

DIGNITY AS A TAXPAYER RIGHT

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Abstract

The paper deals with human dignity as one of the basic human rights provided in the European Convention on Human Rights and incorporated in the constitutions of the modern states, but from the tax law aspect. Dignity implies the right to respect an ethical relationship from birth. It is not only a civil right, but also an economic and a social one. Therefore, we shall analyze the taxation of the economic power indicated as a “subsistence existence”. We point out some dilemmas about the allowances for the minimum subsistence in the Serbian tax system in order to protect the taxpayer’s dignity. In our opinion, in the field of taxation dignity can be examined from two different sides. On the one hand, a state must not consider a taxpayer as a “pure instrument” for providing the public revenues to the budget. The state shall recognize human dignity as a core value of each individual and ensure everyone’s freedom to develop his/her own personality. Democratic state has to create the social conditions which make that possible. On the other hand, the taxpayers should contribute to the efficient functioning of the state by paying taxes regularly. They have to obey the tax rules and not to avoid taxes through undertaking illegal or illegitimate actions. In such a way, they themselves protect their dignity. Tax conscience and tax morality are effective “guardians” of *dignitas*, which give the taxpayer the right to claim that the state respects as well as protects his or her dignity by applying appropriate tax policy measures.

Keywords: dignity, human rights, taxation, taxpayer’s rights

I. HUMAN DIGNITY AS UNIVERSAL VALUE

The right to dignity is the absolute purpose of humanity and a universal value, regardless of differences by birth or any legitimate belief, since all people are equal in their rights and freedoms before nature, both at birth and death. This right cannot be treated as a “national right” or a right based on class or any other difference but as a primary and original right of each man in the world. According to the French physicist, mathematician and philosopher Pascal (*Blaise Pascal*), “the basis of dignity is in human thought because man is endowed by nature with the ability to think and to determine his dignity on that basis.”¹ Everyone has a personal dignity which makes him or

* Gordana Ilić-Popov, PhD., Full Professor, University of Belgrade Faculty of Law, Bulevar kralja Aleksandra 67, Belgrade, Serbia, gordana@ius.bg.ac.rs

¹ Slobodan Perović, “Prirodno pravo i dostojanstvo”, *Pravni život* (2014/1-2), 934, 942

her a special human being different from the animals.² Thus, the notion of human dignity can be associated only with a man.³ According to German philosopher Kant (*Immanuel Kant*), it presumes “a man who is, as an intelligent being, subject to no other laws than those which he gives himself.”⁴ Dignity is proclaimed as the basic human right in the constitutions of modern democratic states.⁵ “The human dignity is inviolable and everyone is obliged to respect and protect it. Everyone has the right to free development of his or her personality if this does not violate the rights of others guaranteed by the Constitution.”⁶ However, it is not enough only to proclaim, but primarily to achieve dignity, which would be possible only if there are certain preconditions in a social system, such as justice, freedom, morality, tolerance, democratic culture, rule of law and legal certainty.⁷ Dignity (in Latin: *dignitas*) implies the right to respect an ethical relationship from a birth.⁸ Perović (*Slobodan Perović*) defines dignity as “an inviolable and inalienable all-encompassing institution of human virtues established in an organized society which is protected by the legal and moral imperatives of natural and positive law.”⁹ Hence, the following features may be derived from such definition: (1) dignity is universal value, (2) dignity is an inviolable and inalienable right, (3) dignity encompasses the totality of human virtues, (4) protection of dignity is provided with both by legal and moral norms and (5) dignity is concurrently an institute of natural and positive law. Dignity has no price, either market or political. It is out of trade or any form of exchange.¹⁰ *Dignitas extra commercium humani iuris*. However, when a person decides to “sell” his/her dignity in order to obtain some benefits or privileges (political, economic or other), we consider that he/she voluntarily chose to lose personal dignity. In such a case, his/her decision, explicit or tacit, was to relinquish the enjoyment of this constitutionally guaranteed right. Let us recall the saying that a man can be most easily destroyed if dignity is taken away from him. Therefore, it is very important to ensure human dignity in all spheres of life. But, no one should expect only from the state to assure this right; a person should also keep his or her dignity by undertaking proper actions, having an attitude of respect to other people and fostering the system of high moral values. As Kant said, “a duty to oneself is to preserve human dignity in one’s own person.”¹¹ The state has a task to provide opportunities and chances for all members of society to lead a free and dignified life. This human right, established in many international documents, such as the Charter of the United Nations, Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, European Convention for the Protection of Human Rights and

² See Waldemar Besson, Gotthard Jasper, *Slika moderne demokratije. Sastavni delovi slobodnog državnog uređenja* (Bonn 1990) < <https://xdocs.pub/doc/39492718-demokratija-i-ljudska-prava-2-wvo93y9z5doj> > assessed 15 December 2020

³ Ivan Čulo, “Filozofski izvori pojma „ljudsko dostojanstvo“ u kontekstu ljudskih prava” in Ivan Antunović, Ivan Koprek, Pero Vidović (ur) *Život biraj – Elige vitam* (FTI, Zagreb 2020), 409

⁴ Immanuel Kant, *Zasnivanje metafizike morala* (Beogradski izdavačko-grafički zavod, Beograd 1981), 81-82 [According to: Vojislav Djurić, Marko Trajković, “Ljudsko dostojanstvo kao osnova čovekove prirode”, *Zbornik radova Pravnog fakulteta u Novom Sadu* (2010/1), fn. 25]

⁵ See Joachim Englisch, “The Impact of Human Rights on Domestic Substantive Taxation – the German Experience” in Georg Kofler, Miguel Poiras Maduro, Pasquale Pistone (eds) *Human Rights and Taxation in Europe and the World* (IBFD, Amsterdam 2011), 287

⁶ Ustav Republike Srbije (Constitution of the Republic of Serbia), *Official Gazette of the Republic of Serbia*, 98/2006, Art. 23

⁷ S. Perović (2014), 947, 950. See also Waldemar Besson, Gotthard Jasper, *Temeljni pojmovi moderne demokratije* (Pan liber, Zagreb 1998)

⁸ < <https://hr.wikipedia.org/wiki/Dostojanstvo> > assessed 6 January 2021

⁹ S. Perović (2014), 946

¹⁰ *Ibidem*, 936

¹¹ I. Kant (1981), 82

Fundamental Freedoms (European Convention on Human Rights),¹² Charter on Fundamental Rights of the European Union and other international sources usually associates with the prohibition of all types of discrimination, inhuman and degrading treatment or punishing, particularly in deprivation of liberty, the protection of national, ethnic, religious and linguistic minorities, protection of economic, social and cultural rights, as well as of dignity in the field of international conflicts, especially the treatment of war prisoners, etc.¹³ Bearing the above in mind, human dignity would probably rarely be linked to taxation.

II. OBLIGATIONS AND RIGHTS OF THE TAXPAYER

Taxation primarily supposes the state's power to tax. Provision of numerous and various public goods requires significant public revenues in the state budget and the Tax Administration collects taxes from both corporate and individual taxpayers. Content of the tax law relationship between a state which is in the capacity of a tax creditor and the tax debtors (i.e. taxpayers) is heterogeneous. The tax officials have a right to demand from the taxpayer not only to pay taxes, but also to file and submit the tax returns, submit tax balance sheets and other relevant documentation, keep the books, financial and business records, provide available information, not to conduct the activities for which the state has a fiscal monopoly (e.g. classical games of chance, like lotto, bingo, lottery, raffle, sports forecast), not to hinder a tax inspector in performing his duties, allow a tax audit, tolerate the search of business premises or, under certain conditions, even apartment,¹⁴ etc. Taxpayers are obliged to fulfil these and other obligations prescribed by the tax legislation.

The general principle of legality provides legal certainty to the taxpayers, whereas the principle of proportionality between the goal and means in the tax procedure means that the burden of taxes should be proportionate to the main fiscal purpose standing in their background. However, many tax obligations penetrate the taxpayer's private sphere and may violate his or her privacy. Therefore, the LTPTA prescribes certain taxpayer's rights, such as the right to receive free of charge information on tax regulations from which his or her tax liability arises, the confidentiality of data about the taxpayer, the right to privacy, the right to use tax reliefs, the right to claim a refund of overpaid or incorrectly paid tax, the right to represent own interests, directly or through an attorney, before Tax Administration, the right to use legal remedies in the tax procedure (filing a complaint, administrative judicial dispute, repetition of the tax procedure), etc.¹⁵ Bearing that in mind, it is necessary to establish a balance between, on one side, effective prevention of tax evasion and avoidance in order to protect public revenues and protection of the taxpayer's rights, on the other side.

¹² See more: Mathieu Leloup, "The Concept of Structural Human Rights in the European Convention on Human Rights", *Human Rights Law Review* (2020/3), 480-501

¹³ See also: Rachel Murray, Christian De Vos, "Behind the State: Domestic Mechanisms and Procedures for the Implementation of Human Rights Judgments and Decisions", *Journal of Human Rights Practice* (2020/1), 22-47

¹⁴ Zakon o poreskom postupku i poreskoj administraciji (*Law on Tax Procedure and Tax Administration – LTPTA*), *Official Gazette of the Republic of Serbia*, 80/2002, 84/2002, 23/2003, 70/2003, 55/2004, 61/2005, 85/2005, 62/2006, 61/2007, 20/2009, 72/2009, 53/2010, 101/2011, 2/2012, 93/2012, 47/2013, 108/2013, 68/2014, 105/2014, 112/2015, 15/2016, 108/2016, 30/2018, 95/2018, 86/2019, 144/2020, Art. 25

¹⁵ LTPTA, Art. 24

III. DIGNITY AND PRIVACY

A person can be hurt not only physically, by torture or degrading life, but also when some delicate private information is brought out in the public thus insulting his or her reputation or which could harm his or her marital or family life. For example, wiretapping in an apartment which could lead to acquaintance with the private conversation of the wiretapped, reading someone's personal diary, revealing communication between spouses,¹⁶ disclosure of a fact that a husband has a child out of marriage, etc.¹⁷ Today the privacy of the individual has been quite difficult to preserve because new information technologies more easily allow unauthorized access to personal data and provide possibilities to manipulate them. Modern technologies undoubtedly make life easier, but simultaneously bring new risks and challenges of entering into the private sphere of the individuals.¹⁸ There are, certainly, different legal mechanisms to prevent that, but the number of opportunities is constantly increasing so it has become almost impossible to establish valid and total protection of privacy.

Therefore, the right to privacy which is, in our opinion, closely linked to the right of dignity, is often violated. If one makes a person vulnerable by compromising his or her privacy, dignity could be jeopardized. The protection of the private sphere refers to the information which can be qualified personal because of its content or the exposure to the public is considered inappropriate and can produce some unintended consequences on the individual.¹⁹ Information about the taxpayer which was found out during the tax procedure, particularly in the course of the tax audit must be kept confidential by the tax officials and all other persons included in that procedure. Personal privacy, as well as privacy of the taxpayer's family members, should be protected unless the law explicitly provides otherwise (e.g., for the reasons of national security, public safety, protection of the health of others, etc.).

IV. HUMAN DIGNITY AND TAXATION

"All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood."²⁰ Thus, human rights are generally enjoyed in the community and an individual cannot use them selfishly and irresponsibly, thereby endangering the rights of others.²¹ You would protect your dignity to the extent you respect the rights of others.

A person has the right to human dignity in every single situation, including that when he or she is in the capacity of the taxpayer. The taxpayers' rights provided by the LTPTA also encompass a request of the taxpayer to be treated with respect and appreciation by the tax officials and the tax

¹⁶ Saša Gajin, *Ljudska prava: Pravno-sistemska okvir* (Pravni fakultet Univerziteta Union u Beogradu, Centar za unapređivanje pravnih studija, Institut za uporedno pravo, Beograd 2012), 93, 97

¹⁷ See more: Гордана Илић-Попов, "Подаци и информације у пореском поступку и правна сигурност у Републици Србији" in Горан Марковић (ур) *Владавина права и правна држава у региону* (Универзитет у Источно Сарајеву Правни факултет, Источно Сарајево 2014), 871-891

¹⁸ See Carly Nyst, Tomaso Falchetta, "The Right to Privacy in the Digital Age", *Journal of Human Rights Practice* (2017/1), 104-118

¹⁹ S. Gajin (2012), 97

²⁰ Art. 1 of the Universal Declaration of Human Rights < <http://www.un.org/Documents> > assessed 10 December 2020

²¹ Edin Ramić, "Ustavno-pravna važnost Francuske Deklaracije prava iz 1789. godine i razlozi neostvarenosti principa iznesenih u njoj", *Revija za pravo i ekonomiju* (2011/2), 110

inspectors.²² However, it is not easy to prove that the tax officer inappropriately treats a taxpayer (for example, if he addresses him or her arrogantly, humiliates in any way his/her education or personality, shows contempt or ridicule to the taxpayer when he or she raises questions about the tax matter concerned, etc.). We consider that, notwithstanding the possible judicial protection, the integrity and professionalism of the tax officials and tax inspectors should exist above all. They have to fulfil the duties responsibly and in accordance with the law, which leaves no room for inadequate behaviour.

We may wonder whether there are other links of this human right to taxation besides those above mentioned. Dignity is not just a civil right but also an economic one.²³ We think that at least the availability of funds for a bare existence enables the preservation of human dignity.²⁴ If a person does not have the means to satisfy the basic living needs (food, housing, clothes, etc.), he or she would not be able to lead a dignified life. Imposing a tax burden that violates the limit which provides a taxpayer's decent living (*minimum vitalis*) is contrary to tax justice, as tax regulations may not worsen the living standard of a person to the point of restricting his or her ability to carry a meaningful existence. Each taxpayer should be free from all fears of lacking what is materially necessary to live with dignity.²⁵

Considering human dignity as a taxpayer's right, we shall draw special attention to the low-income taxpayers. Although the fiscal goal of taxation is certainly a primary one, we shall take also into account a social dimension of certain tax policy measures. It refers to the tax treatment of the individual's economic power which shall be called a "poverty threshold". The amount of this tax threshold depends on many factors, including the economic circumstances and the living standard in the country concerned.²⁶

Tax deduction for subsistence minimum is a tax measure based on the law and thus it is not contrary to the constitutional provision on the generality of taxation. In addition, *Tipke* argues that it would be in violation of the principle of dignity, as stated in Article 1 of the German Constitution if the state firstly taxes the total income and only subsequently returns to the taxpayer the amount corresponding to the minimum subsistence level through the mechanism of social assistance. The income required to secure a minimum subsistence must therefore be exempt from income tax in the same way as the expenses incurred to secure employment.²⁷

In our opinion, dignity can be better secured provided the tax system is fair and the tax laws apply equally to everyone. Good laws are not enough to achieve stated goals if they are not accompanied by a proper implementation. The obligation to pay taxes and other fiscal duties is a civil duty, but a person can perform that duty only if it is economically capable to do so, bearing in mind that the payment of taxes should not endanger a taxpayer's life existence.²⁸

Which reasons could justify that the amount of income after tax will become insufficient to meet the taxpayer's basic needs? State does not benefit from such an unfavourable position of the

²² LTPTA, Art. 24, 1(3)

²³ Gordana Ilić-Popov, "Ljudsko dostojanstvo i njegova zaštita u poreskom pravu", *Pravni život* (2013/11), 24

²⁴ See Joachim Englisch, "The Impact of Human Rights on Domestic Substantive Taxation – the German Experience" in Georg Kofler, Miguel Poiars Maduro, Pasquale Pistone (eds) *Human Rights and Taxation in Europe and the World* (IBFD, Amsterdam 2011), 287

²⁵ Natalia Quinones Cruz, "Minimum Vitalis and the Fundamental Right to Property as a Limit to Taxation in Columbia" in Georg Kofler, Miguel Poiars Maduro, Pasquale Pistone (eds) *Human Rights and Taxation in Europe and the World* (IBFD, Amsterdam 2011), 356-357

²⁶ See Barbara Jelčić, *Porezni obveznik i porezna politika* (Liber, Zagreb 1977), 52-55

²⁷ Klaus Tipke, *Die Steuerechtsordnung* (Verlag Dr. Otto Schmidt, Köln 2000), 421-423

²⁸ Милан Тодоровић, *Наука о финансијама* (I) (Геца Кон, Београд 1930), 266-267

taxpayer because the social assistance's expenditures for those economically vulnerable taxpayers are much higher. This would adversely affect the fiscal revenues to the state budget. Even though there are different opinions among the tax authors, we can conclude that the adherents on a non-taxation of the subsistence minimum are more dominant. We share the opinion of *Sanchez* and *Schäfle*; they both invoke the primacy of the individual's natural right over the interests of the state. They consider that "the insufficiency of the necessary means to satisfy the basic living needs diminishes the individual's social utility because then he or she would not be able to manage and pay taxes."²⁹ According to *Földes* and *Konrad*, the state may not allow the individual's existence to be threatened in any way, including payment of the taxes above the "tax threshold" prescribed by the law, because the state cannot "survive" without financially capable individuals.³⁰

V. SOME DILEMMAS ON HUMAN DIGNITY PROTECTION IN SERBIAN TAX SYSTEM

In addition to the taxpayer's right to be treated with respect and appreciation by the tax officials at each stage of the tax procedure (i.e. assessment of tax, enforced collection and tax audit), there are also some tax measures in the Serbian tax system whose aim is to provide a human dignity to the taxpayers. Namely, since 2006 a legislator has prescribed a general monthly deduction from the taxable base of a salary tax. It applies to any salary, regardless of its amount and currently amounts to RSD 18,300.³¹ Thus, all employees are equal in using such standard allowance, notwithstanding the salary's amount. For example, a taxpayer whose gross salary in October 2020 was RSD 83,106 (which equalled average gross salary in Serbia in that month),³² was subject to a 10% flat salary tax rate³³ on the taxable base of RSD 66,806.³⁴ The effective tax rate was 8.04%. In the case of a higher gross salary, e.g. RSD 100,000, the effective tax rate was also higher (8.37%). We can thus conclude that such deduction leads to the indirect progression: the effective fiscal burden on high-income employees is higher. Anyhow, the effective tax rate is, due to the deduction, lower than the statutory 10% flat tax rate.

As we have already mentioned above, such tax deduction refers only to the salary tax. Some authors assert that this tax measure favours only employees, thus discriminating the recipients of other types of income, such as, for example, income from service contract.³⁵ They have considered that the employee whose salary is below the existence minimum is discriminated in the case when his total monthly income – which also includes other sources (e.g., royalties, fees from service contracts, *ad hoc* income, etc.) – is above this minimum. However, this objection may be somehow relativized, because the minimum gross salary in Serbia was between RSD 37,056.21 (February)

²⁹ G. Ilić-Popov (2013), 26

³⁰ *Ibidem*, 26

³¹ Zakon o porezu na dohodak gradjana (*Individual Income Tax Law – IITL*), *Official Gazette of the Republic of Serbia*, 24/2001, 80/2002, 135/2004, 62/2006, 65/2006, 31/2009, 44/2009, 18/2010, 50/2011, 91/2011, 93/2012, 114/2012, 47/2013, 48/2013, 108/2013, 57/2014, 68/2014, 112/2015, 113/2017, 95/2018, 86/2019, 153/2020, Art. 15a (2). This deduction is subject to an annual adjustment in accordance with the consumer price index.

³² According to the Statistics' Bureau of Serbia official data, *Official Gazette of the Republic of Serbia*, 156/2020

³³ IITL, Art. 16

³⁴ From 1 January 2020 to 1 January 2021 a monthly tax deduction from salary tax was RSD 16,300. See *Official Gazette of the Republic of Serbia*, 86/2019

³⁵ Dejan Popović, *Poresko pravo* (Pravni fakultet Univerziteta u Beogradu, Beograd 2020), 80

and RSD 42,963.42 (January, July and December) in 2020,³⁶ depending on the number of working hours in the month concerned. Therefore, a monthly deduction of RSD 16,300 could be applied to the minimum gross salary, too.³⁷ But, one can justifiably raise a question of what happens if an unemployed individual earns income from other sources, which on the monthly basis exceeds the prescribed salary tax deduction. Under the provisions of the IITL, there is no personal deduction for any other schedular tax, except for salary tax.³⁸ Bearing that in mind, from a side of the tax protection of human dignity, there is unequal treatment of the taxpayers who received the same amount of monthly income, but from sources other than salary.

Furthermore, all people, regardless of their economic capacity, are paying a value-added tax because it is included in the price of goods or services. The indirect regressivity of that tax seeks to be mitigated by a reduced VAT tax rate of 10%³⁹ on certain goods and services which are, according to the legislator, considered essential (e.g. basic food products, such as bread and rolls, milk and dairy products, flour, sugar, cooking oil, etc., medicines, energy for heating purposes, services preceding the supply of drinking water through the water supply system and drinking water, etc.). The fiscal and social goals of taxation somehow overlap. However, that does not affect a conclusion drawn from econometric researches, i.e., that the marginal propensity to consume increases with declining in income.⁴⁰ This means that the dignity of persons with lower income, in terms of providing the subsistence minimum, are much more endangered. Therefore, in our opinion, a more acceptable option that implies reasonable social assistance to low-income people rather than a tax policy measure that is also available to high-income people shall be taken into consideration.⁴¹

In Serbia, the resident taxpayers whose annual income⁴² exceeds three times the average annual gross salary⁴³ are subject to the annual income tax.⁴⁴ The taxable base is reduced by the basic

³⁶ < [www.ipc.rs/Iznos_minimalne_zarade_po_mesecima_za_period_januar – decembar 2020. godine](http://www.ipc.rs/Iznos_minimalne_zarade_po_mesecima_za_period_januar_-_decembar_2020_godine) > assessed 20 January 2021

³⁷ The same will be for 2021

³⁸ Taxable base can be reduced by certain deductions, but they are non-personal. For example, in the case of a tax on royalties, a taxpayer may opt between a lump-sum deduction of expenses, depending on the type of royalties – 50% of the gross receipts (sculptures, tapestries, artistic ceramics, mosaic, stained glass, artistic photography, wall painting), 34% (performances of pop and folk music programs, production of phonograms, videos and databases) and 43% (all other works of authorship), or actual documented expenses, whatever he estimates more favourable taxwise for him. IITL, Art. 56, 56a and 57

³⁹ Zakon o porezu na dodatu vrednost (*Value Added Tax Law – VAT Law*), *Official Gazette of the Republic of Serbia*, 84/2004, 86/2004, 61/2005, 61/2007, 93/2012, 108/2013, 68/2014, 142/2014, 83/2015, 108/2016, 113/2017, 30/2018, 72/2019, 153/2020, Art. 23(2)

⁴⁰ See D. Popović (2020), 247-248

⁴¹ See G. Ilić-Popov (2013), 27

⁴² Annual income encompasses employment income, business income, royalties, income from immovable property, income from leasing chattels, an income of sportsmen and sports experts and other income, such as directors' remuneration, fees for rendering *ad hoc* services, income from accommodation services up to 30 days, etc. IITL, Art. 87(2)

⁴³ The non-taxable amount for 2019 was RSD 2,729,304. The non-taxable amount as well as the number of allowances for 2020 will be announced by the end of February 2021. < www.home.kpmg > assessed 30 January 2021

⁴⁴ IITL uses the term "annual income tax" (Art. 87), whereas the domestic authors usually call this tax "complementary annual income tax" because it shall be paid only by those individuals whose annual income (net of corresponding taxes and social security contributions) is above the threshold. See D. Popović (2020), 382

personal allowance⁴⁵ as well as the allowance for each dependant^{46,47} However, a small number of individuals is subject to the annual income tax.⁴⁸ It could be pointed out that these taxpayers are in some way “privileged“ because they earned a very high total income in the previous year. Moreover, they enjoy personal tax reliefs that the individuals whose annual income is far below the prescribed tax threshold are not entitled to, even though they are in a much worse economic situation to maintain the existence for themselves and their dependents. Bearing in mind that these deductions are not provided to all natural persons, we may conclude that a general allowance of the subsistence minimum is not achieved.⁴⁹

VI. PROTECTION OF DIGNITY BY TAXPAYERS

It is, however, not only a state that should ensure this human right to the taxpayers. We think that the taxpayer shall protect his or her dignity by personal integrity. No one will expect the taxpayer to refuse the use of the tax allowances, provided that he fulfils criteria and conditions prescribed by tax regulations. Namely, a taxpayer shall enjoy the right to pay no more than the correct amount of tax, i.e. a due tax which supposes all properly and legally applied tax benefits.⁵⁰ So, the taxpayer shall not be marked as a “minor patriot” if he or she pays less amount tax than others, provided that his/her actions are legitimate and within the tax laws.⁵¹

On the other hand, a state cannot finance public expenditures when there are no sufficient funds in the budget. Therefore, the taxpayer is supposed not to undertake illegal or illegitimate actions in order to avoid taxes. That means not only being a conscientious taxpayer but also assumes respect to the other members of society, because regularly and a timely manner of payment of taxes enables the state to efficiently and with quality provide public goods to all. Tax morale shows that an individual wish to live with dignity and his or her expectations from the state’s bodies to properly provide enjoyment of this human right is completely justified.

⁴⁵ It is equal to 40% of the average annual salary. IITL, Art. 88(1)(1). For 2019, a personal allowance amounted to RSD 363,907. < www.home.kpmg > assessed 30 January 2021

⁴⁶ The allowance for each taxpayer’s dependent is 15% of the average annual salary in Serbia. IITL, Art. 88(1)(2). For 2019, the allowance for each dependent was RSD 136,465. < www.home.kpmg > assessed 30 January 2021

According to the Art. 10 of IITL, dependants include minor children (natural or adopted); adult children (natural or adopted) making up part of the taxpayer’s household, provided they are either full-time students or unemployed; grandchildren, provided that their parents are not in charge of them and they live in the taxpayer’s household; a spouse; and parents (natural or adoptive).

⁴⁷ Both standard allowances (i.e. personal allowance and allowances for dependants) may not exceed 50% of the taxable base. IITL, Art. 88(2)

⁴⁸ Within the law prescribed deadline (i.e. 15 May of the following year) 23,238 annual income tax returns were submitted to the Tax Administration of Serbia for 2017, 25,612 for 2018 and 27,866 for 2019. < www.purs.gov.rs > assessed 30 January 2021. So, only about 0,3% of the population above 18 years of age are the taxpayers of the annual income tax. See D. Popović (2020), 79

⁴⁹ G. Ilić-Popov (2013), 30

⁵⁰ Cécile Brokelind, “The Role of the EU in International Tax Policy and Human Rights Does the EU need a policy on taxation and human rights?” in Georg Kofler, Miguel Poiarés Maduro, Pasquale Pistone (eds) *Human Rights and Taxation in Europe and the World* (IBFD, Amsterdam 2011), 121

⁵¹ See D. Popović (2020), 59, fn. 278

VII. CONCLUDING REMARKS

Dignity is proclaimed for all individuals and entails the prohibition of any discrimination, direct or indirect, on any grounds, especially on the basis of race, sex, nationality, social origin, birth, religion, political or other beliefs, financial status, culture, language, age, mental or physical disability. Dignity has therefore universal value but also implies universal tolerance.

Taxation itself implies conflict between, on the one hand, the fiscal interests of the state and the taxpayer's rights protection, on the other hand. Therefore, a democratic state based on the rule of law has to provide a fair and equal application of tax laws and establish a tax system that will enable a dignified life for everyone and the respect of the taxpayers' personality, privacy and legally protected rights. The right to human dignity creates an obligation upon the state to consider the material limitation of its power to tax which would not endanger the value of human and respectable life. The taxpayers also have to fulfil the fiscal obligations in accordance with the law and in such a way contribute efficient functioning of the state. Both parties of the tax law relationship should strive to ensure the human dignity of the taxpayers. A success in taxation could be achieved provided that the taxpayers have confidence in the state and, in turn, if they meet the expectations which the state has towards them. In that case, there is a "win-win" situation both for the state and the taxpayers.

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