

# When It Comes to Taxes, No One Has Defined 'Fair'

## Mitt Romney paid 335 times what the average American paid in taxes

149  
123

By [Antony Davies](#)

, Scholar at the Mercatus Center at George Mason University

January 31, 2012



About [Antony Davies](#):

Antony Davies is a scholar at the Mercatus Center at George Mason University and an associate professor of economics at Duquesne University.

Mitt Romney is just one person representing a larger group. As our country asks, "Should the rich pay more taxes?" it would be useful to know how much the rich currently pay.

[\[3 Myths About Mitt Romney and the Rich.\]](#)

According to the Congressional Budget Office, in 2007 the richest (according to income) 1 percent of households paid an average federal tax rate just shy of 30 percent while middle-income American households paid an average rate of 14 percent. The difference is more telling if you add up the actual dollars. The average household in the top 1 percent earned 30 times what the average middle-class household earned, but paid 60 times the federal tax. This includes not just income taxes, but social insurance, corporate, and excise taxes too. If we look at only individual income taxes, the top 1 percent paid an average tax rate of 19 percent of their income, while middle-income Americans paid an average rate of just over 3 percent. If you don't believe me, get out your 1040 and divide "total tax" by "adjusted gross income." This number will fluctuate greatly depending on things like the number of children you have and whether or not you itemize, but the average middle-class American will come up with about 3 percent.

The problem with asking, "Are the rich paying their fair share?" is that no one has defined "fair." In 2010, Mitt Romney earned about 325 times what the average middle-income American earned and paid about 335 times what the average middle-income American paid in taxes. If we subtract from his income the millions he gave to charity, then he paid 335 times what the average American paid but earned only 280 times what the average American earned.

[\[How Mitt Romney Can Make His Tax Returns a Winning Issue.\]](#)

With a tax code full of loopholes and complicated deductions for favored industries, it is impossible to know beforehand whether our tax code, when applied to a specific person, is fair or not. If we want fairness up front, a good first step would be to replace the 75,000 pages of our tax code with a single sentence like: "Each person shall pay 18 percent of every dollar received from any source whatsoever." If you want to go a step further and make Washington wring every penny of value out of our tax dollars, add a second sentence: "Taxes will no longer be withheld by employers, but must be paid by taxpayers directly." We'd see a balanced budget within the year.