

'Toilet Tax' flushes out broader taxation issues

Written by Peter Christian

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The proposed sewage charge has been comprehensively exposed as unfair in its across-the-board application to all properties from a bedsit to a mansion or hotel. It raises a wider, very worrying point about profound and retrograde changes to the whole basis of taxation and public service provision. A similar switch is happening over waste disposal charges, with Government spending being reduced, and the shortfall being passed on to households through Local Authority rates. There is a modicum of proportionality in the banding of properties, but it is still riddled with inequity.

Consider property A with four wage earners, property B with two, and property C with a single pensioner, all in the same property band. Those in A will produce twice as much waste as those in B, and four times as much as the person in C. At the same time the person in C will have to pay proportionally twice as much as each person in B, and four times as much as those in property A... ..regardless of ability to pay.

It is technically correct to call the changes in Government funding respectively as a grant reduction re sewage, and a subsidy reduction re waste disposal, but both are best acknowledged as cuts in Government funding of essential front line services. The terminology used could be seen as a way of suggesting that the Government has been exercising generous discretion in the past by handing out grants and subsidies, but it is actually spending public monies as they should be spent, to provide us with the necessities. These two developments could set a very dangerous precedent for similar shifts of funding policy, particularly if services are corporatised or privatised and run at arms length. It's not too alarmist to imagine Government requiring rate payers to cough up blanket sums if they want to maintain other essentials, even transport, education or health care.

I am anything but an advocate of low taxation as an end in itself, quite the opposite. Equitable progressive taxation is the yardstick of a civilised society, as evidenced by how Government spends income on the public good. However the crucial terms are equitability, progressiveness, and due regard to ability to pay. These changes are the polar opposite, and must not be allowed to be steamrollered through, certainly not without full public debate and consultation. Mr Bell

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says for the IOM to survive we must remain a low tax jurisdiction. It would be more honest to say he wants a low income tax and corporation tax jurisdiction, but this must not be at the cost of levying annually increasing blunt instrument taxes based essentially on having a roof over your head.