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Taxation of Agriculture in Poland and Other EU Countries

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Abstract. Most modern agricultural taxation systems emerged in the post-war period. Since the late 1980s, majority of well developed economies have reformed their tax systems. Also agricultural taxation principles have changed and got aligned with those binding in other sectors of economy. Agricultural tax policy is not harmonised in the European Union. Hence, its scope, tax schemes and rates remain within the remit of sovereign decisions made by the EU Member States. Yet, in most EU Member States principles governing agricultural taxation are similar to those in other sectors of the economy, although there are many tax preferences for agriculture. Unlike other EU countries, who tax agricultural output, Poland adopted a different solution. In Poland tax is levied on factors that impact a farm's economic performance. For instance, in Poland farmers do not pay income tax on their agricultural business (with the exception of the so called special sections of the agricultural sector). The principal tax they pay is agricultural tax based on the area of land they own. The paper compares agricultural taxation schemes operating in Poland with schemes of other EU Member States and proposes directions of changes in the Polish agricultural taxation system. Research methods applied in the study included mainly: analysis of binding legislation, desk research and statistical data for the agricultural sector.

Keywords: agriculture, agricultural tax, EU Member States, Poland

1 Introduction

Modern agricultural taxation systems emerged mainly in the post-war period. Since the late 1980s, majority of well developed economies have reformed their tax systems. Changes were introduced also in agriculture. Taxation principles in this sector have changed and got aligned with other sectors of economy (Dziemianowicz 2007, 193). Agricultural tax policy is not harmonised in the European Union. Hence, its scope, tax schemes and rates are subject to sovereign decisions of the EU Member States. Yet, in most EU Member States principles governing agricultural taxation are similar to those in other sectors of the economy, although on many instances agriculture benefits from tax preferences.

The issue of public and legal charges levied on agricultural sector in Poland has for years been the source of controversies. The reason is that in Poland agriculture receives preferential treatment not only when it comes to taxes but also from the point of view of other public and legal charges, such as, e.g., social insurance. Agriculture is the only sector exempted from general principles, which dictate how social insurance premiums are calculated and collected. There is a separate scheme – called the agricultural social insurance scheme (Polish abbr. KRUS) – in which premiums for social insurance are much lower. Similarly, general tax scheme is different for agriculture. Poland, unlike other EU Member States, applied different tax principles to agriculture compared to other sectors of the economy. The main difference consists in taxing production factors instead of agricultural output. An attempt has been made to cover agriculture with income tax by levying it on the so called special sections of agricultural production, i.e., selected industries within the agricultural sector.

The paper aims at examining tax schemes in the EU Member States that apply to agriculture and comparing them with Polish tax arrangements to delineate directions to be followed by agricultural taxes in Poland. Methods deployed in the study include: analysis of binding legislation, desk research and statistical data for the agricultural sector.

2. Agricultural taxes in Poland

Considerations about agricultural taxation scheme in Poland can be divided into two parts. The first one concerns agricultural tax, which, to some extent, replaces income tax. The second one covers income tax levied on special sections of agricultural production.
Agricultural tax was introduced in Poland to replace land tax, which, in the legislator's opinion, as a revenue tax did not exert sufficient impact upon the development of agriculture and farms (Wasilewski, Gruziel 2008, 60-77). Besides, as stressed by S. Ogrodnik, the then (introduced by the tax reform of 1971) binding agricultural tax scheme, due to both its construction and relatively minor tax burden, had ceased to perform its tax function of stimulating and regulating the income (Ogrodnik 1991, 187-198). Moreover, the reform of agricultural tax of 1984 aimed at: (Dziemianowicz 2008, p.55)

- strengthening the fiscal function,
- increasing revenue to commune budgets,
- intensifying the impact of economic mechanisms upon agriculture,
- development of farms by increasing their area,
- achieving higher production efficiency and work productivity.

Unfortunately, the present structure of agricultural tax does not comply with the premises set by the legislator. The tax neither encourages agricultural development nor has it significantly increased budget income.

2.1 Structure of agricultural tax

Agricultural tax is charged on land entered into land register as arable land or arable land covered with forest and bushes, except land allocated for business activities other than agriculture. The tax is paid primarily by the land owner. Taxable base for agricultural tax includes:

1. for farmland[1] – no. of comparative fiscal hectares[2] (Dziemianowicz, Przygodzka 2011, 50) calculated based on the area, types and classes of arable land as registered in land registry, and tax district,[3]
2. for other land – no. of hectares in land registry.

Agricultural tax uses rather complex lump-sum rates, rarely applied in modern tax systems. Under this arrangement, the amount of tax depends on an artificial index adopted by the legislator: the price of rye. The tax is calculated by multiplying the number of comparative fiscal hectares by the monetary equivalent of 2.5 quintals of rye in a given fiscal year or the number of regular hectares by the equivalent of 5 quintals of rye. Average purchase price of rye is announced every year by the CEO of Statistics Poland (Polish abbr. GUS). Rates for years 2012-2018 are presented in Table 1.

Table 1: Agricultural tax rates in the years 2012-2018

TOTAL	Annual agricultural tax rate	2012	2013	2014	2015	2016	2017	2018

[1] According to the Act on Agricultural Tax, a farm is a piece of land classified as arable land earmarked for farming, which extends over an area bigger than 1 regular or 1 comparative fiscal hectare, owned or leased by a private individual, legal person or an organisation, including a company without legal personality.
[2] The unit reflects differences in the income of individual farms that result from different natural conditions (soil quality, climate), and economics (location).
[3] Act on Agricultural Tax delineates 4 tax regions consisting of communes and cities depending on economic, production and climate conditions

Rates for farmland	Equivalent of 2.5 quintals of rye per a comparative fiscal hectare	PLN	185.45	189.65	173.20	153.43	134.38	131.10	131.23
		EUR	43.13	44.10	40.28	35.68	31.25	30.49	30.52
Rates for land other than farmland	Equivalent of 5 quintals of rye per 1 regular hectare	PLN	370.90	379.30	346.40	306.85	268.75	262.20	262.45
		EUR	86.26	88.21	80.56	71.36	62.50	60.98	61.03

Own compilation based on the Communications of the Statistics Poland on average purchase price of rye for 11 quarters as a basis for calculating agricultural tax in the years 2012-2018

Rates included in Table 1 may, however, be lower in individual communes. Commune councils may reduce average purchase prices quoted by GUS and used as a base for calculating agricultural land in communes.
The structure of agricultural tax also includes allowances and exemptions. For instance, taxpayers may benefit from investment allowance if they have spent some money on, e.g., construction or modernisation of facilities for farm animals. Taxpayers may also benefit from tax reduction for crops that grow in mountain regions. In case of natural catastrophes, the head of community (vogt) may grant tax allowance in agricultural tax or decide to waive it completely, depending on the losses suffered by the farm. Regulations on agricultural tax provide for a number of allowances. For instance, agricultural tax may be waived for land allocated for a new farm or for the expansion of an already existing farm to not more than 100 ha, or for farmland which used to be idle land.

2.2 Fiscal importance of agricultural tax

Agricultural tax is paid to the budget of communes, the smallest units of territorial self-government. Considerations on its fiscal function should thus begin with the analysis of income from the tax in question into the budget.

Table 2: Selected own revenue in communes in 2010-2017

Commune revenue		2010	2011	2012	2013	2014	2015	2016	2017
Commune own revenue	PLN	66 548 180 0 48,72	70 441 681 3 04,66	73 930 532 9 47,20	78 604 774 1 01,92	84 604 713 1 83,84	88 347 042 9 56,38	91 003 803 6 72,80	96 388 859 8 15,85
	EUR	15476 32094 1,5628	16381 78634 9,9209	17193 14719 7,0233	18280 18002 3,7023	19675 51469 3,9163	20545 82394 3,3442	21163 67527 2,7442	22416 01391 0,6628
Tax income from agricultural tax	PLN	989 44 8 358, 73	1 062 292 13 9,13	1 545 893 81 1,90	1 665 241 29 0,50	1 653 534 86 3,37	1 592 972 99 7,40	1 513 458 16 2,38	1 485 185 60 0,74
	EUR	23010 4269,4 72093	24704 4683,5 18605	35951 0188,8 13954	38726 5416,3 95349	38454 2991,4 81395	37045 8836,6 04651	35196 7014,5 06977	34539 2000,1 72093

Own compilation based on data from the Local Data Bank

Agricultural tax is part of own resources in commune budget. Table 2 shows that its share in commune own resources is marginal. For example, in 2010 it represented 1.49% and in 2017 1.54% of own resources in communes. The structure of income in rural communes, where agriculture is the main source of income for the local population, is slightly different and the share of agricultural tax in own revenues is higher; in 2010 it accounted for 5.55% and in 2017 for 5.23%.
Lack of stability of income from agricultural tax is a reason for concern. While over the period covered by the study own revenues tend to increase, revenue from agricultural tax differs across individual years. That is the effect of unstable tax rates. The price of rye, which does not correlate with inflation, often fluctuates causing substantial changes in tax burden (Felis, Szlęzak-Matusewicz, Rosłaniec 2018, p. 58).
Thus, the fundamental question is whether the index adopted by the legislator – the price of rye – is a good option from the viewpoint of predictability of revenue from agricultural tax. Subject-matter literature stresses that by using the purchase price of rye as a base for calculating agricultural tax rate we may not directly link the tax with farm profitability. At the same time, we must bear in mind that over more than 30 years of the lifecycle of the Act on Agricultural Tax, the structure of agricultural production has changed rather substantially. Rye is no more the principal product in agricultural production (Dziemianowicz, Przygodzka 2011, p. 53). In 2015, compared to 1999, its crops dropped by over 50% (see Table 3).

Table 3: Crops of selected cereals in 1999, 2005, and 2015

Cereal	1999	2005	2015
Rye (dt)	51, 806, 580	34, 043,116	20131476
Wheat (dt)	90513385	87714338	109577872
Barley (dt)	34011072	35811556	29606619

Local Data Bank

Thus it seems that although the choice of rye as a measure for agricultural tax could be a correct option when the tax was put in place back in 1984, nowadays when the structure of agricultural production is completely different, it does not reflect profitability of farms and exerts negative impact upon budget revenue.
Finally, we need to examine fiscal efficiency of agricultural tax. According to Hanusz (1996, p. 262), agricultural tax is considered properly structured when it consumes from 6 to 8% or even 10% of average income per hectare. Based on statistical data, we realise that agricultural tax is much lower compared to the income. In the period 2010–2016, tax burden with agricultural tax ranged between 2.07% and 4.32% (Tab. 4).

Table 4. Fiscal efficiency of agricultural tax

	Specification	2010	2011	2012	2013	2014	2015	2016
(1)	Global production (mio PLN)	84484	100674	103114	107504	105345	98638	103357
(2)	Income from agricultural tax in communes (mio PLN)	989	1062	1546	1665	1654	1593	1513
(3)	Arable land	18931,0	18870,0	18825,0	18770,1	18716,5	18682,8	18621,0

	(thousands of ha)							
(4)	Average income from working in individual agricultural holdings per 1 comparative fiscal hectare (PLN)	2278	2713	2431	2869	2506	1975	2577
(5) = (2)/(3)	Tax per 1 ha (PLN)	52,24	56,28	82,12	88,70	88,37	85,27	81,25
(5)/(4)	Yield from 1 ha (%)	2,29	2,07	3,38	3,09	3,53	4,32	3,31

Own compilation based on the statistical yearbook of the Republic of Poland 2017, GUS

2.3 Tax scheme in special sections of agricultural production

Special sections of agricultural production are agricultural activities taxed by the legislator with income tax. They include, inter alia: plant growing in greenhouses and heated plastic tunnels, growing mushrooms and mycelium production, growing "in vitro" plants, breeding and rearing chickens for meat and eggs, poultry hatcheries, breeding and rearing fur and laboratory animals, raising earthworms, entomophages, silkworms, beekeeping, other animal breeding and rearing outside of farms. Agricultural activities taxed with agricultural tax and special sections of agricultural production taxed with the income tax differ primarily with the scope and size of activities (see Table 5).

Table 5. Selected types and sizes of special sections of agricultural production and estimated units of annual income

No.	Types of production	Unit of crop area or production	Estimated unit of annual income	
			PLN	gr
1	2	3	4	
1	Growing plants in heated greenhouses bigger than 25 m^2:			
	a) ornamental plants	1 m^2	11	39
	b) other plants	1 m^2	4	24
2	Growing plants in non-heated greenhouses bigger than 25 m^2	1 m^2	2	60
3	Growing plants in heated plastic tunnels bigger than 50 m^2:			
	a) ornamental plants	1 m^2	8	49
	b) other plants	1 m^2	5	21
4	Growing mushrooms and mycelium production, more than 25 m^2 of growing area	1 m^2	4	89
5	Chicks for meat – more than 100 pcs.:			
	a) chickens	1 piece		15
	b) geese	1 piece	1	27
	c) ducks	1 piece		34
	d) turkeys	1 piece		83
6	Chicks for eggs – more than 80 pcs.:			
	a) hatching hens (in reproduction flock)	1 piece	3	24
	b) meat hens (in reproduction flock)	1 piece	2	71

	c) geese (in reproduction flock)	1 piece	1	78
	d) ducks (in reproduction flock)	1 piece	3	33
	e) turkeys (in reproduction flock)	1 piece	14	19
	f) hens (production of eggs)	1 piece	2	38
7	Hatching houses:			
	a) chickens	1 piece		01
	b) geese	1 piece		08
	c) ducks	1 piece		02
	d) turkeys	1 piece		08
8	Fur animals:			
	a) foxes and raccoon dogs	per 1 female in principal herd	44	93
	b) minks	over 2 females in principal herd	19	75
	c) ferrets	over 2 females in principal herd	15	29
	d) chinchillas	over 2 females in principal herd	23	35
	e) nutrias over 50 females in principal herd	per 1 female in principal herd	5	38
	f) rabbits over 50 females in principal herd	per 1 female in principal herd	5	38
9	Laboratory animals:			
	a) white rats	1 piece		14
	b) white mice	1 piece		02

Regulation of the Minister of Development and Finance of 7 December 2016 on estimated units of income from special sections of agricultural production (Dz. U. of 2016, item 2058).

The first criterion used to decide whether we are dealing with special sections of agricultural production is the presence (or absence) of the activity in question in Annex 2 to the Act on Income Tax (see table 5). If a taxpayer grows or produces crops or products not enumerated in the Annex, we may assume that what he/she does is farming, not special type of agricultural production. However, if the activity pursued by a taxpayer features in Table 5, the next step will be checking the size of given activity. If operations in question exceed values given in Table 5, the taxpayer should be taxed in the same way as operators in special sections of agricultural production.

Taxpayers whose businesses fall within special sections of agricultural production may choose their preferred form of tax. They may pay income tax on the real income or on the so called estimated unit of income (estimated income). If a taxpayer does not keep books of accounts, then he/she makes an estimate of the income, which is then taxed. This estimated income is a product of the estimated unit of income for a particular production profile and the number of units of production, to which the estimated unit of income applies. Income tax on income calculated in this way is calculated in accordance with the progressive income tax scheme with two rates: 18% and 32%. When estimated units of income are used, tax is assessed on hypothetical income, which depends on production factors rather than on business performance.

If, on the other hand, the taxpayer keeps books of accounts, i.e., he/she provides evidence for revenues received and costs incurred in her/his business, tax is paid on real, not estimated, income. Real income is taxed with a progressive income tax rate or with a linear flat-rate of 19%. Taxpayer may choose between these two arrangements.

3. Agricultural taxation systems in selected European Union Member States

The above described structure of agricultural tax in Poland needs to be compared with solutions applied in other EU countries.

Agricultural tax policy is not harmonised at the European level. The scope and structure of tax arrangements are decided by sovereign Member States. However, in most EU Member States agriculture and other sectors of economy are taxed according to the same principles although agriculture often enjoys preferential tax treatment. Although in most countries there is no special tax that would target agriculture, farmers are treated differently than other professional groups. Such is the effect of preferential treatment of agriculture within the tax system, in literature referred to as *agricultural tax expenditures (TEs*).

When investigating into tax arrangements applied in the EU countries, we may distinguish two taxation systems in agriculture. Under the first one, agriculture is subject to the same tax regulations as other types of activities but there are additional tax preferences offered to the sector in some countries (e.g., the Netherlands, Spain, Belgium, the UK, Ireland, Sweden, Slovakia) or there are no preferences at all (e.g., Finland). The second system of agricultural taxation (Austria, Germany, France, Italy, Poland) covers farmers with a set of different tax regulations (J. Pawłowska-Tyszko 2013, p. 15). Regardless of the scope of tax preferences that target agriculture, tax is paid on income. Income may be assessed in two ways. Majority of EU Member States tax the real income/revenue resulting from books of accounts that are duly kept by the farmer. Yet, in some countries (e.g., Germany, Austria) income is either estimated or it is taken as a lump sum.

The overview of tax systems applied by the EU Member States in agriculture demonstrates that the EU farmers pay most taxes paid by other professional groups. Principal taxes in the sector of agriculture include: income taxes, including personal and corporate income tax; capital levies, including property tax (land and buildings), inheritance tax, levies on donations, and sale contracts; indirect taxes, in particular tax on goods and services (VAT).

Personal income tax plays key role in agriculture taxation in the EU Member States mainly due to the ownership structure of the European agriculture dominated by family farms with only a minor share of farms owned by corporate operators.

As we have already mentioned, many EU countries offer preferential treatment to agriculture. Using specific tax policy instruments, governments accomplish concrete goals set in their social and economic policies. These may be, e.g., preferential taxable base, more favourable tax rates, or income tax allowances and exemptions.

For example, in Portugal farmer's income that does not exceed EUR 22,600 is not taxed. For income between EUR 22,600 and 200,000 only 25% of marketed agricultural products are taxed. In Germany farmers whose holdings are not bigger than 200 acres and breeders holding not more than 50 animals may choose between real and estimated income as a taxable base. Sweden offers preferential tax rates to young farmers. As a rule, income from farming is taxed with the 28.97% rate, while the same rate for young farmers is reduced to 14.89%, and for elderly farmers to 10.21%.

4. Directions of changes in agricultural taxation in Poland

The structure of agricultural tax that has been in force since 1984 does not fit economic situation and the position of the country. It is an outdated structure compared to taxation applied to agriculture in the EU Member States. It also differs from other tax structures within the Polish tax system.

Fiscal levies in agriculture are not too high and their linear structure gives preferences to big and economically stronger agricultural holdings, whose owners, however, not always reciprocate by making adequate economic decisions. As agricultural tax is not linked with personal or family situation of a taxpayer, in principle it is independent of her/his solvency. Thus it is more a capital levy than an income tax because farmer's income is irrelevant for how much tax he/she pays. The doctrine also stresses that a situation, in which different taxes are paid for arable land within a farm (equivalent of 2.5 q of rye per 1 comparative fiscal hectare) and different for land outside of a farm (equivalent of 5 q of rye per 1 ha) is artificial and encourages establishing "fictitious" holdings by acquiring lower class land, often tax exempted, to pay lower, preferential agricultural tax even when economically the area smaller than 1 ha would suffice (Dziemianowicz 2007a, 184-194). Such approach does not bode well for the improvement of area structure in agriculture or for rational land management. Contradictory solutions in the structure of agricultural tax can be attributed, inter alia, to the fact that the tax was created many years ago under different economic circumstances, which until today have ceased to exist.

Discussions about agricultural tax draw our attention to the fact that its structure is incompliant with the Constitution, more specifically with the equality before the law principle. This is because agricultural tax in fact has been taken out of the general system. The tax is paid on agricultural activities while agricultural income is taxed only in the so called special sections of agricultural production, a minor share of agricultural operations. As a result, income tax is little important both as a fiscal burden and as a source of income to the central budget. Thus, we may conclude that farmers are the only social and professional group whose income, regardless of its amount, is not taxed (Dziemianowicz 2007a, 184-194).

Hence, a discussion about what taxable base we should choose for agricultural production is fully justified. Considering tax schemes applied to agriculture in the EU Member States and fiscal ineffectiveness of the Polish agricultural tax, steps undertaken to change tax scheme for agriculture in Poland seem to be fully justified. They should strive to link agricultural tax with farmers' income.

Economically ineffective structure of agricultural tax, as well as its incompliance with fundamental tax principles, including the equality before law principle (Ganc, Mądra 2011, 207-218) encourage searches for a solution that would replace agricultural tax with a different one, e.g., income tax. In most cases, proposed ideas suggest replacing agricultural tax with income tax or revenue tax (lump sum tax on reported revenue). According to some researchers who study the issue, it would increase budget revenue but, usually, also the fiscal burden on farms (Wasilewski, Ganc 2013, 341-346).

There is a plethora of suggestions as to how agriculture should be taxed. One of them consists in approaching agriculture like any other sector of economy. Under such arrangement, farmers would be taxed based on principles identical with those that apply to other entrepreneurs. Then, farmers, just like entrepreneurs do, could pay progressive income tax on income they actually receive or a flat-rate linear tax irrespective of the income. However, one needs to expect that tax rates should be much lower (than the currently binding 18% and 32% and 19% for linear tax) if in the first period tax rate would remain the same as for the agricultural tax. In practice, on the one hand, it would mean the need to estimate revenue and, on the other hand, costs incurred. This type of taxation, which requires much deeper engagement of the taxpayer, would bring benefits, especially in less prosperous years in agriculture as well as in situations when bigger investments are made in the agricultural holding, such as, e.g., a purchase of new machinery, major repair or constructing new production facilities. These taxation principles would also mean that the government would also be exposed to the risk of poor harvest.

Another way of taxing income consists in specifying costs (as a lump-sum or percentage share) incurred to receive revenue. This is a simpler solution as the taxpayer does not have to produce evidence to substantiate costs he/she has incurred. Assuming that farmers could account for actually incurred costs only when these costs exceed limits stipulated in the Act, the solution could be convenient, e.g., when higher investments are made.

In some countries, also in Poland, selected categories of income from agriculture are assessed based on estimated units of income. It helps linking tax with taxpayer's income and, at the same time, there is no need to keep detailed registers of revenues and tax deductible costs.

One of the proposals featuring in the discussion on agricultural taxation in Poland is to tax revenue disregarding tax deductible costs. In this case it suffices to identify revenue, which is usually taxed at rates much lower than those provided for under tax schemes, in which costs are taken into account. It

is a rather simple tax, which does not favour development projects. Costs incurred on investment would not be taken into account for tax purposes. Alternatively, over the period of an investment project, lower tax rate could apply to compensate high costs of investment.
A poll tax is a simple and cheap tax that could apply to agriculture. It depends on inputs that impact income, such as, e.g., farm area. Under such an arrangement, farmers do not estimate either revenues or costs; tax would be assessed by tax authorities in a decision issued based on received data. Yet, such taxation would be completely detached from actually acquired income or loss. On the other hand, by making tax dependent on many factors: farm area, number of people in the household or number of workers in the farm we would indirectly link the tax with potential farmer's income.
Farmers also await changes in agricultural taxes. Studies have shown (Wasilewski, Ganc 2012, 725-733) that farmers believe that the agricultural tax in its current shape does not reflect differences in farm performance. Among main reasons they point, first and foremost, to old-fashioned ways of delineating tax districts and calculating fiscal levies based on the number of comparative fiscal hectares. According to farmers, the fundamental problem with the current taxation system is the absence of stimulating function. Agricultural tax, in farmers' opinion, is a big burden - compared to the income received - to poorly performing farms and a minor burden to big and economically strong holdings. Most farmers are of the opinion that the current system should be left for small farms while a modernised system (adjusted to the received income) should apply to farms that are big and economically strong.
Thus, changes in agricultural taxation are needed but we must think of tax effects of the adopted solution. These effects differ depending on the model of agriculture taxation. Studies conducted with this respect show that the central budget would benefit from taxing farmers' income. From this point of view, the most favourable solution is a lump-sum tax on registered revenue because this tax disregards tax deductible costs, which are quite substantial in agriculture. However, we need to stress that lump-sum tax on registered revenue would be the least favourable to farmers. On the other hand, personal income tax levied on farmers would increase budget revenue only if linear income tax were introduced (19%). Progressive income tax would significantly decrease central budget revenue from agriculture (Ganc 2014, pp. 775-784).

5. Conclusions

The structure of agricultural tax in Poland is ineffective in fiscal terms, which is why it should be changed. Tax system in Polish agriculture is based on an outdated formula which does not fit present economic circumstances and, above all, does not consider farmers' actual financial performance.
Agricultural tax accomplishes its fiscal function only to a limited extent. It is a tax that is difficult also in terms of planning and management. Making it dependent on an artificial index, such as the price of rye implies high risk of non-compliance with budget assumptions. This is why measures aimed at replacing it with a new tax scheme that would link tax burden with taxpayer's financial capacity seem fully justified. Besides many analysed and potentially available forms of taxation, such as general taxation principles, lump-sum or poll tax, we need to remember about the simplest solution currently applied to some sections of agriculture. A system based on estimated income currently applied in special sections of agricultural production could be extended to cover the entire agriculture sector without major social and economic costs. Such a system would be preferential compared to other sectors of the economy but would more closely link the amount of tax with taxpayer's income than the currently binding arrangements.

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