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There can't be tax consensus without adequate consideration of the income inputs and a review of progressivity.

A foreign example: the Republic of Chile.

In times of severe economic hardship, of desperate events for some entrepreneurs, maybe the people's representatives should ask themselves whether it is necessary to review *ab imis fundamentis* the justice of the Italian tax system, to radically change the technique, instead of insisting with the tax burden (excise increase, new contributions, VAT rates increase, additional, etc.) and showing off the campaign against the "dodger-citizen".

The most logical way would be the public costs reduction; if the public costs decrease, also the request for public funds should proportionally decrease.

But today this way looks quite unlikely.

We should then, ask ourselves, if there actually is a better tax system, able to recreate the, now lost, citizens consensus to taxation.

A system that, by answering to the substantial justice criteria, could also be appropriate to relieve the "social tension".

The cardinal principle of the Italian Constitution in the tax matter is to be found in art. 53: who is stronger in terms of economic strength must contribute more to the public expenditure; the system is based on progressivity criteria. But nothing is said in the Constitutional Charter, nor in any other rule, about "how" to realize such progressivity.

Maybe the moment is come – in order to hope in the "sovereign-citizen's" consensus – *a)* to rethink how to achieve such progressivity more equitably, and *b)* to review the capacity thresholds.

To this purpose, a more appropriate distinction should be drawn between natural and legal persons, between people with the (only) ability to work, and people with both, work and capital abilities (enterprises)¹.

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¹ The doctrine observed (G. Falsitta, *Manuale di Diritto Tributario – Parte Speciale*, ottava edizione, Padova, 2012, p. 62) that "paradoxically progressivity has been relegated just to the field of working earned incomes (employment and self-employment incomes). And this is a completely unjustified choice in terms of ethics of the tax policy and of any reasonableness because of the well-known legal and constitutional parameters (labor protection, equality, ability to pay)". "Elementary needs of equalization – goes on Falsitta – require the

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The tax consensus goes through the sensitivity of the individual who – by evaluating his own personal sacrifice and the normal needs of the own personal and familiar life – accepts to concur to the public expenses.

The Italian tax legislation, by properly pondering on all the constitutionally protected interests, could easily justify a taxation which is closer to the working world.

It is not to be forgot that work and family are particularly guaranteed values in the Italian Constitution (art. 35 and art. 31). Even art. 1 declares that “Italy is a democratic Republic founded on work”; also art. 3, second paragraph, promotes “the effective participation of all workers to the political, economic and social organisation”.

* * *

It's the duty of the people's representatives to ask themselves if the tax burden is in conformity with the Constitution; if it's necessary to reduce the tax burden, by looking for the citizens consensus.

It is really hard to ensure the “full development of the human being” (enhanced by the second paragraph of art. 3 of the Italian Constituion), which certainly requires the possibility of disposing of adequate economic resources, without the citizen's consensus to the tax payment.

The consensus would realize less social tension, more and more spontaneous tax payment, the elimination of the need of creating the model of the “taxpayer-dodger”.

It's not, then, about “inventing” new tax systems, but about adapting the system to the reality, to the needs of the “sovereign-people” (to which the power belongs *ex art. 1 Cost.*).

If such willingness exists, the solution can easily come from examples of other, near or far, countries.

* * *

Very recently the Republic of Chile has presented a Tax Reform Bill that really seems willing to pursue a tax consensus based on an objective situation of different ability to pay between corporations and individuals.

The basic lines of the Reform are as follows:

1. the corporations income tax increases from 18,5 to 20%.
2. the marginal income tax rates will be 8, from 4,25% to 36%, but with the following instalments,

cancellation for any type of income subject to the Personal Income Tax. It is urgent to restore equal sampling for same amounts of incomes...Hyper taxation or tax punishment of working incomes is a completely illogical choice”.

(converted into Euros):

- until 10.044 Euros 0%;
- from 10.044 Euros until 22.320 Euros: 4,25%;
- from 22.320 Euros until 37.200 Euros: 8,75%;
- from 37.200 Euros until 52.092 Euros: 13,50%;
- from 52.092 Euros until 66.972 Euros: 22,50%;
- from 66.972 Euros until 89.304 Euros: 28,80%;
- from 89.304 Euros until 111.624 Euros: 33,30%;
- beyond 111.624 Euros: 36,00%².

And more: a reduction until the 50% on the children education expenses is recognised to middle class families.

Which are the consequences of such measures?

First of all, more tax consensus from every category of taxpayer, more confidence in the institutions; less social tension.

And the neo-President Piñera (first “right” president after several “left” governments) has declared that the major funds that will be obtained with the Reform will be used for the education.

Who is the Italian taxpayer who wouldn't be satisfied of a Personal Income Tax system similar to the Chilean one?

edited by

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² It should be kept in mind that the top marginal tax rate in Chile has not always been the 36%. In order to demonstrate how tax rates can vary down, it should be observed that the top marginal tax rate in 1995 was 48%; in 1996 it decreased to 45%; in 2003 it decreased to 43% and in 2004 to 40%.

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