

* IS IT POSSIBLE NOT TO TAX?

(VERGİSİZ DEVLET MÜMKÜN MÜDÜR?)

Prof. Dr. Ahmet EROL *
Arda GÜNEŞ**

ABSTRACT

Until now, many governments have collected taxes from individuals and/or legal entities to finance basic services such as public spending and security. Over time, tax policies and ideas have changed. Various economic movements have advocated different views on the issue. As a fundamental attribute of statehood, states have alternative sources of revenue other than taxes, especially real estate revenues. This study discusses alternative sources of revenue and how they can be used to finance public expenditures in the context of whether there can be a state without taxes. Public expenditures can also be financed through the pricing of semi-public services, distinct from the fully public services provided to citizens. In addition, public-private partnerships can also be an effective way of financing public spending by prioritizing the public interest. Moreover, if the state has underground resources, as in the case of Norway, it is possible to provide public services to citizens without taxation and pricing. In a situation where people are not working due to technological advances and the use of advanced robotics in production, it may be possible to provide direct income to the citizens of the country from the revenues generated by the productive power of the state instead of collecting taxes.

Anahtar Kelimeler: Tax, Government, Budget, Tax law, Government expenditure, Public goods.

^H Eserin Dergimize geliş tarihi: 04.12.2024. İlk hakem raporu tarihi: 08.12.2024. İkinci hakem raporu tarihi: 09.12.2024. Onaylanma Tarihi: 10.12.2024.

* Profesör Doktor, Yeditepe Üniversitesi Hukuk Fakültesi, Kamu Maliyesi ve Vergi Hukuku Anabilim Dalı. Yazarın ORCID belirleyicisi: 0000-0001-9195-9812.

** Avukat, Doktora Öğrencisi. Yeditepe Üniversitesi Sosyal Bilimler Enstitüsü Kamu Hukuku Doktora Programı. Yazarın ORCID belirleyicisi: 0000-0001-6063-2964.

Esere Atıf Şekli: Ahmet Erol/Arda Güneş, "Is It Possible Not to Tax?", YÜHFD, C.XXII, 2025/1, s.289-306.

ÖZ

Geçmişten günümüze birçok devlet, kamu harcamaları ve güvenlik gibi temel hizmetleri finanse etmek için gerçek ve /veya tüzel kişilerden vergi toplama yoluna gitmiştir. Zamanla vergi politikaları ve düşünceleri değişmiş, çeşitli ekonomik akımlar bu konuda farklı görüşler ortaya koymuştur. Devletlerin, devlet olmalarının doğal bir sonucu olarak taşınmaz gelirleri başta olmak üzere vergi dışında başvurabileceği alternatif gelir kaynakları da bulunmaktadır. Bu çalışmada, vergisiz bir devletin olup olamayacağı kurgulaması içinde alternatif gelir kaynaklarına ve kamu harcamalarının finansmanında nasıl kullanılabileceklerine değinilmiştir. Kamu harcamalarının finansmanı, o ülkede yaşayan bireylere devletin devlet olması nedeniyle sunduğu tam kamusal hizmetler dışında kalan verilen yarı kamusal hizmetlerin fiyatlanması yoluyla da sağlanabilir. Bununla birlikte, kamu yararı gözetilerek ve kamu çıkarları öncelenerek tesis edilecek kamu-özel işbirlikleri de bu finansmanı sağlamak için etkili bir yol olabilir. Ayrıca, Norveç örneğinde olduğu gibi, devletin yer altı kaynaklarına sahip olması durumunda, bireylerden vergi alınmadan ve fiyatlandırılmadan da kamusal hizmetlerin yurttaşlara sağlanması mümkündür. Teknolojik ilerlemeler ve üretimde gelişmiş robot teknolojilerin kullanımı nedeniyle insanların çalışmaması gibi bir durumda da vergi toplamak yerine bireylere devletin üretim gücünden elde ettiği gelirlerden ülke vatandaşlarına doğrudan gelir sağlanması gündeme gelebilir.

Keywords: Vergi, Devlet, Bütçe, Vergi Hukuku, Devlet Giderleri, Kamu Malları.

1. Introduction

From the past to the present, states have required consistent sources of revenue to fund essential public services and programs. These functions include maintaining social, legal, and economic order, providing security, and delivering public goods and services essential for societal welfare and development. In consequence of these obligatory public expenditures, states have been obliged to impose taxes on their own citizens and even on foreign nationals who have made economic gains within their borders.

Taxation has been employed in Turkey, as in the rest of the world, to finance public expenditures since the Magna Carta of 1215.¹ This is

¹ Gerek, Şahnaz; Aydın, Ali Rıza. *Anayasa Yargısı ve Vergi Hukuku (Constitutional Jurisdiction and Tax Law)*. Seçkin, 1. Edition, Ankara, 2005, p. 37.
YÜHFD Cilt: XXII Sayı:1 (2025)

provided for and guaranteed by the Constitution². While these taxes are intended to ensure security, finance public expenditures, and establish a fair order, there are instances when the state's interests and the expectations and interests of individuals may conflict. Indeed, on occasion, low-income individuals may experience adverse effects from these taxes in comparison to high-income individuals, which could potentially lead to social unrest³. Similarly, while honest taxpayers fulfill their tax obligations fully and in accordance with the rules, individuals who evade taxes may not fulfill these obligations. As a result, tax evaders may dynamize the market economy by gaining an unfair competitive advantage⁴.

In order to eliminate the adverse economic, legal, and sociological consequences of taxation, there is a compelling public interest in the pursuit of a tax-free future. In the future, with the discovery of alternative resources and the development of technology, the necessity of taxation may be called into question. It is therefore important to develop the concept of a tax-free state and to conduct studies and projects on the potential consequences of such a system. This study will examine the state, tax, and tax philosophy, and will then consider the feasibility of a tax-free state structure in light of alternative sources of income and developing technology.

2. Brief Historical Development of Tax

Taxes have been an important source of revenue from ancient civilizations to nation-states. From the Sumerian civilization to ancient Egypt, from the Roman Empire to modern nation-states, many states have resorted to taxation. In Sumeria, taxes were collected on grain and were a

² According to article 73 of the Turkish Constitution's first paragraph: "Everyone is under obligation to pay taxes according to his financial resources, in order to meet public expenditure." (https://www.anayasa.gov.tr/media/7258/anayasa_eng.pdf, 8 dec. 2024)

³ Among many studies see for ex., T. Picketty, *Property, Inequality, and Taxation: Reflections on Capital in the Twenty-First Century*, 68 *Tax L. Rev.* 631 (2014-2015); Gema Lax-Martinez, Dominic Rohner, Alessandro Saia, *Threat of taxation, stagnation and social unrest: Evidence from 19th century sicily*, *Journal of Economic, Behavior & Organization*, Volume 202, October 2022, Pages 361-371

⁴ Michael W. Spicer, Lee A. Becker, *Fiscal Inequity And Tax Evasion: An Experimental Approach*, *National Tax Journal*, Volume 33, Number 2, June 1980; Winfried Becker, Heinz-Jürgen Büchner, Simon Sleeking, *The impact of public transfer expenditures on tax evasion: An experimental approach*, *Journal of Public Economics*, Volume 34, Issue 2, 1987, p. 243-252.

symbol of power for city-states.⁵ In addition to the Sumerians, ancient Egypt also resorted to taxation. Since economic values such as wheat and barley were produced in these times, and harvest times were certain and predictable, taxes were levied on these products. The collected grain taxes were floated down the Nile to the royal storehouses.⁶

Taxes funded the king's expenses, officials, the army, and new construction, sustaining the system's progress. In ancient Greece, indirect taxes were collected in addition to direct taxes, and such taxes caused public outcry.⁷ The Roman Empire, on the other hand, levied taxes on property income, spoils of war, and the nations they had annexed to the empire. They also collected tribute taxes, which were used to finance the army in the event of war. After the imperial period, taxes were regulated according to the emperor's decrees. While head tax and land tax were direct taxes, customs tax, inheritance tax, gate tax, purchase and sale tax were indirect taxes.⁸

Four major economic movements were prominent in the New Age period: mercantilism, cameralism, the physiocrats, and the classical school. Each represented a different view of taxation.⁹

During the mercantilist period, medieval ideas were rejected and more rational and rational principles were adopted. It was argued that the state should have a strong economy. Therefore, the mercantilist tax system was aimed at increasing production and no tax was collected on production. However, consumption and labor were taxed to prevent laziness. Property revenues from state-owned land played an important role in meeting public expenditures. Taxes were seen as compensation for the security services provided by the state to its citizens.

⁵ Ünal, Soner. *Vergi Tarihinin Kökenleri: Sümer'den Eski Mısır'a, Yunan'dan Roma'ya Antik Çağda Vergilendirme Kabiliyeti ve Etkinliği (Origins of Tax History: The Capability and Efficiency of Taxation in Antiquity from Sumer to Ancient Egypt, Greece to Rome)*. Abdullah Burhan Bahce, Gazi, Ankara, 2017

⁶ Yıldırım, Ercüment. *Eski Mısır'da Tarımsal Üretim ve Vergilendirme Sistemi (MÖ 3100 – 672) (Agricultural Production and Taxation System in Ancient Egypt (3100 - 672 BC))*. Gaziantep University Journal of Social Sciences, Vol. 4, p. 8.

⁷ Kayan, Ahmet. *Verginin Tarihsel Gelişimi ve Sebep Olduğu Bazı Önemli Olaylar (Historical Development of the Tax and Some Important Events Caused by it)*. Vol. 215, p. 3.

⁸ Yolal, Merve. *Verginin Tarihsel Gelişiminin ve Mali Fonksiyonun Geçmişten Günümüze Değerlendirilmesi (Evaluation of the Historical Development of Tax and Fiscal Function from Past to Present)*. 2017, p. 5.

⁹ Yolal, Merve. *Ibid.* p. 6, 7.

The idea that the state should intervene in the economy is dominant in public liberalism. Social and economic life was regulated by the state. Taxes were used as a last resort to finance public expenditures, as they were seen as a drain on capital and an impediment to entrepreneurship. State revenues were generally derived from state lands and enterprises.

Physiocrats emerged in the 18th century as defenders of the natural order. Since nature operates according to its own rules, government intervention is unnecessary. Therefore, they argued, government spending should be minimized. Since taxes disrupted the functioning of the natural order, a single tax was levied only on agricultural income. It is useful to seriously examine the Cameralist and Physiocratic movements to determine whether a tax-free state is possible.

The classical school, under the leadership of Adam Smith, argued that the market mechanism could provide economic order if it worked perfectly. Adam Smith made important contributions to taxation in his book *The Wealth of Nations*, published in 1776¹⁰. Smith defined the principles of taxation, which are still valid today, as equity, certainty, adequacy and economy. He said that the government has two types of revenue: Revenue from the property of the state and taxes to cover public expenditures. Taxes were accepted as the primary source of revenue. Smith also emphasized the importance of the principle of utility in financing public expenditures. He argued that since the benefits of defense services spread throughout society, everyone should share in the cost of these services according to their income. In the case of justice, public works, and education, on the other hand, he argued that those who directly benefit from these services should pay the costs. While Smith considered defense services to be fully public, he considered areas such as justice, education, and public works to be semi-public services.

As Adam Smith argued, the state cannot be reduced to a security-based structure. As part of the invisible contract with the people, the state must also provide social protection and security. There is no doubt that there are security and development needs that should be met through taxation.¹¹ However, the social state must aim to provide social security and social welfare. According to the principle of the social state, taxation to cover public expenditure is a duty rather than a power of the state. Therefore, the

¹⁰ W. Strahan and T. Cadell, London.

¹¹ Güneş, Gülsen. *Verginin Yasallığı İlkesi (Principle of Legality of Tax)*. Alfa, İstanbul, 1. Edition, 1998, p. 46, 56.

state is obliged to collect taxes and individuals must fulfill these duties and obligations. The social state and the rule of law can ensure the happiness of individuals through taxation.¹²

By collecting taxes, states provide economic welfare and security to their citizens by providing the necessary financing for their public expenditures, which have increased since the beginning of the 20th century. Since the Magna Carta of 1215, the legalized duty of the state to tax and the duty of citizens to pay taxes in return for the full public goods and services provided by the state sometimes leads to serious conflicts between the state and its citizens. Today, especially in organized, developed societies, the policy of high taxation by the state due to wrong choices in public spending can lead to serious problems.

In order to prevent these conflicts from undermining the state and state institutions, and to prevent the breakdown of trust between citizens and the state, states need to explore alternative ways of taxing less, or even not taxing at all. In this process and search, it is important to first accept the possibility of a tax-free state at the intellectual level.

3. Alternative Sources of Revenue For Transition to A Tax-Free State

Throughout history, governments have generally financed their needs, such as public services and security, from taxes. In fact, according to some economists such as Thomas Piketty, the most appropriate solution to control inequality and accumulation dynamics is to apply progressive taxes on capital.¹³ However, taxes are not the only source of revenue, and a tax-free state model can be achieved if conditions are met or technology advances. In order to realize a tax-free state, it is useful to start evaluating some possibilities today.

First, in a tax-free state model, the state can finance public expenditures with the money it receives from pricing its services other than basic education and basic health. If this financing can be done directly with the money to be collected from highways, basic designated high schools (scholarships can be given to those who choose schools that provide education for the professions that society needs), and health services other

¹² Güneş Gülsen. *Ibid.* p. 105 – 110.

¹³ Piketty, Thomas. *Yirmi Birinci Yüzyılda Kapital (Capital in the Twenty-First Century)*. Türkiye İş Bankası Kültür Yayınları, 5. Edition, İstanbul, 2023, p. 507.
YÜHFD Cilt: XXII Sayı:1 (2025)

than basic health, there may be no need for taxation, but it seems unlikely that this situation will replace taxation on its own.

An additional source of revenue to fund public expenditures can be obtained through the efficient management of state-owned real estate. The state has the option of leasing its assets, including land and properties, at the prevailing market rates. Furthermore, state-owned factories, enterprises, institutions, and organizations can be operated in an effective and efficient manner, thereby generating significant profits. In cases where the operation and renovation investments of enterprises have become inefficient and resource-consuming, privatization under conditions of continued production and employment, as well as technological renewal, may be a viable option. Furthermore, the state's underground and aboveground resources have the potential to serve as a significant source of financing and funding. In this context, the exploitation of mines, solid and liquid fuel deposits provides the state with a substantial source of revenue. During the Gaddafi regime, Libya's economy was heavily reliant on oil revenues, with approximately ninety percent of these revenues being transferred to the public through the state in the form of goods and services. Services such as electricity, natural gas, water, education, and health were provided free of charge. The state provided housing for newlyweds and scholarships for those pursuing studies abroad, and the tax rates were comparatively lower than in other states.¹⁴ Similarly, in Norway, the discovery of oil in the sea in 1969 has resulted in a gradual increase in oil revenues. A sovereign wealth fund was established with these oil revenues. The objective was to generate income and create a source of wealth in the long term, thereby ensuring prosperity for future generations.¹⁵ Today, this effectively managed sovereign wealth fund generates hundreds of billions of dollars in annual profits.¹⁶ As these examples demonstrate, public services can be financed by alternative sources.

¹⁴ Cantürk, Caner. *Devrimler, Kaos ve İstikrar Arayışları İçinde Libya: Tarihsel Ve Yapısal Bir Analiz (Libya in Revolutions, Chaos and the Search for Stability: A Historical and Structural Analysis)*. Article, Uluslararası Afro-Avrasya Araştırmaları, Vol: 6, 2018, p. 13.

¹⁵ Özgül, Hüseyin Burak. *Norveç Varlık Fonu Üzerine Bir İnceleme (A Study on the Norwegian Sovereign Wealth Fund)*. International Journal of Public Finance, Vol. 1, p. 7, 8.

¹⁶ <https://tr.euronews.com/2024/04/18/norvec-varlik-fonu-yilin-ilk-ceyreginde-107-milyar-dolar-kar-acikladi#:~:text=107%20milyar%20dolar%20olarak%20a%C3%A7%C4%B1klanan,getiri%20sa%C4%9Flad%C4%B1.%22%20%C5%9Feklinde%20konu%C5%9Ftu,> (Access date: 19.05.2024)

An alternative option is a public-private partnership. It is possible for the state to provide this financing in collaboration with the private sector. One advantage of a public-private partnership is that the public sector can transfer some of the liabilities associated with a project to the private sector, thereby sharing the risk.¹⁷ In this manner, the financing of projects can be provided by the private sector, thereby avoiding the collection of taxes from society. Nevertheless, an excessive degree of privatization of public services may potentially disrupt the market and economic balance in the future. It is therefore essential to ensure that the balance of privatization is carefully calculated. Furthermore, cost-benefit analyses of public-private partnerships should be conducted in accordance with scientific criteria that are free from political favoritism. The scope of the areas and services to be provided by the private sector, as well as the duration of their operation, should be clearly defined. The compliance of the private sector with its commitments in these areas should be subject to impartial and effective auditing. Effective sanctions should be included in the contracts as a deterrent in accordance with the findings of the audit. The public-private partnership contracts that have been signed in Turkey in recent years are open to serious legal and economic criticism¹⁸. One might even argue that these contracts have resulted in a net loss for the public sector¹⁹.

In addition to the process of privatization, it is crucial for the state to maintain a presence in some important areas and times. It is possible that certain sectors may be closed down by the state's rapid privatization. To illustrate, in Morocco, the state provided peasants with chicks for breeding²⁰. However, the IMF subsequently determined that the public

¹⁷ Boz, Selman Sacit. *Kamu Özel İşbirliği (Ppp) Modeli (Public Private Partnership (PPP) Model)*. İnönü Üniversitesi Hukuk Fakültesi, Vol. 2, p. 25.

¹⁸ Açıkgöz, B. (2020). Public-Private Partnership—The Case of Turkey. In: Kırıl, H., Akdemir, T. (eds) *Public Financial Management Reforms in Turkey: Progress and Challenges*, Volume 1. Accounting, Finance, Sustainability, Governance & Fraud: Theory and Application. Springer, Singapore; Ayhan, B., & Üstüner, Y. (2022). Turkey's public-private partnership experience: a political economy perspective. *Southeast European and Black Sea Studies*, 23(1), 115–138; B. Başar, B. N. Bayırbaş, A. Z. Yılmaz, *The Public-Private Partnership Model in Turkey: Heavy Infrastructure Projects*, *Turk. Com. L. Rev.* 253 (2016).

¹⁹ Stiglitz, Joseph E. *Küreselleşme büyük hayal kırıklığı (Globalization is a big disappointment)*. Alfa, 1. Edition, İstanbul, Kasım 2018, p. 278. (Arzu Taşçıoğlu, Deniz Vural)

²⁰ Stiglitz, Joseph E. *Ibid.* p. 278.
YÜHFD Cilt: XXII Sayı:1 (2025)

sector should not provide this service in the chick sector²¹. This was done in order to reduce the influence of the state in the economy and to make the private sector more efficient. In another case study, the French company acquired the state-owned and operated telephone company from the state in the Ivory Coast²². This resulted in the company becoming a monopoly, charging exorbitant prices for a range of telephone and internet services over time. As a consequence, the population in the country was adversely affected. Consequently, in certain instances, the public sector may also be required to assume a presence in the market, assuming the role of a stabilizing and regulating force in competition.²³

Donations or contributions are another possible method. Individuals and legal entities can provide funding to the public sector through donations and contributions, and there may be no need to pay taxes or pay high rates of tax. However, in practice, this would be similar to paying taxes. In addition, donors may expect various privileges from the state. This can be to the detriment of society as a whole and can lead to significant problems in the social and political structure.

In the future, the development of technology may lead to major changes in taxation. Artificial intelligence, robotics, cheap energy and automation technologies can reduce the need for labor in many sectors. In particular, repetitive and routine tasks can be performed more efficiently by artificial intelligence and robots. This may lead to the complete disappearance or drastic reduction or transformation of some occupations. As technology advances, there is less and less need for humans every day. If the trend continues in this direction, in the future there may be almost no need for humans in agriculture, animal husbandry, the defense industry, education, and transportation. At first it may be thought that there will be deep poverty in society as unemployment increases. However, it is more likely that everyone will be enriched due to the significant cheapening of production and the abundance of supply. In such a situation, it is not the individual's responsibility to pay taxes to the state, but the state's responsibility to transfer a universal basic income or a higher income according to current conditions. In order to prevent poverty, laws should be enacted to help people because they are human beings, not because of their occupation, age,

²¹ Stiglitz, Joseph E. *Ibid.* p. 278, 279.

²² Stiglitz, Joseph E. *Ibid.* p. 278, 279.

²³ Stiglitz, Joseph E. *Ibid.* p. 279.

or wage group.²⁴ In addition, if the state and public institutions and organizations develop advanced technological facilities and operate them themselves to produce and distribute them, they can provide enormous resources in this way. If left to the free market, it is unlikely that the state will be able to generate revenue from these developments other than through taxation or financial sanctions. If the private sector and individuals who have invested money in the development of technology and who own the production, offer their products to society at significant profits, this will bring destruction and social conflict to the masses who have no purchasing power. If some areas are to be left entirely to unmanned technological areas, it would be appropriate for the management of these areas to be largely in the public sector, and for the welfare created in this way to be transferred to society under more favorable cost conditions.

Governments have played an important role in the introduction and diffusion of new technologies. Governments have not only funded basic research and risky applications, but have also been the source of revolutionary innovations. Analyzing the development of the mass production system, aerospace technologies, information technologies, Internet technologies, and nuclear technologies, Ruttan concludes that government investment was crucial to these developments and that without government funding, these developments would likely never have occurred.²⁵ Even in the automobile revolution, which was supposed to be led by private markets, the state ensured the widespread distribution of vehicles and provided investment in mass production through activities such as building roads, introducing regulations, and issuing driving licenses.²⁶ The main objective of the state is to ensure the happiness and welfare of its citizens under all circumstances.²⁷ In the social state, the goal is to ensure and secure the peace and welfare of the individual, create a just legal system, establish a balance between the individual and society, and provide a realistic system that ensures a fair distribution of national income.²⁸ Therefore, the state is likely to pioneer new technologies in the future and,

²⁴ Friedman, Milton. *Kapitalizm ve Özgürlük (Capitalism and Freedom)*. Serbest, 7. Edition, Ankara, 2023, p. 278.

²⁵ Mazzucato, Mariana. *Girişimci Devlet (Entrepreneurial State)*. 1. Edition, İstanbul, 2021, p. 102 - 103.

²⁶ Mazzucato, Mariana. *Ibid.* p. 31.

²⁷ Erol, Ahmet. *Vergi Felsefesi (Tax Philosophy)*. İSMMMO, No. 140, İstanbul, 2011, p. 40.

²⁸ Gerek, Şahnaz; Aydın, Ali Rıza. *Ibid.* p. 222 – 223.

once the conditions are met, increase social welfare by providing income to the public. In this way, social services are likely to increase, ensuring a sustainable future and increasing prosperity.

4. Providing Resources By Reducing Government Expenditures

Another issue that needs to be considered is the reduction of government expenditures²⁹. If resources are used effectively and efficiently, wasteful public spending and easy political allocation of resources will be avoided, and as a result of all this the Pareto optimum of resource utilization will be achieved and the resource requirements of the public sector will be reduced.

It is possible to reduce expenditures by reducing bureaucratic procedures and paperwork, planning human resources in state institutions and organizations, and preventing unnecessary expenditures that lead to waste and misuse of resources in the public sector and cause more harm than public benefit.

Reducing defense industry spending, which is a significant portion of government budgets, will both save resources and help allocate more resources to areas of high public benefit such as education, health, communications, transportation, etc. Defense industry expenditures can be decreased by reducing foreign dependency through domestic production. At the same time, by concluding some agreements such as "Nuclear Non-Proliferation Treaty", the production of high-cost defense weapons can be prevented not only for individual countries, but also for the whole world. One of the important factors in reducing the resources allocated by states to defense expenditures is to establish permanent, sustainable and sincere cooperation and peace agreements with countries in their regions and neighboring countries. Developing good relations and friendship with neighboring countries is crucial for all stakeholders. This would eliminate large defense expenditures, allocate significant resources to high value-added areas, and provide significant public input. All this will not only reduce government expenditures, but also contribute to world peace.

Government expenditures should be made in such a way as to increase the welfare of society. It is important for those who administer the state to

²⁹ Norman Hicks, Anne Kubisch, Cutting Government Expenditure in LDCs, Finance & Development, 1984, 37-39; Norman L. Hicks, Expenditure reductions in developing countries revisited, Journal of International Development, 1991, Vol. 3, Issue 1, p. 29-37; Akhmad, A., Amir, A., Saleh, S., & Abidin, Z. (2022). Effectiveness of Regional Government Expenditure in Reducing Unemployment and Poverty Rate. European Journal of Development Studies, 2(4), p. 90-99.

avoid unnecessary luxury spending and set an example for society by living in a moderate, transparent and accountable manner; and for public funds to be allocated to areas such as education, health, transportation, justice, communications, etc. that will provide significant public benefits and added value to society.

In order for the state budget to be properly determined according to the interests of society and not according to the political interests of the government, an expenditure control and evaluation system that is apolitical and independent of governments should be established. In such a system, expenditures are monitored by independent auditing and judicial institutions to prevent misuse of resources, bribery, corruption and other malicious acts that lead to the destruction of the state and the public. These auditing and judicial institutions should be completely independent in all respects, and even those who are elected to power by the people should not be able to interfere with such independent institutions. These institutions should monitor the state's budgetary practices and ensure that expenditures are in accordance with the law and within budgetary limits. This would increase confidence in the country's fiscal and monetary policies.

In order to ensure balance in the fiscal affairs of the state, the power to make and control the budget can be divided between the government and the opposition. The fact that the government has the authority to make the budget and the opposition has control over the actual functioning of the budget ensures that the budget is administered in a fair and transparent manner. When the opposition is given the authority to control the budget, the government is less likely to use the budget in accordance with its own interests. This prevents unnecessary spending and increases public trust in the public sector.

Government social assistance and support should be free from political favoritism and should be provided only to those in need. Unfair assistance to certain groups for political purposes would be political favoritism; it would not only waste resources but also undermine public trust in the state. Therefore, social assistance should be provided to those who deserve it, when they deserve it, and in the most effective way.

In addition to social assistance, effective and measurable support in areas such as agriculture, livestock and renewable energy can contribute to the national economy. Agriculture, livestock and renewable energy are areas that support the ecosystem and provide significant added value that affects world peace. The effective use of the country's land with scientific methods

will provide significant resources to the state, increase the welfare of society and contribute to the equitable distribution of income.

One of the reasons for the existence of the State is the impartial practice of effective control and punishment to ensure the rule of law in terms of social peace and harmony. The imposition of severe sanctions against those who, for political reasons or for favoritism, violate or fail to violate the law, those who misuse public resources, those who obtain unjust benefits from them, those who obtain unjust benefits by abusing public power and/or authority, and the confiscation of income and assets obtained in this way are also important in terms of both legal order and the provision of resources for the state.

The effective and efficient management of the social security system in accordance with the actuarial logic of insurance is also of great importance for the optimal utilization of resources. In the context of public trust in compulsory pension systems, individuals contribute financially in exchange for a certain level of security in the event of illness, retirement, or unemployment. This is achieved through premium payments made over a defined period of time. It is therefore essential that the premiums collected from individuals are effectively managed and operated in a scientific manner. It is imperative that governments refrain from utilizing the premiums collected from individuals for purposes other than their intended purpose. Social security institutions must be designed and operated as an authority independent from governments. In order to prevent social security deficits, audit mechanisms should be activated in social security management, union members representing employees should be included as stakeholders in the management of social security institutions, social security accounts and audit results should be open and transparent to everyone, and governments should not oppose social security institutions. By managing social security institutions in accordance with the universal financial and actuarial system, social security deficits will be eliminated and resources will be saved.

5. Assessment of Tax Haven Countries

Some countries, including the Cayman Islands, Bahrain, the Bahamas, and Switzerland, are designated as tax havens.³⁰ Tax haven countries, which also provide financial secrecy, are known for the complete or near-complete

³⁰ Yıldız, Abdunnur; Demir, Murat. *Vergi Cennetleri ve Küresel Gelir Eşitsizliği (Tax Havens and Global Revenue Inequality)*. Maliye Dergisi, Vol. 176, p. 10.

elimination of certain taxes or the maintenance of low tax rates. The objective of these countries is to attract foreign capital through the implementation of low tax rates. In order to circumvent income and corporate taxes on their income, companies apply to tax haven countries³¹. In such tax haven countries, businesses and individuals attempt to evade taxation in other countries while simultaneously increasing their profits.³² Approximately 19% of the world's gross domestic product (GDP), or 7 trillion dollars, is estimated to be held in tax havens.³³ A tax-free state model may therefore prove more attractive to international trade and foreign investors, and may result in individuals and companies earning more in the country. It is, however, essential to guarantee the reliability of the legal system and its unwavering enforcement within the country. It is imperative that the country in question demonstrate full adherence to universal legal norms, the principle of legal security, and an efficient and impartial judicial system.

6. Discussion And Conclusion

Following the Industrial Revolution started at the end of 19th century, economic growth was observed in countries around the world. This trend continued with the advent of new Technologies since 20th century. The expansion of the economy has resulted in an increase in wealth. However, not all members of society have been able to benefit from this growth in a fair manner. For various political or other reasons, the taxes collected have not been returned in a way that would improve the welfare and quality of life of citizens. Consequently, there has been a general tendency to evade taxation. In 1983, Margaret Thatcher posited that there is no such thing as state money; rather, there is only the money of those who pay taxes. Consequently, the taxes paid by the people should be utilized in a manner that is exclusively for their benefit. Should practices such as waste in the public sector become more prevalent, it would be reasonable to anticipate a corresponding increase in reluctance to pay taxes. It can be argued that the

³¹ Ludvig Wier, Thomas Tørslov and Gabriel Zucman. The Missing Profits of Nations, NBER working paper 24701, revised September 2019, cited by <https://www.weforum.org/stories/2020/02/how-do-corporate-tax-havens-work/> (Access Date: 8.12.2024)

³² Kurt, Serhat; Bozdoğan, Doğan. *Vergi Cennetlerinin Uluslararası Vergi Rekabetine Olumsuz Etkileri (The Negative Effects of Tax Havens on International Tax Competition)*. Stratejik Yönetim Araştırmaları, 2023, Vol. 1, Cilt 6. p. 78 – 93.

³³ Yıldız, Abdunnur; Demir, Murat. Ibid. p. 16.

community will benefit, if the public investors engage in business transactions with everyone and allocates a portion of the income to the public organization, which then invests these funds in sectors such as education and health, as well as other initiatives that benefit the community. In such a case, an individual within the community will also be more easily satisfied when others achieve financial success. This could again result in the organization having more financial resources. As a result, the community will become wealthier and more prosperous. One might draw a parallel between the financial contributions made in this context and the payment of taxes. Similarly, it can be argued that if taxes are distributed equitably, the public's reluctance to pay taxes will diminish, potentially even leading to a complete reversal of this attitude. However, with the passage of time and the advent of new technologies such as fusion energy, robotics, artificial intelligence, and the wealth that will be generated through the management of these production processes at the state level, the necessity for taxation may significantly diminish or even become obsolete.

Throughout history, numerous governments have relied on the collection of taxation from individuals and entities to finance a range of public expenditures and security initiatives. In the course of history, a number of movements have emerged, accompanied by shifts in ideas about taxation. Nevertheless, there are alternative sources of revenue apart from taxes, and this study concentrates on these alternative sources of revenue. It is feasible to finance public expenditures through the imposition of charges on individuals. Furthermore, financing can be sourced from public-private partnerships. Additionally, savings resulting from government expenditures, as previously outlined, can also serve as a substantial source of revenue in the public sector. It is possible to eliminate the state's need for taxation to a significant extent through the generation of revenue from various sources and the prevention of public waste, which can be curtailed or prevented through effective management. Such an approach would not only contribute to the welfare of the people, but also to world peace by reducing defense expenditures.

Ethics Declarations

We declare and accept that universal scientific research methods and ethical rules were followed during the conduct, organization, evaluation and use of resources of the study.

Fund and Support

We declare that the study has no funding or support from any institution or board.

Author contributions

Study was planned by Ahmet Erol, Prof. Dr., carried out together with Master's Student Lawyer Arda Güneş. Its evaluations and controls were carried out by Prof. Dr. Ahmet Erol.

Competing interests

We declare and accept that there is no conflict or difference of opinion between the authors.

REFERENCES

Açıkgoz, B. (2020). Public-Private Partnership—The Case of Turkey. In: Kıral, H., Akdemir, T. (eds) Public Financial Management Reforms in Turkey: Progress and Challenges, Volume 1. Accounting, Finance, Sustainability, Governance & Fraud: Theory and Application. Springer, Singapore

Akhmad A., Amir A., Saleh S., & Abidin Z. (2022). Effectiveness of Regional Government Expenditure in Reducing Unemployment and Poverty Rate. *European Journal of Development Studies*, 2(4)

Ayhan, B., & Üstüner, Y. (2022). Turkey's public-private partnership experience: a political economy perspective. *Southeast European and Black Sea Studies*, 23(1)

Başar B., Bayırbaş B. N., Yılmaz A. Z., The Public-Private Partnership Model in Turkey: Heavy Infrastructure Projects, *Turk. Com. L. Rev.* 253 (2016)

Boz, S. S. Kamu Özel İşbirliği (PPP) Modeli (Public Private Partnership (PPP) Model). Article, İnönü Üniversitesi Hukuk Fakültesi, Vol. 2

Cantürk, C. (2018). Devrimler, Kaos ve İstikrar Arayışları İçinde Libya: Tarihsel ve Yapısal Bir Analiz (Libya in Revolutions, Chaos and the Search for Stability: A Historical and Structural Analysis). Article, *Uluslararası Afro-Avrasya Araştırmaları*, Vol. 6

Constitution No. 2709 of the Republic of Turkey

Erol, A. (2011). Vergi Felsefesi (Tax Philosophy). İSMMM, No. 140, İstanbul

Friedman, M. (2023). Kapitalizm ve Özgürlük (Capitalism and Freedom). Book, Serbest, 7. Edition, Ankara

Gerek, Ş., Aydın, A. R. (2005). Anayasa Yargısı ve Vergi Hukuku (Constitutional Jurisdiction and Tax Law). Seçkin, 1. Edition, Ankara

Güneş, G. (1998). Verginin Yasallığı İlkesi (Principle of Legality of Tax). Book, Alfa, İstanbul, 1. Edition

YÜHFD Cilt: XXII Sayı:1 (2025)

Hicks N., Kubisch A., *Cutting Government Expenditure in LDCs*, Finance & Development, 1984

Hicks N. L., *Expenditure reductions in developing countries revisited*, Journal of International Development, 1991, Vol. 3, Issue 1

<https://tr.euronews.com/2024/04/18/norvec-varlik-fonu-yilin-ilk-ceyreginde-107-milyar-dolar-kar-acikladi#:~:text=107%20milyar%20dolar%20olarak%20a%C3%A7%C4%B1klanan,getiri%20sa%C4%9Flad%C4%B1.%22%20%C5%9Feklinde%20konu%C5%9Ftu.>

Kayan, A. *Verginin Tarihsel Gelişimi ve Sebep Olduğu Bazı Önemli Olaylar (Historical Development of the Tax and Some Important Events Caused by it)*. Article, Vol. 215

Kurt, S., Bozdoğan, D. *Vergi Cennetlerinin Uluslararası Vergi Rekabetine Olumsuz Etkileri (The Negative Effects of Tax Havens on International Tax Competition)*. Article, *Stratejik Yönetim Araştırmaları*, Vol. 1

Martinez G. L., Rohner D., Saia A. *Threat of taxation, stagnation and social unrest: Evidence from 19th century sicily*, Journal of Economic, Behavior & Organization, Volume 202, October 2022

Mazzucato, M. (2021). *Girişimci devlet (Entrepreneurial State)*. Book, 1. Edition, Istanbul

Michael W. Spicer, Lee A. Becker, *Fiscal Inequity And Tax Evasion: An Experimental Approach*, National Tax Journal, Volume 33, Number 2, June 1980

Özgül, H. B. *Norveç Varlık Fonu Üzerine Bir İnceleme (A Study on the Norwegian Sovereign Wealth Fund)*. International Journal of Public Finance, Vol. 1

Piketty, T. (2023). *Yirmi birinci yüzyılda Kapital (Capital in the Twenty-First Century)*. Türkiye İş Bankası Kültür Yayınları, 5. Edition, Istanbul

Picketty T. *Property, Inequality, and Taxation: Reflections on Capital in the Twenty-First Century*, 68 Tax L. Rev. 631 (2014-2015)

Stiglitz, J. E. (2018). *Küreselleşme büyük hayal kırıklığı (Globalization is a big disappointment)*. Alfa, 1. Edition, Istanbul, (ArzuTaşçıoğlu, Deniz Vural)

Ünal, S. (2017). *Vergi Tarihinin Kökenleri: Sümer'den Eski Mısır'a, Yunan'dan Roma'ya Antik Çağda Vergilendirme Kabiliyeti ve Etkinliği (Origins of Tax History: The Capability and Efficiency of Taxation in Antiquity from Sumer to Ancient Egypt, Greece to Rome)*. -Abdullah Burhan Bahce, book review, Ankara, Gazi Kitabevi

Wier L., Tørsløv T., Zucman G. The Missing Profits of Nations, NBER working paper 24701, revised September 2019, cited by <https://www.weforum.org/stories/2020/02/how-do-corporate-tax-havens-work/> (8.12.2024)

Winfried Becker, Heinz-Jürgen Büchner, Simon Sleeking, The impact of public transfer expenditures on tax evasion: An experimental approach, *Journal of Public Economics*, Volume 34, Issue 2, 1987

W. Strahan and T. Cadell, London.

Yıldırım, E. Eski Mısır'da Tarımsal Üretim ve Vergilendirme Sistemi (MÖ 3100 – 672) (Agricultural Production and Taxation System in Ancient Egypt (3100 - 672 BC)). Article, *Gaziantep University Journal Of Social Sciences*, Vol. 4

Yıldız, A., Demir, M. Vergi Cennetleri ve Küresel Gelir Eşitsizliği (Tax Havens and Global Revenue Inequality). Makale, *Maliye Dergisi*, Vol. 176

Yolal, M. (2017). Verginin Tarihsel Gelişiminin ve Malifonksiyonun Geçmişten Günümüze Değerlendirilmesi (Evaluation of the Historical Development of Tax and Fiscal Function from Past to Present).