

## A History of Taxation

Taxes are considered a problem by everyone. Not surprisingly, taxation problems date back to earliest recorded history.

Last Update April 7, 1999

### EGYPT

During the various reins of the Egyptian Pharaohs tax collectors were known as *scribes*. During one period the scribes imposed a tax on cooking oil. To insure that citizens were not avoiding the cooking oil tax scribes would audit households to insure that appropriate amounts of cooking oil were consumed and that citizens were not using leavings generated by other cooking processes as a substitute for the taxed oil.

### GREECE<sup>1</sup>

In times of war the Athenians imposed a tax referred to as *eisphora*. No one was exempt from the tax which was used to pay for special wartime expenditures. The Greeks are one of the few societies that were able to resend the tax once the emergency was over. When additional resources were gained by the war effort the resources were used to refund the tax.

Athenians imposed a monthly poll tax on foreigners, people who did not have both an Athenian Mother and Father, of one drachma for men and a half drachma for women. The tax was referred to as *metoikion*

### ROMAN EMPIRE

The earliest taxes in Rome were customs duties on imports and exports called *portoria*.<sup>1</sup>

Caesar Augustus was considered by many to be the most brilliant tax strategist of the Roman Empire. During his reign as "First Citizen" the publicani were virtually eliminated as tax collectors for the central government. During this period cities were given the responsibility for collecting taxes. Caesar Augustus instituted an inheritance tax to provide retirement funds for the military. The tax was 5 percent on all inheritances except gifts to children and spouses. The English and Dutch referred to the inheritance tax of Augustus in developing their own inheritance taxes.

During the time of Julius Caesar a 1 percent sales tax was imposed. During the time of Caesar Augustus the sales tax was 4 percent for slaves and 1 percent for everything else.<sup>1</sup>

Saint Matthew was a publican (tax collector) from Capernaum during Caesar Augustus reign. He was not of the old publicani but hired by the local government to collect taxes.

In 60 A.D. Boadicea, queen of East Anglia led a revolt that can be attributed to corrupt tax collectors in the British Isles. Her revolt allegedly killed all Roman soldiers within 100 miles; seized London; and it is said that over 80,000 people were killed during the revolt. The Queen was able to raise an army of 230,000. The revolt was crushed by Emperor Nero and resulted in the appointment of new administrators for the British Isles.<sup>1</sup>

## Tax World Visitor Contribution

### Historical Tax Terms:

- [Aids](#)
- [Danegeld](#)
- [Scutage](#)
- [Tallage](#)
- [Carucate](#)
- [Tax Farming](#)

### GREAT BRITAIN

The first tax assessed in England was during occupation by the Roman Empire.

#### Lady Godiva

Lady Godiva was an Anglo-Saxon woman who lived in England during the 11th century. According to legend, Lady Godiva's husband Leofric, Earl of Mercia, promised to reduce the high taxes he levied on the residents of Coventry when she agreed to ride naked through the streets of the town.

When Rome fell, the Saxon kings imposed taxes, referred to as *Danegeld*, on land and property. The kings also imposed substantial customs duties.

The 100 years War (the conflict between England and France) began in 1337 and ended in 1453. One of the key factors that renewed fighting in 1369 was the rebellion of the nobles of Aquitaine over the oppressive tax policies of Edward, The Black Prince.

Taxes during 14th century were very progressive; The 1377 Poll tax noted that the tax on the Duke of Lancaster was 520 times the tax on the common peasant.

Under the earliest taxing schemes an income tax was imposed on the wealthy, office holders, and the clergy. A tax on movable property was imposed on merchants. The poor paid little or no taxes.

Charles I was ultimately charged with treason and beheaded. However, his problems with Parliament came about because of a disagreement in 1629 about the rights of taxation afforded the King and the rights of taxation afforded the Parliament.

The King's Writ stated that individuals should be taxed according to status and means. Hence the idea of a progressive tax on those with the ability to pay was developed very early.

Other prominent taxes imposed during this period were taxes on land and various excise taxes. To pay for the army commanded by Oliver Cromwell, Parliament, in 1643, imposed excise taxes on essential commodities (grain, meat, etc.). The taxes imposed by Parliament extracted even more funds than taxes imposed by Charles I, especially from the poor. The excise tax was very regressive, increasing the tax on the poor so much that the Smithfield

riots occurred in 1647. The riots occurred because the new taxes lowered rural laborers ability to buy wheat to the point where a family of four would starve. In addition to the excise tax, the common lands used for hunting by the peasant class were enclosed and peasant hunting was banned (hooray for Robin Hood).

## COLONIAL AMERICA

Colonists were paying taxes under the Molasses Act which was modified in 1764 to include import duties on foreign molasses, sugar, wine and other commodities. The new act was known as the Sugar Act.

Because the Sugar Act did not raise substantial revenue amounts, the Stamp Act was added in 1765. The Stamp Act imposed a direct tax on all newspapers printed in the colonies and most commercial and legal documents.

## POST-REVOLUTION AMERICA

In 1794 Settlers west of the Alleghenies, in opposition to Alexander Hamilton's excise tax of 1791, started what is now known as the "Whiskey Rebellion" The excise tax was considered discriminatory and the settlers rioted against the tax collectors . President Washington eventually sent troops to quell the riots. Although two settlers were eventually convicted of treason, the President granted each a pardon.

In 1798 Congress enacted the Federal Property Tax to pay for the expansion of the Army and Navy in the event of possible war with France. In the same year, John Fries began what is referred to as the "[Fries Rebellion](#)," in opposition to the new tax. No one was injured or killed in the insurrection and Fries was arrested for treason but eventually pardoned by President Adams in 1800. Surprisingly, Fries was the leader of a militia unit called out to suppress the "[Whiskey Rebellion](#)."<sup>2</sup>

The first income tax suggested in the United States was during the War of 1812. The tax was based on the British Tax Act of 1798 and applied progressive rates to income. The rates were .08% on income above £60 and 10 percent on income above £200. The tax was developed in 1814 but was never imposed because the treaty of Ghent was signed in 1815 ending hostilities and the need for additional revenue.

The Tax Act of 1861 proposed that "there shall be levied, collected, and paid, upon annual income of every person residing in the U.S. whether derived from any kind of property, or from any professional trade, employment, or vocation carried on in the United States or elsewhere, or from any source whatever.

The 1861 Tax Act was passed but never put in force. Rates under the Act were 3% on income above \$800 and 5% on income of individuals living outside the U.S.

The Tax Act of 1862 was passed and signed by President Lincoln July 1 1862. The rates were 3% on income above \$600 and 5% on income above \$10,000. The rent or rental value of your home could be deducted from income in determining the tax liability. The Commissioner of Revenue stated "The people of this country have accepted it with cheerfulness, to meet a temporary exigency, and it has excited no serious complaint in its administration." This acceptance was primarily due to the need for revenue to finance the Civil War.

Although the people cheerfully accepted the tax, compliance was not high. Figures released after the Civil War indicated that 276,661 people actually filed tax returns in 1870 (the year of the highest returns filed) when the country's population was approximately 38 million.

The Tax Act of 1864 was passed to raise additional revenue to support the Civil War.

Senator Garret Davis, in discussing the guiding principle of taxation, stated "a recognition of the idea that taxes shall be paid according to the abilities of a person to pay."

Taxes rates for the Tax Act of 1864 were 5% for income between \$600 and \$5000; 7.5% for income between \$5001 and \$10,000; 10% on income above \$10,000. The deduction for rent or rental value was limited to \$200. A deduction for repairs was allowed.

With the end of the Civil War the public's accepted cheerfulness with regard to taxation waned. The Tax Act of 1864 was modified after the war. The rates were changed to a flat 5 percent with the exemption amount raised to \$1,000. Several attempts to make the tax permanent were tried but by 1869 " no businessman could pass the day without suffering from those burdens" [The Times](#). From 1870 to 1872 the rate was a flat 2.5 percent and the exemption amount was raised to \$2,000.

The tax was repealed in 1872 and in its place was installed significant tariff restrictions that served as the major revenue source for the United States until 1913. In 1913 the 16th Amendment was passed, which allowed Congress authority to tax the citizenry on income from whatever source derived.

It should be noted that the Tax Act of 1864 was challenged several times. The Supreme Court unanimously supported the tax. After the war the tax was declared unconstitutional by the same court because it represented direct taxation on the citizenry which was not allowed under the constitution.

## [A Little Texas History](#)

Here's a little Texas Tax History.

## [1930's](#)

During the 1930's federal individual income taxes were never more than 1.4 percent of GNP. Corporate taxes were never more than 1.6 percent of GNP. In 1990 those same taxes as a percent of GNP were 8.77 and 1.99 respectively.<sup>3</sup>

## [Social Security Tax Changes](#)

Here is some interesting information about the changes in the [FICA](#) taxes since 1937. Thanks to Harold Eyer for pointing out this site.

## [The Tax History Project](#)

This site is sponsored by the Tax Analysts group. The selections include "[The Price of Civilization](#)" which provides pictures and documents of tax policy during significant years of our history and "[Presidential Tax Returns](#)". A recommended site.

---

<sup>1</sup> Adams, Charles, 1993, For Good and Evil: The Impact of Taxes on the Course of Civilization, Madison

Books.

<sup>2</sup> Rehnquist, William H. 1992 Grand Inquests :The Historic Impeachments of Justice Samuel Chase and President Andrew Johnson. William Morrow & Company, Inc. New York, NY.

<sup>3</sup> Steuerle, C. Eugene The Tax Decade

[Director@taxworld.org](mailto:Director@taxworld.org)

## **AIDS:**

During feudal times Aids was a type of tax or due paid by a vassal to his lord. The amount of the Aids varied with the time and place, although in England the aids specified in the MAGNA CARTA (1215 a.d.) were paid only when the lord's eldest son was knighted or his eldest daughter married. Aids were also paid to ransom the lord from captivity. Aids were similar to SCUTAGE and TALLAGE. In France, aids continued as a royal tax until the French Revolution (1789).

[Return to Tax History Page](#)

# Danegeld

A medieval land tax originally raised to pay off raiding Danes and was later used to fund military expenditures. The tribute was first levied in England in 868 and again in 871. Under the leader Aethelred (978-1016) it became a regular tax until it was replaced during the reign of William the Conqueror. The tax rate was two shillings for every "hide" of land which was about 100-120 acres..

---

[Return to Tax History Page](#)

# Scutage

A feudal tax paid in place of serving in the army. The Magna Carta (1215) article 12 specifically states that no scutage or aid shall be imposed on the kingdom unless by common counsel (agreement). Exceptions include, ransom for the king knighting the king's eldest son and marrying the king's eldest daughter. In all cases the scutage or aid should be reasonable.

---

[Return to Tax History Page](#)

# Tallage

A tax much like "Aids". In Norman England it partly replaced "Danegeld." Kings and lords levied tallage on the towns within their lands, but there was resistance to the tax and tallage disappeared under Edward III about 1340. In France the upper classes were exempt from tallage, called the taille and the burden of it fell on the peasants.

---

[Return to Tax History Page](#)

# Carucate

A tax which replaced the *danegeld* in England. The *carucate* was collected on plowed ground only.

## TAX FARMING

*Tax farming* is the principle of assigning the responsibility for tax revenue collection to private citizens or groups. Tax farming occurred in Egypt, Rome, Great Britain, and Greece. The principle was considered very effective for tax revenue collection but suffered from a tendency of the tax-farmers to abuse the taxpayer for collection. Only when the system included checks and balances for the tax-farmer as well as the taxpayer did the system seem truly successful. The *publicani* of Rome were known as some of the most abusive tax-farmers. Tax farmers bid at auction for the contract rights to collect a particular tax and was held responsible for any loss. In Egypt taxes for collected very effectively without tax farmers until the Greek *Ptolemies* set up rule. Under the *Ptolemies* the tax-farmer watched over the taxpayer and the government tax collector to prevent the *scribes* from imposing lighter taxes on the poor and unfortunate.

[Return to History Page](#)