



The Tax

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Abstract

The traditional fiscal policy of the nation is multidimensional. The traditional tax rates are variable and the basis for calculating the tax on corporate profits is biased. The purpose of this article is to show that the optimal allocation of resources in the economy tax rate is constant and is equal to 20% and the basis for calculating the tax on corporate profits is the accounting profit before amortization decreased by the regulatory amortization of immobilizations, the dividend income, reversals of provisions and deferred losses and increased by endowments to provisions and that of the tax on personal income is their gross salary. It tells the truth that it is not tax other than the tax on corporate profits, the tax on personal income and the registration fee.

Keywords: Tax, Corporate profit, Personal income, Registration fee, Amortization of immobilizations, Programming in Turbo C 2.0.

Introduction

The tax is the money paid by the economy to the State so that it compensates its employees and finance the acquisition of heritage elements for the realization of socio-collective projects.

The traditional total tax collected by the State consists of several basic types of taxes in accordance with the nature of the taxpayer

and the fact generator of each of them and can be analyzed in terms of two categories: direct tax and indirect tax.

Direct taxes include the tax on corporate profits or corporation tax paid by corporations, the tax on income securities, the income tax of individuals retained by the employers on the gross salary of employees or paid by the owners of sole proprietorships, the registration fees paid by businesses and individuals and whose fact generator is the transfer of ownership of heritage properties designated by the State to the concerned taxpayers, taxes on vehicles, the rental tax,

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stamp duties disbursed by companies and individuals and which generator facts are the drawing up contracts and the issuance of invoices, the travel stamp duty paid by individuals and glued to their passports, customs duties and other taxes.

The tax on corporate profits is obtained by applying a regulatory rate variable in time and variable by the type of company or activity of a company to a tax base represented by the annual accounting profit plus reinstatements of charges and minus deductions of products in compliance with tax regulations.

The tax on income from securities is supported by the holders of these ones and represented by the product of a rate by it or by the sum of the products of progressive rates by slices by them.

The tax on employees income is calculated in accordance with a regulatory progressive rate by slice of income or fixed but not necessarily equal to 20% of their gross pay which I will argue that it is the optimal rate.

Vehicle taxes are paid to the State by their owners and are fixed amounts that are based on their power (cars), the maximum number of passengers (passenger vehicles) or the maximum number of tonnes transported (freight cars).

The rental fee is supported periodically by the owner of a building for the benefit of the municipality of his region and is the product of the value resulting from its revaluation, on the basis of the value per square meter

covered regulation, by an expert approved by this one by a prescribed rate.

Buyers and heirs of real property, to which refers the traditional regulation, must pay to the Recipe Finance and to the Conservation of Land a transfer duty represented by a certain rate times the purchase value or the value of reassessment by experts approved by the State of these goods. Similarly, companies are subject to rights of transfer of ownership of a certain percentage of the value of contributions in kind that are made to them by their owners in favor of the Conservation of Land.

Statutes of corporations must be traditionally subject to the registration to the Recipe of Finance and the payment to this one by the latters of a registration fee that can be a fixed amount.

The property rental by some companies are subject to the registration fee of a certain percentage of the rent for a prescribed period.

Customs duties are paid to the State by importers of goods from the regulatory list of these ones and are represented by the product of variable regulatory rates depending on these ones by their purchase value or of revaluation.

Companies are traditionally forced by the State to retain periodically on the gross salary of their employees, so that they can benefit of social benefits of health insurance and retreating pensions, an amount equal to a prescribed rate times this one plus the employer's share at a rate higher than this

one and to pay it to the State Social Insurance Organizations and an amount equal to a prescribed rate times this one and to supply with it State incentive funds of certain activities such as vocational training, competition, acquisition of housing etc..

The indirect tax is the value added tax (VAT) beared by the final consumer of products and for which each company pays it to its suppliers and then recovers it by charging it its customers; if deductible VAT at the end of a month is below the VAT collected, then the surplus shall be paid to the State in the next month and if it is the converse then the VAT credit is reported on the VAT payable or to be reported of the next month.

The regulatory VAT rate depends on the purpose of the company that acts as a tax collector for the benefit of the State.

The list of taxes presented above is not exhaustive and there are other types of taxes such as the wealth tax, represented by the product of a prescribed rate by the value of an individual's heritage, certain taxes paid by businesses to local authorities, various types of deductions, penalties for delay etc.

Traditionally, tax rates, as set by the State, may vary over time.

Some studies show that due to the progressivity of the tax scale in some countries, the economic recovery has led to an increase in the tax revenues faster than the GDP (Gross Domestic Product), while other countries rose their tax rates and / or expand their base. Lower ratios tax revenues / GDP

reflect the severity of the recession and the fact that some countries have responded by reducing their tax rates.

I will show in what follows that the optimal tax can be the tax on corporate profits, the tax on personal income and the registration fee and the optimal allocation of resources in the economy tax rate is unique and is equal to 20%.

The Optimal Tax Rate

The economy is represented by five economic sectors: trade, industry, agriculture, services and the State and if τ is the rate of the tax collected by the latter of a sector S realizing an annual tax benefit B_s

it maximizes

$$\tau \sum_{s=1}^4 B_s$$

and each sector maximizes $B_s(1-\tau)$, then the economy maximizes overall π such as

$$\max_{\tau} \pi = \prod_{s=1}^4 B_s \sum_{s=1}^4 B_s (1-\tau)^4 \tau \quad (1)$$

If τ^* is the optimal tax rate, then

$$\frac{\partial \pi}{\partial \tau} = \prod_{s=1}^4 B_s \sum_{s=1}^4 B_s \left[(1-\tau^*)^4 - 4(1-\tau^*)^3 \tau^* \right] = 0$$

$$(1-\tau^*)^4 - 4(1-\tau^*)^3 \tau^* = 0$$

$$1 - \tau^* - 4\tau^* = 0$$

$$\tau^* = \frac{1}{5} = 20\%$$

The second-order condition of the optimization program (1) is such that

$$\begin{aligned} \frac{\partial^2 \pi(\tau)}{\partial \tau^2} &= \prod_{s=1}^4 B_s \sum_{s=1}^4 B_s \left[\begin{array}{l} -4(1-\tau^*)^3 + 12(1-\tau^*)^2 \\ \tau^* - 4(1-\tau^*)^3 \end{array} \right] \\ &= 4B_s^5 (1-\tau^*)^2 [-4(1-\tau^*) + 12\tau^* - 4(1-\tau^*)] \\ &= 4B_s^5 (1-\tau^*)^2 [12\tau^* - 8(1-\tau^*)] \\ &= 4B_s^5 \times 0,64 [12 \times 0,2 - 8 \times 0,8] \\ &= -10,24B_s^5 < 0 \end{aligned}$$

The Dominance of the Optimal Tax Rate

There is no another tax policy of contemporary economy realizing as economic equity than fiscal policy for optimum allocation of resources in the economy because if the analysis is detailed to reflect the interest of the sub-sector of economic activities j among n of the economy, the optimization program (1) is replaced by that such as

$$\max_{\tau} \pi' = \prod_{j=1}^{n-1} B_j \sum_{j=1}^{n-1} B_j (1-\tau)^{n-1} \tau \quad (2)$$

Even if

$$\frac{\partial \pi'(\tau)}{\partial \tau} = \prod_{j=1}^{n-1} B_j \sum_{j=1}^{n-1} B_j \left[\begin{array}{l} (1-\tau^*)^{n-1} - (n-1) \\ (1-\tau^*)^{n-2} \tau^* \end{array} \right]$$

$$= \prod_{j=1}^{n-1} B_j \sum_{j=1}^{n-1} B_j (1-\tau^*)^{n-1} \left[1 - \frac{(n-1)\tau^*}{1-\tau^*} \right] = 0$$

that is to say $(1-\tau^*) - (n-1)\tau^* = 0$ or $\tau^* = 1/n$, the second-order condition for $\max \pi'(\tau)$ in τ^* is such that

$$\frac{\partial^2 \pi'(\tau)}{\partial \tau^2} = \prod_{j=1}^{n-1} B_j \sum_{j=1}^{n-1} B_j \left[\begin{array}{l} (n-1)(n-2)\tau^*(1-\tau^*)^{n-3} \\ -2(n-1)(1-\tau^*)^{n-2} \end{array} \right]$$

and the replacing of τ^* by $1/n$ therein leads to

$$\begin{aligned} \frac{\partial^2 \pi'(\tau)}{\partial \tau^2} &= \prod_{j=1}^{n-1} B_j \sum_{j=1}^{n-1} B_j \left[\begin{array}{l} (n-1)(n-2)\frac{1}{n} \left(1-\frac{1}{n}\right)^{n-3} \\ -2(n-1)\left(1-\frac{1}{n}\right)^{n-2} \end{array} \right] \\ &= \prod_{j=1}^{n-1} B_j \sum_{j=1}^{n-1} B_j \left[\begin{array}{l} (n-2)\left(1-\frac{1}{n}\right)^{n-2} - 2(n-1) \\ \left(1-\frac{1}{n}\right)^{n-2} \end{array} \right] \end{aligned}$$

$$= \prod_{j=1}^{n-1} B_j \sum_{j=1}^{n-1} B_j [n-2-2(n-1)] \left(1-\frac{1}{n}\right)^{n-2}$$

$$= -\prod_{j=1}^{n-1} B_j \sum_{j=1}^{n-1} B_j n \left(1-\frac{1}{n}\right)^{n-2} < 0$$

if $n > 1$ and $B_j > 0 \quad \forall j \in [1, n-1]$.

Furthermore, it is possible that all B_s are positive, then all B_j are not necessarily positive but if these are possible to be positive, then all B_s are necessarily positive, this is what justifies that if π' admits a maximum at τ , then π admits a maximum in this one necessarily and if this one admits a maximum at τ , then π' do not necessarily admit a maximum in this one because some B_j may be negative inducing $\pi'(\tau^*) < 0$.

In addition, if n is very high for the same sectoral profits, then the tax collected by the State tends to be very low allowing that it is exposed to a relatively high risk of bankruptcy.

Since $\left(\frac{100}{10}\right)^{10} > \left(\frac{100}{5}\right)^5$, if $B = 100$

and $n = 10 > 5$, then

$$\left(\frac{B}{n}\right)^n > \left(\frac{B}{5}\right)^5, \quad B > n > 5$$

$$\frac{B^n}{n^n} > \frac{B^5}{5^5}$$

$$\frac{B^{n-1}}{n^n} > \frac{B^4}{5^5}$$

$$\left(\frac{B}{n}\right)^{n-1} \frac{1}{n} > \left(\frac{B}{5}\right)^4 \frac{1}{5}$$

$$\left[\frac{(n-1)B}{n(n-1)}\right]^{n-1} \frac{1}{n} > \left(\frac{4B}{45}\right)^4 \frac{1}{5}$$

$$\left(\frac{B}{n-1}\right)^{n-1} \left(1-\frac{1}{n}\right)^{n-1} \frac{1}{n} > \left(\frac{B}{4}\right)^4 \left(1-\frac{1}{5}\right)^4 \frac{1}{5}$$

$$\left(\frac{B}{n-1}\right)^{n-1} B \left(1-\frac{1}{n}\right)^{n-1} \frac{1}{n} > \left(\frac{B}{4}\right)^4 B \left(1-\frac{1}{5}\right)^4 \frac{1}{5}$$

$$4(n-1) \left(\frac{B}{n-1}\right)^{n-1} B \left(1-\frac{1}{n}\right)^{n-1} \frac{1}{n} > 4(n-1)$$

$$\left(\frac{B}{4}\right)^4 B \left(1-\frac{1}{5}\right)^4 \frac{1}{5}$$

$$\frac{4}{n-1} \pi' \left(\frac{1}{n}\right) > \pi \left(\frac{1}{5}\right)$$

$$\pi' \left(\frac{1}{n}\right) > \pi \left(\frac{1}{5}\right)$$

and $\pi' \left(\frac{1}{n}\right) < \pi \left(\frac{1}{5}\right)$ when $n > B$ or

$n < 5$.

The IMPOT.C program, whose execution shows that more B increases and more the number of sub-sectors of economic activities from which $\tau^* = 1/5$ is better than $\tau^* = 1/n$, is such that:

/*IMPOT.C calculates the couple benefit B*/

/*sub-sectors of economic activities n which the economy*/

/* is indifferent between rates tax of $1/n$ and $1/5$ */

```
#include <stdio.h>
#include <math.h>
main ()
{
float n=1, B, D1, D2;
printf("\n\nEntrez B :\n\n");
scanf("%f", &B);
D1=B/5;
D1=pow(D1,5);
do
{
D2=B/n;
D2=pow(D2,n);
n++;
}
while(D2/D1 < 1);
printf("\nn = %.0f", n-1);
do
{
D2=B/n;
D2=pow(D2,n);
n++;
}
while(D2/D1 > 1);
printf("\n\nnn = %.0f", n-1);
printf("\n\nEnd");
printf("\n\nEnter 1 to exit the");
printf("\n\nprogram\n");
scanf("%i", &n);
}
```

$\tau^* = 1/n$ does not preserve the character of economic justice through universal economies because it can be obtained that for a couple of economies 1 and 2 if $B_1 = B_2 = B$ and $n_1 > n_2$, then $\tau_1^* < \tau_2^*$

that is to say $B\tau_1^* < B\tau_2^*$, while it is right

that $B\tau_1^* > B\tau_2^*$ at least so that the State of the economy 1 is just to finance its additional collection of taxes activities from economic agents relatively large.

The State is less a stakeholder in the sub-sector of economic activities than in its sector of economic activities to justify the superiority of $\tau^* = 1/n$ because it is reasonable that this one cashes annually one fifth of the national profit than the one n th otherwise how, if n is very high, it must finance socio-collective investments of the nation?

That is to say that it is better that $\tau^* = 1/5$ than $\tau^* = 1/n$ with $n > 5$ so that the State subsidizes the economy if its revenues are greater than what is necessary for it to realize exactly its mission or just prevents to be not able to realize it although it is possible it is richer in the case $\tau^* = 1/n$ with $n < 5$ and that the tax rate of optimal allocation of resources in the economy must be the one that is the same across taxpayers both at the end of a fiscal year and through successive fiscal periods so that the State develops in proportion to the economy.

It can therefore only be reached that the fiscal policy as $\tau^* = 1/5$ prevails over the one that τ^* decreases over time inducing the accumulation of unfair tax losses by the State that freak for the economy if τ^* is very low or that as τ^* increases over time allowing unfair gains by it at the expense of the latter

in tax justice system represented by the respect of the principle of the permanence of the assessment method of τ^* that is to say in the context of just preserving economic interests equally contradictory of this one and of the four sectors of economic activities.

$\pi'(1/n)$ being growing with n and not knowing why to choose τ^* between $1/6$ and $1/\max(n)$, the tax rate of optimal resources allocation in the economy is 20% because it corresponds to $\text{minimax}(\pi, \pi')$ and the State can subsidize the economy if it realizes a tax surplus on its uses while that corresponding to $\text{maximax}(\pi, \pi')$ leads to $\tau^* = 1/n$ with n equal to the number of taxpayers and to the panic of this one.

It follows that $\tau^* = 1/5$ is better than $\tau^* = 1/n$ with $n > 5$

$\tau^* = 1/5$ is better than $\tau^* = 1/n$ with $n < 5$ because

$$\pi(0,2) = 4B_s B_s^4 (1-0,2)^4 0,2 = 0,32768 B_s^5$$

$$\pi(0,25) = 4B_s B_s^2 2B_s (1-0,25)^3 0,25 = 0,84375 B_s^4$$

$\pi(0,2) > \pi(0,25)$ implies that

$$\frac{0,32768}{0,84375} B_s > 1 \quad \text{that is to say}$$

$$B_s > 2,574$$

$$\pi(0,33) = 4B_s 2B_s 2B_s (1-0,33)^2 0,33 = 2,370192 B_s^3$$

$\pi(0,2) > \pi(0,33)$ implies that

$$\frac{0,32768}{2,370192} B_s^2 > 1 \quad \text{that is to say}$$

$$B_s > 2,689$$

or

$$\pi(0,33) = 4B_s B_s 3B_s (1-0,33)^2 0,33 = 1,777644 B_s^3$$

$\pi(0,2) > \pi(0,33)$ implies that

$$\frac{0,32768}{1,777644} B_s^2 > 1 \quad \text{that is to say}$$

$$B_s > 2,328$$

$$\pi(0,5) = 4B_s 4B_s (1-0,5) 0,5 = 4B_s^2$$

$\pi(0,2) > \pi(0,5)$ implies that

$$\frac{0,32768}{4} B_s^3 > 1 \quad \text{that is to say}$$

$$B_s > 2,302$$

Neither $\pi(\tau > 1/5)$ is superior to

$$(1 - 0,2)^4 0,2 \sum_{s=1}^4 B_s \prod_{s=1}^4 B_s = 0,08192$$

$$\times 4B_s \prod_{s=1}^4 B_s = 0,32768B_s^5$$

The optimal tax rate, that is to say the one that must be applied by the taxpayers on the tax base to obtain the tax they must pay to the State, is 20%.

The Tax on Corporate Profits Base

The amortization of immobilizations is the regulatory monetary value of physical impairment for having used them and the reduction of the result, represented by the difference between the monetary value of sales plus the change in inventories of products and that of purchases reduced of changes in inventories of materials, needed to obtain the gross of tax on the profit result after deduction of provisions which are values decreases of heritage elements considered probable at the date of closing of the tax period.

This is traditionally the product of that one, plus reinstatements of purchases and provisions that can not be the subject of regulatory justifications of deduction and less certain products, by a rate fixed by the State hoping by varying it to regulate the economy with a view to achieve what it calls the optimal allocation of resources in the economy.

The reduction of the tax base to the profit tax of the company represented by the profit after amortization and before this one as the

endowment of amortization of its equipments was analyzed by the accounting literature as the depreciation of their acquisition values needed to be offset by investments of their renewal financed by availabilities of money up to this one.

But it turns out that since the distributable profit traditionally to owners of the company in the form of dividends is B_d as

$$B_d = B - A - (B - A + a)\tau$$

$$= B(1 - \tau) - [A(1 - \tau) + a\tau]$$

where B is the profit before amortization A and tax, τ is the regulatory rate of profit tax fixed by the State and may be different from $1/5$ and a the excess of charges to return on products to deduct from the tax base in respect of regulation unfairly, the annual effective retention in regime of stability of τ on the profit before amortizations net of profit tax may contribute to the financing its amortizable goods is $A(1 - \tau) + a\tau$.

Moreover, the monetary value of physical depreciation of the investment can not be accurately determined to be considered corresponding to its regulatory amortization.

On the other hand, companies could pay the money of amortization of their equipments or finance with it purchases of non-amortizable heritage elements to be unable forward to renew those ones or be forced to finance their renewal by new equity or expensive loans revaluers with inflation of their acquisitions

prices and therefore of annuities of amortization later if not contributors to lower annual results as and when measure their repayment.

Furthermore, it is possible that the company is just to be free or forced to relinquish storable goods over a year from the date of their purchase at the end of the exercise of which the tax is unfairly undervalued.

From this stems the idea that there is no economic justice in the matter of consideration that only goods deemed to be kept more than a year in the business are investments but are just being its investments goods it uses otherwise than to sell them in the state or after processing and are depreciable and only these ones are right to be amortizable.

The amortization of investments by businesses being not a question of recovering of a capital necessary to finance their renewal, the economy being deemed to have paid to the State the tax on them prior to the date of their realization, they are just being necessarily deductible from the tax base of those who exploit them as owners.

Even if their producers pay to the State the tax on the excess of their sale prices on the costs of purchasing by them the factors of their production, the economy is deemed to have paid the tax on their sale prices because the costs of purchasing are included in their sale prices and sellers of these ones are deemed to have paid the tax on their sales prices.

Besides economic injustice due to the fact that a company is allowed not to pay tax only because his annual profit before amortization and tax is lower than the net value of its investments even if its cumulated profits net of its annual losses before amortization and tax exceeds its cumulated investments from the date of its commencement to produce while another is obliged to pay the tax on the basis of the excess of its annual profit before amortization and tax on the net value of its investments even if its cumulated profits before amortization and tax net of annual losses are below its cumulated investments since the date of its entry into production, it is not optimal tax rate having as taxable basis the excess of cumulated annual profits net of annual losses before amortization and tax on the cumulated investment simply because the permission to the State to cash annually a fair share of the profit before amortization and tax of the economy in form of tax and to this one to cash a share or all of the excess of that one on this one in the form of dividends is preferable to banning this one to cash dividends until its cumulated annual profits net of cumulated losses are higher than its cumulated investments.

The change in method of determining taxable profit through the accounting years is contrary to the accounting principle of continuity of methods and leads to non-optimal allocation of resources in the economy.

The taxable amortization is the linear amortization, the progressive or declining amortization is of allocational inefficiency of

resources in the economy and amortization rates of tangible and intangible immobilizations must be set by the State and variable through different types of immobilizations.

The ongoing immobilizations and financial immobilizations are not amortizable.

The additional amortization of immobilizations reformed or exchanged is equal to the excess of their original value or purchase cost on the cumulated amortization at the end of the last year.

Unlike the traditional accounting regulation, lands are amortizable.

The regulatory amortization of immobilizations rates have traditionally known variations in time which is contrary to the accounting principle of the permanence of methods and implies non-optimal allocation of resources in the economy.

The amounts charged to the debit of the account of fictitious assets "other non-current assets", centralizing formation expenses and deferred charges, are traditionally amortizable which is of allocational non-optimality of resources in the economy because must be amortizable at rates set by the State only maintenance and repair costs activated of tangible immobilizations.

If the investment is realized during the year, then its amortization of the first year of its use is prorata temporis that is to say it must be its original value times the amortization

rate times the number of days between the date of this one and the December 31 included divided by 365.

The State must choose between the perpetual inventory method and the method of periodic inventory for the accounting of economic transactions by firms of the economy and the method chosen must not be replaced by the other method otherwise it permits the non respect of the principle of the permanence of methods and leads to the non optimal allocation of resources in the economy.

Companies of some economies are allowed to choose a method among that of LIFO (last in first out), FIFO (first in first out) or WAUC (weighted average unit cost) to evaluate the cost of purchasing goods or securities sold or in stock or of materials in stock and the cost of production of products in stock.

The FIFO method must be used to evaluate the cost of purchasing goods in perpetual inventory system and of securities sold that must be charged to the credit of the stock account of goods and of securities of each of them at the date of its sale and the result on its sale is the excess of its selling price on its purchasing cost.

The result on a sale of a product of perpetual inventory must be the excess of its selling price on its cost of production of FIFO.

The stock of goods, materials or securities of intermittent inventory must be equal to the sum of the products of the physical inventory

quantities by the unit costs of purchases of FIFO.

The stock of intermittent inventory products must be equal to the sum of the products of physical inventory quantities by the unit costs of production of FIFO.

Dividends received by a company from another in the capital of which it holds participations are deductible from the base of the tax on the profit of the first because the second is deemed to retain on its profit the tax and remit it to the State.

The cumulated net loss of result of disinvestment at the end of the last year is just to be postponed on the result of the current year.

Subsidies received by companies must have the effect to increase the result of the year in which they were given by their economic environment.

The taxable profit of a company can be the traditional accounting profit before tax, reserves and dividends plus endowments for provisions and minus recoveries on provisions, dividends cashed and losses on prior years or the cashed profit represented by the excess of cashed products over disbursed charges including the amortization of the purchase cost disbursed of immobilizations.

The Liquidation and Use of the Tax

Taxpayers of economic activities sectors are represented by partners or shareholders of

companies, the owners of sole proprietorships and individuals employed or not by these companies or firms.

They are the only taxpayers because they share the gains of the economy and are the users of socio- collective State investments.

The owners of companies and enterprises earn the profit before tax realized by them.

They cash dividends annually, which are represented at the maximum by the profit before tax decreased by tax and reserves, after paying this one possibly to the State.

The tax period for the tax on the profit is the year because the maximum period for agricultural activities is the year and there is no optimal period for all industrial, commercial or service activities.

The tax on the profit can be liquidated during the year following that at the title of the profit of which it is determined.

Taxes declared to the State are traditionally paid to it before certain regulatory time limits.

Traditionally, the more the State increases the tax rate the more some taxpayers declare to it less their taxable base that it is to say the more they pay it less tax than he ordered them to pay what leads it to redress some of them by forcing them to pay him a complement of tax on the basis of an audit of their accounts or of the external signs of their wealths.

If the taxpayer company does not have enough cash at the end of the current fiscal year to pay the State the tax on the profit at the title of the previous year, then the priority on the payment of dividends may be from the beginning of the current year given to the settlement of the remaining tax on the basis that the owners of this one must be paid by it only annual dividends.

Employees of companies or firms earn their gross of tax earnings and of voluntary deductions.

They cash their net pay of tax, represented by 20% of their gross pay, and of deductions.

This one must be withheld at the source and paid to the State periodically by their employers.

The State must collect the tax on income of individuals employed by companies or businesses before they are cashing their net pay.

Subsidies and inheritances received by individuals are subject to transfer duty of 20% of their value, which must not be greater than or equal to a minimum value set by the State, paid by their beneficiaries to this one.

Assessment of subsidies and inheritances must be done by experts approved by the State.

The list of goods and services, received by individuals as subsidies subject to the

transfer duty of 20%, must be fixed by the State.

Gains on sales of items of personal wealth, in excess of a minimum gain set by the State or concerning a list of regulatory elements of heritage, by individuals are subject to the tax at the rate of 20%.

Subsidies or inheritances recipients are required to pay transfer taxes to the State before a deadline set by this one before which they do not have the right to give or sell them and after which it can sell them at public auction to get paid in the case of their insolvency.

The State must invest up to a share of taxes it collects in equipments for the exploitation of public goods in respect of the same feasibility conditions than those required by the realization by the economy of its investments projects and sell goods arising from this one at market prices financed on the basis of the equipment budget for the production of public goods.

It must deduct on this one the necessary amounts to finance the maintenance and renewal of equipments for the production of public goods.

It is fair to be intended to provide subsidies to the economy.

If the tax is too low, then the State can borrow or instigate the economy to possibly grant it subsidies.

The State may, as it has traditionally done, sell to the economy goods, finished products, securities or services.

Traditionally, there are two taxation systems: the taxation according to the residence and the taxation by nationality.

Although in countries opting for the second regime taxpayers have a tax credit, represented by the tax paid as a resident abroad, the first regime prevails because the income from economic activities abroad net of tax according to the first regime is taxed twice which is contrary to the principle of optimal allocation of resources in the economy.

In addition, the company of the national taxpayer resident outside is deemed to benefit from socio-economic investments of the State of its country of residence.

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