

# THE INCOME TAX

A STUDY OF THE HISTORY, THEORY,  
AND PRACTICE OF

INCOME TAXATION  
AT HOME AND ABROAD

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THE MACMILLAN COMPANY  
NEW YORK · BOSTON · CHICAGO  
SAN FRANCISCO  
MACMILLAN & CO., LIMITED  
LONDON · BOMBAY · CALCUTTA  
MELBOURNE  
THE MACMILLAN CO. OF CANADA, Ltd.  
TORONTO

NEW YORK  
THE MACMILLAN COMPANY

1911

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been discussed above. In France it survived until the Revolution, and became the leading direct tax, being composed of two parts,—the *taille réelle*, levied on lands, and the *taille personnelle*, levied on individuals apart from their lands. The tax soon became honeycombed with abuses, whole classes of the population securing exemption from the burden, until it became a completely unequal and thoroughly arbitrary imposition upon the less well-to-do classes, resting upon considerations neither of property nor of income, but depending entirely upon the whim of the assessor.

At the close of the seventeenth century the fiscal situation of France had become so bad that increased revenue was imperatively necessary. France had by this time become a great industrial and commercial nation, and was far in advance not only of England, but of the adjoining countries. Accordingly, the government now thought that it would be possible to lay tribute upon these newer forms of wealth. After the elaboration of plans of tax reform in the shape of a general income tax by publicists like Vauban and Boisguilbert, the government decided to make the attempt. At first, however, it contented itself with introducing in 1697 a classified poll tax known as the *capitation*, or *capitation graduée*. This was a kind of class tax; that is to say, the tax was imposed upon individuals according to their social status, the rate for all members of the same class being identical. There were twenty-two classes, the tax ranging from one livre to two thousand livres. The capitation was suppressed in 1698, but re-established in 1701, and it was then gradually transformed into a tax on individual incomes, members of the same class now being rated differently. By 1705 the capitation, although still so called, had virtually become an income tax in three-fourths of the country, and lasted throughout the eighteenth century.<sup>1</sup>

Almost from the beginning, however, abuses disclosed themselves. In 1701, for instance, certain classes were permitted to compound for the tax, a practice known as *abonnement*.

<sup>1</sup> For a general history of the capitation, see especially Clamageran, *Histoire de l'impôt en France*, vol. iii, pp. 32-36 et seq. Paris, 1896.

*ment*.<sup>1</sup> In 1705 the capitation was in very large measure simply added to the *taille*,<sup>2</sup> just as in Massachusetts to-day the income tax is for the most part levied only on those who are already on the lists of the property tax. Then in 1708 began the period of exemptions, individuals as well as whole classes being freed from the tax, until before long all the shortcomings of the old *taille* reappeared in the capitation. Toward the end of the century, whenever the capitation was still levied separately, it was assessed practically on the presumptive income of the individual as measured by his house rent; and this part of the capitation was continued after the Revolution as a house-rentals tax. So far as it was levied at all on business incomes, it gave rise to the most enormous inequality and injustice.<sup>3</sup> The important point to remember, however, is that what was called in France the capitation or poll tax had become, according to the theory of the law at all events, an income tax.

With the comparative failure of the capitation as a fiscal device, the government resorted to other attempts to secure a revenue from incomes. Thus, in 1710, Louis XIV enacted the so-called *ditime*, or Tenth, which was supposed to be a tax of ten per cent on all incomes throughout the country. This tax, suppressed and re-enacted from time to time, was converted in 1749 into a five per cent tax, or Twentieth (*vingtième*); and this continued until the Revolution, being supplemented by a second Twentieth in 1756 and a third Twentieth from 1760 to 1763, and again from 1783 to 1786.<sup>4</sup>

<sup>1</sup> Clamageran, *op. cit.*, p. 89.

<sup>2</sup> Clamageran, *op. cit.*, p. 90.

<sup>3</sup> For the abuses connected with the capitation, see Clamageran, *op. cit.*, pp. 329 et seq.

<sup>4</sup> A detailed account of the Tenth and the Twentieth will be found in M. Hongues-Roucade, *Les Impôts sur le Revenu en France au XVIII<sup>e</sup> Siècle. Histoire de la Dixième et de la Vingtième, Leur Application dans la Généralité de Guyenne*. Paris, 1889. The *vingtièmes*, or Fifteenth, referred to in the title, was a two per cent tax imposed on the produce of land in 1725. This was, however, abolished in 1727. A recent popular article on the Tenth and Twentieth, as well as on the Capitation and the Taille, is that of Charles de Laseyrie, "L'impôt sur le Revenu sous l'Ancien Régime" in the *Revue des Deux Mondes*, April, 1910.