

Tax justice positive 2: Progressive taxation

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Tax justice means being in favour of progressive taxation. This requires that:

- a. Income taxes should have progressive rates;
- b. Value Added Taxes must operate with exemptions to protect the least well off in any society;
- c. Social security contributions must not be capped;
- d. Capital gains taxes are part of all tax regimes, and do not offer significant tax incentives when compared to income taxes;
- e. Wealth or inheritance taxes are in operation;
- f. Tariffs and trade taxes are used when needed to protect fledgling industry, natural resource exploitation or when they are cost effective alternatives to charges on the poorest members of a society, as is often the case.

Being in favour of progressive taxation means that we are opposed to regressive taxation. Regressive taxation includes:

- a. Flat taxes;
- b. Income taxes with capped liabilities;
- c. VAT without exemptions;
- d. National insurance regimes that cap contributions;
- e. Low rate capital gains tax regimes;
- f. the absence of wealth related taxation;
- g. Substantial allowances and reliefs available only to the well-off meaning that they pay lower than average real rates of taxation;
- h. Benefit systems that create high effective marginal rates of taxation.