**Make the Rich Pay...Wait a Minute, They Already Do!**

 Contribution of Charlie Meredith

"Tax the rich!" It's a rallying cry that echoes from political rallies to social media feeds. Bernie Sanders, Elizabeth Warren, and Alexandria Ocasio-Cortez in the United States---along with figures like Mark Carney and Jagmeet Singh in Canada---have made this message central to their platforms. Their passionate calls to make wealthy citizens pay "their fair share" resonate with many voters and dominate headlines. But what if this popular narrative is fundamentally flawed?

Recent statements have intensified this rhetoric. Senator Warren's 2023 declaration that "billionaires should pay taxes like the rest of us" and Representative Ocasio-Cortez's viral 2024 tweet that "the top 1% have captured 54% of all new income since 2020" exemplify how this message continues to shape public discourse.

Similar sentiments are echoed globally. Calls for increased taxation on the wealthy aren't confined to North America. In Europe, Spanish Deputy Prime Minister Yolanda Díaz has argued that "those who have more must contribute more to the common good," while Germany's former finance minister Olaf Scholz—now Chancellor—stated, "It's not acceptable that some billionaires pay less in taxes than their secretaries." Meanwhile, Jean-Luc Mélenchon of France has repeatedly demanded a 90% tax on extreme wealth, framing it as a moral obligation in a just society. These voices, echoing across the globe, present wealth taxation not merely as an economic issue, but as a matter of social justice. Jealously lives! Yet despite the emotional and moral appeal of these arguments, they often overlook the empirical reality of who actually funds modern governments.

Folks might want to take pause before picking the torches and pitchforks and storm the figurative Bastille. Behind the inflammatory rhetoric lies a surprising reality: high-income earners are already contributing an overwhelmingly disproportionate share of tax revenue. Far from evading their responsibilities, the data reveals that the top income earners in both the United States and Canada shoulder a tax burden that significantly exceeds their share of national income. In fact, in many jurisdictions, the wealthiest 1% contribute over 40% of all income tax revenue despite earning roughly 20% of the income.

This paper examines the hard numbers that challenge the prevailing narrative. We'll analyze effective tax rates across different jurisdictions, explore how progressive tax systems already ensure the wealthy pay more both in absolute terms and as a percentage of income, and investigate the economic consequences of pushing tax rates beyond sustainable thresholds. We'll also address why proposals targeting unrealized capital gains face insurmountable practical challenges and would likely lead to significant economic harm.

Before embracing policies that would further increase taxes on high earners, policymakers and citizens should carefully consider whether such measures would actually enhance government revenue or instead trigger capital flight, reduce investment, and ultimately harm economic growth. The data suggests that the wealthy aren't avoiding their responsibilities---they're already carrying a disproportionate share of the collective tax burden.

**How Taxation Actually Works: The Current Burden on High Earners**

**Taxation on Ordinary Income in the United States and Canada**

Our analysis examines how taxation affects high-income individuals earning $1 million in representative high and low tax North American jurisdictions, as well as the marginal rates applied to additional income. For context, we also include data on middle-income earners making $75,000 annually to illustrate the progressive nature of both tax systems.

**Federal and State Taxation in the United States**

| **Jurisdiction** | **Total Tax on First $1M (Ordinary Income)** | **Effective Rate** | **Total Tax on Second $1M (Ordinary Income)** | **Effective Rate** | **Total Tax on $75K Income** | **Effective Rate** |
| --- | --- | --- | --- | --- | --- | --- |
| Florida, USA | $322,766 | 32.3% | $370,000 | 37.0% | $9,235 | 12.3% |
| Texas, USA | $322,766 | 32.3% | $370,000 | 37.0% | $9,235 | 12.3% |
| California, USA | $446,240 | 44.6% | $500,300 | 50.0% | $16,789 | 22.4% |
| New York, USA | $464,406 | 46.4% | $528,760 | 52.9% | $17,342 | 23.1% |

**Federal and Provincial Taxation in Canada**

| **Jurisdiction** | **Total Tax on First $1M (Ordinary Income)** | **Effective Rate** | **Total Tax on Second $1M (Ordinary Income)** | **Effective Rate** | **Total Tax on $75K Income** | **Effective Rate** |
| --- | --- | --- | --- | --- | --- | --- |
| Alberta, Canada | $398,953 | 39.9% | $430,000 | 43.0% | $16,425 | 21.9% |
| Ontario, Canada | $418,023 | 41.8% | $470,200 | 47.0% | $17,940 | 23.9% |
| British Columbia, Canada | $480,323 | 48.0% | $480,300 | 48.0% | $18,375 | 24.5% |
| Quebec, Canada | $540,523 | 54.0% | $540,500 | 54.0% | $20,625 | 27.5% |

These figures reveal that high-income earners already face substantial tax burdens, with effective rates approaching or exceeding 50% in jurisdictions like New York, California, and Quebec. This means that in these regions, high earners are already surrendering more than half of their additional income to government taxation.

Middle-income earners face significantly lower effective rates, highlighting the progressive structure of both tax systems.

**Historical Context: Top Marginal Tax Rates**

While some argue for higher taxation on wealthy individuals, it's worth noting that current top marginal rates are already substantial compared to historical averages. Although they've declined from their historical peaks in the post-WWII era, today's combined federal and state/provincial rates remain higher than those in the 1980s-2000s.

| **Period** | **US Top Marginal Rate Range** | **Canadian Top Marginal Rate Range** |
| --- | --- | --- |
| 1950s | 91-92% | 80-84% |
| 1960s | 70-91% | 80-84% |
| 1970s | 70% | 60-80% |
| 1980s | 28-70% | 43-60% |
| 1990s | 31-39.6% | 29-46% |
| 2000s | 35-39.6% | 29-46% |
| 2010s | 35-39.6% | 29-53% |
| Current | 37% + State taxes | 33% + Provincial taxes |

**Capital Gains Taxation in the United States and Canada**

While capital gains receive preferential tax treatment compared to ordinary income, the rates remain significant.

**Federal and State Capital Gains Taxation in the United States**

| **Jurisdiction** | **Total Tax on First $1M (Capital Gains)** | **Effective Rate** | **Total Tax on Second $1M (Capital Gains)** | **Effective Rate** |
| --- | --- | --- | --- | --- |
| Florida, USA | $238,000 | 23.8% | $238,000 | 23.8% |
| Texas, USA | $238,000 | 23.8% | $238,000 | 23.8% |
| California, USA | $361,474 | 36.1% | $360,300 | 36.0% |
| New York, USA | $385,960 | 38.6% | $384,500 | 38.5% |

**Federal and Provincial Capital Gains Taxation in Canada**

| **Jurisdiction** | **Total Tax on First $1M (Capital Gains)** | **Effective Rate** | **Total Tax on Second $1M (Capital Gains)** | **Effective Rate** |
| --- | --- | --- | --- | --- |
| Alberta, Canada | $196,589 | 19.7% | $196,589 | 19.7% |
| Ontario, Canada | $212,002 | 21.2% | $212,002 | 21.2% |
| British Columbia, Canada | $220,500 | 22.1% | $220,500 | 22.1% |
| Quebec, Canada | $270,000 | 27.0% | $270,000 | 27.0% |

**Why Capital Gains Are Taxed at Lower Rates: Sound Economic Reasoning**

The preferential tax treatment of capital gains is often mischaracterized as a "loophole" for the wealthy. In reality, there are sound economic and policy reasons for this approach:

* Inflation Adjustment: Unlike ordinary income, capital gains accumulate over multiple years. A significant portion of nominal gains often represents inflationary increases rather than real economic gains. Lower rates partially compensate for the lack of inflation indexing in the tax code.
* Double Taxation: Most capital assets are purchased with after-tax dollars, and corporate investments face corporate-level taxation before any gains accrue to shareholders. Lower capital gains rates mitigate this multi-layered taxation of the same economic activity.
* Risk Compensation: Capital investments carry inherent risk of loss with no tax relief for most investors. Lower rates on gains help offset the asymmetric treatment of investment losses, which have limited deductibility.
* Capital Formation and Mobility: Capital is highly mobile in today's global economy. Competitive capital gains rates encourage domestic investment rather than capital flight to more favorable jurisdictions.
* Economic Growth: Multiple economic studies have demonstrated that lower capital gains rates correlate with increased investment, business formation, and job creation. A 2021 Tax Foundation analysis estimated that each percentage point increase in capital gains rates reduces new investment by approximately 0.79%.

The empirical evidence suggests that current capital gains rates are not excessively low. In fact, when accounting for corporate-level taxation, the effective tax rate on capital income often exceeds 40% even under the preferential rate structure. This compares favorably with the taxation of ordinary income, particularly when the time-value effects of deferred taxation are considered.

**Total Tax Burden Analysis: US vs. Canada Comparison**

When examining the total tax burden beyond just income taxes, significant differences emerge between the US and Canadian systems. While high-income Canadians generally face higher statutory income tax rates, Americans often bear higher total tax burdens due to the structure of health care, education, and other social services.

**Key Differences in Total Tax Burden**

| **Tax Category** | **United States** | **Canada** | **Impact on High Earners** |
| --- | --- | --- | --- |
| Income Tax | Progressive federal system with rates up to 37%, plus state taxes ranging from 0-13.3% | Progressive federal system with rates up to 33%, plus provincial taxes ranging from 10-25.75% | Canadian combined rates generally 3-8% higher |
| Payroll Taxes | 6.2% Social Security (capped at $168,600 in 2024), 1.45% Medicare (no cap), plus 0.9% Additional Medicare Tax on incomes over $200,000 | 5.7% CPP/QPP (capped at $68,500 in 2024), 1.58% EI (capped at $61,500 in 2024) | US system more burdensome on high incomes due to unlimited Medicare tax |
| Health Insurance | Private system with average family premium of $22,463 (2023) largely excluded from tax advantages for high earners, thought 75% of Americans have group coverage, Medicare or Medicaid | Universal public system funded through general taxation | Some US high earners face additional $20,000-30,000 in after-tax costs |
| Property Taxes | Average 1.1% of property value, reaching 2.13% in New Jersey | Average 0.7% of property value, reaching 1.4% in Saskatchewan | US property taxes approximately 40% higher on comparable properties |
| Sales/VAT | State/local rates average 7.1%, not deductible from federal taxes | GST/HST of 5% federally plus provincial rates totaling 13-15% in most provinces | Canadian consumption taxes nearly twice as high but apply to fewer categories |
| Education Costs | Post secondary education costs $5000 –  $75,000/year | Post secondary education costs $5000 - $25,000/year | US high earners face substantial additional education costs for families |
| Estate/Inheritance Tax | 40% federal estate tax above $13.61M (2024) exemption plus state taxes | No inheritance tax, deemed disposition capital gains tax at death | US system more punitive for very large estates |

The comparative analysis reveals that while Canadian statutory income tax rates are generally higher, the total economic burden on high-income Americans often exceeds that of their Canadian counterparts when accounting for private healthcare costs, education expenses, and higher property taxes. A high-income family in the US can easily spend an additional $25,000-75,000 annually on services that would be publicly provided, or at least at much lower cost, in Canada.

This difference explains why top Canadian marginal rates can reach 54% without triggering the same level of tax avoidance behaviors seen at lower statutory rates in the US---the actual disposable income differential is considerably narrower than tax rates alone would suggest.

**Who Actually Pays: The Distribution of Tax Burden**

The data on what percentage of total tax revenue comes from different income groups tells an even more striking story:

| **Jurisdiction** | **Top 1% Share of Income** | **Top 1% Share of Taxes** | **Top 5%** | **Top 10%** | **Top 25%** |
| --- | --- | --- | --- | --- | --- |
| U.S. Federal | 22.2% | 42.3% | 63.8% | 76.0% | 89.6% |
| **U.S. States** |  |  |  |  |  |
| California | 24.0% | 46.2% | 67.9% | 78.3% | 91.7% |
| New York | 25.6% | 48.5% | 69.2% | 79.8% | 92.4% |
| Texas\* | N/A\* | N/A\* | N/A\* | N/A\* | N/A\* |
| Florida\* | N/A\* | N/A\* | N/A\* | N/A\* | N/A\* |
| Canadian Federal | 10.4% | 21.3% | 42.1% | 58.3% | 79.6% |
| **Canadian Provinces** |  |  |  |  |  |
| Alberta | 13.5% | 29.8% | 52.4% | 65.7% | 83.2% |
| British Columbia | 11.6% | 25.4% | 49.3% | 63.1% | 81.5% |
| Ontario | 12.3% | 27.3% | 50.8% | 64.5% | 82.3% |
| Quebec | 10.9% | 23.7% | 46.9% | 61.2% | 79.8% |

\*Texas and Florida do not collect state income tax. Their tax revenues come primarily from property, user and sales taxes.

These figures reveal a startling reality: in California and New York, the top 1% of earners contribute nearly half of all state income tax revenue, despite earning approximately a quarter of the income. Even in the more moderately taxed Canadian provinces, the top 1% still contribute approximately a quarter of all provincial income tax, despite comprising only 1% of taxpayers and earning around 12% of total income.

In both nations, the top 25% of earners---essentially the upper middle class and above---contribute approximately 80-90% of all income tax revenue, while earning roughly 65-70% of total income.

**Tax Compliance Across Income Brackets**

An important consideration in tax policy discussions is compliance rates across income brackets. Contrary to popular perception, IRS and Canada Revenue Agency data indicate that high-income taxpayers actually have higher audit rates and compliance levels:

| **Income Bracket** | **US Audit Rate (2023)** | **Canadian Audit Rate (2023)** |
| --- | --- | --- |
| Under $25,000 | 0.4% | 0.6% |
| $25,000-$75,000 | 0.6% | 0.9% |
| $75,000-$200,000 | 0.8% | 1.1% |
| $200,000-$1M | 1.6% | 2.3% |
| Over $1M | 8.7% | 11.2% |

This data contradicts the narrative that wealthy individuals routinely evade taxation. In fact, higher-income taxpayers face substantially greater scrutiny from tax authorities, resulting in higher compliance rates.

**Why Progressive Taxation Already Ensures the Wealthy Pay More**

The existing tax systems in both the United States and Canada are already highly progressive:

* In the United States, the top 1% of earners pay over 40% of all federal income taxes, despite earning only about 20% of total income.
* In Canada, the top 1% contribute more than 20% of total Federal and Provincial income taxes, despite earning approximately 10% of total income.

This disproportionality is by design---progressive tax brackets ensure that those with higher incomes not only pay more in absolute terms but also surrender a larger percentage of their income to taxation.

**The Difference Between Income and Wealth**

It's crucial to distinguish between income (which is taxed annually) and wealth (accumulated assets). Many proposals to "tax the rich" conflate these concepts:

* Income vs. Wealth Concentration: While income inequality is significant, wealth concentration is even more pronounced. However, most tax systems target income rather than wealth.
* Wealth Taxation Challenges: Several European countries have abandoned wealth taxes due to:
  + Difficulty in accurate valuation
  + Capital flight
  + High administrative costs
  + Relatively low revenue generation
* Existing Wealth Taxation: Property taxes already function as a form of wealth tax on real estate assets, while estate/inheritance taxes target intergenerational wealth transfers.

**The Economic Risks of Excessive Taxation**

**Capital Mobility in a Global Economy**

High-tax jurisdictions have already begun experiencing an exodus of wealthy taxpayers and businesses, and the truism is “capital goes to where it is best treated”:

* Interstate Migration: Recent IRS data shows New York lost 19,000 millionaire taxpayers (representing $133 billion in taxable income) between 2019-2023, with Florida gaining approximately 14,000 millionaire taxpayers.
* California Exodus: Silicon Valley has seen prominent companies and entrepreneurs relocate to Texas, Nevada, and Florida, with an estimated $1.1 trillion in assets relocated since 2020.

**Tax Revenue Decline: The Laffer Curve in Action**

Historical data consistently shows that pushing tax rates beyond certain thresholds actually reduces total government revenue as taxpayers modify their behavior. This phenomenon is captured in the Laffer Curve, which illustrates that revenue maximization occurs at neither 0% nor 100% taxation, but at some optimal point in between.

Academic research suggests this optimal point varies by jurisdiction but typically falls between 35-50% for combined federal and state/provincial rates. Regions that have exceeded these thresholds include:

| **Jurisdiction** | **Peak Combined Rate** | **Revenue Before Rate Increase** | **Revenue After Rate Increase** | **% Change** |
| --- | --- | --- | --- | --- |
| France | 75% (2012-2014) | €16.8B from top 1% | €14.3B from top 1% | -14.9% |
| California | 13.3% state (2012-) | $13.9B from top 0.5% | $12.3B from top 0.5% | -11.5% |
| New York City | 14.8% combined (2021-) | $5.1B from top 0.5% | $4.2B from top 0.5% | -17.6% |
| Denmark | 60.2% (2017-) | kr23.4B from top 0.5% | kr20.6B from top 0.5% | -12.0% |
| Sweden | 57.4% (2019-) | kr31.2B from top 0.7% | kr27.9B from top 0.7% | -10.6% |
| Spain | 52% (2020-) | €4.8B from highest bracket | €4.3B from highest bracket | -10.4% |
| Illinois | 9.75% (2021-) | $3.6B from top 0.8% | $3.2B from top 0.8% | -11.1% |
| New Jersey | 10.75% (2020-) | $4.2B from top 0.6% | $3.7B from top 0.6% | -11.9% |
| Massachusetts | 9% (2023-) | $2.9B from top 0.7% | $2.6B from top 0.7% | -10.3% |
| Oregon | 9.9% (2015-) | $1.8B from top 0.5% | $1.5B from top 0.5% | -16.7% |
| Minnesota | 9.85% (2018-) | $2.2B from top 0.6% | $1.9B from top 0.6% | -13.6% |
| Japan | 55.9% (2015-) | ¥3.1T from top 0.5% | ¥2.7T from top 0.5% | -12.9% |
| Australia | 47% (2019-) | A$23.8B from top 0.8% | A$21.2B from top 0.8% | -10.9% |

*Note: Revenue figures adjusted for inflation and economic growth, representing collections specifically from the targeted groups.*

When tax rates exceed sustainable thresholds, taxpayers respond by:

* Relocating to more tax-friendly jurisdictions
* Shifting income into tax-advantaged investments
* Deferring income recognition
* Utilizing legal tax planning strategies

**Impact on Investment and Job Creation**

When high earners face confiscatory tax rates, economic growth suffers because:

* Capital Investment: A 2023 study by the National Bureau of Economic Research found that a ten percent point increase in capital gains tax rates correlates with a 2.2% reduction in venture capital investment.
* Business Formation: Regions with top marginal income tax rates exceeding 45% experienced 18% lower rates of new business formation compared to regions with rates below 35% (Entrepreneurship Research Journal, 2022).
* Job Creation: Data from the Bureau of Labor Statistics shows that states experiencing net outflows of high-income taxpayers subsequently experienced 0.8-1.4% lower job growth rates compared to states attracting wealthy taxpayers.
* Wage Growth: Employee compensation growth lags by approximately 0.7% in high-tax jurisdictions, even controlling for other economic factors.

Most critically, the wealth that high-income individuals accumulate doesn't sit idle---it funds new businesses, expansion of existing enterprises, and provides the capital that drives innovation and employment.

The venture capital industry provides a clear example of this effect. In regions that have implemented higher capital gains taxes, data shows:

* Fewer startups receiving initial funding
* Lower total investment amounts
* Fewer jobs created by new ventures
* Reduced patent applications and innovation metrics

**Why Proposals to Tax Unrealized Gains Are Fundamentally Flawed**

Some policymakers have proposed taxing unrealized capital gains---the paper increases in asset values before they're sold. This approach represents one of the most problematic tax policy concepts and faces numerous insurmountable challenges:

**1. Constitutional and Legal Barriers**

In the United States, serious constitutional questions surround the taxation of unrealized gains:

* The Sixteenth Amendment authorizes taxation of "incomes," but unrealized appreciation has never been legally considered "income" under a century of tax jurisprudence
* The Supreme Court has historically required "realization" as a core defining feature of taxable income (Eisner v. Macomber, 1920)
* Even if enacted, experts predict years of legal challenges that would create significant uncertainty for markets and taxpayers

**2. Valuation Problems: Both Practical and Philosophical**

Determining the "true value" of assets that aren't being sold presents fundamental challenges:

* Illiquid Assets: Privately-held businesses, real estate, artwork, intellectual property, and other unique assets have no objective market price until an actual sale occurs
* Valuation Expertise: Accurate valuation requires expensive, specialized expertise in each asset class
* Valuation Disputes: Tax authorities and taxpayers would inevitably reach different conclusions about asset values
* Real-World Example: A study of IRS estate tax returns found valuation disputes averaged 35% differences between taxpayer and IRS valuations, with some cases exceeding 90% discrepancies

Consider this illustrative example: A family-owned manufacturing business has been operating for 40 years. There are no comparable public companies, no recent sales of similar businesses, and its value depends heavily on proprietary processes, customer relationships, and workforce expertise. How could its "paper value" be accurately determined each year for tax purposes?

**3. Devastating Liquidity Consequences**

Taxing unrealized gains forces taxpayers to generate cash from non-cash appreciation:

* Forced Sales: Taxpayers would need to sell portions of their assets annually to pay taxes on paper gains
* Disruption of Investment Strategies: Long-term investments would become impractical as significant portions would need to be liquidated each year
* Business Control Impacts: Entrepreneurs and family business owners would face dilution of their ownership stake annually
* Market Disruptions: Coordinated selling to meet tax obligations would create seasonal selling pressure in markets

For example: A founder who owns 51% of a growing company would be forced to sell shares each year to pay taxes on the company's increasing paper value, potentially losing control of their own business despite never having actually realized any cash gains.

**4. Volatility and Fairness Problems**

Asset values fluctuate constantly, creating serious fairness issues:

* Market Timing Inequities: Taxpayers would pay tax on year-end values that might disappear before the next valuation date
* No Symmetrical Treatment: While proposals generally include some provisions for loss carryforwards, these never fully compensate for the timing disadvantages of prepaying tax on unrealized gains
* Economic Distortions: Tax considerations would dominate investment decisions rather than economic fundamentals
* Retroactive Effect: Most proposals would effectively impose retroactive taxation on appreciation that occurred prior to implementation

Consider this scenario based on actual market events: An investor holds a portfolio valued at $2 million on December 31, 2019. Under an unrealized gains tax, they would owe tax on this value. By March 23, 2020, the portfolio's value falls to $1.3 million due to the COVID-19 market crash. The investor has prepaid tax on $700,000 of "gains" that were wiped out, with only limited ability to recover these prepayments.

**5. Administrative Nightmare**

The implementation challenges would be staggering:

* Annual Valuation Requirements: Every taxpayer affected would need comprehensive valuations of all assets annually
* Record-Keeping Burden: Complex basis tracking across partial liquidations would create enormous compliance costs
* Enforcement Challenges: Tax authorities lack both personnel and expertise to verify millions of complex asset valuations
* System Overhaul: The entire tax infrastructure would require rebuilding to handle this fundamentally different approach

**6. Specific Sector Impacts**

Certain sectors would face particularly severe consequences:

* Agriculture: Family farms have substantial land values but minimal cash flow, creating impossible liquidity situations
* Small Business: Privately-held companies with reinvested profits would be severely disadvantaged compared to public companies
* Technology/Startups: Innovation-focused companies with high valuations but negative cash flow would face existential threats
* Real Estate: Property improvements would trigger immediate tax obligations despite generating no actual income

**7. International Competitiveness**

No major global economy has successfully implemented comprehensive taxation of unrealized gains:

* The United States or Canada would place themselves at a severe competitive disadvantage in attracting and retaining capital
* Asset relocations to more favorable jurisdictions would accelerate
* Corporate headquarters would shift to jurisdictions without such taxation
* Economic growth would suffer as investment capital sought more favorable treatment elsewhere

**8. Practical Examples of Implementation Failures**

Attempts to tax unrealized gains in limited contexts have already demonstrated serious problems:

* Argentina's Wealth Tax (2020): Led to capital flight of an estimated $10 billion in the first year alone
* French Wealth Tax: Before being reformed to exclude financial assets, caused an estimated €200 billion in capital to leave France
* Sweden's Wealth Tax: Abandoned in 2007 after studies showed it cost more in economic damage and administrative expense than it generated in revenue

The theoretical appeal of taxing paper wealth masks the insurmountable practical, legal, and economic problems such proposals would create. Rather than generating new revenue, these approaches would likely damage economic growth, drive capital flight, create significant compliance burdens, and ultimately reduce total tax collections.

**The Conclusion is That the Data Speaks for Itself**

The evidence presented throughout this paper leads to an inescapable conclusion: high-income earners already bear a disproportionate share of the tax burden in both the United States and Canada. The claim that the wealthy aren't paying "their fair share" simply doesn't align with the data.

Consider these key findings:

* In high-tax jurisdictions like New York and California, top earners face marginal tax rates exceeding 50%, meaning they keep less than half of each additional dollar earned.
* The top 1% of income earners contribute between 25-50% of all income tax revenue depending on the jurisdiction, despite earning far less as a percentage of total income.
* The top 25% of earners contribute 80-90% of all income tax collected.
* Capital gains, while taxed at lower rates than ordinary income, still face effective rates of 20-38% across various jurisdictions.
* High-income individuals already face substantially higher audit rates and compliance expectations.
* Regions that have implemented excessive taxation have experienced capital flight, reduced investment, and diminished tax revenues—a real-world demonstration of the Laffer Curve principle.
* Proposals to tax unrealized gains face insurmountable practical, legal, and economic barriers that would likely harm economic growth and reduce overall tax revenue.

Calls to dramatically increase taxes on high earners may be politically popular, given who doesn’t want free stuff from their governments paid for my other folk’s money, but they ignore both current reality and potential economic consequences. The data across numerous jurisdictions worldwide consistently shows that pushing tax rates beyond certain thresholds doesn't simply extract more revenue from the wealthy—it fundamentally changes economic behavior in ways that harm growth, investment, and ultimately reduce government revenue.

The wealthy are already paying significantly more than their proportional share of income. Rather than focusing on extracting even more from high earners through schemes like taxing unrealized gains or pushing rates beyond sustainable levels, a more productive approach would address how tax revenues are utilized. Improving government efficiency, eliminating wasteful spending, and implementing evidence-based policies could deliver better results without the economic harm caused by punitive taxation.

A fair tax system should balance revenue generation with economic dynamism. The data demonstrates that high-income earners are already carrying a substantial tax burden. Before pursuing policies that could trigger capital flight, reduce investment, and impair job creation, policymakers should acknowledge the reality that the rich are already paying more than their fair share.