

The World's most inefficient, convoluted, and unfair Tax System

(and how we can fix it)

Taxes are a hot topic among politicians anytime...but especially in election years. All the wannabe representatives, senators and would-be executives have a way...they say... to revamp our federal tax system in ways that will make it better for everybody in our society...including ways that eliminate borrowings every year to stay afloat. Every year they SAY it, but it never happens.

And NONE of the wannabes....not ONE...will promote a system that treats every citizen equally.

There are many excuses they will offer as to why it must (sadly) be necessary to treat some better than others when it comes to assessing taxes against the citizens.

Some of the wannabes will propose soaking the rich. Others will propose having the middle and poorer classes pay less. Others will propose cutting all services to the bone to make more of the existing income to the treasury stretch further. But **NONE** of the wannabes will propose a tax system that treats every citizen the same...all of the time, and that covers all of our country's expenses without borrowing.

EXCUSES will be thicker than hair on a dogs back, but **REASONS** will be impossible to find. And the politicians spin doctors will work tirelessly to make the EXCUSES and the REASONS seem to be the same thing. You will have to be able to tell the difference all on your own.

Today, as when Richard (Tricky Dick) Nixon was on the verge of being impeached, the reasons can be found by "following the money". Regardless of speeches to the contrary, when push comes to shove, all of today's professional politician wannabes will fold like cheap suits when faced with the prospect of either going along with their parties leadership (and their rich backers) or going without "Party" money and support in their next re-election campaign.

We all have different thresholds when it comes to allowing ourselves to be lied to and then looking the other way. Hopefully at some not too distant point in the future, a critical mass of citizens will form that are immune to the lying and broken promises, and they will start making fundamental changes in the balance points of power between them and their government servants. They could start with Taxes.

The place where most of the proposed "improved tax systems" go off the rails is the point where they seek to address insufficient money being brought in to pay all the governments bills. This is especially the case when the politicians are proposing to grow expenditures at the same time they are proposing to reduce taxes. (This is a favorite vote-getting strategy of both major parties).

All of their plans will center around tinkering with the existing tax codes. And we will be endlessly reminded that because of our present tax systems complexity, we will be better off tinkering with the outmoded, unfair, and decrepit tax code we already have, rather than seeking to replace it.

These "tweakings" of tax increases and tax reductions to the existing tax codes, really for the most part only affect the middle-class citizens. The poor pay in temporarily but get it all back at tax filing time....usually with a few thousand-dollar bonus at the same time in the form of "unearned income tax rebates".

The very rich typically pay in a very small amount of taxes (as a percent of their total earnings) after paying off our politicians to have the tax codes revised to include enough deductions, exemptions, deferrals, exceptions, rebates, depreciations, (paper) losses on investments and so on, that only actually ever get used by citizens in their tax bracket. And since a big chunk of their income is from investments hidden away in a “blind” trust somewhere, most of it is deferred for an indeterminant amount of time and may not be taxed ever in their lifetime.

As with the rest of us, the very rich only pay taxes on the portion that is left over after all deductions, exemptions, deferrals, (paper) losses on investments, exceptions, rebates, etc. yield what is known as “taxable” income. “Taxable” income for the super rich is typically a MUCH lower percent of their total earnings than anyone in the middle class has to pay in as a percent of their total income...after the meager “deductions” (like the tiny “standard” deduction) the government allows to citizens in the “middle” class.

That leaves the Middle class to pay the nation’s freight. ALL of it. Every year. The rich and poor both get what amounts to a free ride.

Most would agree that taxes are a requirement for living in a civilized society, and that assessing taxes should have as a goal covering the necessary expenses of the society (not the frivolous ones); and doing so without putting the country into bankruptcy because it could not pay its bills as they came due; and to do it in way that treats all citizens equally, and that doesn’t require constant borrowing that never gets paid back; and that makes completing almost endless amounts of paperwork and forms unnecessary.

America has only been able to keep afloat each of the past 40 or so years by printing up trillions of dollars of debt instruments (bonds, treasury notes, etc.) and having the Federal Reserve act as a go-between (between) our Treasury Department and other “investors” like banks, our government, and investment firms they sometimes “lend” money to, and some other countries with whom we do business. Those notes and bonds have “maturity dates” indicating when the US has to repay the principal amounts they represent. In short, these “investments” (IOUs) are part of our national debt. Meantime, we pay interest on these IOUs annually.

There are a LOT of American government IOUs out there, that somebody is going to expect to be paid off in full, sometime, possibly in the not too distant future. At last count, the total was over 20 trillion dollars. If the principal amounts of those debts were called in today, we could not pay off even 5% of them without shutting down our own government. Technically (assets being less than liabilities) the United States is bankrupt even as you are reading this and has been for many years. But so far we have been lucky. We are operating under the protection of an invisible bankruptcy court, that is holding our debt holders at bay.

The reason we *APPEAR* not to be bankrupt in large measure is that those we owe the debt to have for the time being decided to keep Americas doors open for business as a means of offloading products, made mostly in other countries, into America. We are supporting other countries workforces, at the expense of our own. And as long as our government agrees to continue to do that, the debt holders will hold off on calling in the debts we owe them. *Not a great position to be in as a country.*

But how might we go about paying our bills, paying down our debts, and put a tax system in place that brings in enough money to do both of these things while treating every citizen equally from a tax standpoint...without more borrowing, and perhaps digging our grave even deeper?

GOOD news. There IS a way.

Problem Statement:

Americas federal tax system is skewed toward the wealthiest and the poorest citizens, and fails to meet its objectives of :

1. Bringing in enough to pay for all needed government services each year (without borrowing)
2. Treating all citizens equally from tax assessment standpoints.

Defining the contributing elements:

The professional politicians have for at least 60-70 years' time been unable to define and implement a tax system that both covers all needed expenses, and that treats all citizens equally.

One reason is that the professional politicians are, in the great majority NOT adept at solving problems in general. Not even really simple problems. And Taxation is not a simple problem to solve. It's nowhere near unsolvable, but it would clearly take more problem-solving skills than the great majority of those in our Congress and Administration have. Take a quick look at our present tax system.

I rest my case.

For decades now the professional politicians have depended on four tools for maintaining control over our economy and all its citizens.

1. Taxes
2. Monetary Inflation
3. Borrowing/debt.
4. Conducting expensive (diversionary) wars

These tools are obviously too complex for them to wield intelligently.

But, before we begin down the road of trying to do a better job than the "*pros*" have been able to do, we need to ask ourselves a really significant question:

Where in our Constitution is it stipulated that any part of the Congress' and/or the Administrations' jobs are to "manage" the entire economy of the United States?

Look all you want, but it doesn't say that anywhere in the Constitution. Politicians over the years have simply "inferred" (that) that must have been the founding fathers' intentions, so they took it on themselves....and the courts so far have blessed their takings.

A large percent of the taxes, monetary inflation, and debt incurred every year is spent by our government trying to shape America into a form that the political party currently in power believe it should be shaped. Of course, when the party in power changes, the next party then spends even more trying to reshape the country again back into a form more pleasing to them. If we were able to avoid paying the costs of these purely ideological changeovers every few years, the taxes, monetary inflation* (which causes prices to go up) and constant borrowings, could all be more than cut in half.

But that is a topic for another rant. This rant is about how we correct the professional politicians errors and create a tax system that addresses paying all of our nations bills every year, without borrowings, and while treating every single individual fairly and equally all of the time.

Unlike the professional politicians, we will first take a look at all of the interconnecting elements of a tax system, and then use logic, rather than emotion to try and come up with a solution.

The interconnected ELEMENTS:

The Annual Budget – all the bills the government must pay

Overall money available to pay bills (The nation's GDP)

Minimum Wage vs. Living wage.*

Poverty Levels*

Present Unemployment categories*

- unemployed and getting a check from the government
- unemployed and not getting a check from the government (benefits ran out within the last few years)*
- unemployed and being completely ignored by the government (benefits ran out many years ago)*
- unemployed and disabled and unable to work

Foreign "Free" Trade agreement Impacts on our economy*

The Under-employed- Working at jobs beneath the workers education and skill level for poverty level wages.*

The Military (National Defense), constantly conducting (very expensive) wars with countries that are 5% our size and strength.

Always seemingly Inadequate Infrastructure Reserves*

Presently Excluded Citizen Classes*

- Illegal immigrants*
- Homeless*
- Criminals*
- Mentally challenged*
- Terminally ill*

(Leading us to) TAXES and the tax CODES.

The First Key to solving the shortage of taxes coming into the Treasury annually will be to significantly boost the nation's private-sector GDP.....enough to make up for the tax base destroyed by the politicians when they decided to move America's productive sector out of the USA to "tax-free" countries.

Losing forty million high paying manufacturing jobs meant that those lucky ones that escaped the ax and that were still employed would each have to cough up enough more to make up for the lost taxes that the forty million would have paid in had they not lost their jobs to workers in another country.Or else the politicians could arrange for the government to borrow the shortfall....again, and again... every year.

The slow growth in what is left of our private-sector **GDP** is primarily the result of the governments continually inflating the pretend-money supply to pay their bills every year when they run out of tax money. The result has been that monetary inflation* which is the sole cause of price inflation in every area, has caused food, clothing, shelter, transportation, education, recreation, healthcare, and retirement to all go up in price at more than TWICE the rate of wage increases every year for the past 40 or more years' time.

**Monetary inflation only occurs when the treasury prints up more fiat (fake) paper-backed money without putting something having an equal intrinsic (real) offsetting value (specie) back in the treasury vaults at the same time, like a precious metal. In the "old days", before we went bankrupt in 1972, specie meant gold or silver.*

Bottom line, each year for more than forty years, consumer prices have increased twice as much as wage increases. All as a result of our government's actions inflating our currencies and borrowings to cover their expenses. (The "CPI" is less than half the story regarding what citizens pay for monetary inflation).

For most citizens, when their spendable money runs out, they are forced to stop buying some things that they used to buy, or alternatively buy things that cost less....(or possibly go deeper in debt, until they exceed their credit limits). The reduced spending in every area results in a reduced private sector GDP.

The politicians destroyed the (inflation adjusted) private-sector GDP of our country. And now they are frantically searching for some way to clean up the mess they made, while trying to avoid having to ever admit what they did.

The way both major political parties have chosen to escape responsibility for their destructive actions is:

1. Deny that the problem even exists.
2. Point fingers at the other party (deny all blame for themselves).
3. Promise to fix the problem of there not being enough money in the system anymore to provide a tax base big enough to pay the needed ongoing shortfalls.... by reprioritizing whatever taxes do come into the treasuryjust spread the fertilizer differently...and of course, once again, borrow the shortfall. They never talk about how to actually get things back on track, because they would then have to admit to their complicity in destroying our economy.

The Second Key to solving our tax money shortages every year is coming up with a plan to replace that part of the GDP that resulted from letting other countries export and sell their products in the American Market, tax free. Approximately 30% of our GDP losses annually are due to this 30% not getting taxed at all.

Now, not only were our own citizen workers blocked out of the markets in America they created and grew when the companies were still here in America, the foreign companies that took over their jobs were able to continue selling their products here in America without paying a single cent for access to our Markets.

The result was a tsunami of imported (mostly cheap junk) products priced to sell to the very people whose jobs our politicians gave away as gifts to other countries. Something definitely needs to be done about that. Something more than sporadic twitter announcements related to a specific type of raw materials coming from a specific foreign country. Something that assesses a “market access premium” on EVERYTHING now being imported tax free. .. to recoup some of the GDP lost to foreign companies feeding at the American Market trough.....FREE OF CHARGE.

America’s markets are still the most valuable in the world. Any company, foreign or domestic, that wants a piece of this action, should be charged an entry fee to sell in America. If they don’t agree, let them sell 30% of their total output somewhere else. In the meantime, we will rebuild our production engines and beat them at their own game through a combination of, better products, better prices, and fair competition.

Paying a living wage – and eliminating poverty in America

Boosting the GDP enough to solve our domestic dollar shortages (that have typically called for borrowing every year) will require increasing the pay of every citizen over 21 years of age now working at a full-time job for less than \$35 an hour.... up to that level.

We are not talking about paying citizens an increased minimum wage. We are talking about immediately raising all citizens making less than that up to an actual LIVING wage. A wage that allows a huge currently unfortunate majority of our citizens to finally earn enough to have a decent life for themselves and their families. We are talking about **ending poverty in America**....once and for all.

Where will the money for this part come from? Without borrowing?

We will have our Treasury give the private citizen workforce a one-time infusion of about \$4-6 trillion dollars. That’s just an estimated figure of course. It could be more or less than that depending on how many “under-employed and under-paid ” workers are found to actually be living in America. Nobody knows how many there are, but the total will most likely turn out to be in the range of 60-80 million or more workers.

The \$4-6 trillion dollar estimate is based on increasing the average earnings of a citizen 21 years or older earning today’s “theoretical current minimum wage” of about \$12 an hour up to **\$35** an hour...an average hourly difference of **\$23** dollars an hour for an estimated 80 million such workers. If there are more than 80 million, the one-time infusion might be closer to \$6 trillion than \$4 trillion. But whatever it takes would be a LOT less than we gave away to the “too big to fail” banks, “investment” firms, multinationals, insurance

companies, automobile manufacturers, etc. that bankrupted their businesses back before the last “great” recession.

If the politicians, banks, wall street big shots, Multinational CEOs, and the American Chamber of Commerce, want to argue about the amounts, let them show up at the rallies to explain directly to the **workers**, why they think helping the already rich and powerful is more important than helping our poorest and middle-class workers, the majority of whom have languished in poverty all of their lives.

The arithmetic:

80 million such workers now earning \$23 per hour more than before would require an infusion of \$23 an hour for 172 hours a month = a \$3,956 (average) monthly increase per worker

Times 12 months a year = \$47,472 more a year per worker

Times approximately 80,000,000 such workers = \$3.797 trillion dollars.

Once the “new” money is in circulation, there should be no need to add more than the population grows each year. The economy having approximately a 40% immediate boost, should then be able to take care of itself. But if more IS needed, we would continue to do it again until the economy is back on track, and everybody now living below the poverty level becomes part of the “new-and-improved” middle class.

Just as our Treasury department cranked up our printing presses at the Bureau of Printing and Engraving in 2008 and 2009 to the tune of almost **\$17 trillion**, and literally gave it to a bunch of banks, “investment” firms, insurance companies, and multinationals worldwide that mismanaged their businesses, but were deemed “too big to let fail”...we will crank up the money presses again, but this time to infuse the (American citizen-working class) private sector with enough money to provide an increase in average earnings sufficient to catapult the poor citizen-workers up into the middle class. ...**Because the poor and middle classes in America are “too big to let fail”**.

And not a dime would be borrowed in the process.

The increased earnings would be taxed at the same rate as everybody else had to pay, and the increased tax base would erase our deficits in short order. The effect of having approximately 80 million wage earners added to the economy at that level would have us dug out of the poorhouse forever...tax-wise, in less than a year.

It will be imperative that our tax code be restructured at the same time.

First to restore equality to ALL.

Second to make certain that the tax changes were evenly spread and absorbed by all segments of society, both foreign and domestic.

Third to make America the most attractive country on Earth from businesses standpoints, in order to keep our new and improved system going long term.

Fourth, to make it escape proof. EVERYONE who lives in America and enjoys it's benefits will be required to pay their fair share....rich, poor, and middle class alike.

Fifth, to make it the simplest tax system in the world. There would be no tax returns for citizens at all (ever), and only a daily cash receipts ticket maintained by businesses. Businesses would also not have to create (or pay someone else to create) an annual tax return, because they would not have to file a tax return...ever.

The third Key to getting our country back on track will be spreading the overall tax load in a way that gives individuals a way to decide at least a portion of their own tax burden....again, everyone treated equally, all of the time.

Following are Criteria for a possible three-tiered national tax system. (part domestic earnings-related taxes – part domestic consumption related taxes, and part Foreign entity related earnings taxes. all of which individually are designed to treat every American taxpayer exactly the same at all times.) ...while lowering the total tax burden on every working citizen (except a few executives).

I. Rules for Taxes on Domestic EARNINGS (income)

Currently almost 40% of all income coming into individuals is not taxed. Instead it is “exempted, deferred, excluded, hidden away in “qualified” (usually “blind”) trusts, etc. This most especially applies to the wealthiest citizens. If this currently untaxed income were to be taxed at a uniform rate consistent with what everyone else had to pay, the taxes on income for those less wealthy could be reduced by about 33%. Or alternatively, if income tax percentages stayed the same level as now, the taxing of this “new” income would create an extra 33% of income to the treasury with which to pay the nation’s bills. Which path to take should be decided by a majority referendum vote of all eligible to vote citizens. The rules proposed here (below) are intended to apply to ALL earned income with few exceptions. All taxes from all sources of income to be taxed at the source, rather than being taken from citizens after being deposited in an account somewhere.

1. Every taxpayer pays the same percent of earnings as they occur by way of their employer who calculates the amounts and remits the tax amounts to the treasury weekly or bi-weekly (same as now).
2. No income reporting required by anyone and no tax returns required from anyone.
3. No auditing of individuals by the government (businesses only; rarely and limited to examining cash receipts of the business and payments to employees. Any such audits should take an hour or less.)
4. No tax returns by anyone...individuals or businesses.
5. No deductions
6. No credits
7. No deferrals

8. Exempted income categories:

Any check or funds transfer received from any (Federal, State, County, local, etc.), government for any reason, gifts of \$100 or less in cash, checks or credit, children's earnings for doing chores like washing cars, cutting lawns, garage sale income, money received from returning goods to a store, cash/credit card tips to personal service providers (waiters/waitresses, delivery drivers, etc.), any borrowed amounts from any source, lottery/gambling winnings, court ordered payments, trade-ins or sales of used autos or other transportation equipment's by individuals, tax reimbursements by the government like Social Security, Medicare, etc..

9. All taxes to be paid/collected by/from individuals (only), remitted on behalf of individuals for services rendered by the businesses the individual gets paid by. Same for individually owned businesses such as those who are self-employed, sole proprietorships, partnerships, LLCs, LLPs, associations, charities, etc.

10. No federal taxes assessed against business profits per se...businesses to be required to hold back employee earnings-related tax amounts from owners and employees and remit them to the treasury weekly or biweekly via funds transfers over the fed wire.

11.No differing % s paid in resulting from different individual income levels. (no differing "brackets")

12. Income to be realized for tax purposes from all sources (foreign or domestic) immediately as it occurs. A stock dividend for example that paid some amount to an individual or trust, or other entity, would have the amount reduced by the tax amount by the company paying the dividend, and the collected remittance sent to the treasury...with the balance sent to the dividend recipient. Same for stock/bond sales. ..and broker commissions on stock/bond sales.

13. Gains on stock/bond/ real estate (any investment) sales transactions to be realized immediately, and have taxes assessed by the broker, and remitted to the treasury in the asset holders name (SSA # based). Broker/agent commission taxes assessed immediately as well. The after-tax net sent to the investor (seller).

14. Losses on stock/bond sales transactions and other investments like real estate require the related citizen to petition (electronically) to have the taxes (only) on the lost amounts rebated. Income (gains) from short sales on stocks and bonds to be taxed immediately when each transaction occurs.

15. No "shelters" like exemptions or deferrals for assets held in any kind of trust accounts, investment accounts, and generation skipping trusts. Whenever and wherever actual income accrues (not to include asset appreciation or depreciation) , whether inside the nation's borders or outside the nation's borders, taxes immediately attach. (when a gift or all or part of an estate is liquidated, the earnings tax would be assessed).

16. Businesses to be required to report all earnings from all sources weekly (even though profits are not being taxed), and all taxes on owners and employees earnings being paid to the treasury weekly. The weekly gross sales reports to the treasury could easily be totaled up each week to get an accurate moving picture of the nation's GDP. Reports to be sent to the treasury clearing house with employee-based taxes.

Required earnings tax **percentages** will need to be specified annually (by the **citizens** via referendum vote of the entire citizenry) to adjust for annual variances in the GDP.

II. Rules for TAXES ON FOREIGN EARNINGS:

Currently about 40% of everything sold in America is made somewhere else and imported tax free. That needs to change.

This tax plan provides for all goods imported into the United States for sale to American Citizens will have assessed an American Market Access Fee (tax if you prefer) of 15 % (*for example...could be more or less*) of the specified manufacturers-suggested retail value of the goods being imported. All imported goods must have the specified retail value in bar code attached to each package or individual good imported. All must also show in English in a prominent size print the “manufacturer’s suggested retail price” in US dollars.

The shipping documents of all goods being imported into the United States must include a certified (subject to heavy penalty for misstatements) statement as to the manufacturer’s suggested retail value of the entire shipment, signed by an officer of the company whose goods are being imported.

Import taxes must be paid in full, in currency specified by the US Government, before the goods can be unloaded from an international carrier or transporter into the United States. These payments to be expedited through the governments clearing house to speed unloading of ships/carriers. These payments to be added to the payments on earnings received weekly by the Treasury as part of the weekly private sector GDP made available to all citizens.

III. Rules for Taxes on Domestic Consumption (National Sales Tax):

All domestic consumption- based taxes (*national sales taxes, sometimes referred to as value added taxes*) are to be attached at the time the product or service being taxed is passed to an end consumer, regardless of what state, province, or country the actual physical transfer of assets or money takes place in.

No taxes attached for transfers of goods and/or services between interim suppliers such as raw material suppliers, in-between outside contracted services by manufacturers, distributors, warehousemen, etc.

Specified Goods purchased by mail, or over the internet “manufacturer-direct” or “distributor-direct” and delivered to a citizen other than by way of handing across a counter in a retail establishment to be subject to the Domestic Consumption tax. If the manufacturer has its own retail outlets, only the transfer to an individual consumer will be taxed. Inter-company transfers of goods not to be taxed.

Consumption tax exemptions:

1. Prescription drugs from any source, domestic or foreign.
2. Mortgage payment amounts, both principal and interest

3. Auto loan payment amounts, both principal and interest
4. Credit card payment amounts, both principal and interest
5. Insurance premium Payments including payments into Social Security and Medicare
6. Payments for professional health care, to include but not be limited to: payments to doctors, dentists, anesthesiology specialists, eyecare professionals, prosthetics including eyewear and dentures, prescribed by a healthcare professional, ambulatory devices prescribed by a professional healthcare giver, therapy or rehabilitation services prescribed by a healthcare professional, hospital care including prescribed drugs employed during a hospital stay, hospice care, transportation costs incurred by patients coming/going to professional healthcare providers offices, and prescription drugs prescribed by a health care professional..
7. Food, but not alcoholic beverages or tobacco or tobacco substitutes or narcotic products.
8. Educational supplies including but not limited to textbooks, drafting equipment, paper, writing instruments, notebooks, computers required by the school, etc.
9. Tuition at both private and public schools (all levels, no dollar limits).
10. Stocks and bonds purchased for investment.
11. Home purchases up to \$400k in price (net of any value for value trades, balance over \$400k could be taxable, but tax could optionally be added to financed amounts)
12. Auto purchases (foreign or domestic sellers) up to \$40K in price (net of any trade-ins and/or discounts, balance over \$40k could be taxable, but tax could optionally be added to financed amounts).
13. Payments mandated by any court order.
14. Non-monetary transfers of gifts and estates within a family. (when a gift or all or part of an estate is liquidated, the earnings tax would be assessed, but not when the stated value simply transfers to other family members, like in a will) . No double taxation allowed.
15. Legal services of any kind
16. Utility (any kind, including telecom related) payments
17. Purchases of any kind of energy saving or environmental protection equipment's or systems.

Weekly sales tax collection totals to be included by the Treasury in the overall private sector GDP and made available to all citizens via current technology weekly.

The mechanics involved:

I. Domestic Earnings.

WAGES, BONUSES, ETC.

All domestic earnings would be recorded at the point where the earnings took place. In most instances that would be at an employer's place of work/business. The employer/business owner, including self-employed persons, would be required to record all earnings credited to all employees of the firm, including the owner(s) themselves weekly. To make it simple to complete the money transfers, the business would first put the collected taxes in a depository account controlled entirely by the business, and then immediately transfer the collected amount to the Treasury by way of electronic funds transfers.(SSA# based).

INVESTMENTS:

Stock dividends and home and/or business sales would have the broker or company accountant handling the transaction deduct the required taxes before remitting the balance to the stockholder. Bond interest payments would have the interest payment amount taxed before sending the balance to the bond holder. Stock /bond sales would require the broker to subtract the sale amount from the purchase price to see if the stock or bond was sold for a gain or a loss. If the stock or bond (or home or business) was sold at a profit, the profit amount would have the tax assessed and the balance sent on to the stockholder or home owner .If a sale resulted in a loss to the investor, the broker would be required to send a "loss" statement to the investor who could petition the treasury to return the tax-portion of the loss to the investor....such requests to be handled within a week of the receipt of the petition being received by the treasury. (SSA# based).

Investment Brokers and trustees would NOT be allowed to offset gains and losses themselves for their clients nor could they charge clients or the treasury for the sending out of notices. These costs would be understood to be covered in the brokers/trustees agreed-to commission rates.

II. Foreign Earnings:

As shipments of goods arrive from outside the nation's borders, the total manufacturer's suggested retail value of the goods is calculated and compared to the retail value shown on the shipping manifest. If the numbers agree, the shipper will be required to make payment equal to 15% (*example only, actual could be more or less*) of the total retail value of the goods being imported, in US accepted currencies, to the US Treasury Departments Clearing House before the goods can be offloaded onto the dock or into a warehouse, etc.

The treasury would bundle these amounts daily with the daily amounts of Domestic Earnings figures to be a second component of the daily/weekly private sector GDP.

III. Domestic Consumption :

All goods subject to the ***national sales*** (consumption) tax would have their taxes assessed at the point of sale to the end consumer, and the federal national consumption taxes remitted to the treasury weekly. Again, this can be done by funds transfers between the merchant and the Treasury so that no trips to a bank are necessary to get the money transfers accomplished. (NOT consumer SSA# based).

The Treasury Department can have its IT staff build the necessary apps for businesses to attach to their existing cash collection systems, so that the collections would be uniform throughout the various jurisdictions.

All taxable domestic products would be made to include data in their bar-code that identified them as taxable or not taxable, for the merchants scanners to compare to when calculating totals due to the store for the combination of goods and national sales taxes.

General Observations:

The citizens would need to decide at the beginning of each year what the **percent** or level of taxes should be for each of these (3) groupings.

The goal would be to insure raising enough in taxes of various kinds (**in total**) to cover the countries operating expenses for the upcoming year, without increasing borrowings.

Why more than ONE tax type?

Sometimes it will be the case that (for example) the citizens find out that the GDP has been falling due to people backing off on purchasing. Perhaps the citizens are wary of getting drawn into another war, or some other country withdrawing their raw materials as a way of increasing their bargaining leverage,...or something of the kind, ...and they decide to buy less and save more for a while, until they can see how it's all going to shake out. Consumption (national sales) tax receipts would fall accordingly.

Were we to be completely at the mercy of a single tax source of tax (either income or consumption based) revenues, we might well find ourselves in the position of having to running short and having to print up enormous additional amounts of **funny money** to send out of the country to meet our bills. The more **funny money** we print up, and send out of the country, the less value and purchasing power our currencies will have both in the international marketplace, and here at home.

With a mix of (3) tax types, we will each year decide the appropriate percent of each type to meet our goals.

Most importantly, with the increased tax receipts coming in by taxing the 30% or so of "hidden" income now not being taxed (deferred and hidden away in "non-taxable" trusts, etc.), combined with paying all citizens a living wage (and creating a much bigger GDP) part of which would also be taxable, and combined with taxing foreign countries on another 40% of our GDP that is now imported, and totally untaxed by anyone, the **income tax** portion of the total of all taxes brought in could be MUCH LESS than it now is, and the **total tax burden on almost every individual will be LESS than it now is.**

So, like the politicians are currently doing, the citizens will have to walk that tightrope (deciding what percent of the total tax requirement to raise by each tax type in the mix) . But, unlike the professional politicians, we will be considering EVERYONE in the country, and not just those already at the top or bottom of the heap.

The Starting point:

The starting point for making all of these decisions must be establishing the expected budgeted amounts by category for the upcoming year and comparing the total to the expected GDP.

If we leave this up to the professional politicians, like we have always done in the past, we will likely be screwed right from the start. We as citizens must demand from the government a proposed budget, listing each category as a % of the total and an overall total for all items.

The proposed budget would start with the governments projected GDP for the year for total expenditures to be compared against and would project any expected shortfalls due to tax collections being lower than expenditures for the year. ALL of these figures would need to be reviewed and approved by the citizens before a budget could be approved or executed by either the Congress or Administration.

In every business in the world (except the world's biggest business...our national economy) , the year starts off with preparation of a proforma budget. Managers are tasked with making that budget happen (or else). Those managers that can't cut it, are sent home and new blood is brought in.

In our government, we have been rewarding incompetence and failure to achieve promised results for so long that OUR government "managers" really aren't concerned about whether they succeed or not. And when they flat out fail, everyone in the organization (government) rushes in to cover for them, and they stay right where they were, doing more and more damage. And, if you are a bureaucrat, the Civil Service Act protects you even further.

Our government has been so inept, so graft-ridden, and so corrupt, for so long, that the politicians now fully expect us all to go along with their incompetent leadership....forever.

Abraham Lincoln is reported to have said:

*"You can fool all of the people some of the time
And you can fool some of the people all of the time
But you can't fool all of the people all of the time"*

Recite this to a professional politician and he/she will nod knowingly in agreement, and then smile and walk away.

To the professional politician the only thing that is important is that he/she be able to fool ENOUGH of the people ENOUGH of the time to get a just a plurality (not a majority) of votes, and get or stay, elected.

And THAT is why we need to take back and manage ourselves those parts of our government that the professional politicians have always relied on to keep their strangle-holds over the citizens. Mostly the parts that have to do with how the money gets brought in, and how it gets spent. And the technology exists now (and has for many years) to allow us to do that. It wouldn't even be all that hard.

And THAT is why the foregoing sections on creating a fair and equal method of taxation, and a pre-approved (by the citizens) budget are so important. If the citizens directly control how much gets brought in, by way of taxes and borrowings; and how much can be spent in each area of the budget, we will have removed the two most potentially damaging arrows from the quivers of the corrupted politicians and can restore fairness and equity to these government functions.... and ultimately to our government overall.

Footnote:

Pages 8-13 of this essay completely define the rules for a possible new tax system for America. Five (double-spaced, and single-sided) pages seems about right for defining a workable, escape-free, and equal-for-all, national tax system. The tax system outlined on these 6 pages encompasses about 1500 words.

Our present tax code encompasses about 2,500,000 words and more than 4000 pages of (double-sided and single-spaced) small print and is primarily made up of special rules for special people, special businesses, or special industries, concentrating on always treating different segments of society differently. Something needs to be done about that.

Please also see "Common Sense – Revisited" at the website:

www.americaii.org

...for a workable 4-step plan to make it happen.

Jack