

Protests erupt across Sri Lanka against IMF-dictated tax hikes

Our reporters
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Tens of thousands of Sri Lankan workers have taken strike action and protested in recent weeks over increased taxes, slashed allowances, higher bank loan interest rates and other social attacks by the Wickremesinghe government in line with International Monetary Fund (IMF) demands.

* On January 20, thousands of Sri Lankan professionals—doctors, engineers, tax officers, university teachers and banking employees—protested outside the finance ministry office in central Colombo against new tax policies, effective this month. Doctors also demonstrated that day in several other parts of the country.

* On January 23, around 5,000 port employees protested outside Colombo harbour's main entrance, demanding withdrawal of tax hikes and relief from the escalating cost of living.

* Two days later, Central Bank employees of all grades rallied outside the bank premises, wearing black clothes and placing black flags in front of the building. Hundreds of private and state bank workers held similar protests on the same day in many parts of the island.

* Yesterday, Ceylon Petroleum Corporation workers protested outside its Kolonnawa distribution centre in the Colombo suburbs.

The new income tax policy directly impacts overtime earnings, drastically reducing workers' take home pay. One Colombo port worker explained that they are doing backbreaking amounts of overtime to try and counteract the high cost of living but are being penalised by the new tax rates.

The higher taxes apply to all those earning more than 100,000 rupees (\$US275) per month, reducing their pay packets in some cases by up to 36 percent. Amid hyperinflation that last month hit 59 percent, these

taxes have become unbearable.

Ever ready to resort to repression, the government deployed hundreds of heavily armed police with water cannon on standby. On January 20, a massive police contingent prevented the demonstrating professional workers from reaching the finance ministry office in Colombo Fort. Police also forcefully turned away a busload of university teachers who tried to reach the nearby Galle Face Green. This was the main protest site during the last year's multi-million strong uprising by workers and the poor that brought down President Gotabhaya Rajapakse and his government.

Last week's actions follow a series of protests, beginning in December, by various state sector workers opposing privatisation and job cuts, and demanding higher pay to cope with price increases in essential items. This includes a one-day national strike by over 27,000 postal workers on December 11, a one-day national walkout and protest march by the Federation of University Teachers' Associations (FUTA) members on December 13, and a one-day national strike by public sector health workers on January 9.

Last Monday, the Professionals Trade Union Collective, an umbrella body of 15 unions, including the Government Medical Officers' Association (GMOA), Ceylon Electricity Board Engineers' Union, FUTA, and the Ceylon Bank Employees Union, began a "black week" protest, calling on their members to wear black clothing and arm bands. Union officials have warned the government that further action will begin next week if it does not change its tax policies.

The unions have been forced to organise these limited and separate protests to control and dissipate the rising anger of their members. They falsely claim the government can be pressured to withdraw its new income tax rate.

The GMOA has a petition signed by 15,000 of its members appealing to the government for “fair tax” system. Likewise, an FUTA spokesman, following last week’s confrontation with the police, told the media that they were not asking for a salary hike but just want a “reasonable” tax policy. Similar appeals have been made by other trade union bureaucrats.

Last week’s protests by Colombo harbour workers were called by the Janatha Vimukthi Peramuna (JVP)-controlled All Ceylon Port Workers General Union, the Sri Lankan Freedom Party’s Port Services Union, and the ruling Sri Lanka Podujana Peramuna-controlled Port Workers Progressive Union. They have threatened to organise more protests next week.

President Wickremesinghe has made clear there will no change to the tax rates and other austerity measures.

Following Tuesday’s cabinet meeting presided over by Wickremesinghe, Transport Minister Bandula Gunawardana revealed that the IMF wanted taxation on monthly salaries to begin at around 45,000 rupees (\$US123). The government, he said, had only been able to reduce it to 100,000 rupees with the utmost difficulty. He told the media that the government must implement all the IMF’s demands, or the promised bailout loan would “not be received.”

Addressing a media briefing this week, Central Bank governor Nandalal Weerasinghe said tax increases were not under the bank’s purview and insisted that “painful decisions” were needed in response to the economic crisis.

The IMF demands also include the ongoing devaluation of the rupee, value-added taxes on essentials, privatisation of public enterprises, destruction of public sector jobs and wages, and cuts to social subsidies.

These brutal policies intensify the existing social disaster confronting hundreds of thousands of families, with many facing starvation and malnutrition. At the same time the health system is breaking down due to the lack of medicines and other vital resources. These socially destructive measures are aimed at filling the coffers of the Sri Lankan treasury and assuring international creditors that the defaulted debts will be paid.

Opposition MPs from the Samagi Jana Balawegaya (SJB) and the JVP vociferously denounced the government’s “unfair tax policy” last week in

parliament, appealing for the rates to be reduced. This demagoguery is to exploit the mass anger and keep working people tied to the parliamentary system. Both parties are fully committed to the IMF policies and any government they form would ruthlessly implement the same measures.

Like the Wickremesinghe regime, these “opposition” parties and the trade unions are terrified by the new wave of developing struggles. Last year’s mass movement of workers and the poor that brought down the Rajapakse government was betrayed by the trade unions, which promoted the demands of the SJB and JVP for an interim capitalist regime.

The Socialist Equality Party (SEP) calls on workers to take the fight against austerity into their own hands by building democratically elected and controlled action committees. These committees must be built independent of the trade unions and the capitalist parties. We advance the following demands:

No to IMF austerity policies! No to job and wage cuts!

Decent living wage for all indexed to cost of living!
Full pension rights!

Subsidies for all those who are in need!

This political struggle needs to be animated by a socialist program in which workers take control of production and distribution of the essentials of life. The banks, large companies and plantations should be nationalised under workers’ democratic control. Repudiate all foreign debts!

The SEP calls for a Democratic and Socialist Congress of Workers and Rural Masses based on representatives from the action committees to mount a political struggle for this perspective. This will pave the way for the establishment of a workers’ and peasants’ government, as part of the fight for international socialism. We urge workers to join the SEP and fight for this program.



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