

A MOSAIC OF TAXATION MORPHOLOGY II (A BRITISH PERSPECTIVE)

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Abstract: The most important contract between the citizen and the government of his country has been embodied by taxation. As participant, the state (or its representatives) has been paid with taxes, and other payments, supported, in most cases, by the common citizens. Regardless of the geographical area, the degree of civilization or the historic moment, taxes, calculated on more or less rigorous legal bases, laid their mark on each and every people.

If we approach this subject from a scientific angle, we may begin by first defining the tax concept, described as an involuntary fee paid by individuals or business to a state; therefore, taxes have been considered a major problem by everyone and furthermore, not surprisingly, taxation problems date back to earliest recorded history. Still, taxes played a relatively minor role in the ancient world.

Taxes on consumption were levied in Greece and Rome. Wars influenced taxes much more than taxes influenced wars or revolutions, even if we intend to present that likewise, history records events of such a nature. As a means of raising additional funds in time of war, taxes on property would be temporarily imposed. For a long time these taxes were confined to real property, but later they were extended to other assets. Real estate transactions also were taxed. In times of war, the Athenians imposed a tax referred to as *eisphora* that no one was exempt from paying. The Greeks are one of the few societies that were able to withdraw the tax once the emergency was over. When additional resources were gained by the war effort, the resources were used to refund the tax. As a curiosity, Athenians imposed a monthly poll tax on foreigners, people who did not have both an Athenian mother and father, of one drachma for men and a half drachma for women, tax recorded as *metoikion*.

In Greece, free citizens had different tax obligations from slaves, and in Rome, the tax laws distinguished between nationals and residents of conquered territories. Furthermore, along with consumption taxes and customs duties, there were certain “direct” taxes. The principal of these was the *tributum* paid by citizens and usually levied as a head tax; later, when additional revenue was required, the base of this tax was extended to real estate holdings. The provinces relied for their revenues on head taxes and land taxes; the latter consisted initially of fixed liabilities regardless of the return from the land, as in Persia and Egypt. Afterwards, the land tax was modified in order to achieve a certain correspondence with the fertility of the land. One of the most brilliant tax strategists of the Roman Empire was Caesar Augustus. It is noteworthy that at a relatively early time, he instituted an inheritance tax of five, later ten percent to

provide retirement funds for the military; however, close relatives of the deceased were exempted. The English and Dutch referred to the inheritance tax of Augustus in developing their own inheritance taxes.

No wonder, thus, that the first tax assessed in Britain was during the occupation by the Roman Empire. Interesting enough, the dawn of taxation intimately interweaves its record with the one of two very famous women, who have stepped from history into legend, gilding their figures with an aura of mystery and myth.

In 60 A.D., Boudicca, Queen of East Anglia, led a revolt that can be attributed to corrupt tax collectors in the British Isles and to much more.¹ The revolt was crushed by the Emperor Nero, and resulted in the appointment of new administrators for the British Isles, and it brought about Queen Boudicca's death, who is said to either have taken poison or died of shock.

Another famous figure that entered the history as a symbolic fighter against the unjust system of taxation was Lady Godiva, an Anglo-Saxon woman who lived in England during the 11th century. According to legend, she became well-known for her legendary ride while nude through Coventry, Warwickshire. The earliest extant source for the story is the *Chronica* of Roger of Wendover (early 13th century). He recounts that her husband, Lord Leofric, Earl of Mercia, promised to reduce the high taxes he levied on the residents of Coventry when she agreed to ride through the crowded marketplace. She did so, her hair covering all of her body except her legs. Ranulf Higden (mid 14th century), in his *Polychronicon*, says that as a result Leofric freed the town from all tolls save those on horses. An inquiry made in the reign of Edward I shows that at that time no tolls were paid in Coventry except on horses.

Allow us to return some centuries back in time, excused as we may be by the principles of the mosaic, for it is of certain importance to mention that after the Roman Empire fell, the Saxon kings imposed taxes, some of them referred to as *danegeld* on land and property. And since any mosaic implies some inner poetry of details and lines, a delicate geometry of an exquisite expression, danegeld was rescued from a destiny which assure its presence in history books only, the moment it stopped being just a mere tax and it inspired Rudyard Kipling in one of his poems:

It is always a temptation to an armed and agile nation
To call upon a neighbour and to say: --
"We invaded you last night--we are quite prepared to fight,

i Boudicca's husband, Prasutagus, was king of the Iceni (in what is now Norfolk) as a client under Roman suzerainty. When Prasutagus died in 60 with no male heir, he left his private wealth to his two daughters and to the emperor Nero, trusting thereby to win imperial protection for his family. Instead, the Romans annexed his kingdom, humiliated his family, and plundered the chief tribesmen. While the provincial governor Suetonius Paulinus was absent, Boudicca raised an army of nearly 230,000 and conducted a rebellion. The insurgents burned Camulodunum (Colchester), part of Londinium (London), and several military posts; massacred (according to Tacitus) 70,000 Romans and pro-Roman Britons, and cut to pieces the Roman 9th Legion.

Unless you pay us cash to go away."

And that is called asking for Dane-geld,
And the people who ask it explain
That you've only to pay 'em the Dane-geld
And then you'll get rid of the Dane!

It is always a temptation for a rich and lazy nation,
To puff and look important and to say: --
"Though we know we should defeat you, we have not the time to meet you.
We will therefore pay you cash to go away."

And that is called paying the Dane-geld;
But we've proved it again and again,
That if once you have paid him the Dane-geld
You never get rid of the Dane.

It is wrong to put temptation in the path of any nation,
For fear they should succumb and go astray;
So when you are requested to pay up or be molested,
You will find it better policy to say: --

"We never pay *any*-one Dane-geld,
No matter how trifling the cost;
For the end of that game is oppression and shame,
And the nation that pays it is lost!"

(Dane-Geld, A.D. 980-1016)

Danegeld was a medieval land tax originally raised to pay off pillaging Danes and later, it was used to fund military expenditures. The first payment, of 10,000 pounds (3,732 kg) of silver, was made in 991 following the Viking victory at the battle of Maldon in Essex, when King Aethelred was advised to buy off the Vikings rather than continue the armed struggle. In 994 the Danes, under King Sweyn Forkbeard and Olaf Trygvason, returned and sieged London, and they were once more paid off. Further payments were made in 1002, 1007, 1012 and 1016, when Sweyn Forkbeard's son, Canute, became King of England. After two years he felt sufficiently in control of his new kingdom to the extent of being able to pay off all but 40 ships of his invasion fleet, which were retained as a personal bodyguard, with a huge danegeld of 72,000 pounds (26,873 kg) of silver collected nationally, plus a further 10,500 pounds (3,919 kg) of silver collected from London. Still, quite a substantial amount of silver was shipped towards Denmark throughout all this period (~60 tones), which explains the fact that more Anglo-Saxon pence have been found in Denmark than in England. The Scandinavian Peninsula hosts another important testimony about danegeld, namely the rune stoneⁱⁱ of Orkesta, discovered at Vallentune, somewhere near Stockholm which tells the story of a Swede who took three danegeld under three different leaders: "*But Ulf has taken three **danegelds** in England. The first one was with Toste, the second one with Thorkel and the third one with Canute the Great*".

ii in ulfr hafir onklati * Pru kialtakat Þit uas fursta Þis tursti * Þa ---Þurkil * Þa kalt knutr

Skagul Toste, mentioned in several Scandinavian sagas, is said to have been the first to demand danegeld, in 970; Thorkel the High attacked England with a large army and received an unusually large sum as danegeld in 1011, while the very last danegeld, a sum of £82,500, was paid to Canute in 1018. He felt secure enough to send the invasion fleet back to Denmark with a payment of £72,000 that same year.

The history of taxation tells its story in close connection with the land, since the majority of taxes were especially created for it. An illustrative example is provided by what historians call *tallage*. Tallage or Middle English *tailage* (from Old French, *taillier*, to cut, tax) seems to have acted at first as a simple tax, in order to eventually turn into a special form of tax, in what the problem of taxation in England is concerned. In fact, the English tax known as tallage, introduced by the Norman kings as a partial substitute for the danegeld, was levied by the kings and lords on their demesne lands. Kings and lords levied tallage on the towns within their lands, but there was resistance to the tax thus forcing it to disappear under Edward III, about 1340.

Another type of tax, equally present in the mosaic of any toll system, ties its core to its name to an extent that makes any further explanation absolutely redundant. We refer to the *carucate*, another levy that replaced the former danegeld and which, etymologically, derives from the Latin word *caruca*, meaning plough. Hence, the carucate was collected on ploughed ground only.

Let us approach the history of another toll, somewhat modern in its inner principle, especially nowadays, when the problem of military service constitutes the subject of many debates. We talk about *scutage* or *escuage*, a feudal tax paid in lieu of military service in feudal times. Consequently, the reluctance of performing the regular military service is not at all an entirely contemporary phenomenon. In this case, too, the etymology is particularly evocative, since its name derives from the Latin word *scutum*, i.e. the knightly shield, pointing logically towards the peculiarity of the respective fee. The Magna Carta (1215) article 12, specifically states that no scutage shall be imposed on the kingdom unless by common agreement. Exceptions include, ransom for the king knighting the king's eldest son and marrying the king's eldest daughter. The institution existed under Henry I (1100-1135) and Stephen (1135-1154), when it was referred as *scutagium*, *scuagium* or *escuagium*. The growth of taxes after the time of Edward III of England entirely displaced the medieval tax of scutage. However, the history of tax was far from exhausting its record; besides, it seemed that this was just the beginning of a prosperous fiscal future. Other tolls were to be instituted, other monetary duties and customs imposed.

Advancing some centuries further, we discover a series of taxes imposed on the household, referring to both its architecture and the people working and living inside.

Let us first approach the so-called *hearth tax*, a property tax on buildings worth more than 20 shillings a year in rent. After the Civil War (1642-1648), and the Interregnum (the 1649-1660 republican period, comprising the

Commonwealth and the Protectorate), there was a stringent need to raise revenue; thus, in 1662, it was decided to levy hearth money. This was one of the most intrusive taxes of all times, and hence, a very-much detested one. The tax commissioners had the right to come into the home to count the hearths. It was the first time tax inspectors could visit a property. Attempts to avoid paying by blocking up a chimney could, if discovered, be rewarded with a doubling of the tax. The tax, which was collected twice a year - on Lady Day (March 25), and Michaelmas Day (September 29) - was 2 shillings per hearth, which means that the tax was calculated by multiplying the number of hearths with the value of the toll. However, there were some exemptions. For instance, people who received poor relief did not have to pay hearth taxⁱⁱⁱ. Some industrial buildings were exempt but not forges, locksmiths or bakers' ovens. The tax in itself proved to be inefficient, for some of the collecting was farmed out to private individuals who all took their part and it therefore simply did not raise enough money. The tax was dropped in 1689. The interesting aspect is that, nowadays, historians owe a lot to this tax, an invaluable source of information about house sizes and the people who lived in them. For instance, a one-hearth house may be a hovel occupied by a widow. Moreover, one learns that taxpayers residing in houses with multiple hearths were described as 'gent', while peers may have 25 or 30 heated rooms in their mansions.

Seven years after this tax was abolished, another one was introduced, the *window tax*. It was set up during the reign of William III and Mary II, due to the severe financial crisis England was going through, a fact explained by the various conflicts in Ireland and mainland Europe (the war France fought against the Grand Alliance).^{iv} The window tax was designed to impose duty relative to the prosperity of the taxpayer. The bigger the house, the more windows it was likely to have, hence the more tax the occupants would pay. It was but natural for most of the people to protest against it, while, a minority used it in order to ostentatiously display its well-off status. The rich, eager to set a clear demarcation line between them and the merely rich, would commission a country home or a manor house whose architecture would make the maximum possible use of windows. On the other hand, the opponents called it a tax on fresh air, light, and health. The tax was at first 2 shillings, or 8 shillings on houses with more than ten windows. In fact, people managed to dodge payment by bricking in windows, or even building dummy windows so that inspectors were completely confused. Some blocked in windows and then unblocked them as soon as the collector had

iii In 1601, England passed the Elizabethan poor-relief act, which recognized the state's obligation to the needy; it provided for compulsory local levies to be administered by the parish, and it required work for the able-bodied poor and apprenticeships for needy children. Local reluctance to support the poor from other areas led to settlement laws limiting migration. Institutional relief was provided by poorhouses, where the aged, sick, or insane were grouped together

iv Defensive alliance formed in 1686 by the Holy Roman Emperor Leopold I with various German states, Sweden and Spain. It was an acknowledgment of a community of German feeling against French expansion. In 1689 a new coalition against the French, the Grand Alliance, was formed by Austria, England, and the Netherlands, Savoy and Spain later joining it.

gone. Over the years, people became so clever at avoiding the tax, that revenue from it fell and the law had to be reshaped under further acts in 1747 and 1797, in order to be finally repealed in 1851.

Still, there were also more taxes to pay on several many other things, some that may make us smile; for example, there were duties posed on man servants 1777-1789 (the tax on female servants only lasted a short time as did the shop tax 1785, and the tax on clocks and watches 1797), carts, carriages (rate depending whether four wheels or two), horses and dogs. One of the taxes still survives in the modern form of the road tax paid on the ownership of an automobile, while the dog tax survived until the 1970's when it was abolished. Another 'amusing' tax is the *hair powder tax* which was introduced by an Act of Parliament in 1796. Citizens who wore powdered wigs or who powdered their hair directly, had to obtain a certificate from the local Justices of the Peace to confirm that they had paid the annual tax of one guinea^v. Ludicrous as it may seem it lasted for quite some time, since it was abolished only 75 years later. And it has its part of glory, since it constitutes the object of one of Robert Burns' quatrains, entitled 'On Mr. Pitt's Hair-powder Tax':

Pray, Billy Pitt, explain thy rigs
This new poll-tax of thine!
'I mean to mark the GUINEA pigs
From other common SWINE.'

With or without a wig, our mosaic has tried to sketch some aspects regarding the history of taxation in Britain, one that is not at all exempt of colourful and spectacular stories – stories with invaders, sovereigns willing to expand their treasuries, conflicts of a most varied nature, stories that are sometimes absurd and senseless; meaningless or not, history recorded them, and it was us who 'peeped' into the magic box of time, and moulded an imaginary mosaic about the way in which the ones who had the power collected money from the ones they governed, wisely or not.

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v £1.05 in modern money