

Are Taxes Fair?

by Sara Fass

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Are taxes fair? What makes a tax fair or unfair? Are some taxes more fair than others? Should everyone pay the same amount of taxes? What would happen if no one paid taxes? Basically, there are three different methods of applying taxes.

Proportional: A tax is considered proportional if people are taxed at the same percentage, no matter how much money they make. One example of a proportional tax is the Massachusetts state income tax. Everyone who pays income tax in Massachusetts pays 5.3 percent of their income in taxes, regardless of what they make. If you make twice as much as the next person, then you pay twice as much as that person. This is also known as the flat tax.

Progressive: Progressive taxes require that those who make more money (those with higher incomes) pay a higher percentage of their income in taxes than those with lower incomes. The federal income tax is an example of a progressive tax.

Regressive: When a tax is regressive, everyone pays the same amount in taxes, no matter how much they earn. This means that a low income family ends up paying a higher percentage of its income than a wealthy family. Most sales taxes are regressive, and so are gasoline taxes because everyone, rich or poor, pays the same amount per gallon.

Suggested Questions and Activity

1. List on newsprint the different taxes you pay (state and federal income tax, social security, property and sales taxes). Identify the tax rates or fees, and whether the rates are progressive, regressive, or proportional.
2. During election years, many politicians discuss the possibility of making the federal tax proportional instead of progressive. They say this kind of flat tax will reduce paperwork, be more fair, and eliminate the deductions that wealthy people now take. What do you think?
3. Many states have turned to lotteries as a way to make money, instead of increasing taxes. However, some people say that because poorer people tend to buy more lottery tickets this is really a hidden tax on the poor. What do you think?

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