

# Should the rich pay more essay sample

[Sociology](#), [Poverty](#)



The American tax system is designed in a way that people of different social class pay different tax amounts and rates. The taxation used on the corporate is different from the one used by the IRS on individual American citizens. The IRS uses different tax rates on people with different incomes in order to enhance the canons of taxation. These canons include equity, productivity, economy, elasticity and convenience. The taxation system used by the revenue collecting body has several effects on the macro economy of the nation. The tax system usually aims to achieve the basic objectives of maximum social advantage.

The taxation system in America is progressive and at times degressive. For the progressive taxation system, the taxation rate increases with the increase in the revenue income of the individual. However, progressive taxation is not used in America. The degressive system of taxation is used. In this kind of taxation, the tax rate increases with the increase in income of an individual. The tax rate increases with income to a point which the tax rate becomes constant. This means that the rich people should pay more with taxes than the people who earn less income.

If the rich pay more taxes than the poor and the middle income earners, there will be an efficient tax system and the economy as a whole. Rich people who earn large revenues usually benefit a lot from the public goods and services. These people usually benefit from the security, infrastructure and the incentives put in place by government. According to the cost approach of taxation, the government must tax people according to the costs incurred on the provision of public goods. Therefore, the government will have to tax the rich more taxes because they contribute the highest cost

of public goods in an economy. The benefits analysis is that, people pay taxes according to the benefits they get from public goods and services. The rich people should pay more taxes because they benefit more from these resources compared to the poor. This criterion will ensure that the government can generate a high amount of income to cater for the production of public goods and services. If the poor pay less taxes than the rich, there will be a large amount of tax collected at a low cost which will ensure efficiency in the national economy.

The efficiency of this approach may not be achieved due to some reasons. There are loop holes for evasion of tax payment by the rich people. Some rich people do not want to pay the high taxes, they therefore engage in corruption and tax evasion incidents. This will reduce the amount of tax revenue collected leading to low efficiency.

One of the main aims of a tax is to enhance equity. This means that every citizen in the country should contribute to the government in proportion to their respective capability or income. Government provides goods and services to the whole public regardless of their class or income. However, citizens should cater for the provision of goods and services basing on their ability. The rich people are capable of paying more taxes than the poor people because they have high revenues. Poor people should pay less so that they have some disposable income left for their own use. This approach promotes equity among American people because there will be an equal distribution of the tax burden among the citizens. A shared tax burden and maximum contribution towards the government revenue will ensure that the

government is in a position to develop and provide public goods and services efficiently and sufficiently. This will stimulate the economic growth for the national economy.

Taxing the rich more than the poor may not enhance equity in the country. The rich people are the employers and they own production companies. An increase in tax may cause tax incidence where the rich will shift the tax to the poor public who will have to bear the heavy burden. This will not be an enhancement of equity among the American people.

Taxation is the main source of government public revenue. The other sources such as loans, grants and printing of paper money are just supplements. High government income will increase the expenditure of government. High government expenditure usually leads to increase in the money supply in the country. If the public holds more money, they will save and invest most of it. Increase in investments will lead to the creation of jobs for more Americans who will also have high income. Investments in the production industry will lead to output creation in the economy. There will be a general increase in the utility levels of individuals. Taxing rich people more taxes than the poor will be ideal in an effort to increase the level of government revenue. This will encourage economic growth due to the increased government expenditure.

However, taxing rich people more than other people may discourage them from investing. This is because they will feel that investing is not productive since their income will be highly taxed. This may have a negative impact on the job and output creation as well as the economic growth of the U. S.

taxing the rich more than the poor people is also a disadvantage in that, the rich, who are the owners of most manufacturing companies, will shift the tax to the poor people in the long run. This will mean that the poor people will suffer more than before due to high product prices while the rich benefit from the increased product prices. This will lead to deterioration of the national economy since the poverty levels will be on the rise.

### **Works Cited**

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