

## Generally Accepted Pros and Cons Of A Value Added Tax

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### Pros

- Transparent
- Encourages saving and investing
- Economically neutral in contrast to income, property, or payroll taxes
- Should provide a more stable revenue source as consumption is inherently more stable than profits
- Generally easier to administer and comply with

### Cons

- Considered regressive
- May reduce economic activity in the real economy commensurate with increase in saving levels
- Likely place inflationary pressures on wages and prices
- May be complicated to introduce at the State level