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### PROGRESSIVE TAXATION AND ENTITLEMENT THEORY

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# PROGRESSIVE TAXATION AND ENTITLEMENT THEORY

Aniruddh Panicker\*

## Abstract

*This paper critically examines the concept of progressive taxation through the lens of Robert Nozick's Entitlement Theory, offering a philosophical and constitutional analysis of taxation regimes. Progressive taxation—where individuals are taxed in proportion to their income—is widely viewed as a mechanism for promoting distributive justice. However, this principle is challenged by Nozick's libertarian philosophy, which emphasises minimal state interference and prioritises individual liberty over redistribution. Nozick's Entitlement Theory, grounded in his seminal work *Anarchy, State, and Utopia*, posits that holdings are just if they result from acquisition, transfer, or rectification. Any redistribution, including progressive taxation, which violates these principles, is seen as a form of coerced labour. Nozick equates taxation with forced labour, asserting that compelling individuals to give up a portion of their legitimately earned income infringes upon their liberty and autonomy.*

*The paper explores how patterned theories of distribution, including progressive taxation, necessitate continuous state intervention, thereby curtailing individual freedom. Nozick's theory opposes any pattern-based redistribution that disturbs voluntary exchanges. Nevertheless, the author argues that such a rigid interpretation fails to address fundamental inequalities rooted in arbitrary circumstances of birth and unequal opportunities. To reconcile these tensions, the paper contrasts entitlement theory with the "equality of resources" principle, which offers a more flexible, justice-oriented foundation for taxation. This alternative view supports a progressive system not as coercion, but as a means to neutralise unearned advantages and promote fairness, while respecting individual choices. The conclusion suggests that while Nozick's theory highlights vital concerns about liberty and state overreach, it inadequately accounts for structural inequalities. If rooted in the idea of equality of resources, progressive taxation can align with justice by ensuring that individuals benefit from and are accountable for their choices within a fair societal framework.*

**Keywords:** *Progressive Taxation, Constitutional Analysis, Entitlement Theory, Pattern-Based Distribution, Equality of Resources, Distributive Justice.*

## I

### Introduction

Tax plays a significant role in enhancing and increasing the wealth of a nation. The state utilises Such income to further develop and invest in public resources.<sup>1</sup> A significant component of such tax is the general income of individuals. Thus, everyone owes a certain amount of responsibility to partake in the state's overall maintenance.<sup>2</sup>

Most nations employ the mechanism of progressive taxation to generate such wealth.<sup>3</sup> It is generally considered a popular tool to implement a society's political goal of securing and promoting distributive justice.<sup>4</sup> A progressive rate of taxation is the mechanism of tax in proportion to an individual's income. The overarching aim is to charge a higher amount of tax from a person earning a higher amount of income or wealth.<sup>5</sup>

A progressive form of taxation gives rise to a new model of income redistribution within a nation.<sup>6</sup> A person with a higher income must bear more responsibility in the country. This idea of undertaking a higher responsibility raises several issues on liberty and equality.<sup>7</sup>

The author deals explicitly with Robert Nozick's views on taxation. His notion of a state highly influences his view on taxation. Robert Nozick advocates for a minimal amount of interference from the state. According to him, a state's primary function is to protect an individual's rights. Anything more would lead to a violation of individual rights. It is in furtherance of the premise that Robert Nozick asserts that a progressive form of taxation would violate personal rights.

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<sup>1</sup> Joseph Bankman & Thomas Griffith, *Social Welfare and the Rate Structure: A New Look at Progressive Taxation*, 75 Calif. L. Rev. 1905 (1987).

<sup>2</sup> Mark J. Fitzgerald, *Justice in Taxation*, 15 Rev. Soc. Econ. 138 (1957).

<sup>3</sup> Edwin R A. Seligman, *Progressive Taxation in Theory and Practice*, 7 AEA 9 (1894).

<sup>4</sup> Liam Murphy & Thomas Nagel, *THE MYTH OF OWNERSHIP: TAXES AND JUSTICE* 120 (2000).

<sup>5</sup> Walter J. Blum & Harry Kalven, *The Uneasy Case for Progressive Taxation*, 19 U. Chi. L. Rev. 417 (1952). It is important to note that the progressive form of taxation is different from the proportionate form of taxation. A proportionate form of taxation requires the state to charge the same amount of tax against each unit of income that is earned. It is in this way that a person earning twice as much as another would end up paying twice as tax. On the other hand, the progressive form of taxation requires a state to charge a higher rate against a person earning a higher amount of income. Thus, the person earning double the amount may end up paying more than double the amount in the form of taxes.

<sup>6</sup> Salvador Barrios, *Progressive Tax Reforms in Flat Tax Countries*, 58 East. Eur. Econ. 83 (2019).

<sup>7</sup> Eric Rakowsky, *Can Wealth Tax be Justified?*, 53 Tax L. Rev. 263 (2000).

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The purpose of the present paper is to critically analyse the implications of such a theory on the existing taxation regime. Additionally, the author would compare the same with the existing constitutional basis of the taxation regime. The first part of the paper analyses the contours of Entitlement Theory. The second part critically examines the implications of such entitlement theory on the existing taxation regime.

### **Redistribution of Resources**

Nozick is against the idea of central distribution of resources. He says that no entity is entitled to complete control over the various available resources in society, thereby deciphering how society can distribute such resources. He says that whatever an individual ends up receiving, it is in the form of exchange for something or the form of gifts from others.

According to Nozick, in a free society, these resources are controlled by varied individuals. In such a scenario, various acquisitions or holdings arise out of the wilful conduct of individuals. The total distribution is thus nothing but a result of multiple individualised decisions taken by those participating. The principle of justice in holding describes the requirement of justice in the case of holdings.

The central premise that Robert Nozick begins with is that we as individuals own ourselves, and therefore no society or institution should control us and our being in itself. It is under this context that Robert Nozick provides his theory of distribution. He considers this theory 'the theory of entitlement' under which individuals possess as much as they are entitled to receive. This theory runs along with his conception of liberty.

This is why his theory would, at every level, provide us with a glimpse of satisfying the main principle of individuals being controlled by their own will. He also criticises any conception of distribution that runs counter to such a form of individualism as a concept. In general, Robert Nozick is against forcefully taking resources from someone to transfer them to another. He is also against redistribution because it exists in its contemporary functioning form. For instance, he is against the concept of tax slab wherein one is taxed on the income one receives. According to him, this runs against the idea of individualism as such a form of policy would eventually result in the state having control over the very labour that an individual puts in to receive as many resources as they end up receiving. This he equates to the concept of forced labour.

In the rest of the paper, the author would expound upon the entitlement theory of distribution that he propounds, and at every stage, the author would attempt to trace back the entire theory to the basic principle of liberty that Robert Nozick seems to favour.

To develop a comprehensive and honest article, the author has mainly taken the help of Robert Nozick's book "*Anarchy, State and Utopia*"<sup>8</sup> And also, an additional help is taken from a separate essay written by him entitled "*Distributive Justice*"<sup>9</sup> Which eventually became a separate chapter of his book with few changes.

## II

### Entitlement Theory

Robert Nozick goes on to analyse the subject of justice in holdings in three major parts. Each part can be considered as comprising a separate set of principles of holdings. Together, all three sets of principles go on to form the content of the entitlement theory of holdings that he propounds. The author would first clarify the first two categories of holdings and then move on to the third category later, as the third category requires an understanding of the first two.

The first category he calls acquisition of holdings, whereby he refers to acquiring things which are already in an un-held position.

This category also addresses the problem of culling out the appropriate means of acquiring unheld things. These resources are acquired through such programs, the ambit of things that can fall under this category, etc. This is to be considered as an issue concerning "*principles of justice in acquisition*."<sup>10</sup>

The other, or the second category, includes the problem arising under the transfer of such holdings. This is in cases where transfers occur from one individual to another voluntarily. This category would inevitably address issues such as the processes required for an individual to transfer their holdings to others, the issue of how an individual can be permitted to acquire holdings from others, etc. Under this category, specific topics such as voluntary exchanges and gifts fall. This category of issues would also include the issue of divesting an already held property. This category of issues is generally addressed by "*the principles of justice in transfer*."<sup>11</sup>

Therefore, in general, the following definitions of entitlement are formulated in the process-

1. The process of acquiring un-held resources by the principles of justice in acquisition would lead to entitlement towards the resources.

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<sup>8</sup> Robert Nozick, *ANARCHY, STATE AND UTOPIA* 1 (1974).

<sup>9</sup> Robert Nozick, *Distributive Justice*, 3 *Philos. Public Aff.* 45 (1973).

<sup>10</sup> *Id.*

<sup>11</sup> *Supra* note 8.

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2. The process of transferring resources by the principles of justice in transfer would result in entitlement towards that holding.

Thus, comprehensively, it can be stated that an understanding of distributive justice would consider only such a form of distribution to be just wherein every individual is entitled to the resources they receive.

Generally, a particular form of distribution can be considered just if it follows from an already pre-existing just form of distribution through legitimate means. Where on the one hand the proper means of arriving at one particular form of distribution from another is covered under the ambit of "*principles of justice in transfer*" of resources, it is on the other hand that the proper means of providing for acquisition of un-held resources are covered under the scope of "*principles of justice in acquisition*."

Nozick further states that the means provided by the principles of justice in transfer for change in the distribution perform the function of preserving or maintaining justice. To illustrate this particular point, Robert Nozick draws a comparison with the rules of inference or logic. He states that the way proper rules of interpretation perform the functionality of preserving and maintaining the truth in society, it is in a similar vein that when principles of justice are applied to a just situation to bring about a specific change, such a change so brought about can be considered to be just in itself. This comparison, however, Nozick admits, fails in one particular aspect. The distinction lies in the fact that when we talk about rule of inference they are truth preserving in the sense that they are sufficient in reflecting the truth so hidden in the statement when they are applied to certain true premises, however, when we talk about just principles of transfer such principles in themselves might not suffice to ensure a just distribution when applied to a just situation. This is so because the concept of justice, especially concerning holdings, is historical. This essentially means that the idea of justice in such a context depends upon a specific set of facts that occurred.

The distinction mentioned above can be brought about with the help of an example. Suppose x goes on to destroy a particular property belonging to y. In such a situation, the fact that y had plans of doing away with the property does not make the very act of x justifiable.

Before elaborating more upon this particular aspect of being dependent upon historical events, the author would want to highlight one more aspect of justice that Nozick goes on to bring about. There might very well be a possibility wherein the element of injustice goes on to creep into the overall distribution of resources because of the past events. It is under such an event that Nozick calls for the existence of another set of principles that are required to ensure corrections.

Nozick considers such a set of principles to be principles regarding “*rectification of injustice in holdings*”.<sup>12</sup>

Under such a category of principles, various issues are addressed. For example, the issue of the extent to which the cause of the unjust act can be held accountable towards the victim of such an act? To what extent is the individual benefiting from injustice liable towards an individual affected or worsened due to injustice? Would there be any change in approach if both the beneficiary of the unjust act and the victim of the unfair act are not found to be in direct participation in the unjust act? Also, the issue arises of how far back we can trace and rectify the injustice. There is an issue of how much power can be bestowed upon the victims of injustice to remedy the injustices done to them.

Therefore, a proper comprehensive theory of justice in holding would encompass all principles of justice, including the principle of justice in transfer of holdings, the principle of justice in acquisition of resources and the principles of justice in rectifying injustices done. In such a scenario, if each individual’s holding goes on to be based on just principles, then it can be stated that the entire set of distributions is based on just principles.

To develop a comprehensive, in-depth theory, we must look into the specific content of all three principles of justice in holdings. However, before moving on to the particular content, the author would delve into the general nature of principles of justice as such.<sup>13</sup>

#### **Aspect of Patterning and Taxation**

So far, the author has pointed out that the version of entitlement theory sketched by Robert Nozick is historical in its content. Another aspect of the entitlement theory lies in the fact that, according to Robert Nozick, the entitlement theory is not based on any set pattern of distribution as such. This is to say that now the ambit of entitlement theory is further being narrowed down to belong to a class of historically based principles that are not patterned in themselves.<sup>14</sup> To understand this statement, we must understand what Robert Nozick means by pattern in the term’s usage in this sense.

Robert Nozick expounds upon such principles, which are based on a set pattern, providing an instance of distribution based on the moral merit of an individual. A distribution of such sort would state that any distribution should distinguish between various shares according to the moral worth that an individual possesses. Therefore, a proper formulation of a principle of this sort would be to state that an individual with greater moral merit must get higher shares. This

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<sup>12</sup> Thomas Schelling, *STRATEGY OF CONFLICT* 120 (1960).

<sup>13</sup> Thomas Schelling, *Models of Segregation*, 54 Am. Econ. Rev. 488 (1969).

<sup>14</sup> See, Otto Gierko, *NATURAL LAW AND THE THEORY OF SOCIETY* 220 (1934).



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same example can be replaced with the word “*usefulness*” instead of “*moral worth*”, and it would make the same relevance to the topic of the patterned principle of distribution. The fact remains that a distribution which considers a particular standard of “*natural abilities, weighted sum of natural dimensions, or lexicographical ordering of natural dimensions*”<sup>15</sup> Based on which, the ultimate distribution of shares is to be adjudged.

It is important to note that all these examples of principles of distribution based on moral worth, usefulness to society, etc., are still historical since they are based on selected historical facts or events. The only point that Robert Nozick wants to highlight is that they are simultaneously based on a specific pattern. Therefore, these principles can be considered historically based on a set pattern.

There can be a situation where each sector in society is composed of its own pattern. Nozick considers a problem of this form, wherein the overall distribution is based on several patterns depending upon the sector and a specific pattern.

In most cases, the principles of distribution so suggested by various authors are based on a particular specified principle. Multiple examples of the patterned tenets would be in the form of each by..., wherein a specific natural dimension would fill in the blank to complete the entire statement and provide a distribution principle.

The principle of entitlement, as stated above, is not patterned in this sense of the term. This is to say, there is no single dimension or combination of various dimensions that can be considered as the basis of the distribution so arrived at.<sup>16</sup> The fact is that a particular set of holding would be based on multiple transactions such as a situation where an individual receives a specific holding based on the product so produced, others might receive a similar holding in a game of gambling, someone else might receive a particular holding in the form of a gift, similarly there might be an individual who receives holding in the form of interest to a specific a loan so given. A set of holdings in such form is not patterned in the manner of the distribution examples by moral worth or usefulness to society.<sup>17</sup>

Varied strands of several patterns influence the holdings under the entitlement theory. Thereby, it can be said that a set of holdings based on entitlement theory, as provided by Robert Nozick, is not based on a single dimension or a weighted

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<sup>15</sup> Supra note 9, Robert Nozick, at 58.

<sup>16</sup> Alexander Kauffman, *The Myth of the Patterned principle: Rawls, Nozick and Entitlements*, 36 Uni. Chi. Press Jour. 559 (2004).

<sup>17</sup> Pulin B Nayak, *Nozick's Entitlement theory and Distributive Justice*, 24 EPW 4 (1989).

sum of several dimensions that can account for the distribution so arrived at.<sup>18</sup> When people receive their share in exchange, the principle is to obtain as much as one can provide to the other. But then again, transactions exist that do not follow this particular exchange principle, such as gifts, charity, etc.

Before providing the rationale behind not following a given patterned principle of distribution of resources, the author would give certain clarifications that Robert Nozick felt the need to mention in his article. It is important to note herein that although from the perspective of patterns it seems that the entitlement theory is random in its content, as it is not based on any pattern standard, it must be noted that because of this, the entitlement theory does not go on to become arbitrary.

This is so because even if the distribution that finally arrived is untraceable to any set pattern, the fact remains that they ultimately arise out of several principles. Thus, each transaction under the entitlement theory is principled. These are the very same principles that specify how un-held resources are to be acquired (principles concerning acquisition) and how already held resources are to be transferred (principles depicting transfer of various holdings). Thus, even though the entitlement theory advocates for a non-patterned tenet of distribution, the distribution would remain un-arbitrary and intelligible.

The author would now highlight a specific pattern, which Robert Nozick. However, he does not advocate a given pattern for all distributions. Still, he considers one of the many strands of patterns that can exist as a principle of transfer of holding as a matter of principle.

### **III**

#### **Capitalist Free Market Strand of Pattern**

Now, the author emphasises a particular strand of pattern-based distribution, evident in a capitalist free market society. F.A. Hayek, a critic of pattern-based distribution, states that the main objection against a patterned form of distribution would be that it imposes upon the society a particular, given, selected form of distribution for all others. This is the case irrespective of the primary purpose behind the pattern.<sup>19</sup>

Despite a critique of such nature, Hayek himself provides for a particular pattern that suits the free-market capitalist society, according to him. He states that in a

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<sup>18</sup> A. Salahuddin, *Robert Nozick's Entitlement Theory of Justice, Libertarian Rights and the Minimal State: A Critical Evaluation*, 7 J. Civil Legal Sci 2 (2018).

<sup>19</sup> Federick Hayek, *The Constitution of Liberty in EQUALITY, VALUE AND MERIT* (Ronald Harmowy, ed. 2012).

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free market society, the ultimate distribution must be based on the value provided and not any specific criterion of moral worth.<sup>20</sup> Thus, the principle can be formulated by stating that each should receive the benefits so discerned that an individual is in a position to provide to others. To further narrow down the essence of this definition, the statement can be reformulated in the words of Robert Nozick to state, *"To each according to how much he benefits others who have the resources for benefitting those who benefit them"*.<sup>21</sup>

This is a form of pattern, as in the end, the distribution is to be adjudged by the standard of dimension provided. In this light, Nozick states that even though this can be considered a significant basis for distribution in a capitalist form of free market society, it still must not be regarded as the only standard pattern upon which the entire distribution mechanism can be based. There are several forms of transactions, such as the transaction of a gift, transaction under charity, etc., which are not based upon this particular strand of the pattern of distribution.<sup>22</sup>

Now that the author has explained various forms of pattern based principle that exist and also highlighted upon the fact that the nature of entitlement theory so provided by Robert Nozick is not based upon any set pattern of natural dimension, or any given combination of several natural dimension the time has now arrived to ponder over the rationale behind providing for an un-patterned form of distribution.

### **Justification For Un-Patterned Form of Distribution**

The inevitable question that now arises for us to address concerns how an un-patterned-based distribution is justified. The fact remains that, as far as justice is concerned, it must not only look to be, but also seem to be just at the same time.<sup>23</sup> However, it must be inquired into whether justness exists in a guiding pattern or the underlying principle behind it.

A scepticism generally arises concerning the possibility of a situation wherein the distribution in terms of transfer is randomly based. This leads to an issue of expectations. A distribution is generally felt pointless or purposeless if the very act of transfer seems arbitrary or unintelligible.<sup>24</sup>

In brief, there exists a general threat that in an un-patterned form of distribution, the ultimate pattern would be unintelligible and hence not transparent. The fact is that a particular purpose must exist behind a transfer so made; the purpose is

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<sup>20</sup> Akferd Moore, *Hayek, Conspiracy and Democracy*, 28 J. Pol. & Soc. 44 (2016).

<sup>21</sup> Frederick Hayek, *STUDIES IN PHILOSOPHY, POLITICS AND ECONOMICS* 56 (1967).

<sup>22</sup> Karen Johnson, *Government by Insurance Company: The Antipolitical Philosophy of Robert Nozick*, 29 West. Politic. Q. 177 (1976).

<sup>23</sup> R.H Tawney, *EQUALITY* 132 (1938).

<sup>24</sup> Lysander Spooner, *NO TREASON: THE CONSTITUTION OF NO AUTHORITY* 78 (1966).

that we should ultimately understand the gain that the transferee is expecting from the transfer so made. In a capitalist free market society, transfers generally occur based on the benefits an individual can provide others, and the overall distribution becomes a lot intelligible.<sup>25</sup>

However, this scepticism against the entitlement theory is not well-founded. The fact remains that entitlement theory can very well be intelligible in the sense so talked about in the above paragraph. Each transaction is composed of a specific transactional aim it seeks to achieve. Thereby, no requirement arises for an overarching, subsuming aim to exist to cover all transactions.<sup>26</sup>

## IV

### **Effect On Liberty**

Now, moving on to the central premise that Robert Nozick begins with. As stated above, the concept of individualism in Nozick's words means that an individual is in control of their own will and no one must control the lives of individuals. According to Robert Nozick, a distribution based on an already determined pattern would violate such a principle.

In a pattern-based distributional mechanism, it becomes inevitable for the state to interfere and make amendments consistently.<sup>27</sup> This is so because there can very well be a possibility of a voluntarily entered transaction being incompatible with the desired distribution pattern.<sup>28</sup>

There can always be a possibility for some weak version of a pattern to exist and not be violated by various individuals' repeated voluntary actions. If found to be stable in their content, these weaker patterns can very well fall under the ambit of entitlement theory.

Therefore, it can be stated that as a general theory, the weaker the patterns are, the more they align with the aspect of individualism. A stronger version of patterning has more chances of being inconsiderate with the entitlement theory of distribution.

### **Aspects of Redistribution and Progressive Taxation**

What a patterned distribution does effectively is that over-reliance on a set desired pattern prevents an individual from disbursing their income to other individuals.<sup>29</sup> Suppose there is a pattern d1 that favours a particular form of

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<sup>25</sup> Paul Sweezy, *THEORY OF CAPITALIST DEVELOPMENT* 254 (1956).

<sup>26</sup> Talmon, J.L, *THE ORIGIN OF TOTALITARIAN DEMOCRACY* 185 (1952).

<sup>27</sup> Tannehill, Morris & Linda Tannehill, *THE MARKET FOR LIBERTY* 86 (1972).

<sup>28</sup> Francis Tandy, *VOLUNTARY SOCIALISM* 122 (1986).

<sup>29</sup> J.R Lucas, *THE PRINCIPLES OF POLITICS* 78 (1966).

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distribution. In such a case, any extra transfer from one individual to the other would inevitably disturb the desired distribution pattern.

Thereby, it can be stated that a patterned form of distribution disallows individuals to utilise their resources as they want to. Therefore, there is a restriction in the pursuit of an end that an individual seeks to achieve in the sense that individuals are restricted from enriching others in the manner they want to.

In this distribution, the only focus is on how much an individual is to receive; however, an individual's right to transfer their resources to someone else is completely ignored. For this reason, in cases of general exchanges, the aspect of the giver is completely ignored, and only the rights of the receiver in the entire exchange transaction are considered.

For this reason, the recipient-focused approach, the aspect of redistribution in a patterned distribution, becomes an inevitable outcome. This is so because there is a high possibility of violating a set desired pattern in a willful concept of voluntary transfers. In such an event of a breach, the state generally adopts a mechanism of redistribution under which a particular share of resources is re-transferred from one individual to another under the impression that a specific section of the society, according to the pattern so prescribed, is to receive a particular share of the sum.

According to Robert Nozick, the entitlement theory of holdings would have a deep trouble with the aspect of re-distribution as it would perceive the mechanism of re-distribution as a violation of an individual's willful right to make voluntary transfers.<sup>30</sup> However, it is to be noted that there is a limited exception to this approach taken by the entitlement theory, especially concerning rectification principles of holdings. However, in general, barring these limited exceptional cases of rectification principles of holdings, the entitlement theory of holdings would be uncomfortable with redistribution.<sup>31</sup> This is again traced back to the general premise of Robert Nozick, which is that an individual owns.

In brief, the author had stated in the paper's introductory paragraph that the state's taxation policy in the contemporary world is, according to Robert Nozick, equivalent to giving sanction to a state of forced labour. The author would now elaborate more upon this aspect to explain what Nozick means by this.

Nozick states that if an individual is putting in  $x$  hours of labour, they receive a given amount for the labour put in. In such a situation, taxing the individual would force the individual to work for someone else's benefit. This is equivalent

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<sup>30</sup> Gerard Debreu & Scarf, Herbet, *A Limit Theorem on the Core of an Economy*, 4 Int. Econ. Rev. 235 (1963).

<sup>31</sup> Davis Lawrence, *Comments on Nozick's Entitlement Theory*, 73 J. Philos. 836 (1976).

to a state of forced labour since the individual is forced to work for that many extra hours for which they are being taxed.<sup>32</sup>

A popular rebuttal to this form of accusation against taxation exists by stating that in such an instance, the individual still can select a specified form of labour attracting a particular level of taxation. What this form of argument does is that it seeks to create a distinction between a situation wherein an individual is directly forced to work an extra amount of hours to provide charity to people in need and the policy of taxation by pointing out the fact that in the case of taxation, there is an element of choice available.

A typical libertarian version of sur-rebuttal to this form of defence would be to state that the distinction essentially is that of mere gradation and nothing else. At most, it can be said that the situation where the individual has more than one form of labour to function is better than the situation where there is no choice at all. The fact remains that there is an element of force even when the individual can be engaged in more than one form of conduct.

In particular, two main arguments are presented to oppose a progressive form of taxation. It is argued that through a progressive approach, the state is merely narrowing down the available alternatives rather than providing for a broader choice. The individual is ultimately forced to do away with the desires they seek by working the hours they end up working. Let us suppose an individual opts to work for some extra hours, not to be confined to merely satiating their basic life desires, but also earning some additional resources in their own life. This essentially means that the individual has made a deliberate choice to sacrifice the otherwise non-working leisure time for some extra hours of work. Contrary to a situation of such sort, consider an individual who opts to sacrifice the additional amount of goods and instead indulges in some leisurely time. Robert Nozick herein begs to ask an essential question of why it is that, on the one hand, it is considered illegal to gain control over the leisure time of an individual with that of another, but, on the other hand, it is not considered a problem to seize the material resources of an individual.<sup>33</sup>

Robert Nozick wants to highlight that an essential aspect of equality is violated.<sup>34</sup> Every individual has the right to attain happiness in whichever way they want.

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<sup>32</sup> G A Cohen, SELF-OWNERSHIP, FREEDOM AND EQUALITY 112 (1995).

<sup>33</sup> C.f, Thomas Nagel, EQUALITY AND PARTIALITY 94 (1991).

<sup>34</sup> The Supreme Court of India has consistently taken a different view on the aspect of equality. The difference essentially arises out of a different interpretation of equality. Supreme Court has observed that such differences in choice do make for a reasonable classification and thus justifies progressive form of taxation. See, *Union of India v. S Vinay Kumar*, A.I.R 1986 S.C. 218 (India); *Jain Brothers v. Union of India* A.I.R 1970 S.C 778 (India); *Twyford Tea Company Limited v. State of Kerala* A.I.R 1970 S.C 1133 (India).

## *Progressive Taxation and Entitlement Theory*

Suppose that were the correct interpretation of the right to equality. Why should we distinguish between material ways of attaining happiness and non-material ways of achieving happiness? Robert Nozick wants to highlight the existence of no intelligible difference between material and non-material happiness.

The author believes that an interpretation of such a sort is a bit problematic. An intelligible difference between material forms of happiness and non-material forms of joy seems to exist. When we talk about the material form of happiness, it can be said that many societal activities permit us to accumulate material worth depending on our skill set; however, when discussing non-material means of attaining happiness, society is not contributing as much. For this reason, a certain control over material aspects is legitimate; however, the same amount of power to be exerted upon non-material aspects of life would be uncalled for.

### **Equality of Resources and Taxation Regime**

A better version of the taxation regime can be presented through a distributive model based on the equality of resources. Equality of resources takes the concept of equality as the basis for distribution.<sup>35</sup> The overarching goal of the equality principle is to ensure that an individual's particular circumstances do not determine the distributive outcomes, and at the same time ensure that distributions are sensitive to the specific choices that the concerned individual makes.<sup>36</sup>

It is essential to analyse the implications of such a version of equality on the existing taxation regime.<sup>37</sup> The proponents of progressive taxation mainly argue that fairness arises out of its connection with the particular capacity of the taxpayer to pay the tax.<sup>38</sup> It is also argued that such a progressive approach is a legitimate assertion of a share based on the contribution to the total output value in a society.<sup>39</sup> On the other hand, some favour a consumption tax over a general income tax imposition.<sup>40</sup> It is argued that the individual share must be determined based on consumption rather than contingent upon the resources spent through individual labour and skill.<sup>41</sup>

Thus, a distributive model based on equality of resources would advocate for a model not based on an individual's circumstances. It would seek to ensure that

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<sup>35</sup> Ronald Dworkin, *SOVEREIGN VIRTUE: THE THEORY AND PRACTICE OF EQUALITY* 143 (2000)s.

<sup>36</sup> C.f G.A Cohen, *On the Currency of Egalitarian Justice*, 99 *Ethics* 906 (1989).

<sup>37</sup> Henry C. Simmons, *PERSONAL INCOME TAXATION: THE DEFINITION OF INCOME AS A PROBLEM OF FISCAL POLICY* 44 (1938).

<sup>38</sup> Alan Gunn, *The Case for an Income Tax*, 46 *U. Chi. L. Rev.* 370 (1979).

<sup>39</sup> Alvin Warren, *Would a Consumption Tax be fairer than an Income Tax*, 89 *Yale L.J* 1081 (1980).

<sup>40</sup> See, Irving Fisher, *THE NATURE OF CAPITAL AND INCOME* ( London Macmillian 1906)

<sup>41</sup> Edward J. McCaffery, *The Uneasy Case for Capital Taxation* in *TAXATION, ECONOMIC PROSPERITY, AND DISTRIBUTIVE JUSTICE* (Ellen Frankel Paul *et.al.*, eds. 2006).

an individual's specific endowment does not determine such share.<sup>42</sup> Rather, such distribution must be sensitive to the individual choices or ambitions. A progressive rate of taxation seeks to neutralise the effect of such endowments in society.<sup>43</sup>

## **Conclusion**

The author has examined the progressive rate of taxation from the viewpoint of the Entitlement theory in the present paper. A progressive rate of taxation raises several central issues. For instance, it raises an essential question of the extent to which such rates are to vary. It raises another critical issue: applying a progressive taxation rate on various income sources. Another crucial issue is whether imposing a higher burden on a specific section of society is justified.

Entitlement theory provides for an extreme account of individual liberty. It is premised on the fact that an individual's will is inviolable. State intervention is justified only as long as it is for the protection of such individual autonomy. Further, it advocates for a distribution primarily based on an individual's entitlement. As long as the initial holding is fair, such shares must only be determined based on free exchanges of such holdings.

Justifying a progressive taxation form by such an entitlement theory account becomes tough. Thus, the author concludes that the progressive form of taxation should not be understood in terms of entitlement. Instead, the author suggests that taxation can be better understood from the perspective of equality of resources.

Equality of resources requires the state to have equal concern for its members. Such equality can be maintained by respecting two basic principles. The first principle states that each individual must have equal opportunity in life. This is irrespective of the circumstances of the concerned individual. The second principle is that each individual must be accountable for their personal choices and responsible for such decisions.

Progressive Rate of taxation seeks to achieve this equality. It differentiates people based on their income because it aims to negate the influence of individual endowments. It seeks to ensure that each benefits from the basic resources.<sup>44</sup> At the same time, it also seeks to ensure that each individual undertakes the specific responsibility through their individual choices in life.

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<sup>42</sup> Bruce Ackerman, *Taxation and the Constitution*, 99 Colum. L. Rev. 1 (1999).

<sup>43</sup> *Supra* note 30.

<sup>44</sup> *KT Mopil Nair v. State of Kerala* A.I.R 1961 S.C 552. In this judgment the Supreme Court discussed the relation between progressive charge of taxation and equality.