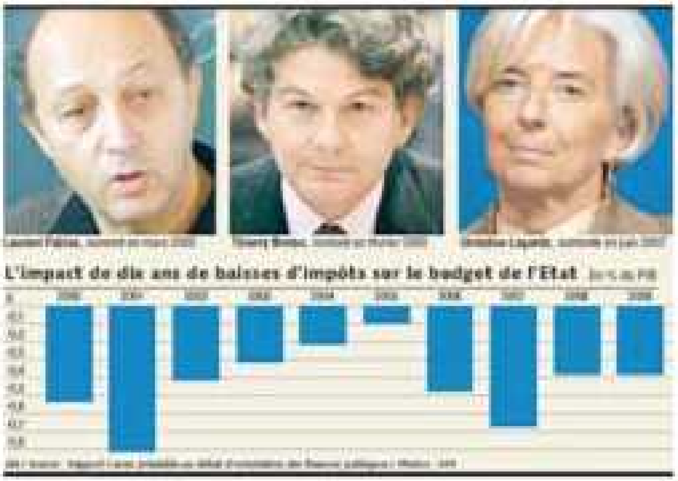
ROOSEVELT 2012

Bring national tax scuttling to an end and take a chance on a real "tax revolution"

To emerge from market dependency and rebalance our public accounts, there is also considerable room for maneuver at the national level through **cancelling a good many of the tax cuts that have been granted in the last 10 years to big companies and to the wealthiest of our citizens**.

The report, issued by UMP (Union pour une Majorité Populaire) party deputy Gilles Carrez on July 5, 2010, shows that were we to cancel all tax cuts enacted since 2000, the State would save 100 billion more **each year**. If we simply went back to the taxation system as it existed in 2000 (no one thought it confiscatory or Soviet-like at the time), our deficit would turn to a budget surplus!

The state lost 100 billion in tax revenue
Les Echos, July 5, 2010



When Roosevelt came to power, the tax rate on the wealthiest citizens was 25%. **Roosevelt immediately decided to increase it to 63% and then to 79%**. "For nearly fifty years -until the arrival of Ronald Reagan-", says Thomas Piketty, "the top tax rate never fell below 70%." And the U.S. economy thrived for those 50 years. It functioned well with no need to contract debt.

Were we to create a European tax and cancel even half of the tax cuts enacted in the last 10 years, our deficit would amount to only 25 billion. Only 1.2% of GDP. And if at the same time, we reduce the cost of our long-standing debt (45 billion predicted for 2012), we will be close to a balanced budget.

Dare to launch a fiscal Revolution

Correcting past mistakes is not enough. We must go further and implement real income tax reform as suggested by Camille Landais, Thomas Piketty and Emmanuel Saez.
After first showing how the income tax has become increasingly complex and less and less progressive, Thomas Piketty and his colleagues suggest a new income tax that could replace many existing taxes and fiscal policies, notably the general social contribution (GSC), the current income tax (IT), the levy in discharge, the employment bonus (a work incentive), the "tax shield" (this measure, introduced by former French President Nicolas Sarkozy, limits income tax to 50% of income).

This new income tax would be deducted at source on income from labor and capital (as is the currently existing GSC and with the same base), using a determinedly progressive scale[1]. Part of the proceeds of this new income tax would be allocated to social spending, as is the case now for the GSC.

This new income tax is much simpler and more transparent than the existing system. And it restores the overall progressiveness of our tax system, correcting the injustice of the present system. Other reform proposals, of a similar nature, are suggested by economists or associations like ATTAC. They are worth serious consideration since the status quo is plainly no longer possible.

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1. Proposed scale for this new income tax: 2% effective tax rate for a gross monthly individual income of € 1100 (monthly tax: €22). 10% effective tax rate for a gross monthly individual income of € 2200 (monthly tax: €220). 13% effective tax rate for € 5,000 monthly gross individual income (monthly tax: € 650). 25% effective tax rate for € 10,000 monthly gross individual income (monthly tax: € 2,500). 50% effective tax rate for € 40,000 monthly gross individual income (monthly tax: € 20,000) and 60% effective tax rate above € 100,000 gross monthly individual income (monthly tax: € 60,000).
This scale is expressed in effective rates directly applicable to the whole of income, and not as a marginal rate. It applies to all individual gross income currently subject to the GSC (salary, self-employed earned income, pension, unemployment, capital income, including capital gains). The employer or the financial institution collects the tax every month. The effective rate to be applied depends on the annual income finally obtained (corrective statement at the beginning of the following year)..