An Inquiry into the Application of Tax Return to the Farm Income Safety-net Program

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Summary

The purpose of this paper is to consider the condition of application of tax return to the new farm income safety-net program which is being planned in MAFF. Until now, several studies have showed that there is an unfair income tax system between farmers and employees. They also refer to the structure of tax evasion. If they are right, it will be difficult to use tax return of farmers'. The author tried to reexamine the original data and methods used in those former studies and estimated catching rate of farmers' taxable income based on recent data by myself. The results obtained are as follows :

(1) In former studies some incorrect use of data were found, for example the estimation of total national income of agriculture or the sum total under the minimum taxable farm income.

(2) Based on the correction of former studies, catching rate of taxable farm income showed as 20-40% should be revised to 50-80%.

(3) The author estimated that the catching rate of taxable farm income is about 70-80%.

(4) The rate of it has been improved nowadays.

(5) Though there is still a gap of 20-30%, the main causes of it seems to be the institutional or conventional ones. So intentional tax evasion is partial.

(6) It seems there is little problem to use the tax return of farmers' to safety-net program in terms of unfair tax system. But for the practical use of it, many issues still remain.