

Taxing Luxuries in Eighteenth-Century Britain: Old Perceptions and Modern Influences

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This presentation examines the nature of the luxury taxes which lay at the heart of British fiscal orthodoxy in the eighteenth century. They used the range of available imposts, including the indirect duties of customs, excise and stamps, and the direct establishment taxes. Tea, tobacco, wine, perfumes, hair powder, medicines, playing cards, carriages, dogs, horses and windows were just a few of the commodities subjected to tax during this period. Being non-essential items, they were all regarded as luxuries. These taxes might be thought to be mere historical curiosities, but this presentation demonstrates that they are important in two principal ways. First, they reveal the values which legislators and taxpayers recognised as essential to effective and sustainable taxation; and secondly, they were of material significance in the introduction and shaping of an income tax, which came to dominate direct taxation in the following century and beyond. In that, they explain certain defining features of modern tax law.

Luxury taxes were the imposts of choice in the eighteenth century: by their nature they were voluntary, they were fully justifiable, and they were non-inquisitorial in their administration. Their inherent weaknesses, however, essentially relating to their scope, led to their ultimate disappearance or recasting. Despite this, their legacy is potent: their very failings made the need for a compulsory income tax incontrovertible, and their underlying ethos promoted consensual taxation and initiated the notion of progressive taxation. Their administrative framework was adopted for the new income tax, and they were largely responsible for the introduction into the fiscal system of revenue practice in the administration of taxes. As such, the eighteenth-century luxury taxes provided the conceptual innovations, the constructs and the institutions which were key to the successful political, social and legal implementation of modern direct taxation in Britain.