

ESSCALand Income Tax Elias and Group 1



History of Income tax

- ❖ Originally implemented to finance wars, provide infrastructure, and finance the betterment of personal living standards
- ❖ Romans had 1% general tax on everything, which rose to 3% during wars
- ❖ 1799 had the modern system of taxation created in the UK by PM William Pitt (.8% for medium income earners, 10% for the rich)
- ❖ Events like the Boston Tea Party exemplify some of the initial malcontent towards taxation



Income tax summary

- ❖ Progressive (Higher tax, higher income)
- ❖ Proportional (-)
- ❖ Regressive (Lower tax, higher income)
- ❖ Incremental vs total
- ❖ **Territorial taxes:** Income that is taxed must have a source inside the country. Foreign income does not get taxed.
- ❖ **Residential taxes:** Income of all residents is taxed, no matter if the source is inside or outside the country.
- ❖ **International taxes:** This taxation system is only used by the United States of America. Residential and non residential citizens have to pay taxes on their worldwide income.



Country	Low	High	System
France	0%	50%	Incremental
United Kingdom	0%	40%	Incremental
United States	0% (federal) 0% (state)	35% (federal) 10,3 (state)	Incremental
Canada	15% (federal) 4% (provincial)	29% (federal) 24% (provincial)	Incremental
Austria	0%	50%	Incremental
Germany	0%	45%	Incremental
China	5%	45%	Incremental
India	0%	30%	Incremental
South Africa	0%	41%	Incremental
Brazil	0%	27,5%	Total
Australia	0%	49%	Incremental
Russia	13% (flat)	13% (flat) 30% (for non residents)	Flat
Switzerland	0%	13,2%	proportional



Esscaland Taxation

- ❖ Incremental
- ❖ 35% max
- ❖ Ethical in nature
- ❖ Tax incentives to get in lower brackets by providing proof of donations, hiring homeworkers, foundation support, etc
- ❖ Global average on highest taxation bracket = 31.37%
- ❖ Euro average on highest taxation bracket = 32.55%



Corporate Tax Rates

- ❖ 19.68 european average
- ❖ 15% in Esscaland



Annual income range EUR	Taxation rate %
	1,0%
0 - 2500	2,0%
5000 - 10 000	4,0%
10 000 - 15 000	6,0%
15 000 - 20 000	8,0%
20 000 - 25 000	10,0%
25 000 - 30 000	12,0%
30 000 - 35 000	14,0%
35 000 - 40 000	16,0%
40 000 - 45 000	18,0%
45 000 - 50 000	20,0%
50 000 - 55 000	22,0%
55 000 - 60 000	24,0%
60 000 - 80 000	28,0%
80 000 - 100 000	32,0%
100 000 - ∞	35,0%



Conclusion

Discussion

- ❖ Suggestions for Esscaland reform
- ❖ How much is too much?
- ❖ Are you in favour of big government?
- ❖ Pros and cons of socialist approach to taxation

