



- [Home](#)
- [Exclusives](#)
- [Categories](#)
- [Contributors](#)



## The Global Flat Tax Revolution

by [Dan Mitchell](#)

Like a good peasant, I have already filed an extension, so I am at least temporarily compliant with the friendly people at the IRS. But since it is tax day, perhaps a slight bit of criticism of the tax code is warranted. I have already posted on Biggovernment.com my [video on the flat tax](#) and warned about the [risks of adding a value-added tax on top of the income tax in another video](#). I also posted a very successful video narrated by a [former Cato intern about the harsh compliance costs of the internal revenue code](#).

So now it is time for some jealousy. There are more than [25 jurisdictions around the world that have flat tax systems](#) and do not face the horror and anxiety of complicated tax systems. This is a remarkable change compared to 20 years ago, when there were less than five jurisdictions with simple and fair tax regimes. Some of these flat taxes, such as the ones in Hong Kong, Estonia, and Slovakia, are very close to the theoretical ideal and are great role models for other nations. Here is a video looking at this global flat tax revolution.



A few caveats are worth mentioning. Iceland no longer has a flat tax. After the financial collapse, a leftist government was elected that has reinstated a discriminatory rate structure. This is unfortunate, but I am not too upset since I was never comfortable defending a flat tax with a punitive tax rate higher than the highest tax rate in the American tax code.

Also, a flat tax is better than a so-called progressive tax, but it is not a silver bullet for economic growth. There are many factors that determine whether a nation is prosperous. As the video explains, Ukraine has a flat tax, but it is hardly an economic powerhouse since almost all other government policies are misguided. Sustained and rapid economic growth requires that politicians implement [good \(or at least decent\) policy in a wide range of areas](#).

One final point. There is one jurisdiction that has a national sales tax (technically, a value-added tax) and no income tax. Monaco [certainly is an economic success story](#), but it is unclear whether it is a role model since much

of the wealth is a result of rich people moving there to escape oppressive taxes elsewhere in Europe.



Email this to a friend | Print | Share on Facebook | Tweet this | ADD THIS

Tags: Competitiveness, Fair Tax, Flat Tax, Internal revenue code, Internal Revenue Service, IRS, Tax Reform
Posted Apr 15th 2010 at 5:55 pm in Economics, Fair Tax, Flat Tax, Tax Reform | Comments (112)

Comments (112)

Login

Sort by: Date Rating Last Activity

SunshineConnie 80p · 16 hours ago +6

This Congress will never entertain any type of concept that might reduce their golden voting pool. After all how employable are a whole bunch of IRS drones? Also, think of all those accountants and tax preparers! Progressives can not afford to cut any single comer on their voting block!

Reply 6 replies · active 13 hours ago Report

Calista · 16 hours ago 0

I am thinking a fair tax is better, the main reason is granularity. You want to protest, just buy essentials and starve the government. It would have to be limited to a max rate and abolish other forms of taxation.

Lefties should like that just fine as well (ok the ones that make money anyway)

A prioritized budget that protects essential services (military etc.) would be the other side of the coin so that they could not buy condoms and homeless voice mail services while cutting military and roads of course.

Reply 4 replies · active 3 hours ago Report

K.K. · 16 hours ago +3

abolish the federal income tax

Reply 9 replies · active 4 hours ago Report

Calista · 16 hours ago -2

I would really like the author to walk me through this if I am wrong

I see the same issues with flat of fair that would need to be addressed to create a level playing field.

Both would have to abolish the IRS and outlaw other taxing mechanisms
Both would have to set upper rates that are not economically restrictive but enough for essential services ( 10% ? )
Both would have to be in the form of an amendment to avoid shenanigans
Both would have to be coupled to a prioritized balance budget amendment (preserving essential services over non-essential) that required pay down of debt by percentage

Reply 3 replies · active 3 hours ago Report

Calista · 16 hours ago -2

- Flat - This would still apply to investment profits (it would be income source agnostic correct?) but would not offset investment losses since no deductions are possible under this system.
+ Fair - Does not apply to investment profits, would this not increase the money magnet effect for off shore investors as well as internal investors?

- Flat - Savings neutral, there would be no reason to save or buy, neither would give benefit
+ Fair - Savings positive, no tax on investments.

\* Flat - Growth positive, capital purchase positive, count against profits for the year (simple expense/revenue model?)
\* Fair - Growth positive, capital purchase slightly negative, cost of purchases would increase overall costs but else same as above

\* Flat - Would limit book keeping and audits to bank receipts
\* Fair - Would limit book keeping and audits to the collection of revenues

My biggest like on the "Fair" side is the Granularity. If politicians found a loophole on what or how much they could "over" spend then we could just ramp back purchases of non-essential goods and strangle them immediately.

Reply 3 replies · active 3 hours ago Report

Arizona Cat · 15 hours ago +4

Flat tax is the only way to go. A fair tax leaves way too much wiggle room for interpretation by congress and will very quickly become as complex as our current tax code that businesses will have to digest.

Reply [5 replies](#) · active 2 hours ago

[Report](#)



[JeffersonAdams](#) 62p · 15 hours ago

+2

The taxcode is the primary way progressives obtain their wealth. They will not give it up without a near civil war.

Reply [6 replies](#) · active 3 hours ago

[Report](#)



[Leadfingers](#) 77p · 15 hours ago

+3

I would honestly like a simple tax system. As it is the government taxes everything we earn, buy, sell, own and use. And when we die they even wish to tax what's left! Whatever is left of that the government taxes as income to whomever we leave it to. Then whenever they go to spend it they are taxed yet again. The government simply doesn't understand how much we are taxed but what's is worse is they don't seem to have any idea or concern about how much money they are wasting. Unearned money at that.

Is that really what the government wants? If it moves tax it. If it keeps moving regulate it. If it stops moving subsidize it?

Reply [1 reply](#) · active 3 hours ago

[Report](#)



Brad · 15 hours ago

0

FAIR TAX DOT ORG!

Reply [1 reply](#) · active less than 1 minute ago

[Report](#)



[chopper](#) 91p · 14 hours ago

+5

Obama said that the Tea Party People should be thanking him for cutting taxes. He has credited his signature economic recovery package with putting more than two million Americans back to work and with cutting taxes for families, small businesses and students. And he singled out the anti-tax tea party movement that fanned out across the country Thursday to hold demonstrations and rallies marking Tax Day. "I've been a little amused over the last couple of days where people have been having these rallies about taxes," the president said, noting the numerous tax cuts pushed by his administration. "You would think they'd be saying thank you."

You can't make this stuff up.....Would somebody please bend-over and tell him thank you.

The audacity of dope.....

Reply [6 replies](#) · active 12 hours ago

[Report](#)



[les\\_gvt](#) 101p · 14 hours ago

-2

Why not just use a national sales tax, that way you determine how much you pay when you choose between shur fine and Heinz, or between a Geo and a Range Rover

Reply [1 reply](#) · active 13 hours ago

[Report](#)



K.K. · 14 hours ago

-1

Peter Schiff on the Income Tax. Watch it.:

<http://www.youtube.com/watch?v=v4KfVM5Ed3c>

Reply [1 reply](#) · active 14 hours ago

[Report](#)



[mikatollah](#) 110p · 14 hours ago

-9

Really Dan? Estonia and Slovakia is the best you can do? I think I'll just keep our tried and true progressive federal tax structure. Well, with a little bump up for the wealthiest Americans. I know, we'll never be as good as Estonia, but it's the price we pay for freedom.

Reply [19 replies](#) · active 8 minutes ago

[Report](#)



[RedWhiteAndJew](#) 86p · 13 hours ago

+3

"A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves largesse from the public treasury. From that moment on, the majority always votes for the candidates promising the most benefits from the public treasury with the result that a democracy always collapses over loose fiscal policy, always followed by a dictatorship. The average age of the world's greatest civilizations has been 200 years."

[Oh my, look at the time!](#)

Reply

[Report](#)



[FlatTaxer](#) 78p · 13 hours ago

+3

My tax return is being contested by the IRS. They say I owe five figures more. It is going to cost me a lot of money and time to resolve this.

The current tax code is so grotesquely convoluted that even the IRS is wrong on this one. The really, really sad thing is that I'm just one of millions that this happens to every year.

We need a Flat Freakin' Tax. My charitable former self died.

Reply [Report](#)

 [SunshineConnie](#) 80p · 12 hours ago +2

<http://www.washingtontimes.com/news/2010/apr/16/senate-votes-against-a-value-added-tax/>

Just saw this and wanted you all to see it. Looks like some Senators may know the winds of change are upon them.

Reply [5 replies](#) · active 11 hours ago [Report](#)

 Martifr · 12 hours ago +1

Flat tax. Everybody pays something regardless of income level. Everybody pays a percentage of their income. All economic levels of society use the services, roads, etc. All folks must pay something. Those that are the recipients of go government largess and income redistribution have no idea of the value of a dollar if they don't earn it themselves. Everybody lives within the means of their economic situation, including the government. Nobody can spend more than they bring in.

Reply [2 replies](#) · active 3 hours ago [Report](#)

 [MoMadeMcDolt](#) 50p · 11 hours ago +2

Argue the merits of "flat tax" versus "fair tax" to your hearts' content. The likelihood at this point is that, rather than replacing our current tax nightmare with a more rational system, the Lords of D.C. will simply add a European-style VAT tax on top of all the other taxes that we currently pay. IOW, the worst of all possible outcomes.

Reply [5 replies](#) · active 2 minutes ago [Report](#)

 Jeff · 11 hours ago +1

Let's face it folks, the Income tax was a "war emergency" measure first used during the Civil War (and promptly abolished thereafter) in order to pay for the huge unplanned and unexpected costs of fighting a major war. It was reinstated for the First World War, but instead of repealing it afterwards, Congress decided they needed all that money to fight the evils of Alcohol during Prohibition. As we know, Prohibition elevated the relatively minor and ineffectual mafia and other gangs to a place of real power in the United States – a policy and outcome paid for by your grandparents and great grandparents taxes. What a perfect example of "unintended consequences."

Why is it that our government believes they are better qualified to spend our money than we are? Why is it that their leap into ruinous debt is not considered "inflationary?" Why is it that you or I, were we to live so far above our means, would go to jail, whereas "they" are allowed to do it? When will we take our government back?

Reply [1 reply](#) · active 10 hours ago [Report](#)

 [PoliticalCentrist](#) · 11 hours ago +3

A flat tax would be better than what we have now. It is a mess.  
<http://www.PoliticalCentrist.com> News and views for independent voters

Reply [Report](#)

[Flat abs? | How To Abs Fast](#)

[...] » The Global Flat Tax Revolution – Big Government [...]

 A.Men · 8 hours ago +2

2010 will be our cheapest tax day under Obama. Bush tax cuts expire, more Federal taxes next year

Reply [Report](#)

 Garrett Peters · 5 hours ago 0

NO to flat tax (or fair tax). Why should we copy backward nations in eastern europe. Sweden has high tax rates and is much richer.

Reply [2 replies](#) · active 5 minutes ago [Report](#)

 [wnelson13](#) 60p · 5 hours ago +2

In my show of disobedience, I filed a paper return, and dropped in the mailbox on april 15th at 5 pm. Paper returns, they hate those, they have been long trying to get us to switch to efile, I say screw them, do it the old fashioned way

Reply

[Report](#)



Spence Taylor · 5 hours ago

-2

Mitchell is a tool of the corporate fat cats. I will enjoy watching the Bush tax cuts expire. The rich have feasted off this nation for too long.

Reply [1 reply](#) · active less than 1 minute ago

[Report](#)

1 [2](#) [Next »](#)

### Post a new comment

Comment as a Guest, or login:



Name

Email

Website (optional)

Displayed next to your comments.

Not displayed publicly.

If you have a website, link to it here.

Subscribe to

**Submit Comment**

Comments by

[Click Here For More on ACORN](#)

### Featured Story



#### **CFPA Czar or Fox in the Hen House? You Decide.**

by [Liberty Chick](#)

The activity surrounding the controversial Consumer Financial Protection Agency (CFPA) in the financial reform legislation is really picking up these days. But many Americans would never know it. It seems Democrats may have learned something from the experience of the health care bill after all. In their efforts to...

[Read more...](#)

[More Featured Stories...](#)



[Follow Us on Twitter](#)

[Subscribe via RSS](#)

 [Got a Tip?](#)  
[Contact us](#)

**TaxMasters Official Site**








Visit today for a Free Consultation

[Visit Now](#) 

Txmstr.com Ads by Google

**BIGJOURNALISM**  

-  **Mike Opelka:** [Elected Officials, 'That Pesky First Amendment' and All That Jazz](#)
-  **Gregg Opelka:** [Why Is the 'Master Communicator' Ducking the Media?](#)
-  **Ron Futrell:** [An Open Letter To My Friends and Colleagues In the Media](#)
-  **James Hudnall and Val Mayerik:** [Useful Idiots: "Reliable Sources"](#)
-  **Frank Ross:** [Overnight Semi-Marxist Thread: Tea-Partiers of the World, Unite!](#)

**BIGHOLLYWOOD**  

-  **John Nolte:** [Uh, Oh: Will Ferrell's 'The Other Guys' Might Be a Serious Sucker-Punch-A-Thon](#)
  -  **Carl Kozlowski:** [REVIEW: Smart, Funny 'Death at a Funeral' Worth a Look](#)
  -  **James Hudnall:** [Variety Vandalizes! Bust Big-Biz Bullies The Vandals!](#)
- Big Hollywood:** [Open Happy Birthday Thread: Henry Mancini](#)
- John Nolte:** [TAX DAY SPECIAL: Alec Baldwin Hearts Saul Alinsky](#)

Want the (tax) credit you deserve?

**\$8,000**  
for first-time home buyers.

**\$6,500**  
for current homeowners.

**Time is running out!**  
[Learn more at weichert.com](#)




[www.Weichert.com/TaxCredit](http://www.Weichert.com/TaxCredit) Ads by Google

**Live Talk on Twitter**

**Big Government**

 RightJuris #FF @MichelleMalkin @biggovt @atlasshrugs @ROFTERS @GayPatriot @PatDollard @kissmygumbo @celebdirtylaund @Lady\_Liberty @InterceptNovel...  
about 1 hour ago

 RightMilitary #FF @MichelleMalkin @biggovt @atlasshrugs @ROFTERS @GayPatriot

@PatDollard @kissmygumbo  
 @celebdirtylaund @Lady\_Liberty  
 @InterceptNovel...  
 about 1 hour ago



RightPundits #FF @MichelleMalkin @biggovt  
 @atlashrugs @ROFTERS @GayPatriot  
 @PatDollard @kissmygumbo  
 @celebdirtylaund @Lady\_Liberty  
 @InterceptNovel...  
 about 1 hour ago



righttechnology #FF @MichelleMalkin  
 @biggovt @atlashrugs @ROFTERS  
 @GayPatriot @PatDollard @kissmygumbo  
 @celebdirtylaund @Lady\_Liberty  
 @InterceptNovel...  
 about 1 hour ago



SPARTICUSIAN <http://biggovernment.com/>  
 4 TRILLION \$\$\$\$\$\$ USED 2 DIG  
 UNDERGROUND CITYS FOR ELITE 2 HIDE  
 IN 2012  
 about 1 hour ago



MarciZ Top 5 #ff this week  
 @andrewbreitbart @heritage



Join the conversation

## Categories

- [ACORN](#)
- [Big Labor](#)
- [Coffee and Markets](#)
- [Congress](#)
- [Culture](#)
- [Defense](#)
- [Earmarks](#)
- [Economics](#)
- [Education](#)
- [Environment](#)
- [Exclusives](#)
- [Fair Tax](#)
- [Featured Story](#)
- [Federal Spending](#)
- [Financial Services](#)
- [Flat Tax](#)
- [Healthcare](#)
- [History](#)
- [Justice/Legal](#)
- [Local Government](#)
- [Media Criticism](#)
- [News](#)
- [Obama](#)
- [Open Threads](#)
- [Political Humor](#)
- [Politics](#)
- [Pork Report](#)
- [Regulation](#)
- [Special](#)
- [State Politics](#)
- [Tax Reform](#)
- [Tea Party](#)
- [Technology](#)
- [Uncategorized](#)

## Blogroll

- [ABCNews](#)
- [Ace Of Spades HQ](#)
- [Agence France Press](#)
- [Althouse](#)
- [American Thinker](#)
- [Andrew Sullivan](#)

- [Ann Coulter](#)
- [Associated Press](#)
- [Atlas Shrugs](#)
- [Ben Shapiro](#)
- [Big Hollywood](#)
- [Bill O'Reilly](#)
- [Black & Right](#)
- [Blackfive](#)
- [BlogsLucianneLoves.com](#)
- [Bloomberg](#)
- [Boston Globe](#)
- [Breitbart.com](#)
- [Breitbart.tv](#)
- [C-SPAN](#)
- [Camille Paglia](#)
- [Charles Krauthammer](#)
- [Chicago Tribune](#)
- [Christian Science Monitor](#)
- [Christopher Hitchens](#)
- [Claremont Institute](#)
- [Commentary](#)
- [Daily Gut](#)
- [Dana Loesch](#)
- [Dennis Miller Radio](#)
- [Dennis Prager](#)
- [Der Spiegel](#)
- [Don Surber](#)
- [Drudge Report](#)
- [Economist](#)
- [Ed Driscoll](#)
- [Financial Times](#)
- [Forbes](#)
- [Foreign Affairs](#)
- [Founding Bloggers](#)
- [Fox Nation](#)
- [Fox News](#)
- [Freakonomics Blog](#)
- [Gateway Pundit](#)
- [GayPatriot](#)
- [George Will](#)
- [Glenn Beck](#)
- [Hot Air](#)
- [Huffington Post](#)
- [Hugh Hewitt](#)
- [Human Events](#)
- [Instapundit](#)
- [Investors Business Daily](#)
- [Iowahawk](#)
- [Jawa Report](#)
- [Jerusalem Post](#)
- [John Gibson](#)
- [John Nolte](#)
- [John Tierney](#)
- [Kyle Olson](#)
- [Larry Elder](#)
- [Larry Kudlow](#)
- [Lars Larson](#)
- [Laura Ingraham](#)
- [Law Hawk](#)
- [Los Angeles Times](#)
- [Lucianne.com](#)
- [Mancow](#)
- [Manhattan Institute](#)
- [Marginal Revolution](#)
- [Mark Levin](#)
- [Mark Steyn](#)



- [Media Research Center](#)
- [Mediaite](#)
- [Melanie Morgan](#)
- [Michael Barone](#)
- [Michael Savage](#)
- [Michael Yon](#)
- [Mickey Kaus](#)
- [Mike Flynn](#)
- [Move America Forward](#)
- [MSNBC](#)
- [National Review](#)
- [National Review's The Corner](#)
- [Neal Boortz](#)
- [New Republic](#)
- [New York Magazine](#)
- [New York Post](#)
- [New York Times](#)
- [NewsBusters](#)
- [Newsweek](#)
- [Pajamas Media](#)
- [Parcbench](#)
- [Pat Dollard](#)
- [Patterico's Pontifications](#)
- [PoliGazette](#)
- [Politico](#)
- [Power Line](#)
- [PR Newswire](#)
- [Pravda](#)
- [Quincy News](#)
- [Real Clear Markets](#)
- [Real Clear Politics](#)
- [Reason](#)
- [Reason Hit and Run](#)
- [RedState](#)
- [Rep. McCotter YouTube Channel](#)
- [Reuters](#)
- [Roger L. Simon](#)
- [Roger Stone](#)
- [Roll Call](#)
- [Rolling Stone](#)
- [Rush Limbaugh](#)
- [Rusty Humphries](#)
- [Salon](#)
- [Sean Hannity](#)
- [Silicon Alley Insider](#)
- [Slate](#)
- [Smoking Gun](#)
- [South Park Episodes](#)
- [Tammy Bruce](#)
- [The Daily Beast](#)
- [The Daily Caller](#)
- [The Hill](#)
- [The New Ledger](#)
- [Thomas Sowell](#)
- [Time](#)
- [Times U.K.](#)
- [Townhall.com](#)
- [U.K. Daily Mail](#)
- [U.K. Guardian](#)
- [U.K. Telegraph](#)
- [U.S. National Debt](#)
- [U.S. News](#)
- [USA Today](#)
- [Vanity Fair](#)
- [VodkaPundit](#)
- [Volokh Conspiracy](#)

4/16/2010

» The Global Flat Tax Revolution - Big ...

- [Wall Street Journal](#)
- [Washington Examiner](#)
- [Washington Post](#)
- [Washington Times](#)
- [Weekly Standard](#)
- [WorldNetDaily](#)

**BREITBART**

[Terms & Conditions](#) [Privacy Policy](#) [Login](#)