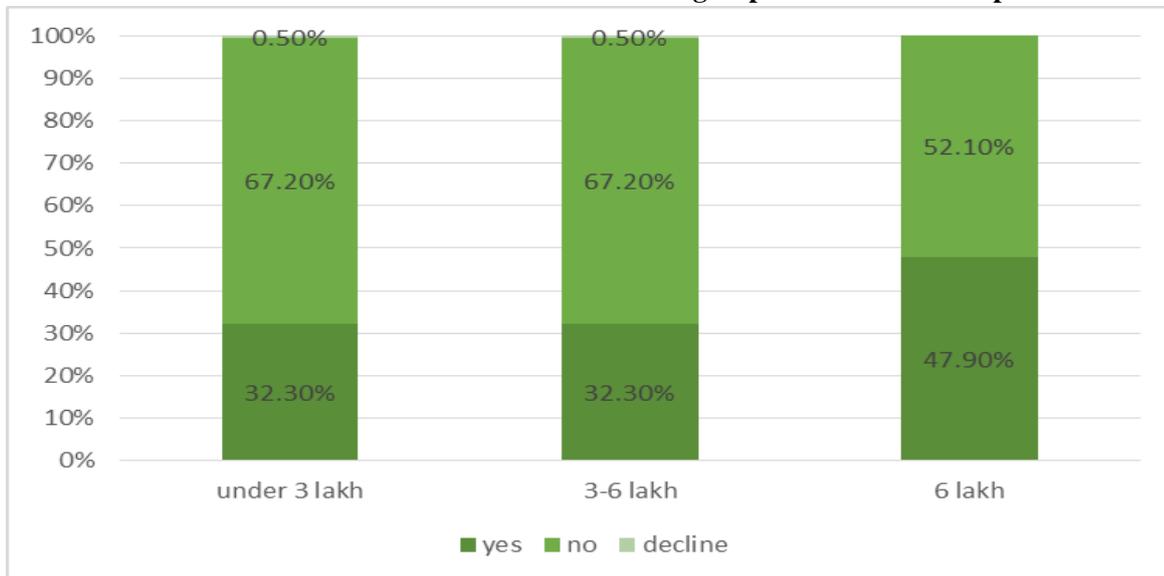
This graph shows that the Yangon City tax system is progressive, meaning those who earn more money pay more in taxes. Our survey also demonstrated that residents with income over 6 lakh are more willing to pay their taxes than those with lower incomes.

**FIG 2.3 Do you pay any annual taxes to YCDC?**



**More than half of respondents did not pay annual taxes.** This chart clearly shows that the majority of respondents did not pay any annual taxes to YCDC. Who paid seemed to depend on the area they lived in and the regulatory capacity of the YCDC. These taxes clearly require more effective regulation.

**FIG 2.4 Correlation between income groups and annual taxes paid**

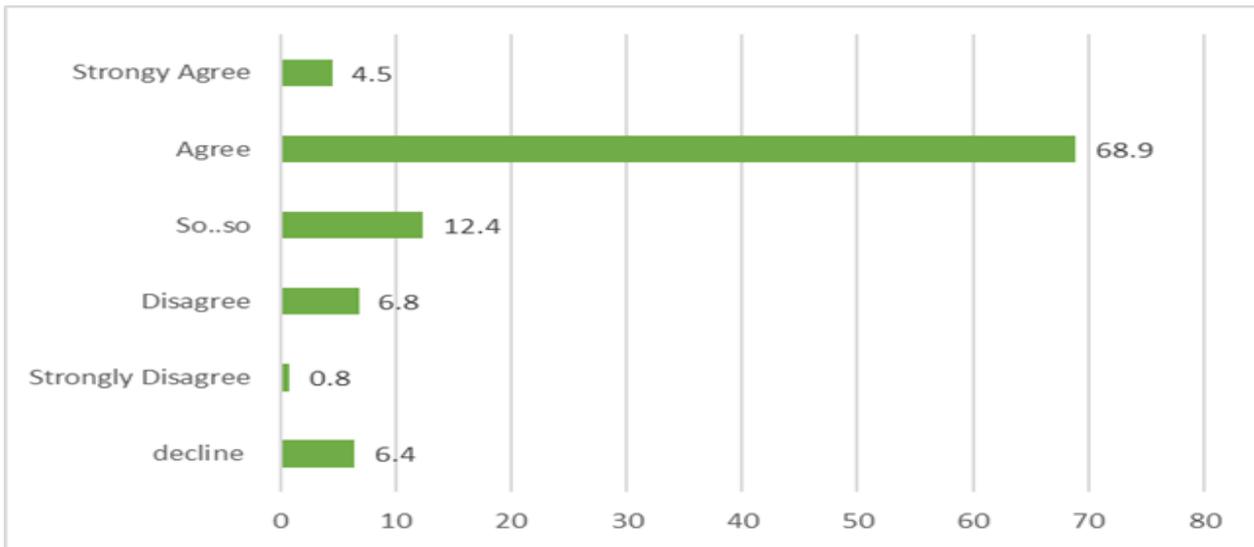


There are many types of monthly taxes. Among them, the land tax was the most expensive monthly tax paid by respondents. This data also shows that most respondents with higher incomes are likely to pay more taxes to YCDC while less taxes are paid by respondents with lower incomes.

### Satisfaction of the Respondents

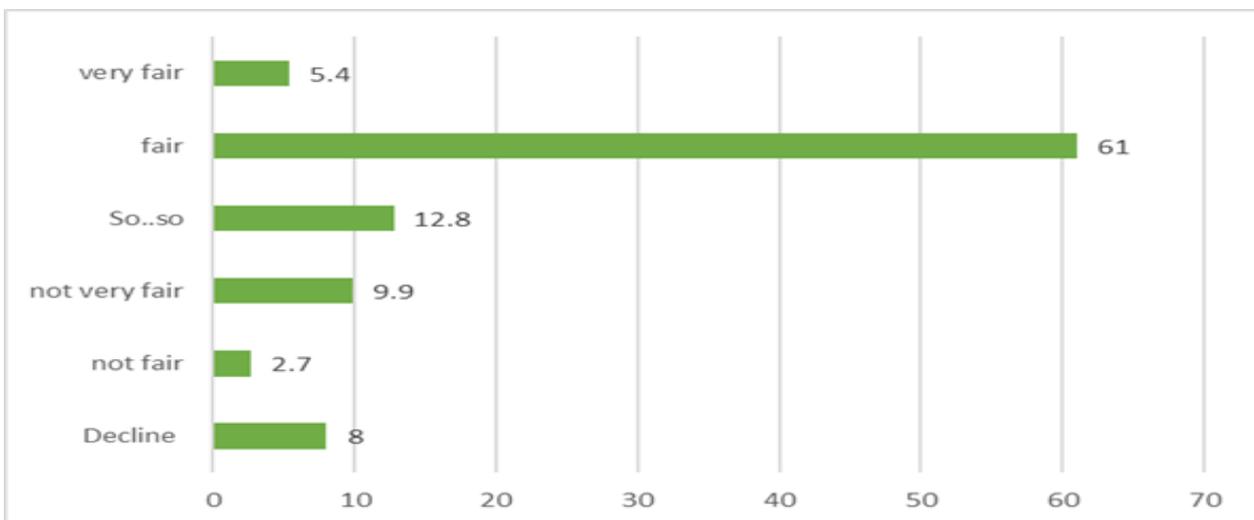
We also asked questions targeted towards assessing the satisfaction of Yangon residents over the YCDC taxation system. Our survey found that residents find the taxes affordable and most of the respondents were satisfied with the tax rate. They do not feel that living in the city comes with an undue tax burden. This is an important point for tax collectors to note as they consider regulation.

**FIG 3.1 Are the taxes, fees, and charges you pay fair?**



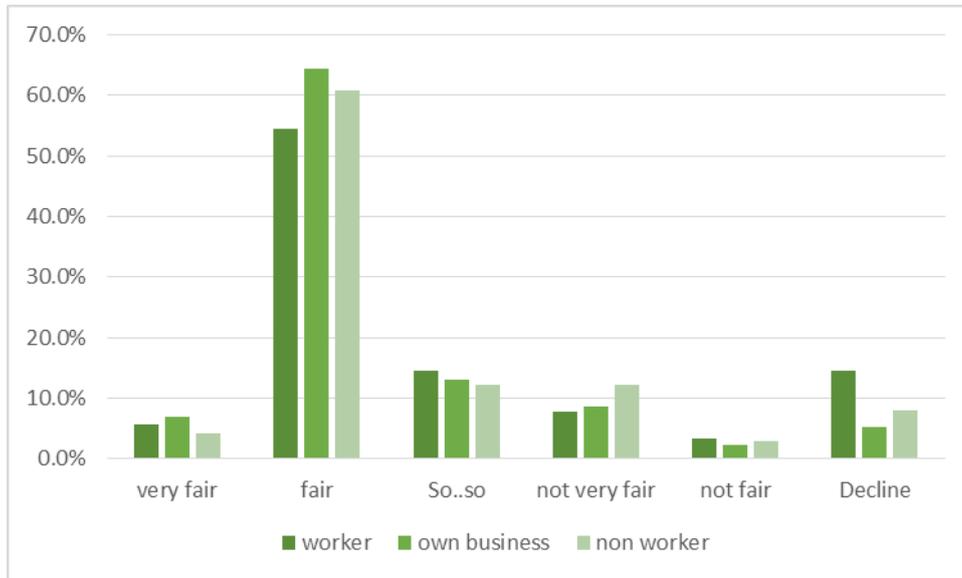
Nearly 75% of the respondents agreed that YCDC taxes, fees, and charges are reasonable and affordable. While some respondents disagreed with the present taxation rates, the number who did so amounted to less than 20% of the residents surveyed. This data shows that the majority of respondents do not view their current taxes negatively or feel that they are a burden.

**FIG 3.2 Are the taxes, fees, and charges you pay reasonable for your income?**



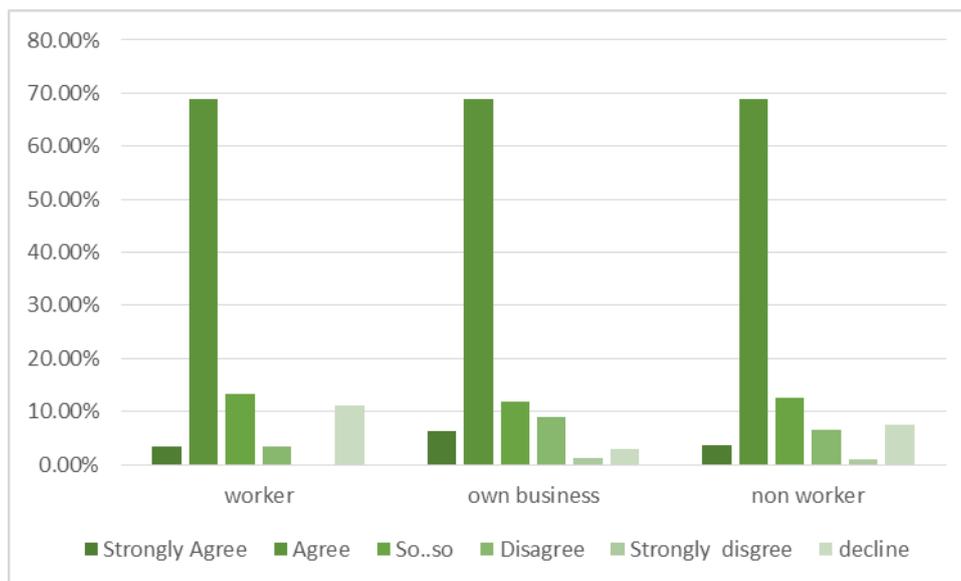
The majority of respondents said that their tax rates were fair for their income. More than 60% of the respondents took a positive view of YCDC’s tax rate for their income, although 12.8% of respondents failed to give a clear answer. This data confirms again that most respondents were satisfied with the present taxation system.

**FIG 3.3 Satisfaction and job type**



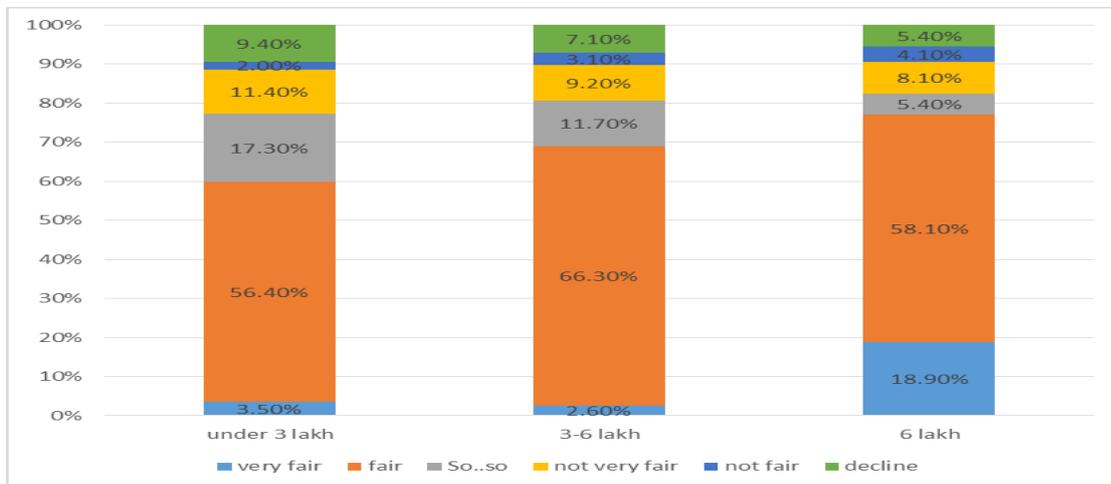
Respondents were satisfied with the current taxation rates. More than half of the survey respondents (66.4 %) said that the taxation rate imposed by YCDC is fair. Just under 10% of respondents said that it was "not fair." This data leads us to conclude that the majority of respondents were satisfied with YCDC’s taxation rates.

**Fig. 3.4 Tax fairness and type of job held**



Most respondents agreed that YCDC taxes are levied at a reasonable and affordable rate. When these responses were broken down by type of job, these answers did not change.

**FIG 3.5 Are the taxes, fees, and charges you pay reasonable for your income?**



According to this table, most of the respondents with higher incomes said that the tax rates were affordable and that their opinion of taxes was quite positive. In other words, they would not be likely to object to tax reform in the future if YCDC could provide better services for them.

### Analysis of the Findings

In this public opinion survey, we found that 70% of the respondents were not particularly interested in taxation. At the same time, most of the respondents surveyed (over 60%) said they did not mind paying all of the current taxes because the current rates are affordable. Hence, the survey demonstrated that residents are quite satisfied with the current rate of taxation, and if better services are provided, the residents are willing to pay more.

Through these results, the YCDC can increase the tax rate to provide better services to all of the townships under their administration, since YCDC still could not cover all the townships in Yangon. These results can provide a partial foundation for tax reform in the future.

### Promoting the Accountability of YCDC

What does accountability mean in the case of YCDC taxation? As mentioned earlier, in terms of financial power, YCDC is regarded as the most decentralized institution compared to other local governments in States and Regions in Myanmar. Thus, the YCDC is accountable for its autonomy and at the same time, its responsibility for taxation. Annually, YCDC publishes a public financial report of how much money it received from taxation and its expenditures. However, there is no clarification on which amount of money are spent on which social services as there are

many social services which are delivered. Hence, there is no transparency in terms of how the budget is actually spent.

Moreover, there is corruption in the institutions as the amount of money shown in this report as having been spent is not truly reflected in the implementation. According to some officials who did not want their names to be mentioned, there is still internal corruption which has held on from previous governments. This is why the YCDC financial report does not provide a truly transparent account of its expenditures.

In order to increase YCDC's accountability, we have to figure out the challenges and opportunities at the same time. The biggest challenge seems to be that the residents don't know which tax is spent for which social service, which could lead to increased corruption. Unless corruption is reduced, there will never be better social services no matter how much revenue the YCDC receives.

Last but not least, YCDC needs to improve their public communication channels to increase the amount of tax knowledge among younger age groups. At the same time, the public should know how YCDC spends their money. One of the more troubling results of the survey was the finding that most taxpayers do not know about conditional reimbursement or their right to ask for certain tax reductions or exemptions. Without this knowledge, they are much more likely to pay a higher amount of tax, resulting in an increase of regional revenue. Lastly, resident perspectives on the current tax rates were quite positive, and hence the YCDC's tax base should be broadly managed for the growth of revenue and improved economic situation in the Yangon region. ■

■ **Salween Institute for Public Policy** blends objective analysis and hands-on community empowerment programs to frame policy debate and help shape public policy in Burma/Myanmar based on social justice, environmental responsibilities and ethnic right to self-determination. Our vision is to help shape a better future for the peoples of Burma/Myanmar. Towards this vision, SI has two key objectives: (1) informing citizens of key policy issues impacting Burma/Myanmar through independent, objective analyses and public seminars/lectures, and (2) empower individuals and civil society organizations across the country through trainings and technical assistance so that they can participate in the shaping of public policies.

This series of reports was compiled as a part of the “Strengthening Civil Society Organizations in Myanmar Year Three” program. The research for these reports was conducted entirely by EAI’s partner think tanks in Myanmar, including Sandhi Governance Institute, Open Myanmar Initiative, Yangon School of Political Science, Yone Kyi Yar Knowledge Propagation Society, Salween Institute for Public Policy, Another Development, and Naushawng Development Institute.

This program was funded in part by the National Endowment for Democracy (NED).

This publication and other EAI reports can be found on our website, [EAI Working Papers]. The contents of this publication do not necessarily reflect the views of the East Asia Institute.

“Public Opinion Survey on YCDC Taxation”  
979-11-90315-34-0 95350

Date of Issue: 20 December 2019

Typeset by Younghyun Lee

For inquiries:

Yonghyun Lee, Program Manager of Strengthening Civil Society Organizations in Myanmar  
Tel. 82 2 2277 1683 (ext. 207) ylee@eai.or.kr

The East Asia Institute  
#909 Sampoong B/D, Eulji-ro 158, Jung-gu,  
Seoul 04548, South Korea  
Phone 82 2 2277 1683 Fax 82 2 2277 1697  
Email eai@eai.or.kr Website www.eai.or.kr