



Fox News: Higher Marginal Tax Rates Reduce Revenues

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There is little evidence to back up President Barack Obama's claim that raising the taxes of the nation's wealthy is key to helping reduce the nation's crushing deficit, Fox News reports.

Similar tax hikes have actually resulted in less additional revenue and other problems, according to the network.

"Economists point to then-British Prime Minister Gordon Brown's proposal in April 2010 to increase the marginal tax rate by 10 percent — to 50 percent — on residents earning more than \$1 million," Fox News says.

"As a consequence, the number of people declaring that amount of income or more dropped from 16,000 to 6,000 in the 2010-2011 tax year, according to Her Majesty's Revenue and Customs, the United Kingdom's tax collection agency.

Before that proposal, the wealthiest people in the United Kingdom accounted for about 9 percent of the country's tax pool.

That percentage dropped by nearly half after the proposal as the result of wealthy Britons moving abroad or making financial moves to avoid paying the new tax by reducing their taxable incomes, according to London's Daily Telegraph newspaper.

"Obama's main goal in the fiscal cliff negotiations is to impose a class-warfare tax hike," Daniel Mitchell, a fiscal policy expert at the Cato Institute, a Washington-based, libertarian think tank, told Fox.

"When you're trying to stick it to the 'rich,' you need to understand that they have tremendous control over the timing, level and composition of their income. So unlike the rest of us, they can respond very easily when the government goes after them."