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## Inroads of taxation

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and every effort made to retain customers, which is the incentive of a business man to resume operations at the earliest possible moment.

Use and occupancy insurance is probably a poor substitute for lost business, but it appears to be a form of insurance to

which business men generally have not given sufficient consideration. Some enlightenment on the subject put forth by the companies and the development of a clear, definite form of policy would probably do much to gain the attention of the business man who should be interested.

## The Inroads of Taxation

THE last instalment of taxes covering income for the year 1921 now having been paid, the business man, as well as the individual taxpayer, may look forward to the interesting occupation of determining how much he must pay the government on account of income received or earned during the year 1922.

With the imposition of a tax on income in many states supplementing that of the federal government, and the possibility that municipalities may in the near future resort to the taxation of income, the outlook for taxpayers is anything but interesting and inviting. As a matter of fact, taxpayers may view with some alarm the general march of taxation.

In prior years this country, compared with Europe, enjoyed relative freedom from the imposition of taxes. England, France, and Germany sustained annually a tax burden which was comparatively unknown in the United States. According to statistics resulting from a study by the National Industrial Conference Board, this country now ranks second only to the United Kingdom of Great Britain in the matter of tax burdens, with Germany, France, Italy, and Japan following in the order named.

Taxes paid to national, state, and local governments in the United States in relation to national income have more than doubled since the fiscal year 1913-14. In that year national, state, and local taxes represented 6.4 per cent. of the national income. In the fiscal year 1920-21 taxes

were 14.3 per cent. of the national income.

While the various political divisions are collecting and spending more money, population is also increasing, and it might be expected that the per capita cost of government, subject to various fluctuations in their effect on the national government brought about by such extraordinary occasions as the Great War, would not necessarily show any marked increase. This, however, appears to be contradicted by statistics which show that per capita taxation at the end of the war, reduced to a pre-war internal purchasing power basis, was \$32 in the United States, but had increased in 1920-21 to \$41 per capita. The increase of \$9 stands out with alarming significance when compared with the increase in the United Kingdom during the same period of only \$4 per capita.

It may be that this country is becoming not only bigger but better; that tax-payers are receiving something more in return for increased taxation. On the other hand, it may be that some of the governmental activities are unnecessary and might be eliminated without any real loss to the country. At any rate, as has been pointed out, in the report to which reference has been made above:

“Under present conditions the tax bill of the United States is fast making inroads on the surplus necessary for economic progress and threatens materially to hamper our growth, especially in view of the uninterrupted rise in local government taxes.”