

day/date

# Is Taxation a Good Remedy Against Economic Crisis?

## I. Introduction:

Taxation cannot always be a good remedy against economic crisis. It can give results that are completely opposite of taxation's basic principles, that is, revenue generation and redistribution of wealth.

## II. Relation between Taxation and Economy

## III. Taxation is not a Good Remedy Against Economic Crisis

1. Higher taxation leads towards economic slowdown

- US Great Depression 1930

2. Taxation policies can result in political instability

- Zimbabwe in 2000's

3. Brain drain can be a phenomenon as a result of higher taxes

- UK in 1970

4. Higher taxation societies are more likely to have societal tensions

5. Snowballing taxation results in shifting of business

- UK in 1970

6. People will try to evade taxes

7. Taxation hinders mining of resources in developing countries

day/date

- Mining tax in Australia; \$16.7 billion  
in royalties

8. Erodes public trust upon state
9. Limited tax base due to informal economy
10. Reduced investment and economic inequality due to higher taxation

#### IV. Alternative Measures to be Adopted in case of Economic Crisis

1. Provision of tax incentives in growth oriented sectors
2. Collaborative Public-Private partnership to finance, design and implement projects
3. Accountability for tax evaders
4. Financial aid to struggling industries to increase development

#### V. Conclusion