

PRINCIPLES AND METHODS OF TAXATION

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Principles and Methods of Taxation by G. Armitage-Smith

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G. ARMITAGE-SMITH

**PRINCIPLES AND
METHODS
OF TAXATION**

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PRINCIPLES AND METHODS OF TAXATION

By G. ARMITAGE-SMITH, M.A.

PRINCIPAL OF THE BIRKBECK COLLEGE

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PREFACE

THE object of this work is to present in a concise and simple form an account of the British system of taxation and the principles on which it is based, together with some of the leading historical facts in its evolution. Taxation is a complex subject, and one on which there is no perfect consensus of opinion. The present aim, however, and the condensation imposed by limits of space, preclude minute discussions on controversial points, so that, for the most part, broad principles and general tendencies alone are stated.

It is hoped, however, that the outline here offered will serve a useful purpose; it may meet the wants of many citizens, with limited leisure, who would not be tempted to make a study of taxation in systematic works on economics, and who yet desire some theoretic knowledge of a subject which touches them so closely. Possibly some of these readers may be induced to pursue the investigation in the more

extensive and erudite treatises of Bastable, Dowell, Seligman, Nicholson, and other modern writers on taxation, as also in the classic works of Adam Smith, Ricardo, and Mill, to all of which I have to express my indebtedness. I am under special obligation to my friend Mr H. J. Tozer, M.A., who has read through all the proofs and has contributed many valuable suggestions.

G. A.-S.

LONDON, *February 1906.*

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PRINCIPLES AND METHODS OF TAXATION

CHAPTER I

THE GROUNDS AND NATURE OF PUBLIC EXPENDITURE

TAXES are a portion of private wealth, exacted from individuals by the State for the purpose of meeting the expenditure essential to carrying out the functions of government. Taxation in some form is an invariable attribute of an organised political society, and, under whatever name it exists, it becomes sooner or later the principal means of raising revenue for public purposes; it is thus the correlative to the services which government performs for the community. Acting under a natural impulse men organise themselves into political societies for common safety and to secure the advantages which arise from combination; only by such union is the development of human powers possible or progress in civilisation attainable. All organisation implies administration, and this involves expenditure which must be met by public income.

Economic separation of functions tends to increase with the complexity of society, and the more advanced the organisation, the more numerous become the duties