

TAXATION: IS FLAT RATE BETTER THAN PROGRESSIVE RATE?

Carmen VÂLCU¹, Carmen COSTULEANU², Gabriela IGNAT², Iuliana-Eugenia GEORGESCU¹

e-mail: valcu_carmen@yahoo.com

Abstract

Our research aims to analyze the evolution in time and space of taxation rates and the impact of legislative changes on the microeconomic and macroeconomic environments, as well as the impact of legislative changes, the analysis of different models of tax systems based on the flat tax rate, used in Romania, or progressive tax rates, preferred in countries like France, Belgium and Luxembourg. Attempts at comparing personal income taxes are relatively rare and difficult to achieve precisely because of the tax legislation that is significantly different from one country to another in terms of tax base, tax rates or method of calculation of the various taxes and fees. Identifying the best taxation approach is the main goal of our paper. Our research is aimed at identifying the best taxation system, at determining the correlation between tax burden and tax income, thus analyzing the distributive effects of flat rates or progressive rates, and the effects of preferring one to the other, in other words determining whether they encouraged the formation of a middle class or on the contrary, they have deepened the inequity among the population, the effects that these systems have had on the social, economic and political environments in Romania and in the French-speaking countries included in our research: France, Belgium and Luxembourg.

Key words: taxation, best taxation rate, flat rate, progressive rates