

# Business ethics project assignment

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In reason that, first side – investors, people with high profit, while another people with high efficient rate – people, with stable wage. The main reason of this problem is that all investments gains had low effective tax rate, than people who worked in the office. For example, if your investments had been more than one year, you also have low percent of effective tax rate.

President Obama supports Warren Buffer in order to raise revenues and simplify the taxation rate for everybody, especially for people who lived here.

According Moscow News, where Bark Obama two years talking about the need to covers justice in the efficient rate of tax system for millionaire, but all attempts to raise taxes, especially for large businesses and wealthy individuals have been ignored. Our group strongly supports famous investor and billionaire Warren Buffer, to pay the same tax rate, like people who worked in the office. As we know, according Moscow News ( Russian Version), mostly millionaire pays less percent of tax, in serious reason: They invest in something or charity. We support, that charity – is a good idea in our life.

We want to add, that not only millionaire invest their money in charity, everybody just invest to improve our world. In this reason people who worked in office pay the higher tax rate. Why? If their also invest in charity? Each government, must to know not depend millionaire people or not, but everybody must pay the same tax rate. The main reason, that government explain us, that everybody equal before the law. Every millionaire should feel responsible to his each million. If a person knows how to use money, do

millions, no matter what the tax will be in the future, he will spend his money in a right way.

If we compare middle class and millionaire class, everybody can say, that middle class should not be allowed to pay the higher tax efficient rate, than millionaire class, which pay much less. Our group support good idea from billionaire Warren Buffer, and we think it will be ethical if government decide this decision according law. In reason, that everybody must be equal. As we know each problem has pluses and min uses. This situation also have “+” and for government. Government should explain for millionaires, that their taxation will go in right way (charity and etc), only in this way people will be agree to pay much higher percent of tax.

Taxation as a punishment for high income President Obama made a proposal named “ Buffer Rule” for a country to grow and move forward, to increase revenues and decrease budget deficit, and what is really important, is to improve federal tax code. The main idea of this rule is to increase taxes for people who earn more than \$1. 000, 000 annually. Probably, some of these millionaires may try to evade paying taxes by using different tax schemes and it is, at least, unethical from the point Of different virtue ethics, such as demonology and contemporary virtue ethics.

But, is this enough to apply the “ Buffet Rule” on each one who earns more than \$1 million? And what about those people, who earn \$999, 000? Even though, that most of millionaires pay taxes, because United States have progressive rates, it is not rational to pay the same amount (or even lover amount, like Warren Buffet) of taxes as lower or middle class. President

Obama wants that people to pay 30% tax. This proposal is abbreviated and has not been applied yet. From the current U. S. Economy position it is a comprehensive issue.

Nowadays, the USA is still suffering recovery after world financial crisis and hush, the politicians and businessmen are trying to find the fastest and easiest way to reanimate the economic situation of the state. Moreover, it is necessary to fund those recovery activities from state budget and the most logical solution in order to raise the money is raise tax revenue. Why not raise money from those who earn a lot? Navy, it is a very debatable issue from ethical position. Some people suggest that this rule will make economy of the country more stable, some suppose that this proposal will make a negative impact on employment.

The best ethical theory that can describe all this arguments between Americans is consequential framework. According to this theory, the moral standing of an action depends solely on the Consequences of that action. In other words “ actions speak louder than words”. Thus, without actions people will not have a clear picture of how actually this rule work. Instead of arguing around this proposal, U. S. Government should temporary exercise this model to see the actual consequences Of such approach to taxation Of millionaires. References The White House Official Website. Retrieved on September 28, 2014 from [http://www. Hothouse. Gob/economy/buffet-rule](http://www.Hothouse.Gob/economy/buffet-rule) SYNC. Retrieved on September 28, 2014 from <http://www. Sync. Com/id/49939444#>.

The Ethics of Taxation Trilogy: Part II – The Buffet Rule and The Ethics of a Millionaire?? s Tax What are the economic and ethical implications of a federally imposed tax on those making more than \$1 <https://assignbuster.com/business-ethics-project-assignment/>

annually? The answer comes in four parts. The first outlines specifics of the controversial millionaire's tax, recently proposed by President Obama. The second part discusses the economic ramifications of the proposed millionaire's tax. The third part views the ethics of the proposed millionaire's tax.

The fourth part suggests a policy based on Aristotle principle of the Golden Mean. Part 1 : “ The Buffet Rule” In September, 2011, President Obama announced a proposal which claimed that by 2013, a federal “ millionaire's tax” would be implemented. Instantly this proposal drew support from lower and middle class Americans, but it also drew harsh opposition from higher income Americans, and more importantly, from Republicans. Beam's proposal, which he now refers to as the “ Buffet Rule”, arose in part because of an opinion piece in the New York Times by famed investor and well-known billionaire Warren Buffet.

In his statement, Buffet claimed that in 2010 he paid an effective tax rate of 17.4%, while many others who worked in his Office, most notably his secretary, paid tax rates between 33% and 41%. [1] The reason for this, Buffet claims, is because investment gains are taxed at lower rates than wages, especially if the investment has been held for more than one year. The proposed millionaire's tax is just one of several potential changes which President Obama is encouraging to improve the federal tax code in order to raise revenues, reduce the budget deficit, and make the tax system simpler and more just.

Essentially, the “ Buffet Rule” forces people who earn \$1 or more per year, in wages and investments, to pay at least 30% of their income in federal taxes. That being said, if you do not make \$1 per year, then the “ Buffet Rule” has no effect on you, for your tax rate remains the same. Part 2: Economic Ramifications The proposed “ Buffet Rule” is a popularizing proposal. Each side of the debate gives impassioned economic arguments to support or oppose the tax. The following is a summary of the arguments from proponents and opponents to the millionaire’s tax: Proponents:

The Buffet Rule is a step towards economic equality It makes sure the rich do their fair part in bringing down the deficit It only effects roughly 0. 3% Of tax filers (about 400, 000 people) but raises \$460. 5 billion in the next ten years A proposed millionaire’s tax is in accord with a progressive tax structure (egalitarian Tax article for more info on progressive tax structure), such as the one currently in place in the U. S. When Warren Buffet admits to paying a lower tax rate than his secretary, and doing so legally, something must be done.

The tax causes the least amount of uncial stress to the least amount of people Opponents: The Buffet Rule gives high earners less incentive to save and/or invest Critics (specifically The Joint Committee on Taxation) claim the Buffet Rule is not expected to bring the deficit down very much The Buffet Rule is not indexed for inflation, and so it will apply to more tax payers over time as inflation begins to affect levels of income The Tax Policy Center claims that by 2019, the number of taxpayers subjected to the Buffet Rule will double The tax is a burden on small businesses; they will be unwilling to hire new employees, ND reluctant to keep current employees When you <https://assignbuster.com/business-ethics-project-assignment/>

raise taxes, the economy shrinks(3] The tax ultimately leads to a decrease in jobs in the U. S. Part 3: Ethical Analysis Much like the economic implications a “ Millionaire’s Tax”, the ethical implications also are debatable and rather complex. With a plethora of pros and cons, the consequential (See consequentiality ) framework serves as the best ethical theory to use in this case.

According to the moral theory of consequentiality, the moral standing Of an action depends solely on the consequences Of that action. Neither the circumstances surrounding the act, or the fundamental nature of the act itself have any moral significance. The most notable form of consequentiality is classical utilitarianism (See utilitarianism) and this method is used here to analyze the ethics of a proposed millionaire’s tax. According to classical utilitarianism, right moral behavior is that which maximizes ‘ utility and minimizes harm for the largest segment of people. In other words, the goal of classical utilitarianism is to maximize the overall good, while minimizing the overall harms caused by a particular action.

Thus, classical utilitarianism takes into equal account the effect an action will have on a particular person or group Of persons. NO one person’s utility matters more than any one else’s. Furthermore, classical utilitarianism is marked with the trait of ‘ agent-neutrality, which means the value of my reason to promote the good is the same as anybody else. The value comes, not from consequences of an action which affect one personally, but rather from the consequences of an action which positively affects the greatest number of people. Before analyzing the utilitarian ethics of a millionaire’s

tax, two issues become apparent. First, under the classical utilitarian framework, taxation in general is seen as an ethical practice of the State.

Taxation allows for departments such education, health care, justice, not only to exist, but for goods and services, both material and non-material, to be produced in each of these departments. Second, and this applies directly to the U. S. , under a classical utilitarian framework, a progressive system of taxation is justified. This is the case for two reasons: first, those who earn lower incomes generally spend much of their earnings on basic necessities such as food and shelter, whereas those with higher incomes mannerly need not worry about basic necessities, and instead spend much of their earnings on luxuries, and other items lower income individuals are unable to afford. A progressive system of taxation holds these higher income earners accountable for the luxuries and expensive items they purchase.

Lower income earners are accountable for paying a portion of taxes, but at a level that will not impede their spending capacity for basic necessities. A second way of justifying progressive taxation is summed up by a quote from Adam Smith in his *Wealth Of Nations*, when he States, “ The subjects Of every Tate ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state. “[4]Len other words, those who earn more ought to pay more. The ethics of a proposed millionaire’s tax using classical utilitarianism, presents us with a list of arguments that justify or vilify the tax.



The tax is ethical when we consider the funds raised from a millionaire's tax may either reduce the deficit, or benefit departments such as education or health care. The tax will be reducing the utility of some (the millionaires). However, the tax will increase the utility of a greater number of people (those who benefit from deficit reduction or government programs). Another argument in favor of a millionaire's tax is rather than viewing the goal of a tax on millionaires as decreasing the utility of some, we should view it as establishing an equal sense of utility for all. As expedients Bill Clinton stated, "Taxing the rich is not anti-wealth, it's pro-fairness. ' TO] Third, the numbers support the (good) ethics of a millionaire's tax.

According to a survey by The Spectrum Group, Washington's Premier Consulting Firm for Federal Business Success, a total of 68% of millionaires are in favor of a tax increase on those earning more than annually. If 68% of millionaires are in favor of such a tax, the utilitarian calculation shifts more towards greater utility for greater numbers. By utilitarian standards the tax becomes ethically justifiable. On the other hand, arguments claiming that a tax specifically on millionaires is unethical look to the negative aspects of its economic ramifications. If a millionaire's tax rule reduces jobs and investment in the domestic sphere, then the tax is unethical on classical utilitarian standards, because more harm than good results from the tax.

A second ethical argument against the tax is given by John Rawls in his Theory of Justice. Rawls states, "That social inequalities should be arranged so that the greatest benefit is gained by the people with the fewest advantages. However, an unequal system might actually benefit the disadvantaged more. '16] In other words, taxing only a handful of rich people in order to address <https://assignbuster.com/business-ethics-project-assignment/>

our fiscal problems may seem unfair but is actually beneficial to the disadvantaged (because there will be more jobs and economic growth). Part 4: Conclusion The “ Buffet Rule” has a plethora Of pros and cons, both ethical and economic, which require analysis before such a policy is put into effect.

On the one hand, the “ Buffet Rule” is an economically advantageous tax because the tax has a positive impact on a greater number of people compared to the negative impact on a small number of people. In this case, the “ Buffet Rule”, based on consequential and classic utilitarian standards, is an ethical form f taxation. Ethical in the sense that it benefits a greater amount of people in ways such as health care, education, and a reduced deficit, than it is expected to harm. On the other hand, a case exists which portrays the “ Buffet Rule” as an economic mistake, a disincentive to investment that ultimately results in a reduction in the total number of American jobs.

In this case, the “ Buffet Rule” fails on consequential and classic utilitarian standards, and thus is an unethical tax. Unethical in the sense the “ Buffet Rule” causes more harm to ore people in the form of reduced incomes, reduced investment, reduced jobs, and reduced growth in the American economy. When examining the economic and ethical implications of a federally imposed millionaire’s tax, two considerations become clear. First, the utilitarian ethics of the tax is dependent on the empirical economic data on the effects of such a tax. If the data suggest that high taxes for the wealthy discourages investment and reduces economic growth, then the tax is unethical.