Rethinking Taxation and the Teaching of Tax Law in the Digital Society Era

By:

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By imposing social distancing and narrowing the available physical space, the COVID-19 pandemic applied the “magnifiers’ effect” on the numerous Brazilian socio-economic problems that were unveiled for a bigger share of the Brazilian people, then. In the first half of 2020, it was indisputable that the number of people on the poverty line was much higher than the previous statistics indicated. To minimize the economic impact of the pandemic on low-income households, the federal government granted an emergency aid of R$ 600.00 (U$ 110) to support the lowering of income caused by the pandemic. We were all surprised to find that 44.1% of Brazilian households received emergency assistance, according to data from IBGE - Brazilian Institute of Geography and Statistics. To give a glimpse of the costs associated with the emergency aid, the amount spent until September 2020 was already 40% higher than the total budget for education in 2021.

Parallel to the increase in public expenses to face the pandemics' downturns, the country faces a sharp decline in tax revenue collection. The situation in Brazil worsens due to the reduction in taxes on consumption revenue collection that used to be relatively stable. In this context, we bring an important reflection on the need to review traditional tax standards and principles, as well as a review of the approach to the teaching of Tax and Public Finance Law in the country. It is past time to adopt another taxation model that should be fairer, more efficient, and focused on the reality of the streets instead of outdated codes and regulations.

It is known that taxation on consumption is one of the most unfair taxation systems that aggravates social inequalities, mainly in countries were economic gaps are huge. In Brazil, consumption taxes account for almost half of the domestic tax burden. The current practice is also excessively regressive and unfair to the less economically endowed that consist most of the Brazilian population. Rethinking new sources of revenue may be a way out of the current economic crisis. Taxing wealth, the digital economy, and pollution can be a way of mobilizing resources from new sources and reducing the tax burden on the less favored and most vulnerable individuals.

With the advent of the digital economy, a new approach to Public Finance and Taxation is fundamental. As Obserson warned, new "significant economic presence" indicators, such as robots, are potential new sources of revenue and should not be underestimated (Oberson 2019). Besides, economic recession demands innovation. Thus, alternative means of tax payment, such as the possibility of in-kind payment, such as cryptocurrencies, should also be considered. In Brazil, Complementary Law No. 104/2001 included in the National Tax Code the possibility of using immovable properties as a means of payment. But this measure is still very narrow and should have included the payment with other types of goods and services as well. That may be an alternative in a moment of economic recession and be considered as an advance in tax policies, not a setback.

Indeed, the current moment demands new reflections on the role of the States and the public finance domain amidst all present uncertainties. The concepts of State, sovereignty, citizenship, and territory can no longer be restricted by

old theories. The pandemic has proven the relevance of multilateral organizations for solving problems that go far beyond traditional geopolitical borders.

The role of States' in the protection and delivery of fundamental rights was reintroduced in the international debate. The State is responsible for the implementation of the most relevant measures, mainly in emergencies such as the one we are facing now. Only coordinated measures with collective goals will have a real effect on the fight against the COVID19. The cries of "less state" began to be rethought. We may mention the example of the Brazilian health system, the SUS - Free and universal Unified Health System, which provided for health services for most cases of COVID19 in Brazil, despite a large private health services network across the country. At this moment, we hope that Brazilian authorities will become more aware of the importance of social controls of public money and demand transparency and efficiency of public measures and expenses.

It must be made clear that the only way for the State to guarantee the fundamental right to health provided for in the Constitution of the Federative Republic of Brazil, Art. 6, will be public revenues. And most of these resources come from taxes. As Cass Sunstein and Stephen Holmes (2000) acknowledged:"there *are no rights at no cost".* Hence, the need for a sharp and timely reflection on new revenue sources and the proper use of public resources grew in importance.

In the context of the Digital Society, public finance scholars must review and adapt old instruments while enabling the creation of new practices. Faced with the new challenges arising in this troubled year 2020, a new class was approved and introduced from Fall 2020 in the Graduate Program in Law curriculum, at the Federal University of Ceara, under the name of "Public Finance in the Era of Digital Society". As it is offered online, we have the oportunity to invite teachers, lawyers, tax authorities, and researchers from several countries. Thus, the recourse to new teaching technologies contributed to the implementation one of the innovative pillars of this new proposal, which is exactly the offer of a collaborative discipline that is focused on the global current state of affairs, strengthening network researching channels, and

benefiting from the closer connection among individuals and organizations around the world that was made possible by the digital society. Also, the use of new technological tools facilitated a more effective comparative law based approach with the participation of representatives from different countries with different views and solutions.

With the use of the new language tailored for the digital society, much more informal and collaborative than that possible in the physical and limited space of a traditional classroom, we hope that this experience may be expanded in the coming years reaching classes beyond the graduate program curriculum and allowing greater interaction between academia and society.

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