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Tax simplification: the impossible dream?

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Abstract

This article has six sections. The first discusses demands for simplification and the various barriers to achieving this. The second explores the possible effects of simplification on equity and certainty. This is followed in the third section by a discussion of research which suggests that taxpayers' perceptions of the tax system are often illogical and inconsistent. Section four identifies one of the most intractable barriers--that there may often be a contradiction between the collective interest of taxpayers and their personal individual interest. In order to gain support for reforms, taxpayers must be convinced not just that they will lead to a collective benefit, but also to a personal benefit. By way of example, section five examines whether the flat tax, the latest proposal to simplify the tax system that has gained widespread support by claiming that it will lead to both a collective and a personal benefit, might successfully solve the problems identified in the previous sections and deliver the benefits claimed for it. This is followed by some conclusions.

Introduction

There has been much rhetoric from both tax academics and practitioners that taxation systems, particularly in developed countries, are too "complex" and should be "simplified". The perceived need, possible models for and the advantages of simplified tax systems are frequently discussed¹ and tax simplification has in some instances become somewhat like a Holy Grail to which all legislators should aspire. Whilst barriers to tax simplification are discussed, many practitioners and some academics assume that these can be readily overcome with sufficient political will and that tax simplification must be made a priority.

This article argues that discussions of tax simplification fail to address several important issues. Fundamentally, they rarely attempt any rigorous and meaningful definition of "simplicity", or its inverse, "complexity" and frequently ignore the political and psychological complexities of taxation. General assumptions include that governments will be willing to forgo using the taxation system in pursuit of their economic and social policies, that taxpayers are a homogenous group with similar desires and experiences of the taxation system, that taxpayers' desires will be logical and consistent and that these will lead to taxpayers favouring a simpler tax system.

Any debate on tax simplification must recognise why complexity has arisen in the tax system and factors which, whilst not causing complexity in themselves, act as a barrier to simplification. Tax complexity may arise for several reasons. First, tax systems have developed organically, consequently making piecemeal reform difficult. Secondly, tax systems are used by governments to promote their economic and social objectives, introducing exogenous factors into what might otherwise be a "technical" or "objective" systems design process. This is connected to the third reason: that the political costs of pursuing policy objectives openly may be unacceptable, leading to the covert use of the

tax system.

There are also at least two major barriers to tax simplification. First, the current tax system is known to taxpayers and practitioners, so reform would result in transitional familiarisation costs. Secondly, and perhaps more importantly, although taxpayers may desire simplification, this may only be achievable at the expense of other characteristics which taxpayers consider more important, such as equity or certainty. This article argues that whilst it may be possible to design a tax system which avoids most of the above problems and pitfalls, the second of the two barriers is likely to be more intractable since it affects the basic values placed on the tax system and, by extension, core social values and belief systems.

Calls for tax simplification and reasons for complexity

The calls for simplification have come from a number of quarters. In the United Kingdom Peter Kempster, the then president of the UK Chartered Institute of Taxation (CIOT) wrote in a letter to the *Financial Times* that:

"We do not for a moment suggest that tax legislation in the UK is not in need of modernisation: our concern is that the real focus of the modernisation should be simplifying the system and making it easier to comply with its requirements. That is something the CIOT will continue to campaign for and offer constructive suggestions on."²

Other leading practitioners have used a more high-profile platform to make their calls for simplification. In the 1996 Institute for Fiscal Studies (IFS) annual lecture John Avery Jones said:

"The result [of the pursuit of certainty] is that tax legislation is more than four times as long as it was 25 years ago, but I do not believe that we have achieved any more certainty, rather the reverse. The time has come to do something about it."

In the 2007 Hardman memorial lecture Mike Truman called for a reduction in the total size of the Income Tax (Earnings and Pensions) Act 2003 and the Income Tax (Trading and Other Income) Act 2005) by 25 per cent in five years.

Calls for tax simplification are not restricted to practitioners speaking in a personal capacity. In its memorandum submitted to the Chancellor of the Exchequer in October 2007⁵ the Tax Faculty of the Institute of Chartered Accountants in England and Wales (ICAEW) devoted four paragraphs to tax simplification. It states that "there is a wide recognition that the UK's tax system has become too complicated" and recommends that the government should make a formal commitment to tax simplification and the establishment of a steering committee, tasked with the preparation of a tax simplification action plan.

Calls for simplification have not been limited to the United Kingdom; indeed, tax complexity and demands for simplification are a global concern. In its Tax Policy Concept Statement entitled "Guiding Principles for Tax Simplification", the American Institute of Certified Public Accountants (AICPA) stated that:

"simplification must be viewed as a priority tax policy objective and given substantial

consideration in conjunction with the development of legislation and administrative guidance.”[6](#)

The possible obstacles to tax simplification are summarised in three brief paragraphs at the end of the statement, but the AICPA sees these as challenges to the profession to communicate the need for simplification, and its economic, social and political benefits, and the need to educate lawmakers on the causes of complexity rather than as real obstacles.[7](#)

Academics have joined this rallying cry. Kopczuk,[8](#) for example, whilst not calling explicitly for tax simplification, considers that the most important consequence of complexity is the extent of opportunities it creates for tax avoidance and evasion and that a less complex system would reduce the excess burden of taxation.

In recent years the academic debate on tax simplification has often become synonymous with the debate on the flat tax,[9](#) although the two need not be connected (and neither the AICPA, the ICAEW nor the CIOT have proposed the adoption of any version of the flat tax).

A more sophisticated understanding of the prospects for tax simplification can be discerned by investigating how complexity has arisen. All tax systems are social, political and economic products that change over time as a consequence of legislative reform, administrative practice and judicial decision-making. This dynamic and organic development of the tax system inevitably leads to complexity. Broke[10](#) observed that tax systems are like a child playing with Lego: bits get stuck on as needed and, once there, tend to stay there. It is difficult to change the older parts of the structure, the parts at the centre, since a lot of the outside bits will come off as well. The internal guidance manuals used by HMRC make the same point:

“Changes in our tax code take place very slowly. Many archaic provisions survive ...We are in a sense tied down by history. A superficially modest change may, if it is incompatible with the structure of the code, involve an unacceptable amount of consequential change.”[11](#)

Despite constant change, the basis of the UK taxation system can still be traced to the early part of the nineteenth century. One area of taxation which illustrates the problems caused by organic development well (and the reform of which is currently the subject of debate) is the remittance basis, whereby non-domiciliaries are only taxed on their overseas income to the extent that it is remitted to the United Kingdom in a tax year. Pickering and Prest[12](#) contend that the remittance basis may never have been intended by Parliament and simply introduced as part of a “grand sweeping-up clause”, which has been re-enacted in every consolidation and the HMRC manuals admit that this provision is an anachronism.

“The remittance basis made very good sense in its day. Where a business or possession was wholly abroad we simply had no way of enforcing our tax, at least by recourse to the assets of the business. We could not send our officers out to check the accuracy of returns.”[13](#)

Furthermore Avery Jones[14](#) points out that the remittance basis had its origins in the days when international payments were made by bills of exchange. The remittance basis was originally far wider in scope than nowadays and applied to profits from overseas trade,

since there was likely to be a considerable delay between the sale of goods and receipt of the money. However, there was no doubt that the money would eventually be remitted to the United Kingdom; it was simply a matter of delaying taxation of the profit until the trader had the money with which to pay. The justification for the remittance basis in these circumstances has long disappeared and the scope of the remittance basis has been considerably reduced over the years, but the fact that it survives at all, even in its more restricted scope, is an accident. The 1914 Finance Bill originally intended to apply the remittance basis only to British subjects ordinarily resident in a British possession, e.g. Anglo-Indians paying short visits to the United Kingdom. The application to non-domiciliaries was introduced at the committee stage and the application to British subjects not ordinarily resident in the United Kingdom was introduced at the report stage because an MP had argued that the original bill "produced feelings of soreness and resentment in the Dominions beyond the seas."¹⁵ The 1955 Royal Commission admitted that the remittance basis was peculiar to the United Kingdom, but concluded that "its employment is appropriate having regard to the conditions that govern our trade and commerce."¹⁶ It recommended that the basis be extended to all taxpayers who were not ordinarily resident in the United Kingdom on the grounds that the provision discriminates against non-British subjects, but this change was not made.¹⁷ Whether it started life as an afterthought or as a pragmatic approach the remittance basis has over the years been transformed into an important international tax planning tool. Even if it could be abolished without the need for major consequential change, governments may be worried that wealthy foreigners might be less willing to live in the United Kingdom if they had to pay UK tax on their overseas income.

The remittance basis might not be complex in itself (although complexity is often the result of the accumulation of many such provisions), however, additional complexity may arise from other factors. Amongst these are the need for other reforms to address income taxed on a remittance basis, various anti-avoidance provisions and last, but not least, drafting error and inconsistencies in the wording used in different parts of the legislation which may lead to uncertainty.¹⁸

Gammie¹⁹ observes that, whilst complexity in the tax system largely arises where taxes cannot be based on current gross cash flows, because either there is no cash transaction, as in benefits in kind, or because equity demands that tax be based on net receipts, as in the case of business profits, and from the need to protect the tax base through anti-avoidance provisions, anti-avoidance legislation can highlight basic structural weaknesses in a tax system. It is much harder to police the boundaries, if the tax base is not founded on well-defined and robust economic concepts, such as earnings. For example, national insurance contributions by employees are essentially payable on cash earnings, and, whilst cash is an objective measure, employers have sought to avoid paying contributions by paying employees by means other than cash. The response to this form of tax avoidance has been to enact legislation on an ad hoc basis to counteract each scheme as it becomes apparent, but this approach does not address the fundamental weaknesses in the tax base.²⁰

A second factor, beyond organic development, which may have contributed to complexity is, as Donaldson²¹ observes, that it is almost inevitable that governments will be tempted to use the tax system to pursue socio-economic agendas. Donaldson poses the question whether, given that governments will inevitably wish to influence personal and corporate

behaviour, there is a more effective way of doing so and Brown²² makes the point that other means of responding to issues of social equity may be equally costly and complex. Legislation designed to influence behaviour must be drafted in order to achieve the required effect, whilst not iatrogenically affecting other taxpayers. As well as being of fundamental economic importance, taxation is highly political and governments must persuade the voters, most of whom are also taxpayers, to vote for them. Taxation is usually a major election issue and governments will therefore wish to accommodate as many prejudices and conflicting desires as possible. The only alternative to providing financial incentives to influence behaviour would be to pass legislation mandating or forbidding certain action. This may well prove politically unpopular. It is therefore unlikely that governments will deny themselves the possibility of a policy-driven design of tax systems.

It is not only governments which might wish to use the taxation system to achieve social objectives; taxpayers may wish to do so as well:

"In part 'trouble, vexation and oppression' are the price Americans pay for the tax exemptions, deductions and concessions they cherish so much. As well as raising revenue, America's tax code is charged with inspiring charitable giving, promoting home ownership, defending marriage and delivering pork to the favoured constituencies of ambitious congressmen. If America's tax system asks a lot of its citizens, it may be because they ask a lot of it."²³

A third contributory factor is that the government may try to achieve some of its objectives by stealth. An example of this is the change to the UK dividends regime in 1999. The abolition of advance corporation tax (ACT) gave the government the opportunity to state that it was simplifying the tax system and reducing compliance costs, but the details of the reforms make it doubtful whether these aims were achieved to any great extent.²⁴ The government's true objectives may have been to reduce, perhaps even to zero, the refund of dividend tax credits under the terms of certain double tax agreements (notably the agreement with the United States).²⁵ Such a motive could not be declared publicly and, given that the change had to be justified, it gave the government the opportunity to sell it on the grounds of tax simplification and tax reduction.

The first barrier to simplification is that the existing system of UK taxation has the advantage of being familiar, whereas a radically overhauled system would involve transitional costs in the form of retraining, reprinting of tax legislation, guidance and forms, etc. This may "dis-incentivise" taxpayers and practitioners. Broke²⁶ suggests that this may, in part, be due in the United Kingdom to a peculiarly British fear of the unknown since British history is one of continuity over almost one thousand years with very little concept of radical change. He cites the example of the introduction of corporation tax in 1965, which built on features of the existing income tax system, instead of starting afresh.

A more significant and intractable barrier to tax simplification may be the associated financial and political costs. Whilst taxpayers may desire simplification they may also place more value on other characteristics of the tax system that may be incompatible with reform. Adam Smith²⁷ set out a number of principles to which a tax system should adhere and which taxpayers are likely to desire. Amongst them are equity, certainty and efficiency. Tax simplification is frequently advocated on the ground that it will increase certainty and efficiency.²⁸ However there has been much less debate around whether a

simpler tax system is likely to be more or less equitable and whether, if the system is less equitable, this will be acceptable to taxpayers. Advocates of the flat tax such as Sastry and Nugent²⁹ accept that the flat tax will increase inequity, but assume, without evidence, that this will be regarded as an acceptable trade-off for greater simplicity--particularly since the flat tax proposals generally also involve a lowering of tax rates. Jeffrey Owens and Stuart Hamilton of the OECD have claimed that in, for example, New Zealand, only the richest 10 per cent of households would pay much less tax if a flat tax of 25 per cent were introduced.³⁰ Toder³¹ has drawn a similar conclusion from his analysis of the Armeey proposals in the US. If these proposals were adopted in the United States, with the exception that the revenue-neutral rate of 20.8 per cent were used, instead of the proposed rate of 17 per cent, the federal effective tax rates of families in the bottom four quintiles of the population would rise by between 10 and 81 per cent, but would fall by 7 per cent for families in the top quintile and by 36 per cent for families in the top 1 per cent. It is interesting that Owens and Hamilton, who appear to be supporters of the flat tax, try to minimise its impact, but ignore the political reality that a tax system which substantially benefits the already wealthy may be unacceptable to the majority.

Interaction of equity, certainty and simplicity

This next section assesses the possible effect of tax simplification on equity and certainty. In order to do so, it is necessary to define "simplicity", "complexity", "equity" and "certainty". Tran-Nam has observed that "there is a universal consensus among tax academics and experts alike that tax simplicity is a very complicated notion."³² Unfortunately, one major problem with the tax simplification debate is that there are no agreed definitions or measures of these terms. Sastry and Nugent³³ do not attempt definitions of simplicity and complexity and Cooper³⁴ has argued that the notion of simplicity is a composite notion, containing within it questions such as the sense in which, the degree to which and the taxpayers for whom a tax may be simple. He has identified seven elements of simplicity, including predictability, proportionality and consistency, and four layers of complexity.

For definitions of equity and certainty it is necessary to turn to Smith, who defined the terms in the following manner.

Equity

Smith distinguished between horizontal and vertical equity. Horizontal equity connotes that taxpayers with equal resources should pay an equal amount of tax and vertical equity connotes that taxpayers with unequal resources should pay unequal amounts of tax.³⁵ Even given this definition, equity remains a subjective notion. For Smith this subjectivity might have encompassed the definition of equal resources, or the question of how progressive the tax system ought to be. But over the last 230 years the concept of equity has been expanded from these original formulations to include the use of the taxation system to further politically determined social and economic goals. This has therefore made the definition of equity even more subjective.

Certainty

Smith's second principle of relevance here is *certainty*: that the amount of tax payable by a taxpayer should be certain (i.e. known and fixed) rather than arbitrary. This means in one sense that there should be a codified taxation system and that governments should not behave like mediaeval robber barons, levying arbitrary amounts of tax. As Smith put it, "the time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person."[36](#)

The complexity of modern tax systems has often been held to infringe this canon. Whilst it may be theoretically possible for taxpayers to determine their liability with certainty, the complexity of systems means that, in practice, they are unable to do so--at least not without potentially costly professional help. In all probability Smith did not intend the canon to be interpreted in this way, since the tax system in his time was extremely simple compared with today:

"Where it [the tax system] is otherwise, every person subject to the tax is put more or less in the power of the tax-gatherer, who can either aggravate the tax upon any obnoxious contributor, or extort, by the terror of such aggravation, some present or requisite to himself."[37](#)

Smith was in no doubt that certainty was of utmost importance when he wrote that:

"[T]he certainty of what an individual ought to pay is, in taxation, a matter of so great importance that a very considerable degree of inequality ... is not so great an evil as a very small degree of uncertainty."[38](#)

This statement might be construed as meaning that Smith, were he alive today, would be a strong advocate of tax simplification. But it is essential to remember that, for Smith, certainty meant that the tax system should be codified. A tax system which is not codified, and therefore operates by tax officials making arbitrary judgments, cannot be equitable. It is a modern extension of this idea that complexity infringes the principle of certainty, and therefore of equity. A codified system which is complex means that a taxpayer cannot use the tax code to calculate their tax liability with certainty. Further, it is likely to create loopholes which can be exploited by those with access to good professional advice. It is entirely proper for Smith's canons to be re-interpreted to suit modern circumstances, but Smith should not be enlisted in support of an interpretation which he would not necessarily have foreseen.

Donaldson[39](#) is sceptical whether simplifying the tax system will necessarily lead to greater certainty. He distinguishes between mass and specific complexity. Simple rules contained in a simple system create specific complexity because there is little guidance on how they are to be interpreted in specific situations. Donaldson gives as an example the interpretation of the phrase "unforeseen circumstances". If no guidance is provided there is no impact on a taxpayer unless they believe that their circumstances might possibly be unforeseen. In these cases, however, they must seek advice and very possibly take the matter to the courts. This may be expensive and only those taxpayers with sufficient resources will be able to challenge the initial ruling of the tax authority. If an attempt is made to clarify interpretation, mass complexity may result, since the guidance must be read and digested by all professional advisors. If a taxpayer needs to determine whether

their circumstances are “unforeseen” they will still probably need to seek professional advice, but the advisor is likely to be able to give that advice far more quickly and cheaply due to the guidance available. The relationship between simplicity and certainty is therefore likely to be much more ambiguous than simply stating that simpler tax systems are inherently more certain. Different sorts of complexity may arise in simple and complex systems.

Equity and simplicity

Gammie⁴⁰ states that proposals to simplify the tax system are based on the assumption that the system tries too hard to be fair and that a simpler tax system could be achieved, if taxpayers were to accept some measure of inequity. Donaldson⁴¹ observes that whilst qualities such as equity and certainty may be inherently desirable, simplicity is not, since, if a simple rule causes a decrease in equity, it may not be desirable. The relative ranking of simplicity and equity is subjective, but it is probably fair to say that nobody has ever started a revolution because the tax system was too complex. In contradistinction, the Peasants' Revolt of 1381, the French Revolution and the 1990 Poll Tax riots (a major cause of the downfall of Prime Minister Margaret Thatcher), were all, at least in part, prompted by a tax system which was widely felt to be inequitable. Judgements on equity are inherently subjective and there is unlikely to be widespread civil agreement on this matter and governments need to be cognisant of this.

Tax simplification may not be a high priority of a government because “for the great majority of individuals and for quite a lot of companies, the tax system is quite simple... since most income has the right amount of tax deducted from it at source.”⁴² In the United Kingdom only 16 per cent of taxpayers were required to complete a tax return in 2005, compared with 44 per cent of taxpayers in the United States in 2004.⁴³ Combined with a limited regime of withholding tax at source in the United States,⁴⁴ this is likely to give taxpayers in the two countries very different perspectives on tax complexity. The tax system and tax legislation is highly complex for a minority of taxpayers and their advisors, who, unsurprisingly, have been leading the calls for tax simplification.⁴⁵

Philosophically then, there are areas of conflict between equity and certainty on the one hand and simplicity on the other. Examination of the research in the area allows us to ascertain whether this conflict materialises. There have been a number of studies on the relationship (or, more accurately the perceived relationship) between simplicity and equity. The results have generally been mixed. Milliron's⁴⁶ study amongst a jury pool in Los Angeles presented respondents with a number of pairs of tax scenarios which they were asked to rate according to simplicity and equity. Correlating the results, Milliron concluded, perhaps unsurprisingly, that the scenarios which were perceived as being simpler were also perceived as being more equitable.

In contradistinction, a study carried out by Carnes and Cuccia⁴⁷ concluded that the relationship between equity and simplicity is much more subtle and ambiguous. They asked 122 respondents to agree or disagree with the statements “most complexity in the tax law is unnecessary and creates needless difficulties for people trying to file correct tax returns” and “complexity in the tax law is necessary to ensure that everyone pays their fair share of tax” on a seven-point scale, where 1 = strongly disagree and 7 = strongly

agree. Mean responses were 5.31 and 2.78 respectively. This suggests that, in general, respondents did not believe complexity to be justified. When respondents were asked to provide equity and complexity ratings for 15 specific items with which they were familiar, the equity perceptions varied significantly across the various items and complexity was found to be negatively correlated with equity perceptions. But when respondents were presented with the reason for the complexity of the various items, their perceptions of the justification for the complexity varied significantly across different types of tax items and the perception of the justification moderated their perception of the relationship between complexity and equity.

Christensen, Wehrich & Newman⁴⁸ found that perceptions of tax law complexity and equity increased with tax education, suggesting that "when individuals understand the reasons for complexity, they do not equate complexity with an unfair tax system." It was suggested that there may be at least two reasons for this. First, education may have shown that certain items were either more or less complex than they originally believed and secondly, the relationship between complexity and equity may be dependent on understanding the reason for the complexity. White, Curatola & Samson⁴⁹ found that perceptions of equity increased for 17 out of 39 specific tax items after the respondents had attended an introductory tax class. When the causes of complexity were classified into:

- (1) the need to keep detailed records;
- (2) forms and instructions being difficult to understand;
- (3) the number and type of calculations required;
- (4) ambiguity or lack of clarity of the tax law; and
- (5) frequent changes in the tax law;

it was found that respondents had different perceptions of the justification for the various causes of complexity, although in all cases there was a negative correlation between the cause of complexity and equity. The need to keep detailed records had the least impact on perceptions of equity and the complexity of calculations the greatest impact.

These studies demonstrate that taxpayers do not necessarily correlate a simpler tax system with a more equitable one and suggest that it would therefore be unsound to base tax policy on this assumption.

Consistency of taxpayers' perceptions

If equity and its relationship with complexity are dependent on taxpayers' perceptions, the question arises whether those perceptions are likely to be logical and consistent. Research by McCaffery and Baron⁵⁰ suggests that they are not. They found that taxpayers were likely to favour more progressive rates of tax when they were presented with the marginal tax rates expressed as percentages than when they were presented with the actual amounts of tax payable on different levels of income. They concluded that this was because when tax is expressed as actual amounts payable, rather than as percentages, a proportional tax system contains an illusion of progressivity, i.e. a taxpayer earning four

times as much as another taxpayer will pay four times as much tax, even though the percentage tax rate is the same.

They also found that, whilst taxpayers unsurprisingly disliked penalties and liked bonuses, the aversion to penalties was greater than the liking for bonuses--even when the two have the same fiscal effect. Taxpayers were presented with a variety of scenarios, each of which was expressed in two different ways. In one version scenario A was presented as the default scenario and scenario B was presented as imposing a penalty on the taxpayer. In the other version, scenario B was presented as the default scenario and scenario A was presented as giving the taxpayer a bonus. It was found that taxpayers were more averse to incurring the penalty than they were inclined to accept the bonus offered.

Kahneman and Tversky⁵¹ and Kahneman, Knetsch and Thaler⁵² found that taxpayers prefer hidden taxes to direct levies, because they will not feel that they are losing wealth since they never felt that they possessed it in the first place. From this McCaffery and Baron⁵³ postulated that policymakers would tend towards visible benefits and hidden burdens, even though these may have higher transaction costs and be less efficient than more transparent taxes. They found that taxpayers did not think ahead about the possible indirect effects of a tax and, even if they did, might well be mistaken about these. Once taxpayers are educated about these effects their opinions were moderated somewhat. For example, given a choice between giving an incentive through a tax deduction or through a tax credit, respondents were more likely to favour the tax credit when it was pointed out to them that tax deductions have a regressive effect in a progressive tax system. Furthermore, when presented with six policies only 58 per cent could correctly identify the direct effects of the policy and only 43 per cent could correctly identify its indirect effects.

McCaffery⁵⁴ and Berliant and Rothstein⁵⁵ found that taxpayers may also favour, or indeed demand, that a tax system embody characteristics which are mutually exclusive. It is impossible to incorporate progressive rates of taxation, couples neutrality (i.e. the total tax paid by a couple is the same regardless of how the income is divided between them) and marriage neutrality (i.e. there is no tax penalty or tax advantage arising from marriage) into a tax system simultaneously. However taxpayers tended to favour all three characteristics. Taxpayers' perceptions are also dependant on the way in which questions are framed. McCaffery and Baron⁵⁶ asked respondents to compare four types of households--married with one earner, married with two earners, unmarried with one earner and unmarried with two earners. These were grouped in two different ways, firstly by marital status and secondly by the number of earners in the household. This is illustrated by Table 1.

Table 1 Classification of households between marital status and number of earners		
	Married households	Unmarried households
One-earner households	Married--one earner	Unmarried--one earner
Two-earner households	Married--two earners	Unmarried--two earners

When respondents were asked to focus on the marital status of households by comparing married two-earner households with unmarried two-earner households and married one-

earner households with unmarried one-earner households they tended to focus on marriage non-neutralities and were more likely to favour separate filing. When respondents were asked to focus on the number of earners in a household by comparing married one-earner households with the married two-earner households and unmarried one-earner households with unmarried two-earner households they tended to focus on couples non-neutrality and were more likely to favour other options, such as joint filing at the singles rate or at double the singles rate. The non-neutralities which respondents mentioned therefore depended on the comparison which they were asked to make.

McCaffery and Baron⁵⁷ found that respondents strongly favoured cutting government spending in the abstract, but not in the particular. When asked which specific areas of spending they wanted to cut (e.g. health, pensions, welfare for the poor, etc.) support for cutting spending was far less marked.

These findings can inform the tax simplification debate, since if taxpayers' perceptions and expectations are not logical and consistent in other areas of taxation it cannot be assumed that their views on simplification will be logical and consistent either. Answers given may well depend on the questions and the way they are asked. Taxpayers may give inaccurate answers to questions due to ignorance. They may well favour tax simplification in the abstract, but this support may diminish when asked to focus on specific changes to achieve this objective. They may also believe that simplification will deliver a number of benefits, some of which may be mutually exclusive. Olson⁵⁸ argued that large groups generally do not make the effort to study issues in depth, because individuals do not feel that they can influence the outcome, resulting in claims which are intuitively attractive being accepted without question.

Simplification and collective action by taxpayers

This section considers whether taxpayers would demand simplification of the tax system, even if they were convinced of its collective benefits. The arguments in favour of simplified tax systems are based on supposed economic benefits such as the reduction in tax compliance costs and the elimination of economic distortions: that is, tax considerations would play no part in economic decisions of taxpayers.⁵⁹ The arguments also assume, probably erroneously, that the application of simplification will be homogenous. Even if taxpayers collectively were to agree that a simplified tax system would be beneficial, Olson⁶⁰ has argued persuasively that it does not necessarily follow that they will collectively demand it. He argues that in the case of a public good there is a contradiction between the collective interest of a group and the interests of its individual members. Individuals may not lobby for a particular measure or course of action, even though they acknowledge that it is in the collective interest. This will therefore lead to a sub-optimal result. This is illustrated by Olson as follows: if it is assumed that a market is temporarily not in equilibrium and marginal revenue exceeds marginal cost, it will be in the interest of each individual firm to increase their output until the two are equal. If the demand curve at this point is inelastic this will, however, have the effect of causing the price to fall with a consequent fall in the total revenue of the industry. In other words, it is in the collective interest of the group to keep output, and thus the price, at the current level. However, on the assumption that none of the group is sufficiently significant for their actions alone to have an effect, an individual member may exploit this situation by increasing their output,

thereby selling all of the increased output at the higher price. The prospect of one of the members breaking ranks will therefore tend to make all members seek to increase their output. Each individual member has therefore optimised their own position, but the outcome is sub-optimal from the point of view of the group. This paradox is the foundation of game theory, in which individuals attempt to maximise their own personal return, but where the costs and benefits of the various options depend on the actions of others.

Olson goes on to state that the only way to prevent the price from falling is either through government price support or a cartel agreement. This is, however, difficult to bring about because the same conflicting forces which caused the original situation will again operate. In order to obtain government price support it will be necessary to organise a pressure group, which will incur costs which must be met by the members. Again, assuming that the action of any single member has no effect on the group, as the price support or agreement is a public good it is therefore possible for an individual member to be a "free rider" by opting out of the pressure group, thereby gaining the benefits without incurring the costs. Similarly, a cartel member may break ranks and still enjoy the benefits of the cartel agreement, without being subject to any restrictions which it may impose.

Translating Olson's example to tax simplification, if the economic arguments in favour of tax simplification are accepted, it is a public good because no taxpayer can be excluded from enjoying its benefits and enjoyment of its benefits by one taxpayer does not reduce the benefits available to other taxpayers. It is therefore in the collective interest to lobby legislators to simplify the tax system. Each taxpayer will, however, only receive a fraction of the benefit of simplification, the exact amount depending on their individual circumstances. For example, a taxpayer whose sole income consists of employment income from which tax has been deducted at source will receive no direct benefit and the indirect benefits will be of less importance since they are invisible to them.⁶¹ Taxpayers with more complicated tax affairs will receive a much greater direct benefit.

The potential cost to a taxpayer is that a particular reform will impact them adversely. In this case the cost of the reform to such taxpayers may outweigh the fractional benefit from the public good and they may therefore oppose the reform. The effect of introducing a rule to help such taxpayers will not on its own make the tax system significantly more complex, but complexity will arise from the accumulation of such measures. However, the economic benefits to a discrete constituency of taxpayers of a measure taken in isolation and the political benefits to be gained from satisfying this constituency will in all cases exceed the cost of greater complexity.

Brown makes the same argument from the point of view of the tax practitioner, in contrast to Olson's theoretical perspective:

"I have been part of a number of delegations of taxpayers who have gone to Ottawa to pound the table about the horrific complexity of our Income Tax Act, and immediately thereafter to pound the table some more to ask for dozens of exceptions, special rules and concessions, which complicate the statute still further. Taxpayers collectively seek simplicity, understanding and clarity in the tax regime. But individually, they veer towards special rules, exceptions and incentives."⁶²

Finally, even if a taxpayer concludes that tax simplification is in their personal interest, they might not take part in lobbying for change, since doing so incurs both financial and

time costs. Being a public good, the taxpayer will benefit from tax simplification regardless of whether they have helped campaign to bring it about and they may well be tempted to leave the costs of campaigning for change to others, whilst still reaping the benefits.

Groups of taxpayers requesting certain tax deductions are sometimes described as "special interest groups".⁶³ James and Edwards have referred to the influence of such groups in the formulation of tax policy:

"Briefly, pluralist theory suggests policy outcomes are the results of inputs from numerous special interest groups (Dahl 1982). It is quite possible that the most powerful interest groups may achieve a result in their favour at the expense of less influential groups though the reality seems to be more complex--with different forces having more or less success at different times."⁶⁴

An actual recent example is the proposals in the pre-Budget report in October 2007 to greatly simplify the capital gains tax (CGT) regime by abolishing indexation and taper relief and replacing it with a single rate of 18 per cent. The proposals attracted much criticism and the government responded by adding an "entrepreneurs' relief", whereby the first £1 million of gains on the sale of a business or shares in a business will be taxed at 10 per cent. Sweetman observed that:

"The Chancellor has bowed to public pressure and added an 'entrepreneurs' relief' to his CGT proposals... and advocates of tax simplification will note that this adds about 8 pages of legislation, and we really can't blame HMRC or the government for this. Reliefs equal complexity."⁶⁵

"Special interest groups" is a slightly pejorative term which implies that they are requesting special treatment for selfish reasons. However, this is not necessarily how these taxpayers would regard themselves. Such groups might either feel that they are "losers" and have been unfairly disadvantaged, or might feel that they are justified in lobbying for a tax benefit or deduction, i.e. they might be seen by others as "winners". If they are successful in obtaining the tax benefit, or the removal of the disadvantage they will gain through lower liabilities, but according to Olson⁶⁶ only share in a fractional part of any additional complexity arising as a result. They are therefore taking the course of action which is most rational to them.

White, Curatola and Sansom⁶⁷ found that many specific tax items were perceived to be more equitable when taxpayers were given even a basic understanding of the tax system. Such groups of taxpayers often have a good understanding of the particular area of tax *which affects them*. This understanding, combined with the subjective nature of equity means that any claims for special treatment will always be justified in the name of equity, rather than self-interest. For example Cullinane⁶⁸ states that the UK government has abandoned the central thrust of its tax reform programme due, it says, to the lukewarm support from major companies who were worried about the effect which a complete abolition of the capital/revenue distinction may have had on their brought forward capital losses. They had become familiar with the legislation as it stood and the possible long-term benefits of change were perceived as being less important than the short-term costs of transition and the concern over the possible transitional issues.

Even if the arguments concerning the collective benefit of tax simplification are accepted, it is still necessary to resolve the conflict between optimising the group position and

optimising the position of the individual, or individual groups of, taxpayers, in order to put the reforms into practice. Taxpayers must be convinced that reforms will not only benefit society as a whole, but also them personally.

Tax simplification and the flat tax

The call for simplification has recently been combined with a call for the adoption of a flat tax⁶⁹ and this section discusses whether such a tax might solve the problems associated with tax simplification and, in particular, the tension between collective and individual benefit identified by Olson. A flat tax is claimed to be simple because it typically abolishes all deductions apart from an enhanced personal allowance and taxes all income above * this level at a single flat rate. The two have been combined because some supporters of tax simplification are aware of the paradox discussed above and know that, even if the arguments in favour of tax simplification are accepted by a majority of taxpayers and voters, they still face the problem of persuading taxpayers that it is in their own individual interest. The flat tax is therefore presented by protagonists as a win-win scenario whereby not only will society benefit collectively from the reduction in tax compliance costs and economic distortions but individual taxpayers will benefit from lower tax liabilities. Supporters of the flat tax may be assisted in this by research by McCaffery and Baron,⁷⁰ which shows that taxpayers may hold beliefs about the tax system which are illogical and inconsistent, and by Olson,⁷¹ who observed that participants in a large group will typically not make the effort of studying the issues since they do not believe that they will have any effect on the outcome, leading possibly to intuitively attractive claims being accepted without question.

Supporters of the flat tax make two claims which might appeal to individual taxpayers. First, whilst there are many different suggested versions of a flat tax, they all call for a general lowering of tax rates. For example, in the context of the United Kingdom, Teather⁷² suggests a rate of 22 per cent and Heath⁷³ a rate of 28 per cent which also consolidates national insurance contributions. Sastry and Nugent⁷⁴ accept that a simpler tax system will be less equitable, but suggest that taxpayers will accept such unfairness because the reduction in tax rates will mean that their tax liabilities will fall.

Secondly, despite promising lower tax liabilities for taxpayers, proponents such as Sastry and Nugent⁷⁵ generally claim that the change would be tax-neutral. The assumptions underlying this are that any reduction in tax revenue from the lower tax rate would be offset by increased revenue due to a broader tax base achieved through the elimination of loopholes and an increase in voluntary compliance, caused by tax evaders and tax avoiders now believing that the tax saved by evasion or avoidance does not justify the potential penalties from getting caught in the case of tax evasion, or the costs associated with the avoidance schemes in the case of tax avoidance. Despite the claims of tax neutrality, Sastry and Nugent's detailed calculations based on US statistics for 1996 estimated that their reforms would result in a shortfall of \$58.3 billion (\$809 billion under the existing system as compared with \$750.7 billion under their proposed system, a fall of 6 per cent in tax revenue).⁷⁶ Similarly the flat tax proposals of Dick Armey suggested a rate of 17 per cent, although, according to Toder⁷⁷ a rate of 20.8 per cent would have been necessary for the proposals to be completely tax-neutral, but Armey proposed that the shortfall would be paid for by capping government expenditure, including

entitlements.⁷⁸ Whilst taxpayers may be in favour of lower tax liabilities, McCaffery and Baron⁷⁹ suggest that this support weakens when they are asked to choose where cuts in public spending should be made. No comment was made by Sastry and Nugent on the feasibility of cutting government expenditure by the required amount beyond stating that the 6 per cent shortfall would be met by curtailing welfare programmes. Welfare programmes in the United States, "social security spongers", single mothers and asylum seekers in the United Kingdom are all popular sound-bites for politicians wishing to appeal to the electorate on the subject of reducing waste and lowering taxes. However, the reality of cutting such sums from government spending may result in decisions being made which prove highly unpopular with many of the same taxpayers who are in favour of the reforms in general.

Numerous variations of the flat tax have been proposed, but a typical UK model is one in which all tax deductions have been abolished, except for a personal allowance (an allowance of £10,000 to £12,500 is often suggested, as compared with the current personal allowance of £6,035) and with all income above that level being taxed at a flat rate, typically around 20 per cent. For business tax, all normal business inputs would be deductible and, in many versions, such as the Armeij proposal cited in Sastry and Nugent,⁸⁰ capital expenditure would be deductible in full in the period in which it is incurred. It is, however, clear that such a system would give very large tax cuts to high earners. For example, a flat rate of 35 per cent will translate into a saving of £250,000 for a top footballer earning £5 million a year, whilst middle-earners would pay a maximum of £1,500 extra tax. This means that, disregarding any other factors, it would take 200 to 250 middle-earners to pay for the tax cut of one footballer. Given the rate suggested by Teather⁸¹ of 22 per cent, the savings for a top footballer and a middle-earner would be roughly £1.8 million and £1,200 respectively. At this rate all taxpayers would pay less than under the current system. This would leave a very significant shortfall in revenue to be made up from broadening the tax base and reducing evasion and avoidance. Whilst, in this example, all taxpayers would pay less, Toder⁸² states that if the Armeij proposals were adopted in the United States, with the exception that the revenue-neutral rate of 20.8 per cent were used, instead of the proposed rate of 17 per cent, the federal effective tax rates of families in the bottom four quintiles of the population would rise by between 10 and 81 per cent, but would fall by 7 per cent for families in the top quintile and by 36 per cent for families in the top 1 per cent. Many taxpayers may be unaware of the large tax savings which would be made by high-earners under a flat tax. Indeed, according to research in the United States reported by Slemrod,⁸³ 41 per cent of those surveyed thought that high-earners would actually pay *more* under a flat tax and a similar percentage thought that high-earners would pay more under a retail sales tax. If a flat tax were seriously proposed it quite possibly would not take long for the media to publicise the potential tax savings of high-profile high-earners and to compare them with the relatively modest savings of middle-earners. The percentage of the population holding this misconception would fall rapidly and, Slemrod predicts, support for such regressive taxes would fall.

The claim that a flat tax will broaden the tax base might appeal to taxpayers who believe that large amounts of income are escaping taxation due to various exemptions or "loopholes". This belief may not have any basis in reality since, in the United Kingdom at least, it is notoriously difficult for employees to claim deductions from employment income

and, in the case of the self-employed, deductions from trading income are standard trading expenses. The only way in which the tax base could be broadened is to abolish various allowances which have been specifically created by governments to provide taxpayers with an incentive to act in a certain manner. Teather⁸⁴ has calculated the specific sums which would allegedly be generated from abolishing various allowances and deductions. Sastry and Nugent⁸⁵ have suggested that the flat tax does not abolish tax concessions, but consolidates them into the standard deduction, i.e. the enhanced personal allowance. This contradicts the purpose of a tax concession, which is to persuade taxpayers to act in a certain manner. If it is given to all taxpayers automatically any element of incentive is removed. Regardless of the argument made by Donaldson⁸⁶ that tax concessions are the most efficient manner of influencing taxpayers' behaviour, it is difficult to imagine that government will be prepared to relinquish the power to influence behaviour through the tax system.

The claim that the flat tax will eliminate, or, at least, significantly reduce tax avoidance opportunities and tax evasion may also be incorrect. This assumption may derive from a belief that the wealthy will always arrange their affairs to pay minimal amounts of tax, or from press stories concerning tax avoidance by certain high-profile personalities and the negligible amount of UK corporation tax paid, for example, by Rupert Murdoch's News International Group. Adopting the flat tax may not eliminate these opportunities, since it is always necessary to have rules concerning the territorial limit of the charge to tax and whether taxpayers have divested themselves of money or assets. Many of the individuals featured in the press are non-domiciliaries, who take advantage of the non-domiciliary rule (whereby foreign income of taxpayers not domiciled in the United Kingdom are only subject to UK tax to the extent that they are remitted to the United Kingdom during a tax year). Tax avoidance strategies involving trusts succeed because taxpayers are deemed to have divested themselves of the capital or assets. Broadening the tax base by extending the territorial rules may be a politically sensitive issue (e.g. the attempts by California to introduce taxation based on a proportion of worldwide income) and may not produce more tax revenue if any tax liability qualifies for double tax relief. Similarly extending the rules determining whether a taxpayer has divested himself of capital may be politically sensitive--trusts perform a number of useful and beneficial functions as well as being vehicles of tax avoidance and there is a risk of a simple rule causing harm.

Taxpayers' perceptions about the increase in voluntary compliance which would ensue from lower taxes may also be misplaced. Christian⁸⁷ reported that voluntary compliance (i.e. reported income as a percentage of true income) was over 95 per cent for those earning over \$100,000, but less than 90 per cent for those earning less than \$25,000 (figures from 1988 Taxpayer Compliance Measurement programme data). Slemrod⁸⁸ attributes this misconception to publicity surrounding a few high-profile tax evaders and books detailing tax avoidance and evasion strategies widely used by the wealthy, since tax evasion involving offshore trusts and companies in the Cayman Islands makes for much more interesting copy than, for example, phantom businesses dealing only in cash. Furthermore, the wealthy may not *need* to evade tax under a flat tax regime if it provides sufficient tax avoidance opportunities. For example, if, as many models propose, only wages and business income are subject to tax, there might be attempts to convert income into capital gains. Again, if a flat tax is proposed the media will surely highlight these opportunities, support for such a tax is likely to fall and, if such a tax were implemented,

there would be pressure to introduce complex anti-avoidance measures.

Conclusions

Tax simplification is intuitively attractive, however (as ever) the devil is in the detail. There have been calls for simplification from practitioners in both the United Kingdom and the United States and also from academics. However, in order to simplify the tax system there must be an understanding of the factors which have created complexity and the barriers to simplification and the fact that simplicity itself is a far from simple notion.

Most critically and most intractably, although taxpayers desire simplification, they place more importance on other characteristics such as equity and certainty. Research into whether a simpler tax system is perceived as being inherently more equitable, or whether the relationship is more complex and subtle has produced mixed results and does not provide a robust basis for public policy. There is, however, no consensus on what is equitable and it is doubtful whether simplification of the tax system will lead to greater certainty for taxpayers, since a simple rule with no guidance as to its application will lead to much uncertainty for taxpayers affected by it. Research in this area of the relationship between simplicity and equity has been inconclusive.

If a simpler tax system is not regarded as being necessarily more equitable, the two characteristics must be ranked, and the evidence of history suggests that taxpayers generally believe that equity is more important for two main reasons. A tax system may be complex for certain taxpayers with complex affairs, but not for the majority whose income may consist of employment income and a small amount of savings income. Even if taxpayers were to agree that a simplified tax system would be collectively beneficial, individual taxpayers would only receive a fraction of the benefit; but a sufficient number of taxpayers would perceive the loss in equity to outweigh the benefit of simplification to make it politically advantageous for the government to introduce a rule to assist them. Any attempt at simplification is therefore likely to founder unless this paradox between the collective and the private interest can be resolved.

The flat tax attempts to overcome this problem by offering all taxpayers lower tax rates, and therefore lower tax liabilities, as a trade-off for any loss in equity. By far the largest beneficiaries of such a system will be the highest paid. The inevitable publicity surrounding this fact may well lead to a decrease in support. A loss in tax revenue due to lower taxes may encounter the problem that taxpayers tend to be much less enthusiastic about making specific tax cuts than tax cuts in general; but supporters of the flat tax claim that tax revenue will be maintained due to an enlarged tax base and an increase in voluntary compliance, since avoidance (and evasion) will be less financially attractive. These claims take advantage of the tendency to hold beliefs which are intuitively attractive but unsupported by evidence. Once the contradictions and inconsistencies become apparent, support for a flat tax may fall.

Given that the forces which have caused complexity and the barriers to simplification cannot be eradicated, it is therefore difficult to see how a significant degree of simplification may be achieved in the tax systems of developed countries and, even if this were to be achieved, the forces will still exist and complexity is likely to gradually creep back into the tax systems.

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9. E.g. K.S. Sastry and J. Nugent, "A Feasible Approach to Flat Tax Reform" [1998] available at: www.indiapolicy.sabhlोकcity.com/debate/Notes/sastry1.PDF (accessed March 8, 2006); R. Teather, *A Flat Tax for the UK -- A Practical Reality* (ASI Publications, 2004) available at: www.adamsmith.org/images/stories/flattaxuk.pdf (accessed January 17, 2006).
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12. M.A. Pickering and A.R. Prest, "Some Aspects of the Remittance Basis for the Taxation of Overseas Income" [1975] BTR 340.
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14. J.F. Avery Jones, "The Decline of the Remittance Basis" in *Studies in the History of Tax Law* (J. Tiley (ed.), Hart Publishing, Oxford, 2004) 15 at 41.
15. See fn.14 at 48.
16. 1955 Royal Commission Ch.14 para. 284 available at: www.kessler.co.uk/tfd/archive/TPIFinalReportCh.14.html (accessed November 15, 2007).
17. See Avery Jones, fn.14 at 48.
18. In the 1990s the basic rate of tax applicable to savings income was reduced to 20% and in 1999 the basic and higher rates of tax applicable to dividends were reduced to 10% and 32.5% respectively. However, income taxed on the remittance basis is taxed at the rates applicable to non-savings income. That, at least, was the intention, but the HMRC guidance manuals admit that, due to a drafting error, whilst the 10% rate does not apply to income taxed on the remittance basis falling in the basic rate band the special dividend rate of 32.5% *does* apply (www.hmrc.gov.uk/news/sa-foreign-savings.htm (accessed December 14, 2006)). Whilst this is blamed on an inadvertent change as a result of introducing the Income Tax (Trading and Other Income) Act 2005 (ITTOIA 2005), a reading of the relevant section (ICTA 1988, s.1(b)) shows that this arose when the section was originally inserted by the FA (No.2) 1997. Such an error could be changed once it has come to light, but, at the time of writing, this has not been done, possibly due to

the small number of taxpayers which it affects. Even without drafting errors, complexity may arise where it is successfully argued that the law does not say what it has always been assumed to say. The section relating to the application of the remittance basis of overseas earnings, Income Tax (Earnings and Pensions) Act 2003 (ITEPA 2003), s.26(2), refers to the remittance of *earnings*, whereas the equivalent section relating to overseas investment income, ITTOIA 2005, s.832(1), refers to the remittance of *sums* (earnings being inappropriate term for an act dealing with investment income). Although the point has not been tested in the courts, it has been suggested that the term "sums" can only apply to money, so that a constructive remittance, whereby an asset is purchased overseas with overseas investment income and imported into the United Kingdom, cannot be taxed, whereas the wider meaning of the term "earnings" means that a constructive remittance may be taxed if the asset is purchased with overseas earnings (*British Tax Reporter* Vol.3 (Wolters Kluwer, Kingston-upon-Thames.) para.370-600). Where such an argument is successful, the response is often anti-avoidance provisions which cause even more complexity.

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- [23.](#) "The Burden of Complexity" *Economist* April 16, 2005 69 at 70.
- [24.](#) The basic and higher rates of tax payable on dividends were reduced, which might give the initial impression of a reduction in taxation. The reduction in the tax credit from one-quarter to one-ninth of the net dividend meant that this reduction was an illusion. No attempt was made by the government to present the change as a reduction in the Budget notes and Press Releases, but nevertheless it might still appear as such to the layman. Furthermore, in order to maintain the Treasury's cash flow, payment of tax on account by large companies was introduced, with the attendant compliance costs involved of estimating their current year tax liabilities for this purpose and it was necessary to introduce a shadow ACT regime to enable companies to claim relief for unrelieved ACT accumulated prior to the change.
- [25.](#) Under the old regime for every £1 of declared dividend this refund amounted to approximately 7p. The effect of the change is to reduce this refund to approximately 0.25p without having to alter the agreement.
- [26.](#) See Broke, fn.10 at 21.
- [27.](#) A. Smith, *An Enquiry into the Wealth of Nations*, (1776) Bk V, Ch.2. Available at: www.econlib.org/LIBRARY/Smith/smWN.html (accessed January 25, 2006).
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- [29.](#) See Sastry and Nugent, fn.9.
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- [33.](#) See Sastry and Nugent, fn.9.
- [34.](#) G.S. Cooper, "Tax Simplification South of the Equator" in *1995 Conference Report* (Canadian Tax Foundation, Toronto, 1996) 3:1 at 3:4 and 3:5.

- [35.](#) See Smith, fn.27, Ch.2:25.
- [36.](#) See Smith, fn.27, Ch.2.26.
- [37.](#) See Smith, fn.27, Ch.2.26.
- [38.](#) See Smith, fn.27, Ch.2.26.
- [39.](#) See Donaldson, fn.21 at 661.
- [40.](#) See Gammie, fn.19 at 2:17.
- [41.](#) See Donaldson, fn.21 at 652.
- [42.](#) See Broke, fn.10 at 20.
- [43.](#) R. Murphy, "A Flat Tax for the UK? *The Implications of Simplification* " (Association of Chartered Certified Accountants Discussion Paper 2006) at 17 available at: www.accaglobal.com/pubs/publicinterest/activities/research/publications/tech-ft-001.pdf (accessed June 13, 2008).
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- [45.](#) See Broke, fn.10 at 20.
- [46.](#) V. Milliron, "An Analysis of the Relationship Between Tax Equity and Tax Complexity" [2001] *Journal of the American Taxation Association* 19.
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- [53.](#) See fn.50.
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[90.](#) Certainty; Equity; Fairness; Flat Taxes; Tax Simplification