

Marginal tax rates paid by individuals and, in particular, high income earning individuals are set by policy makers. In general policy makers choose marginal tax rates in order to secure proper revenue needs and at the same time provide proper earning incentives while ensuring that the relevant redistributive motive is met. Given those basic policy objectives a series of natural questions emerges. How to combat inequality? How high should marginal tax rates be? What percentage of their incomes should individuals pay in taxes? What is the optimal marginal tax rate for high income earners? Should individuals earning more than 1000000 zł pay 75% in taxes from each additional zloty earned? A successful completion of the project will provide answers to the above questions.