Tax Principles

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Author Note

**Tax Principles**

The Benefit Received principal is a rule in public taxation. This rule emphasizes the importance of fairness in taxation as it imposes a tax on the bases of received benefits from the government. The person who gets more benefits from the government will pay more taxes and vice versa. In the provided situations, case one is more consistent with the tax principal of Benefits received. A 10 cent tax on the use of each gallon of gasoline is based on the principles of Benefits received. The person who uses more gasoline will have to pay more taxes. At the same time, a person who will purchase more gasoline will also get more benefits from the government as he will use drive more on the roads. He gets more benefits from the government and will pay more taxes. On the other hand, if a person does not use the roads for transportation, there will be no imposition of taxes on him.

While the second case in the provided case study is an example of proportional taxation. A tax rate is called a proportionate tax rate if all the citizens of the state have to pay an equal tax rate regardless of their income status (Fried, 1999). This is also called flat tax and poor, middle and high-income classes all will pay an equal tax rate. In the provided scenario, every individual of the state has to pay 1% of his income as a tax to the government. Even this scenario does not follow the principle of Benefits Received as people have to pay the tax regardless of their usage of soccer fields. A person who neither plays the football nor has any interest in watching the football must have to pay the tax. Although such a person gets zero benefits from the soccer fields.

So, Scenario one is more consistent with the principles of Benefits Received.

**References**

Fried, B. H. (1999). The puzzling case for proportionate taxation. *Chap. L. Rev.*, *2*, 157.