THE BRITISH TAXPAYER AND HIS WRONGS

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Including an Analysis of a typical year's Imperial and Local Taxation, with remarks on the Budget proposals of 26th March, 1888, and an Appendix.

By "FINANCE," pseud. for Herbert [illegible] Pe[illegible]

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PREFACE.

As one step onwards in quest of an equitable system of taxation, it is hoped that this little work may justify its publication, and that this slight contribution to the mass of literature on the subject may provoke further efforts to master the apparently insoluble problem of—"how to raise National Revenues with equity and justice."

Detailed criticisms on each tax and group of taxes in our three tax systems appear in pages 13 to 124, as shown in the Table of Contents and Index.

A broader review of the British Taxation *as an entire system* is entered upon at page 134, and is also referred to in the Introductory Chapter, where my reasons for thinking that a thorough revision of our tax systems is urgently needed, are given with sufficient brevity, I trust.

THE AUTHOR.

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Absence of Science in Taxation.

"Few things are of more importance to civilised society than a sound system of taxation, and it seems strange that nations should rise, flourish, and decline without arriving at a perfect mode of collecting national revenue."—"*Civilisation, Taxation, and Representation.*"—*By G. Holloway. London*, 1867.

"It would be hard to find in the whole region of Political Economy a subject more generally misunderstood and perverted by false views, and more degraded by a partial study, than taxation."—"*Die lehre von den Steuern.*"—*Hoffmann. Berlin.*

A Free Nation should know what it pays in Taxes.

"Such a Government starts from the principle that the people is the source of power, and is competent to govern itself. It ought not then to act on the opposite principle that the people ought not to know what they pay, or how it ought to pay. The people is the person from whom, *specially*, nothing should be hid of that kind. It ought to know why and how much it should contribute, and also for what purpose the produce of its contribution is expended. To me, therefore, the argument so often used in favour of indirect taxation, *that the people do not feel it*, is one of the strongest arguments against it. The more a people feels taxation, and the more it watches with jealousy the public expenditure, the better it is for itself and its rulers."—"*Elements of Political Economy.*"—*Professor Wayland. Boston*, 1848—*p.* 394.

Some Fiscal Principles still recognised in the levy of Imperial Taxation.

(Extracted from an article by Dr. Farr in the Statistical Society's Journal—January, 1853.)

"Discourage the consumption of articles, which like *Spirits*, are noxious, or are not indispensable, as *Tobacco*.

"Levy the taxes on many articles in small sums indirectly, so that the contribution to the revenue may be concealed in the price of commodities or services.*

"Whenever property is converted into money by transfer, and its value is thus known, seize a part of the money.

"Intercept produce at its source, or on its passage to the pocket, and thus save the taxpayer unpleasant annoyance, the tax-collector, trouble.

"Let the payment of taxes appear to be in a certain sense *voluntary*, or dependent on some contingency.

"And generally ('Wise as serpents harmless as doves.'),

"Collect the taxes at any source from which they can be most readily obtained."

* "Montesquieu has a chapter on Taxes, headed '*Comment on conserve l'Illusion*'—Machiavelli alone could do the subject justice."

British Local Taxation and Government.

Remarks by the Right Hon. G. J. Goschen, April, 1871, *on introducing Bill thereon.*

"The truth is that we have a chaos as regards authorities, a chaos as regards rates, and a worse chaos than all as regards areas. And not only that, but every different form of collection which it is possible to conceive is applied to the various local authorities administering these various rates in these various areas."

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In dealing with this subject it will be noticed that I have attached considerable importance to the matter of *equity*, or as it is more often termed *equality*, in taxation.

Importance of equity in taxation.

For it appears obvious that a system of taxation unjust in its main principles cannot possibly be a politic one in the long run, or remain a permanent institution in a free community much advanced in civilisation.

However long the delay in fully realising its injustice, it may be certainly predicted that the time will come when its *impolicy* as well as its *injustice* will be made evident to those suffering under its effects.

So paramount an element indeed is equity in the science of taxation, that it seems to dwarf all other considerations, and, indeed, to absorb them.

This can be better understood by attentively examining *Adam Smith's* "four axioms of taxation," which will be found resolvable into one inclusive principle, "*Justice in taxation*," to which so much importance is attached by certain British, American, and French economists, and particularly by M. Esquirou De Parieu, perhaps the most distinguished of the many French writers on the subject.

Probably many who have studied this question have remarked what small progress since the days of Adam Smith has been made in developing the *science* of taxation, in comparison with the advance made in other branches of Political Economy and Sociology.

Slow development of science of taxation.

How few steps forward can be recorded beyond the "four axioms" just noticed!

Nor in the *art* of taxation can there be observed much improvement if we take a wider outlook, and consider whether