

Income taxes are annoying. It takes away a significant portion of a people's salaries received from hard work. However, although this might be true, some do not recognize the benefits they receive from it. Income taxes are collected to redistribute the wealth through establishing welfare programs, public healthcare systems, and developing overall infrastructure. And taxes, in general, are saved in a government's treasury, which is used to strengthen the country's military, pay the government officers, develop public transit systems, and much more public services and goods that no individuals will voluntarily pay for due to high cost. Thus, it is necessary to collect it from the citizens and for them to provide these benefits. Also, income taxes are collected progressively in the vast majority of the nations. This means that the rich pays out a higher percentage of their income than the poor, so the income gap between the rich and poor decreases while governments can maximize the tax revenue by extracting money from the wealthy population. When necessary, governments can declare to increase the collection of income tax to increase the tax revenue. During the alteration of the tax collection rate, governments must ensure that the burden of tax is more on the middle classes and the elites. As shown in the proposal table below for a trillion dollar tax revenue increase, the change of tax rate is greater in the middle class by 5% and 6%, and the elites by 7%, while relatively less for the population whose income is below \$35,000 with just 1% change, and just 4% for the people whose salary is in between \$75,000 to \$200,000. This is to effectively redistribute wealth, maintain wealth equity, and motivate more people to work by incentivizing them.

Previous Tax Rate when the total income tax revenue is at \$5.3 Trillion.

Income range	\$10,000-\$14,999	\$15,000-\$24,999	\$25,000-\$34,999	\$35,000-\$49,999	\$50,000-\$74,999	\$75,000-\$99,999	\$100,000-\$149,999	\$150,000-\$200,000	Over \$200,000
Tax Rate	10%	12%	12%	22%	22%	24%	24%	32%	35%
% of pop.	10%	10%	15%	15%	20%	20%	5%	3%	2%
# of pop.	35,000,000	35,000,000	52,000,000	52,500,000	70,000,000	70,000,000	17,500,000	10,500,000	7,000,000
Classification	Poverty-Level	Very Poor	Working Class	Lower Middle Class	Middle Class	Upper Middle Class	Upper Class	Very Upper Class	The Elite
	<u>The Poor</u>			<u>The Middle Class</u>			<u>The Rich</u>		
Total tax rev. by income range	\$43,750,000,000	\$84,000,000,000	\$187,200,000,000	\$462,000,000,000	\$962,500,000,000	\$1,461,600,000,000	\$525,000,000,000	\$588,000,000,000	\$980,000,000,000

After the increase of tax rate to match income tax revenue is at \$6.3 Trillion.

Income Range	\$10,000-\$14,999	\$15,000-\$24,999	\$25,000-\$34,999	\$35,000-\$49,999	\$50,000-\$74,999	\$75,000-\$99,999	\$100,000-\$149,999	\$150,000-\$200,000	Over \$200,000
%Δ of	1%	1%	1%	6%	6%	4%	4%	4%	7%

Increased tax rate									
New tax rate	11%	13%	13%	28%	28%	28%	28%	36%	42%
% of pop.	10%	10%	15%	15%	20%	20%	5%	3%	2%
# of pop.	35,000,000	35,000,000	52,000,000	52,500,000	70,000,000	70,000,000	17,500,000	10,500,000	7,000,000
Classification	Poverty-Level	Very Poor	Working Class	Lower Middle Class	Middle Class	Upper Middle Class	Upper Class	Very Upper Class	The Elite
	<u>The Poor</u>			<u>The Middle Class</u>			<u>The Rich</u>		
Total tax rev. by income range	\$48,125,000,000	\$91,000,000,000	\$218,400,000,000	\$567,000,000,000	\$1,225,000,000,000	\$1,705,200,000,000	\$612,500,000,000	\$661,500,000,000	\$1,176,000,000,000

When increasing the income tax rates to increase the tax revenue, governments must ensure not to increase the tax rate of anyone who is poor or situated as a “working class” more than anyone who has a higher income, in order to establish wealth equity. In the case of the United States, this refers to a population whose income is less than \$35,000 a year. People who earn below this income range have a greater willingness to not pay taxes, because they would be paying the bare minimum of the living expenses they can afford, or many even cannot pay for it. People who cannot pay for their expenses, in fact, should receive subsidies from the government. If the government were to ignore this and significantly increase the tax rate from the poor who are not able to even pay for themselves, it will cause protests that can weaken the power of the government.

Meanwhile, income tax must be collected more extensively from the “elites” than any other classes. Elites are people who earn more than \$200,000 a year, which are people who are not in grave danger from poverty unlike people who earn below \$35,000 a year. It is evident that they have surplus after they manage to pay for their needs, because the luxury goods, such as bags, clocks, gems, and many more goods that are not vital for a person’s living, are targeted towards these elite classes. This makes them less likely to be emotionally affected by the increase in tax rates, and population-wise, they only cover 2% of the total population, meaning that they cannot protest as big as anyone whose income is less. Thus, the government can extract as much money from the rich as possible and redistribute it to the poor to decrease the income gap, ensuring that everyone can meet at least the bare minimum of living. Also, collecting more taxes from these rich classes will significantly increase the tax revenue, despite they only cover 2% of the total population, which is the fewest out of all classes. If a percent of the income rate is altered per income class, the tax revenue will alter \$28,000,000,000 from the elites, \$21,000,000,000 from the lower middle class, and just \$7,000,000,000 from the poors. Here it shows how the elites can greatly contribute to the tax revenue compared to many other income groups.

In the midst of the government’s effort to distribute welfare, it is also important for them to provide more tax burden to the lower-middle class and the middle-income class, whose income is in the range of \$35,000~74,999, than the ones who are in the upper-middle

class or the upper class, whose income ranges at \$75,000~\$150,000. This is why the data table shows that the tax rate of all four income classes is 28%, compared to the previous policy where the tax rate ranged from 22% to 24%. The purpose of providing more burden on these lower-middle and middle class populations belonging in this income range is to incentivize the lower middle class and the middle class to work harder to move up to the higher class. This would maximize the potentials of the population in this income range, because many median salaries of professional jobs exist in this income range, such as teachers, nurses, chiropractor, dental assistant, and firefighters. In other words, the people in this income range are skilled enough to earn more money if they have the ambition to do so. On a larger scale, it can be anticipated that there will be an increase in labor productivity, which in a long run, would help the nations' economy to grow.

It is inevitable for a government to raise their income tax wages to increase their tax revenues for the nations' future. However, while doing so, the government must do it strategically by considering to effectively redistribute the wealth between the rich and the poor by increasing the tax rate the least to the poor and most to the elites, and to incentivize the middle-class people to work harder and aim for higher wages. This would prevent the nation from uprising, and help thrust the economic growth in the long-run.

