

Ecuadoran President Rafael Correa Says New Tax Won't Affect Middle Class or Poor



Quito, June 2 (teleSUR-RHC)-- President Rafael Correa has announced reforms to Ecuador's inheritance law to reduce social inequality in the country. The reforms focus on the taxes applied on inheritances of more than \$35,400, which will now face a 2.5 per cent tax rate. The tax would increase in increments up to 77.5 per cent for sums above \$849,600.

"Comrades, this applies to the richest. It will not affect the middle class or poorest citizens. And it works to avoid this inter-generational passing down of wealth that maintains the same families in power," said President Rafael Correa announcing the measure.

Inheritance tax, which is already in place in Ecuador will now have a more re-distributive nature. It has been calculated that one in 3,000 inheritances will be affected by this measure, bringing in state income from those with the highest wealth. With the purpose of promoting social justice, the reforms to the law of

inheritance seek to break up the historic accumulation of wealth within the country.

The reforms will work to collect taxes from inheritances processed in tax havens and international banks to prevent the evasion of this tax. "Great inheritances are being administered in other parts of the world, particularly in tax havens, evading taxes and preventing the redistribution of wealth. They are exempt from Ecuador's tax regime, because they have been acting with dishonesty, taking their inheritance to be processed somewhere else," said Vice President of the National Assembly Rosana Alvarado to teleSUR.

She added that the measure will "redistribute wealth." Funds raised will go to funding state projects. The reform is now due to the National Assembly to be debated over a 30-day period.

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