

# How The Tax System Impoverishes Black Americans And How We Can Fix It

Black Americans face systemic challenges in many areas of their lives, and the tax system is no exception. The current tax structure disproportionately affects black communities, exacerbating existing wealth and income disparities. This article explores how the tax system contributes to the impoverishment of black Americans and provides potential solutions to address these inequities.

## The Racial Wealth Gap

The racial wealth gap in America is a stark reminder of the systemic barriers faced by black Americans. According to a study by the Federal Reserve, the median wealth of white households is ten times higher than that of black households. This disparity is rooted in historical factors such as slavery, segregation, and discriminatory policies that denied black Americans access to opportunities for wealth accumulation.

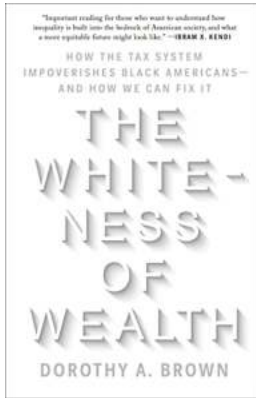
The tax system, while not solely responsible for the wealth gap, perpetuates and exacerbates existing inequalities. One reason for this is the regressive nature of certain taxes, such as sales taxes and property taxes, which hit low-income individuals and communities harder. As black Americans are more likely to live in impoverished neighborhoods and have lower incomes, they bear a disproportionate burden of these regressive taxes.

## The Whiteness of Wealth: How the Tax System Impoverishes Black Americans--and How We Can

**Fix It** by Dorothy A. Brown (Kindle Edition)

★★★★☆ 4.7 out of 5

Language : English



File size	: 3826 KB
Text-to-Speech	: Enabled
Screen Reader	: Supported
Enhanced typesetting	: Enabled
X-Ray	: Enabled
Word Wise	: Enabled
Print length	: 263 pages



## Income Inequality and Tax Codes

Income inequality is another significant issue affecting black communities. Historically, black workers have faced discriminatory practices resulting in lower wages and limited access to high-paying jobs. Consequently, black households have lower average incomes compared to their white counterparts.

The tax code plays a role in perpetuating income inequality. For instance, the reliance on traditional tax deductions and credits tends to benefit higher-income individuals who can afford to itemize deductions. As black Americans are more likely to have lower incomes, they often do not benefit from these deductions, further widening the income gap.

Additionally, studies have shown that wealthy individuals are more likely to engage in tax avoidance strategies, further reducing the funds available for social programs and initiatives that could benefit black communities. This inequality within the tax system hampers efforts to address the needs of marginalized populations and perpetuates the cycle of poverty.

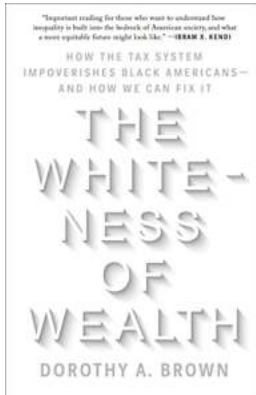
## Solutions for a More Equitable Tax System

Addressing the racial wealth gap and income inequality requires comprehensive reforms to the tax system. Here are some potential solutions:

1. **Progressive Taxation:** Implementing progressive tax rates that require higher-income individuals to pay a larger percentage of their income in taxes can help redistribute wealth and reduce income disparities. This would ensure that those who can afford to contribute more to society do so.
2. **Eliminating Regressive Taxes:** Reducing or eliminating regressive taxes, such as sales taxes, can relieve the burdens on low-income individuals and communities. Implementing alternative revenue sources, such as progressive taxes or corporate taxes, can help offset the loss of revenue.
3. **Expanding Access to Tax Credits:** Ensuring that tax credits and deductions are accessible to all individuals, regardless of income level, can help alleviate income inequality. Expanding eligibility criteria and simplifying the process can make these benefits more inclusive and beneficial for black households.
4. **Combatting Tax Evasion:** Implementing stricter measures to prevent tax avoidance can ensure that wealthy individuals pay their fair share. This could involve increased monitoring of offshore accounts, closing loopholes, and improving transparency in financial reporting.
5. **Investing in Communities:** Allocating funds from the tax system towards community development initiatives, education, and job training programs can address the root causes of poverty and create opportunities for upward mobility.

The current tax system in the United States perpetuates the impoverishment of black Americans by reinforcing wealth and income disparities. Reforming the tax code to be more equitable and inclusive is crucial in addressing the systemic

barriers faced by black communities. By implementing progressive taxation, eliminating regressive taxes, expanding access to tax credits, combatting tax evasion, and investing in communities, we can work towards a tax system that promotes equality and economic justice for all.



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A groundbreaking exposé of racism in the American taxation system from a law professor and expert on tax policy

NAMED ONE OF THE BEST BOOKS OF THE YEAR BY NPR AND FORTUNE •

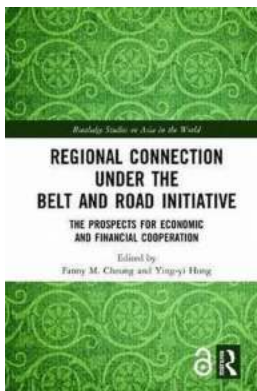
“Important reading for those who want to understand how inequality is built into the bedrock of American society, and what a more equitable future might look like.”—Ibram X. Kendi, #1 New York Times bestselling author of *How to Be an Antiracist*

Dorothy A. Brown became a tax lawyer to get away from race. As a young black girl growing up in the South Bronx, she’d seen how racism limited the lives of her family and neighbors. Her law school classes offered a refreshing contrast: Tax

law was about numbers, and the only color that mattered was green. But when Brown sat down to prepare tax returns for her parents, she found something strange: James and Dottie Brown, a plumber and a nurse, seemed to be paying an unusually high percentage of their income in taxes. When Brown became a law professor, she set out to understand why.

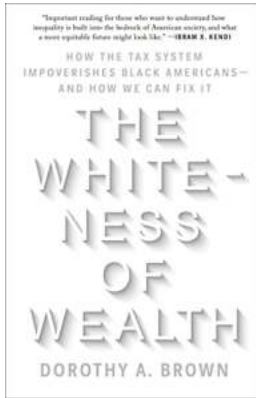
In *The Whiteness of Wealth*, Brown draws on decades of cross-disciplinary research to show that tax law isn't as color-blind as she'd once believed. She takes us into her adopted city of Atlanta, introducing us to families across the economic spectrum whose stories demonstrate how American tax law rewards the preferences and practices of white people while pushing black people further behind. From attending college to getting married to buying a home, black Americans find themselves at a financial disadvantage compared to their white peers. The results are an ever-increasing wealth gap and more black families shut out of the American dream.

Solving the problem will require a wholesale rethinking of America's tax code. But it will also require both black and white Americans to make different choices. This urgent, actionable book points the way forward.



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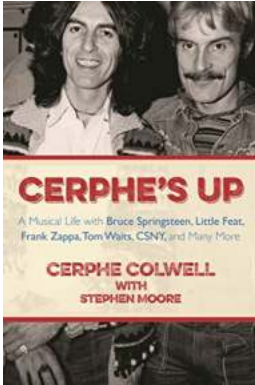
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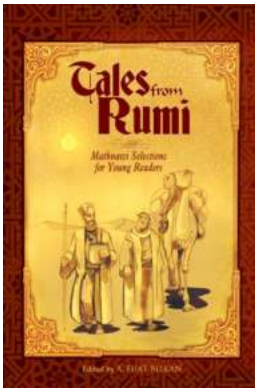
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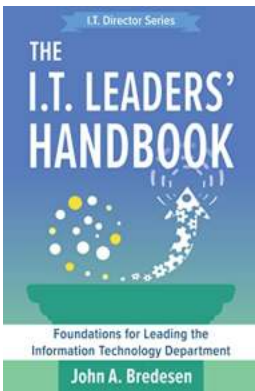
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