

CAN PROGRESSIVE TAXATION CONTRIBUTE TO HUMAN DEVELOPMENT?

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Abstract

This paper aims to understand and quantify the impact of taxation on the Human Development Index. The countries considered for this research are members of the European Union and the period overviewed is 2011-2019. According to the computation of the data relevant to this research, progressively taxed countries have a higher Human Development Index than the ones that practice a flat tax system. Subsequently, the income tax as a share of GDP is also at a much higher rate in progressively taxed countries than in flat-taxed countries. Additionally, countries in the European Union that have a progressive taxed system also collect more taxes as a share of GDP than the countries that have a flat tax system. Ultimately, this paper aims to reinforce the need for the European Union's member states that do not have a progressive taxed system to transition to one in order to have a fairer tax system that leads to a higher value of the Human Development Index and higher governmental revenues.

Keywords

taxation, flat tax, progressive tax, Human Development Index, income tax

JEL Classification

C23, H2, O15.

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