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PARLIAMENT OF TASMANIA.

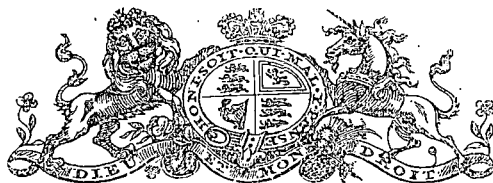
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T A X A T I O N :

INCIDENCE OF EXISTING AND PROPOSED SCHEMES.

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Presented to both Houses of Parliament by His Excellency's Command.



## T A X A T I O N.

### INCIDENCE OF EXISTING AND PROPOSED SCHEMES.

TABLE showing, approximately, the differences between the existing incidence and that in the proposed schemes of the Government and Mr. Clark respectively; also showing the downward and upward grading in respect of each class of breadwinners in the two great divisions of Taxes. (Unit—Pence per £ of Income.)

#### EXISTING SCHEME.

Tax.	Mean of all Classes.	Class I. under £100.	Class II. £100 to £300.	Class III. £300 to £400.	Class IV. £400 to £1000.	Class V. £1000 and over.
	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>
I. Proportion of Customs and Excise, common to all nearly .....	10·90	15·07	9·46	3·89	2·98	·38
II. Land, Probate, and other Taxes .....	5·18	0·29	12·36	12·38	12·31	12·34
All Taxes .....	16·08	15·36	21·82	16·27	15·29	12·72
Above or below Equi- table Standard {	—	—	5·74	0·19	—	—
	—	0·72	—	—	0·79	3·36

#### GOVERNMENT PROPOSED SCHEME.

	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>
I. Proportion of Customs and Excise, common to all nearly .....	11·47	15·86	9·96	4·10	3·12	0·41
II. Land, Income, Probate, and other Taxes .....	6·41	0·29	13·13	15·41	17·06	17·06
All Taxes .....	17·88	16·15	23·09	19·51	20·18	17·47
Above or below Equi- table Standard {	—	—	5·21	1·63	2·30	—
	—	1·73	—	—	—	0·41

#### MR. CLARK'S PROPOSED SCHEME.

	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>
I. Proportion of Customs and Excise, common to all nearly .....	11·54	15·96	10·01	4·13	3·14	0·41
II. Land, Dividend, Probate, and other Taxes .....	6·34	0·27	14·42	14·42	14·96	16·22
All Taxes .....	17·88	16·23	24·43	18·53	18·10	16·63
Above or below Equi- table Standard {	—	—	6·55	0·65	0·22	—
	—	1·65	—	—	—	1·25

## NOTES ON PRECEDING TABULAR COMPARISONS.

The total additional taxation which it is estimated would be obtained by the Treasurer's and Mr. Clark's Schemes respectively are as follows :—

## ADDITIONAL TAXES.

	Mr. Henry's Scheme.	Mr. Clark's Scheme.
	£	£
Customs .....	36,500	38,510*
Land and Income Tax .....	31,504	28,753
Probates .....	14,000	15,000
	<u>82,004</u>	<u>82,263</u>

Practically, therefore, the sum of all taxes proposed by the two schemes are the same. The only material difference is that Mr. Clark's scheme takes £2010\* more than Mr. Henry's from Customs, and hence the incidence of taxation in Mr. Clark's is a little less favourable to incomes under £100, as shown approximately in the preceding tabular analyses; the aggregate tax for incomes under £100 being 15·86d. per £1 in Mr. Henry's scheme and 15·96d. per £ in Mr. Clark's, *i.e.*, one-tenth of a penny more. The fact, however, that Mr. Clark's scheme shows a more favourable incidence on rich incomes than Mr. Henry's may seem surprising to some when we regard the higher-graded rates of the former in respect of the more valuable estates. But the explanation of this apparent anomaly is very simple. Thus, although in Mr. Henry's combined Income and Land Tax the higher-graded rates on rich incomes or properties are somewhat less than in Mr. Clark's scheme, *they reach all rich incomes!* While, notwithstanding Mr. Clark's higher-graded rates, the latter only can reach about 40 *per cent.* of rich incomes by his higher rates, as the remainder of rich incomes not derived direct from land or property can only touch these through *rental* or dwelling-houses. Thus, any person enjoying an income of, say, £2000 a year dwelling in a house, say, of £2400 capital value, would only pay at the rate of  $\frac{3}{4}$ d. in the £, and would only contribute 78d., or  $\frac{3}{4}$ d. per £ of income to Mr. Clark's Land Tax; while a poor freehold farmer of £200. income would also, on a farm of £2000 capital value, pay at the same rate of  $\frac{3}{4}$ d., and thus unfairly be taxed 6 $\frac{1}{4}$ d. per £ of income, or eight times more.

This will enable anyone to clearly understand why it is that, in Mr. Clark's scheme, rich incomes of £1000 and over, on the whole, contribute 0·84d., or fully  $\frac{3}{4}$ d. per pound of income less than by Mr. Henry's more equitably distributed scheme of taxation.

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\* Mr. Clark proposed, actually, to withdraw £6490 more from Customs, but it was found on careful calculation that this sum could not be realised; and that, basing quantities on the mean of 1889, 1890, and 1891, no more could be looked for than the sum stated, *viz.*, £38,510.