Journal Review

[Name of the Writer]

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In the article (“Is it time to switch income tax with a sales tax? | Business | The Guardian,” n.d.), the author has discussed a serious economic issue that is wealth inequality. Government of America is taking initiatives to reduce inequality and to ensure equal opportunities to the citizens. The author argued that income tax should be a switch with a sales tax. Economists are already in favor of this switching but no support is observed from the politician’s side. This strategy is difficult to apply because it may result in a double deduction for the people who will use their savings. This means they have to give tax for money on which they have already paid income tax. However, it will increase investment in firms. Ultra-millionaire tax is another proposal which can be applied on 75000 wealthiest families of America. The government can apply 2% wealth tax on these families on annual earning. The estimated rise is about $3tn in a decade. However, Harvard's Lawrence Summers criticized this proposal with the claim that this estimation is totally optimistic. In response, a professor Natasha Sarin presented the suggestion that corporate tax can be increased excluding ultra-wealthy families ability to use bequests for reducing capital gain taxes. The argument among economists is continued on this topic which indicates that it is not so easy to increase the revenue through taxes.

The author argued that both approaches are complex for implication therefore, they all should make the same goal and work on it to provide a better taxes system. He discussed the consumption tax better for the economy because it does not demand tax from lower-income families and covers only high earning families. In addition, the lump-sum transfer can be better than excluding lower-earning families which can be beneficial not only for the long run but also for short-run gains.

**References**

Is it time to switch income tax with a sales tax? | Business | The Guardian. (n.d.). Retrieved September 27, 2019, from https://www.theguardian.com/business/2019/sep/05/is-it-time-to-switch-income-tax-with-a-sales-tax