



# DEVELOPMENT AND EVOLUTIONARY LOGIC OF WESTERN TAX FAIRNESS CONCEPT

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WEI, Jun. Development and evolutionary logic of Western tax fairness concept. *Trans/Form/Ação*: Unesp journal of philosophy, Marília, v. 47, n. 5, "Eastern thought 2", e0240017, 2024.

**Abstract:** Against the backdrop of market openness, the development of economic is facing new changes and challenges. Taxation, as an important tool for social redistribution, has a significant impact on the fulfillment of the goal of social equity. There are still many contradictions in the current tax systems in various regions, mainly manifested as imbalanced tax structures, weak regulatory capabilities and unequal tax burdens. The Western concept of tax fairness originated in the 17th century, with a long history and wide application. The analysis of its theory shed light on the improvement of the current tax system. In order to alleviate the current problems and contradictions in taxation, and enhance the rationality of the tax system, this article conducts in-depth research on the development context and evolution logic of Western tax fairness ideas. This article first conducts an effective study on the development context and evolution logic of Western tax fairness ideas in different periods, and, then, it delves into the development of Western tax fairness ideas and the evolution of the benefit principle and tax capacity principle. Finally, based on this, an explanation is provided on the improvement of the current tax system in practical development. In the process of social development, drawing on Western tax ideas has important practical values for establishing harmonious taxation and promoting the unity of social fairness and efficiency.


**Keywords:** Western Tax fairness Thought. Development Context. Evolutionary Logic. Income Distribution.

WEI, Jun. Desenvolvimento e lógica evolutiva do conceito ocidental de justiça tributária. *Transformação*: revista de filosofia da Unesp, Marília, v. 47, n. 5, "Eastern thought 2", e02400137, 2024.

**Resumo:** Contra o pano de fundo da abertura do mercado, o desenvolvimento econômico está enfrentando novas mudanças e desafios. A tributação, como uma importante ferramenta de redistribuição social, tem um impacto significativo no cumprimento da meta de igualdade social. Ainda há muitas contradições nos sistemas tributários atuais, em várias regiões, manifestadas principalmente como estruturas tributárias desequilibradas, capacidades regulatórias fracas e cargas tributárias desiguais. O conceito ocidental de justiça tributária teve origem no século XVII, com uma longa história e ampla aplicação. A análise de sua teoria lança luz sobre o aprimoramento do sistema tributário atual. A fim de aliviar os problemas e as contradições atuais na tributação e aumentar a racionalidade do sistema tributário, este artigo realiza uma pesquisa aprofundada sobre o contexto de desenvolvimento e a lógica de evolução das ideias ocidentais de justiça tributária. Este texto empreende, primeiramente, um estudo eficaz sobre o contexto de desenvolvimento e a lógica de evolução das ideias ocidentais de justiça tributária em diferentes períodos e, em seguida, investiga o desenvolvimento das ideias ocidentais de justiça tributária e a evolução do princípio do benefício e do princípio da capacidade tributária. Por fim, com base nisso, é fornecida uma explicação sobre o aprimoramento do sistema tributário atual no desenvolvimento prático. No processo de desenvolvimento social, o uso de ideias tributárias ocidentais tem importantes valores práticos para estabelecer uma tributação harmoniosa e promover a unidade da justiça e eficiência social.

**Palavras-chave:** Pensamento de justiça fiscal ocidental. Contexto de desenvolvimento. Lógica evolutiva. Distribuição de renda.

Received: 06/09/2023 | Approved: 08/11/2023 | Published: 25/03/2024

 <https://doi.org/10.1590/0101-3173.2024.v47.n5.e02400137>



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# DEVELOPMENT AND EVOLUTIONARY LOGIC OF WESTERN TAX FAIRNESS CONCEPT<sup>1</sup>

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**Abstract:** Against the backdrop of market openness, the development of economic is facing new changes and challenges. Taxation, as an important tool for social redistribution, has a significant impact on the fulfillment of the goal of social equity. There are still many contradictions in the current tax systems in various regions, mainly manifested as imbalanced tax structures, weak regulatory capabilities and unequal tax burdens. The Western concept of tax fairness originated in the 17th century, with a long history and wide application. The analysis of its theory shed light on the improvement of the current tax system. In order to alleviate the current problems and contradictions in taxation, and enhance the rationality of the tax system, this article conducts in-depth research on the development context and evolution logic of Western tax fairness ideas. This article first conducts an effective study on the development context and evolution logic of Western tax fairness ideas in different periods, and, then, it delves into the development of Western tax fairness ideas and the evolution of the benefit principle and tax capacity principle. Finally, based on this, an explanation is provided on the improvement of the current tax system in practical development. In the process of social development, drawing on Western tax ideas has important practical values for establishing harmonious taxation and promoting the unity of social fairness and efficiency.

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## INTRODUCTION

With the high development of the social economy, the role of taxation, in maintaining the country's stable operation and development, is becoming increasingly important (McGaughey; Raimondos, 2019, p. 1668). As the main source of income for the national economy, the role of tax fairness, in maintaining the normal operation of the tax system, is equally indescribable. The Western concept of tax fairness is proposed to promote national economic development. It focuses on the fairness of tax burden among taxpayers and has shown good performance in many Western countries' tax systems and tax laws, such as the taxation of personal income and inheritance gifts, which all reflect the idea of tax fairness. Under the development of market economy, the income gap between the masses is becoming increasingly large. In the field of taxation, analyzing the development context and evolution logic of Western tax fairness ideas and drawing on their ideas in practical applications to

<sup>1</sup> This work by the National Social Science Foundation Project "Research on Legal Regulation of China's Cross-border Tax Arbitrage Trading" (Project number: 20BFX156).

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improve the current tax system are not only conducive to promoting the good operation of the tax system, but also to promoting the realization of social equity goals.

With the gradual maturity of the tax system, the idea of tax fairness is receiving increasing attention from scholars. The concept of fairness is a key mechanism that links income recovery with tax support. Although public opinion is sensitive to the cost attributes of taxation, in some cases, these impacts are often small in scale, limited to some ideological groups, and vary in different countries (Jagers, 2021, p. 529). Tax fairness has a significant positive impact on tax compliance, and trust plays a mediating role between tax fairness and tax compliance. Guided by this concept, it can provide valuable information for the government to establish a fair tax system (Muslichah; Graha, 2018, p. 78). The content of the principle of tax fairness depends on a public expense. In some cases, courts have used the principle of fairness in a broader legal sense and have not used the most ambiguous terms and phrases to explain fairness for tax purposes. In other cases, the court may use more specific and narrow fairness principles in cases of tax collection or tax obligations (tax fairness) (Ryabova, 2023, p. 54). Tax fairness has been used as one of the important determinants of tax compliance. A good understanding of tax fairness, among taxpayers, can encourage them to comply with tax laws and avoid providing unreported and unpaid income to the government. With the evolution of tax fairness ideas, the number of dimensions of tax fairness can depend more on individual tax practices and knowledge levels in both developed and developing countries (Azwanis, 2020, p. 49). At present, research on the development context and evolution logic of Western tax fairness ideas has made good progress. However, with the deepening of its practical application, the research perspective and scope of Western tax fairness ideas also need to be appropriately improved and optimized. Current research has not taken into account the impact of economy and law in its development and evolution.

With the development of economy and law, the interpretation of tax fairness has also undergone certain changes. A fair tax system is one of the most important foundations for any country to pursue stable development and human values. When the level of economic inequality is low, the political leadership can be more successful in formulating progressive tax, creating funds and reducing nonmilitary spending to pay for war. That is to say, when the wealth gap in the economy is small, the government can more easily implement a progressive tax system, creating more funds by increasing the tax burden on the wealthy, thereby reducing nonmilitary expenditures to pay for war costs. On the contrary, when the level of economic inequality is high, social redistribution conflicts may become more severe (Chia-Chien, 2020, p. 114). Under the influence of Western tax fairness ideas, the changes in the structure of personal income tax are mainly reflected in the increase of the minimum tax exemption limit and the minimum living security level. These changes need to be taken into account in the formulation of tax laws (Alicija, 2018, p. 193). In practical development, more and more non-Western countries have also adopted Western tax ideas in their tax systems. In

the investigation of the impact of the individual taxpayers' voluntary tax payment behavior, in southwestern Nigeria, a survey design is used to collect data from 5216422 individual taxpayers in three selected states. It is found that Western tax fairness ideas have a positive impact on the individual taxpayers' voluntary tax payment behavior in the study states. On the basis of Western tax fairness ideology, the control of corruption has influenced individual voluntary taxation (Augustine; Enyi, 2020, p. 84). Economic fairness refers to the equal opportunities and resources for everyone in the economic field, unaffected by factors, such as race, gender, class, etc. Economic factors can regulate the relationship between fairness and internal attribution of social inequality. Specifically, the lower the economic level, the greater the positive predictive effect of fairness on internal attribution of social inequality. Tax fairness is an important component of economic fairness (Zhang; Liu, 2019, p. 159). From the perspectives of economics and law, Western tax fairness ideas have achieved further development, but most studies have not conducted in-depth analysis and research on their development and evolution based on practical issues.

In order to alleviate the contradictions and problems in the current tax system, and promote the improvement of resource allocation efficiency and the effective realization of income distribution fairness, this paper takes historical analysis as the methodology, studies the historical development of Western tax systems and understands the evolution process of tax fairness ideas. The in-depth research on the development context and logic of Western tax fairness ideas is conducted, and the understanding and practice of tax fairness, in different periods, are explored. The first chapter of this paper is a study of Western tax fairness ideas, mainly describing the overview of tax fairness ideas, the evolution of tax fairness ideas in different historical periods and the development of ideas. The second chapter mainly analyzes the practical application and guiding value of Western tax fairness ideology from two aspects: practical application and ideological inspiration. The third chapter explores the main conclusions of this paper. This paper analyzes the changes in Western tax fairness ideology from the perspective of its tax system reform and tax principles, and, based on the theory of tax fairness, combined with the current social development situation, this article elaborates on the practical application and inspiration of Western tax fairness ideas. Studying the development and evolution of Western tax fairness ideas, and taking them as a reference, can promote the healthy development and improvement of the tax system.

## **1 EVALUATION ON WESTERN TAX FAIRNESS THOUGHT**

### **1.1 OVERVIEW OF IDEAS**

Taxation is an important economic and political means, with its management body representing both the country's public organs and an important manifestation of social public interests (Gamze, 2019, p. 107). In different historical periods, there are significant

differences in the concept of fairness in taxation, which aims to solve the problem of reasonable distribution of tax burden among society's all members (Ahmad; Abdul-Jabbar, 2019, p. 1). Therefore, the implementation of taxation must follow the country's overall policies and adopt appropriate methods to collect national wealth. Tax fairness is of great significance for the development of modern economy and society's. Firstly, it helps to ensure that the government has sufficient financial resources to provide public services and infrastructure. Secondly, tax fairness can promote social justice and reduce the wealth gap. Finally, tax fairness can also enhance the government's transparency and trust, thereby enhancing its legitimacy.

According to different development environments and cultural backgrounds, countries have different understandings and interpretations of the concept of tax fairness. Some countries in Latin America are facing challenges of wealth inequality and social inequality. Some countries have adopted so-called "red tax" policies, which aim to achieve greater social redistribution by increasing the tax burden on the wealthy and large enterprises. Some countries in East Asia, such as Japan and South Korea, emphasize family and traditional values in their tax policies. Their tax system usually includes considerations for family and marital status to achieve family stability and social harmony. Compared with the countries' tax fairness ideas in Latin America and East Asia, the Western tax fairness ideas have a longer development history and rich connotations.

The Western concept of tax fairness mainly includes two aspects: firstly, it believes that the essence of taxation is a distribution relationship, so the government can consciously use taxation as a tool for income redistribution to adjust the level of income distribution among the public, thereby achieving the development goal of social fairness; the second is the fairness of tax payment itself or the level of tax burden, which is generally referred to as the "principle of tax fairness".

#### (1) Allocation relationship

The Western concept of tax fairness limits the economic function of finance to resource allocation, income distribution and economic stability (Basheer; Ahmad; Hassan, 2019, p. 53). Among them, the main purpose of finance, as a distribution of income, is to regulate the public's personal income and distribute the country's wealth, so as to achieve "fairness" and "justice" in society. The revenue distribution function of finance is unified with the principle of fairness in social and economic interests. In capitalist economies, the allocation of resources depends on individual consumption decisions, but consumption also depends on income. Therefore, income distribution is the main determining factor of "[...] services based on the output of goods and services" (Jenkins, 2022, p. 151). Because the level of economic welfare is determined by the total utility obtained from consumption, it also depends on the current income distribution. Among other distribution levels, the income distribution level is at the center. Whether a country's social welfare level can reach a higher

level depends not only on the effectiveness of its resource allocation, but also on the fairness of its income distribution.

## (2) Tax fairness principle

According to the definition of tax fairness in Western tax academia, the principle of tax fairness refers to the balance of taxpayers' negative tax burden, which means that the tax borne by taxpayers should match their own labor income obtained in social production. According to the specific embodiment of the principle of tax fairness, its fairness can be further divided into two categories: horizontal fairness and vertical one. Horizontal fairness refers to the consistency of the amount of taxes that taxpayers should pay when their labor income, through social production, is consistent (Lind, 2021, p. 1). That is to say, the tax system should treat people with the same conditions equally. If this tax system does not cause differences in economic capacity among taxpayers, then this tax system is considered fair. However, in practical operation, due to the inability to accurately assess the taxpayers' economic capacity and to treat them equally, it is more difficult to determine horizontal fairness. Vertical fairness refers to the need for certain differences in the payable taxes set for groups with different income levels. Its specific requirements are mainly reflected in three levels: firstly, it is necessary to judge the differences in hardware tax amounts, based on the principle of tax fairness; secondly, it is necessary to define the specific tax basis, standards and objective basis; finally, it is necessary to determine the differences in tax payment by taxpayers, which is to establish effective tax rates.

Although both horizontal and vertical tax fairness play a crucial role in tax system design, horizontal fairness is the logical starting point and premise of vertical fairness. However, more importantly, vertical fairness is a further extension of horizontal fairness. Only by achieving vertical fairness in taxation, one can truly guarantee the realization of horizontal fairness.

## **1.2 EVOLUTION OF TAX FAIRNESS THOUGHT**

In terms of how to determine the taxpayers' reasonable burden on the country, the evolution logic of Western tax fairness ideas is carried out from two different theoretical levels: the "benefit principle" and the "tax capacity principle". Among them, the benefit principle has a longer history, so this article focuses on analyzing the evolution of tax fairness ideas from the benefit principle.

In the history of Western tax development, the issue of tax fairness has undoubtedly been fully considered for a long time in the past. A widely accepted belief is that society is like an organism, and those at the lower level are the second most important organs in the social organization, and they are inherently obligated to pay taxes. The concept of this hierarchical

system was not questioned until the Renaissance and, ultimately, suffered a heavy blow in the late 17th century. During this period, the final establishment of the British constitutional monarchy allowed a new philosophy, based on natural law and social contract theory, to be promoted and developed worldwide. This concept holds that, in a voluntary group composed of complete contracts, everyone is equal, and government rule is also achieved when both parties benefit. In the theory of national contracts, the price paid by the government to protect the individuals' interests is taxation; correspondingly, individuals are protected by the state, and the taxes paid are the price they pay. In other words, the choice of taxation is not entirely determined by the monarch's personal abilities and preferences, but rather by the benefits that individuals receive from state expenditures. This viewpoint is considered the earliest expression of tax fairness, and later generations also refer to it as the "benefit principle". This concept has been proposed for more than ten years and has been supported by many philosophers and economists, producing a wide and profound impact.

From its basic idea, the benefit principle requires that the tax burden, borne by each taxpayer, should be consistent with the benefits they enjoy in the public goods provided by the state. So those who enjoy more benefits, bear more taxes, while those who enjoy lower profits, bear less taxation. This principle can better explain the allocation of government public goods costs, but it cannot provide a reasonable explanation for the redistribution of income.

The initial benefit principle is proposed by contract theorists based on the current social development situation. Contract theorists view taxation as the cost for a society's member to obtain government protection, meaning that the amount of taxation depends on the individual's benefits from government expenditures.

In the process of establishing classical economics, the contract theorists' views are replaced by the "principle of maximum happiness". People have made different evaluations of the early principles of tax benefits. Some scholars believe that tax should be determined based on income level, while others believe that tax should be determined based on consumption level.

Until 1848, utilitarians proposed that the principle of benefit had three significant drawbacks: one is the issue of measurement; the second is the issue of comparison among people; the third is the neglect of the initial fair distribution. Utilitarians believe that public goods are non-exclusive, and public interests are directed towards the general public collective, which can easily lead to the public obtaining benefits without paying corresponding costs. Therefore, the principle of benefit is difficult to become a universally applicable fairness criterion. Meanwhile, due to the inherent attributes of public goods, such as social welfare, the benefits that the public can obtain, in this process, are difficult to measure. If taxation is based on the principle of benefit, the poor and disabled would become the biggest beneficiaries, but

it is clearly not feasible to impose heavy taxes on these groups as a result. Influenced by the perspective of utility theory, the principle of benefit gradually lost its dominant position in the development of the tax system.

Under the influence of the Austrian Italian School, the principle of benefit was revived and developed in the 1880s. The Austrian school of thought believes that the benefits, generated by public expenditure, should be regarded as marginal utility, and marginal utility should be seen as a form of appreciation, while taxation becomes an associated expense. Because taxation provides funding for government expenditure, it reflects the cost of government expenditure, and the marginal utility, generated by government expenditure, represents benefits. Unlike private goods in the market, public ones, provided by the government, have a co-consumption nature, so the collective consumption of public goods, by the public, is consistent. However, everyone's perception of public service consumption is different, so the marginal utility obtained by everyone, when consuming public goods, is also different. They need to bear different amounts of taxes for public goods based on the degree of marginal utility, which is consistent with the principle of benefits.

In the 1960s, scholars from the public choice school proposed a new tax system design, based on the principle of benefit. It theoretically analyzed the income and price elasticity of public goods demand, and pointed out that the tax structure is determined by the ratio of income to price. For example, when the income elasticity of demand for public goods is greater than the price elasticity, the increase of income would lead to the increase of public demand for the same amount of public goods, and the decrease of the value of the same amount of public goods would lead to the decrease of public income. According to the benefit principle, higher taxes need to be paid, which is the so-called progressive tax. On the contrary, progressive or proportional taxation should be implemented.

The disadvantage of the benefit principle is that, when taxation is considered based on individual marginal utility assessments, individuals often underestimate their true benefits and cannot cope with the public's strategic behavior, which enjoys benefits without paying any costs (Pogge; Mehta, 2016). Another obvious drawback is that the benefit principle overlooks the government's purpose of redistributing income, often focusing more on fair sharing of the cost of public goods (the taxable portion). From this perspective, in order to achieve the goal of government redistribution, a more comprehensive principle of tax fairness, namely the principle of tax capacity, must be introduced.

The principle of tax-paying capacity essentially requires the state to not only comply with the taxpayers' tax-paying capacity, but also better explain the issue of income redistribution. In practical operation, the application of the principle of ability is more universal, while the application of the principle of benefit is more limited to specific situations and objects.



The utilitarianism scholars, who initially put forward the principle of tax-paying ability, were skeptical of the principle of benefit, and they pioneered the analytical method of “equal sacrifice”. Utilitarianism advocates that, when all people make contributions to public utilities, taxes should be collected uniformly, that is, taxes should be fairly distributed to everyone, so that everyone can make an equal amount of sacrifice. The idea of equal sacrifice is analyzed, based on the amount of utility or marginal utility, sacrificed by each individual, in the process of tax collection.

Due to the difficulty in accurately measuring the sacrificial or marginal utility in the principle of tax capacity, an auxiliary judgment basis is needed in the actual tax collection process (Scheve; Stasavage, 2016). The objective ability standard is one of the most representative criteria. In the objective ability standard, the ability principle includes two contents: one is to measure tax-paying ability based on consumption, and the other is to measure tax-paying ability based on production, that is, the ability to enjoy the fruits of labor. From the current economic development situation, taking the taxpayers’ income, as the objective basis for government taxation, would not have a negative impact on the quality of taxpayers’ daily life, nor it would conflict with business capital (Deng, 2018, p. 19). Moreover, income tax is directly levied on taxpayers and has nothing to do with economic transactions. Therefore, it can best reflect the public’s true tax-paying ability and minimize the adverse impact on economic development.

With the development of optimal tax theory in the 1970s, the principle of tax capacity was further improved (Marc; Maniquet, 2018, p. 1029). The goal of optimal tax theory research is to find a balance between fairness and efficiency, that is, to maximize wealth redistribution while minimizing efficiency losses. The optimal tax theory aggregates the individual’s utility with different weights, forming a function of social welfare, and takes the individual’s labor supply status (work effort) as the research object. This method of evaluating tax-paying ability achieves a “people-oriented” approach and believes that taxpayers’ tax-paying ability has differences. The level of tax-paying ability would affect the marginal utility of individual consumption and leisure.

Overall, the evolution logic of Western tax fairness ideas is based on the principles of benefit and tax capacity, gradually combined with economic efficiency and social justice to achieve fair distribution and maximize social welfare.

### 1.3 DEVELOPMENT OF TAX FAIRNESS THOUGHT

The 17th century was the period of origin for the development of the idea of tax fairness. The rise of capitalist production methods, in Britain, made the heavy and inclusive tax systems of the Middle Ages no longer suitable for the development of its existing economy

(Alena; Pulikova, 2018, p. 133). Therefore, some scholars have attempted to reform it to meet the needs of the capitalist economic development mode. The idea of tax fairness was not further developed until modern times. In modern times, Western countries generally believe that tax fairness is one of the fundamental principles of the tax system, which means that everyone should contribute corresponding taxes based on their abilities and income. In the mid to late 1980s, under the influence of supply-oriented tax policies, Western developed countries, represented by the United States, Britain and France, successively made significant adjustments to their tax policies with the main theme of “[...] reducing tax rates, broadening tax bases, and reducing tax incentives” (Stefanie, 2021, p. 2309). This is not only an important change in the concept of tax fairness, but also an important adjustment in the Western tax system over half-century. From this, one can see the trend of the development of modern Western tax fairness ideas. Since then, although developed Western countries have undergone multiple changes in their tax systems, they have essentially improved and adjusted the current tax system.

Tax fairness and efficiency have always been a pair of challenges in various countries’ tax field. In a harmonious society, the choice of tax fairness system should consider both “sacrificing fairness at the cost” and “sacrificing efficiency at the cost”. For most of the century from the mid-20th to the late 20th century, governments around the world have focused on solving social income distribution conflicts through taxation (Galle, 2008, p. 1323). Therefore, there is often a tendency to emphasize the former while ignoring the latter when interpreting the relationship between fairness and efficiency in taxation. However, the major tax system reforms, since the 1980s, have broken past conventions, and many countries have shown a tendency to sacrifice fairness in tax system reforms.

Since the 1990s, the world economy has gradually returned to a normal development track, and the process of economic globalization has also been accelerating (Despotopoulou, 2011, p. 90). At this time, the Western countries’ tax systems were still, basically, a deepening of the tax systems of the 1980s, mainly manifested in the close connection between tax reform and economic development. Until the 21st century, against the backdrop of declining economic growth rates and other issues in developed Western countries, developed countries, represented by the United States, successively introduced longer-lasting large-scale tax reduction plans, which once again shifted tax policies towards an emphasis on efficiency.

The ways in which Western countries promote the development of tax fairness include reforming tax systems, strengthening tax management and supervision, and strengthening tax publicity and education. In addition, Western countries are actively promoting international tax cooperation to curb tax evasion by multinational corporations and individuals. Overall, the development of tax fairness ideology is an important contribution from Western countries in building a fair, harmonious and stable modern economic society. The major

developed countries' tax fairness ideology in the West has the following manifestations in the current tax system reform: in the 1980s, the government shifted from pursuing tax fairness to emphasizing efficiency; in the 1990s, governments, around the world, corrected their one-sided pursuit of efficiency in the 1980s and placed greater emphasis on fairness in taxation; since the 21st century, in order to promote economic development, countries have begun to focus on improving tax efficiency in tax reform. Overall, its development can be summarized in two aspects:

One is to shift from emphasizing fairness to emphasizing efficiency. Since the 1980s, Western countries have gradually implemented proportional tax systems. Under the new world order, the West experienced exponential growth in the 1980s and 1990s. This has led to a surge in wealth. Therefore, it is logical to focus on fairness and the distribution of wealth to the society's lower classes through the tax system. However, this situation cannot be replicated in the developing world, as the natural demands of the family system make it difficult for the first generation of wealth creators to adapt to the concept of fair distribution. In addition to integrating and lowering tax rates, many countries have also increased the tax threshold and actual deductions, and cancelled some preferential policies, such as tax credits and reductions, resulting in a decline in the status of personal income tax. These policies reflect the Western countries' goal pursuing tax efficiency at the expense of fairness.

The second is to shift from emphasizing vertical fairness to horizontal one in the implementation of tax fairness ideology. Its main manifestation is that, compared to high-income groups, the range of tax reduction and exemption for middle and low-income groups is relatively small. The new tax law has reduced a series of benefits, most of which are used to care for low-income groups. For example, the United States has reduced the scope of tax exemptions for individual retirement income. It has reduced tax exemptions for retirees and other retirees too. It has gradually transitioned from a multi-level progressive tax system to a proportional tax system.

## **2 APPLICATION AND ENLIGHTENMENT OF WESTERN TAX FAIRNESS THOUGHT**

### **2.1 REAL APPLICATION**

The idea of Western tax fairness has not only been deeply studied in Western tax theory. But it has been well reflected in the modern Western countries' tax systems too. Its application is mainly reflected in five aspects:

#### (1) Implementing a progressive personal income tax system

A progressive personal income tax system can not only make social income distribution fairer, but also be consistent with vertical fairness. Of course, in the progressive tax

rate structure, the level of tax rate and the size of marginal tax rate would vary depending on the country's economic situation at different stages of development and the policy objectives formulated by the government.

(2) Implementing scientific and standardized tax expenditures

Scientific and standardized tax expenditures have a certain effect on improving the low-income groups' income. Under the influence of the idea of tax fairness, many governments in countries have introduced special provisions, such as non-taxation, tax credits, etc., to reduce the tax burden on low-income groups and thereby increase their actual income.

(3) Collection of inheritance tax and gift tax

The collection of inheritance tax and gift tax is a strategy to alleviate the excessive concentration of wealth under the Western tax fairness idea (Marcus, 2018, p. 45). Its main function is to impose a certain degree of restriction on inheritance rights to avoid the accumulation of large amounts of property by a few individuals, thus affecting social justice. Levying inheritance and gift taxes is a constraint on property accumulation by the state, which is conducive to promoting fair distribution of wealth. The collection of inheritance tax and gift tax in Western countries is often not considered from an economic perspective, but from a social perspective.

(4) Social insurance tax

In the implementation of the social security system, social insurance tax is an important financial resource. For its part, the social security tax is regressive, and it benefits high-income earners (Manea, 2016, p. 40). It is unfavorable for low-income individuals, it does not comply with the principle of ability, and it is not a good means of fair income distribution. However, in the formulation of the tax system, it is not only necessary to focus on the distribution effect of social insurance tax itself, but also to combine it with the social security system and conduct a comprehensive examination of it. The social security system remains a means of promoting equitable income distribution as long as it redistributes tax proceeds to those in need.

(5) A sound tax administrative system

A sound tax administrative system can effectively prevent tax evasion and improve the fairness of taxation. Stealing or evading taxes not only brings many negative impacts to the national economic development, but also has a negative impact on the distribution of social wealth. If taxpayers engage in tax evasion, the tax they should pay would become their private property, which would prevent their income from being redistributed, resulting in insufficient national income. However, a portion of the tax would still be borne by those who have not engaged in tax evasion, which is also unfair. The existence of tax evasion also

conflicts with horizontal fairness or general tax principles. Under the influence of Western tax fairness ideas, various countries' tax administration systems have been effectively improved, while also promoting the development of fair tax distribution.

## 2.2 IDEOLOGICAL ENLIGHTENMENT

From the development context and evolutionary logic of Western tax fairness ideas, it can be seen that tax fairness ideas, at different historical stages, are closely related to their social environment, economic system and development goals. Currently, based on Western tax fairness ideas, to construct a tax system that is suitable for social development, two aspects can be taken into consideration:

### (1) Revealing the idea of tax fairness in taxation

The objectivity theory of the principle of ability provides a detailed explanation of the calculation method of tax payment based on ability. To achieve the policy goals of tax regulation and fair tax burden, it is necessary to improve and deepen the existing tax collection system, and establish a tax system that focuses on income distribution. The income tax system is reformed; the sub item income tax is changed to the comprehensive income tax; the income calculation and additional deduction are improved; the collection and management of income tax are strengthened; the real estate tax system is further improved; the inheritance tax is levied at an appropriate time. Western countries have achieved large-scale social redistribution through direct taxation, which is carried out in the context of highly developed economies and social wealth. In terms of actual development, the objective foundation, in many regions, is not yet solid enough. In a world devastated by the COVID-19 epidemic and the war, businesses around the world are suffering, which leads to slow economic progress, resulting in reduced taxes, increased inflation and an increase in the poverty line. By redistributing social wealth through the tax system, more public services and social welfare can be provided to meet the vulnerable groups' basic needs. The government can provide more funds to support innovation and technological development, and promote social progress and development. This helps to enhance the country's competitiveness, ensure that everyone can enjoy fair opportunities and benefits, and promote social equality, harmony and sustainable economic development. In the field of taxation, taxing personal income and property is a Westernized approach. The impact of direct taxation on social distribution fairness, in the short term, is relatively limited. Therefore, from the current reality, some indirect taxes can be used to assist direct taxes to solve the social distribution problem. It is necessary to strengthen tax supervision, crack down on tax evasion and avoidance, and ensure that all taxpayers pay their taxes in accordance with legal requirements. This can be achieved by strengthening the capacity and resources of tax collection and management institutions and adopting stronger measures.

## (2) Revealing the idea of tax fairness in tax use

The benefit principle of Western tax fairness thinking asserts that the contribution, made by individuals to the state, can only be justified for all if it is combined with the benefits generated by the public expenditures, supported by that contribution. The Austrian Italian School believes that, combining fiscal budget and expenditure, is the only way to measure the rationality of funds flowing from the private sector to the government. Therefore, there is an urgent need to construct a mechanism to supervise the fairness of tax use in the current tax system, which specifically includes supervision of the preparation, review, decision-making and implementation of fiscal expenditure budgets, in order to ensure the unity of fairness and efficiency in tax use. In addition, another characteristic of the current phenomenon of unfair income distribution is the easy acquisition of huge amounts of income through methods, such as “illegal profit” and “tax evasion” (Wen-Chin; Chang, 2019, p. 1475). The former can be addressed through political system reform and legal improvement. To solve the problem of tax evasion, it is necessary to improve income distribution by increasing taxes. Considering this, in the future tax field, it is necessary to build a set of income tax collection and management system, based on modern technological means, with a tax declaration system as the main content, so that income tax can truly play its role in income redistribution. This is also a very important aspect of alleviating the phenomenon of unfair income distribution under the guidance of tax fairness ideology.

## CONCLUSIONS

The essence of any economic activity is to meet human needs, that is, to improve the society's economic benefits. Taxation should pay attention to both its impact on resource allocation efficiency and its impact on income distribution fairness. Currently, the deficiencies and problems, in the practical application of the tax system, are gradually emerging. In order to improve this situation, this paper would study its development and evolution logic, based on the Western tax fairness idea, and analyze and summarize its application in reality and the inspiration for the current tax system. The development of Western tax fairness ideology focuses on the principles of benefit and tax capacity. Over time, the Western countries' tax systems have gradually shifted from emphasizing fairness to emphasizing efficiency, and the implementation of their tax fairness ideology has also gradually shifted from emphasizing vertical fairness to horizontal one. It is important to analyze the development and evolution logic of Western tax fairness ideas, and to improve and reform the real tax system, based on their ideas, to promote the fairness of income distribution. However, in the research process, there are also some shortcomings in this article. The idea of Western tax fairness originated in the 17th century, but the time series span of the development context analysis, in this article, is not large enough, and this still needs improvement. In future research, the development

and evolution of Western tax fairness ideas would be analyzed from more perspectives to promote the scientific development of the tax system.

According to Western tax fairness ideas, the problems that modern tax systems need to solve, in the future, mainly include three aspects: firstly, transparency and openness: Western tax fairness ideas emphasize that tax systems should have transparency and openness to ensure taxpayers' understanding and participation in tax policies. The future tax system needs to pay more attention to public participation and information transparency, and increase taxpayers' trust and satisfaction with the tax system by publicly disclosing tax data and policy interpretations. Secondly, tax evasion and avoidance issues: tax evasion and avoidance are a global issue that has a negative impact on tax fairness. The future tax system requires stricter regulation and cooperation mechanisms. Thirdly, social equity and wealth gap: the tax system should help narrow the social wealth gap and ensure social fairness and equality. The future tax system needs to pay more attention to imposing higher tax rates on high-income individuals and wealthy families to reduce the wealth gap.

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