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Tax freedom for the poor! [1]

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Establishing a higher threshold for personal income tax was under much discussion last month ? a precursor for conference season debate. Under the banner of ?Fairer Tax in Tough Times?, the Liberal Democrats presented plans to increase the scheduled threshold of £9,205 to a suggested rise of £10,000.

Not slow to capitalise on this ?leak?, the Spectator?s blog drew attention to a Centre for Policy Studies report published by Lord Maurice Saatchi and Peter Warburton in 2001, Poor People! Stop Paying Tax! [3], that itself recommended £10,000 at which the low-paid began to pay. For the think tank that Margaret Thatcher and Keith Joseph built, it is absurd that the State ?even taxes people who can?t afford to pay tax at all.? But insult is added to injury:

> *Governments put up tax, which reduces individual incomes and creates more dependence on the state. And citizens claim more state benefits to compensate. And so it goes on until the government is claiming billions of pounds a year in taxes from citizens who also claim billions of pounds a year in benefits from the government.*

This political duel over who is truly the friend of the poor should set off a policy debate on taxes in general; namely, is it better for taxes to be wide and shallow ? that is, paid by everyone, allowing for overall rates to be low ? or narrow and deep ? again, paid by the wealthy few who are considered able to pay them and, necessarily, rather high?

Read this article.[4]

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