

Taxing Taxes: How to Tax Capital and Labor in CEE?

Taxes. We all pay them in one way or another – this has already been made perfectly clear. Therefore, it is not so much about whether or not to pay them (which is not a real question after all, is it? Paying taxes is the only responsible thing to do), but rather it is about how many of them we are subject to, and how complicated the tax system is in general for each and every taxpayer. After all, as George Lakoff once said, “[t]axation is what you pay to live in a civilized society – what you pay to have democracy and opportunity.” And is it not precisely what we are doing?

Paying taxes does not need to (and should not!) be *taxing*. Quite the contrary – it must be clear, straightforward, effortless, and taxpayer-friendly. What every taxation system needs is thus sensible policymakers who would look at the state expenditures and instead of introducing new taxes every time budget is in need of a cash inflow, would take a step back and think of the ways of improving the existing system and tax collection mechanisms. There is always something to be done in this regard, and excessive taxation is never a good idea – or, as is attributed to Tiberius, *boni pastoris est tondere pecus non deglubere*¹.

At the same time, we must be aware that some tax cuts are purely populist measures that simply cannot be sustainable over a longer period of time. Whenever we bear witness to such steps being undertaken, we shall remain cautious, as they typically bring consequences that most of the taxpayers end up paying for anyway. One thing is certain: taxation is a complex issue that must be approached with simplicity. Only a balanced tax system can help achieve the ultimate goal: a “self-sufficient” state working for unencumbered taxpayers.

In the 12th issue of *4liberty.eu Review* we take up the phenomenon of taxation from various perspectives around the CEE region. Our primary focus is the taxation of labor and capital – from the cases of Poland and the Czech Republic, to Ukraine, Bulgaria, and Bosnia and Herzegovina. We do, however, tackle also related phenomena – by showcasing, for example, the Slovakian take on carbon taxes. All this has been done in a bid to familiarize the Reader with an overview of various existing approaches, and propose recommendations on how to make all tax systems better. Because, to paraphrase Adam Smith’s words, “easy taxes” are one of the pre-requisites for a successful state. And who would not want our countries to be just that?

Enjoy your reading,

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¹ In Latin, “a good shepherd should shear, not flay, his flock”.