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**Who needs the 'flat tax'?**

**(abstract)**

The government's proposition to introduce in Poland two rates of personal income tax instead of actual three tax rates with the beginning of 2009, might mean the implementation of the regressive system of tax burden (together with indirect taxes).

Regression of tax burden may occur, when personal income tax burden will cover a sum free of taxation referring to social minimum. The latter appears from the raising advantage of indirect taxation over the direct and flat taxation, at present 95% of taxpayers and incoming even 98% of taxpayers.

In order to avoid the regressive joint tax burden, it would be necessary to implement in Poland an easy progressive scale of taxation and gradually decrease the fees on social insurance. In long-run it is necessary to decrease the basic rate of VAT.