ROMAN TAXES

Tax in the Early Days of the Roman Republic

In the early days of the Roman Republic, public taxes consisted of modest assessments on owned wealth and property.

The tax rate under normal circumstances was 1% and sometimes would climb as high as 3% in situations such as war. These modest taxes were levied against land, homes and other real estate, slaves, animals, personal items and monetary wealth.

Taxes were collected from individuals and, at times, payments could be refunded by the treasury for excess collections. With limited census accuracy, tax collection on individuals was a difficult task at best.

The Riches from Conquests Allowed for Tax Free Living

By 167 BC, the Republic had enriched itself greatly through a series of conquests. Gains such as the silver and gold mines in Hispania created an excellent source of revenue for the state, and a much larger tax base through its provincial residents. By this time, Rome no longer needed to levy a tax against its citizens and looked only to the provinces for collections.

Taxes in the Provinces

With expansion, Roman censors found that accurate census taking in the provinces was a difficult task at best. To ease the strain, taxes were assessed as a tithe on entire communities rather than on individuals. Tax assessments in these communities fell under the jurisdiction of Provincial governors and various local magistrates, using rules similar to the old system.

Tax farmers (*Publicani*) were used to collect these taxes from the provincials. Rome, in eliminating its own burden for this process, would put the collection of taxes up for auction every few years. The Publicani would bid for the right to collect in particular regions, and pay the state in advance of this collection. These payments were, in effect, loans to the state and Rome was required to pay interest back to the Publicani. As an offset, the Publicani had the individual responsibility of converting properties and goods collected into coinage, alleviating this hardship from the treasury. In the end, the collectors would keep anything in excess of what they bid plus the interest due from the treasury; with the risk being that they might not collect as much as they originally bid.

Tax farming proved to be an incredibly profitable enterprise and served to increase the treasury, as well as line the pockets of the Publicani. However, the process was ripe with corruption and scheming. For example, with the profits collected, tax farmers could collude with local magistrates or farmers to buy large quantities of grain at low rates and hold it in reserve until times of shortage. These Publicani were also money lenders, or the bankers of the ancient world, and would lend cash to hard-pressed provincials at the exorbitant rates of 4% per month or more.

The Emperor Augustus Changes the Tax System

In the late 1st century BC, and after considerably more Roman expansion, Augustus essentially put an end to tax farming. Complaints from provincials for excessive assessments and large, unpayable debts ushered in the final days of this lucrative business. The Publicani continued to exist as money lenders and entrepreneurs, but easy access to wealth through taxes was gone. Tax farming was replaced by direct taxation early in the Empire and each province was required to pay a wealth tax of about 1% and a flat poll tax on each adult. This new procedure, of course, required regular census taking to evaluate the taxable number of people and their income/wealth status. Taxation in this environment switched mainly from one of owned property and wealth to that of an income tax. As a result, the taxable yield varied greatly based on economic conditions, but theoretically, the process was fairer and less open to corruption.

In contrast, the Publicani had to focus their efforts on collecting revenues where it was most easily available due to limited time and capacity. Their efforts were mainly directed at the cash wealthy because converting properties into cash could be a difficult process. Additionally, growth of a provincial tax base went straight to the coffers of the Publicani. They had the luxury of bidding against previous tax collections and the Treasury's knowledge of increased wealth would take several collections before auction prices were raised. In this way, the Publicani increased their own wealth, but eventually the state would reap the benefit of increased collections down the line.

The imperial system of flat levies instituted by Augustus shifted the system into being far less progressive, however. Growth in the provincial taxable basis under the Publicani led to higher collections in time, while under Augustus, fixed payments reduced this potential. Tax paying citizens were aware of the exact amounts they needed to pay and any excess income remained with the communities. While there could obviously be reassessments that would adjust the taxable base, it was a slow process that left a lot of room for the earning of untaxed incomes. Although seemingly less effective to the state than that of the Publicani system, the new practice allowed for considerable economic growth and expansion.

Rising Costs Soon Begin to Necessitate Changes to the Tax System

As time passed, each successive emperor was challenged with meeting the soaring costs of administration and financing the legions, both for national defense and to maintain loyalty. New schemes to revise the tax structure came and went throughout the empire's history. Large inflation rates and debased coinage values, by the reign of Diocletion, led to one of the more drastic changes in the system. In the late 3rd century AD, he imposed a universal price freeze, capping maximum prices, while at the same time he reinstated the land tax on Italian landowners. Special tolls on money traders and companies were also imposed to help increase the tax collections.

Diocletion's program, in theory, should have helped ease the burden on various classes of taxpayers, but it didn't work that way in practice. As an example, additional taxes were levied on land owners after the land tax had been paid because this was now a separate tax, instead of taking into account that taxes had already been collected. The burden of paying the expected amounts was shifted from communities and individuals within them, to the local senatorial class. The Senators would then be subject to complete ruin in the case of an economic shortfall in a particular region.

Following Diocletion, Constantine compounded these burdens by making the senatorial class hereditary. By so doing, all debts and economic ramifications were passed from one senatorial generation to the next, ruining entire families and never allowing for a recovery that could benefit an entire community.

Were Roman Taxes Excessive?

Taxes in the Roman empire, in comparison with modern times, were certainly no more excessive. In many cases they were far less per capita than anything we can compare to today. However, the strain of tax revenues was heavily placed on those who could most influence the economy and it would have dire consequences. The economic struggles that plagued the late Imperial system coupled with the tax laws certainly played a part in the demise of the world's greatest empire.

> *Did you know...*
> *During the 1st century AD, the Roman emperor Vespasian imposed a wide variety of taxes including the* ***Fiscus Judaicus*** *(a tax on the Jews), and even a tax on urine when used in the dyeing process.*

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