What If A Well-Designed Value Added Tax Replaced The IRS

danielhookemusic.com

[Page 2 is blank.]
[Staple together the upper left hand corner of the pages of the printing of this document.]

What If A Well-Designed Value Added Tax Replaced The IRS

The Internal Revenue Service (IRS) shall be eliminated. New Tax Code based on Government statistics and simple mathematics.

{Comment: The Government based figures in this tax code was done when I was doing a Presidential investigation. But years since then would have figures generally in the same relationship only higher. End of Comment.}

{Comment: This tax code could come under heavy attack from big money, lobbyist, etc. when trying to get it passed since it would mean that people not paying any or little taxes will now be paying their fair share. Only big money can hire accountants and lawyers to legally exploit the current tax code for a greatly reduced tax bill. Big money helps to pay for the election campaigns of politicians. With no IRS, an even bigger attack may come from politicians who use the tax code to make social change and research people say that many modern Presidents have used the IRS/FBI against political opponents and enemies. Thus, the passage of a Value Added Tax (VAT) will likely need a national movement to get passed. End of Comment.}

[The following summary shows where we are going. This summary will be repeated again at the end of this document when you have had a chance to understand it. Form your opinions “after” you have read the Section, not “before” you read the Section. This is not higher math!]

[BEGINNING OF SUMMARY:]
What does the new tax code give us?

- ***There shall no longer be an IRS or Internal Revenue Service. This means that there shall no longer be an income tax and Amendment XVI to the United States Constitution is hereby repealed including laws relating to individual and corporate income tax.***
- ***A 10% (ten percent) Value Added Tax (VAT) on goods and services will replace the individual income tax. Americans with a little amount of money to spend on***

purchases will end up paying little taxes and people with much money to spend on purchases will pay much taxes. But all Americans will now share in taxes if they purchase more than the necessities of life.

- ***There will be no Value Added Tax on nearly all necessities of life to help low income Americans.***
- ***There will be no death/estate tax.***
- ***Corporation "tax havens" are eliminated. Also, to eliminate so called corporation "loopholes" there will no longer be corporation tax deductions. Corporation tax will now be based on total revenue income. Thus, there shall be a corporate tax of ten (10) percent on all revenue (meaning all income) of a corporation minus sales returns except that income coming from stockholders buying stock shall not be considered taxable income.***
- ***The new corporate taxing plan will also improve the balance between big money corporations and individual tax payers as it relates to how much both groups contribute to the total federal revenue collection.***
- ***S corporations, LLC's, etc. and any other corporations that allow the tax to be paid as individual tax payers shall still also pay a 2% corporate tax on all revenue income minus returns for the protections these corporations give its members.***
- ***The new tax code has been greatly simplified.***
- ***By being a Constitutional Amendment this tax code will be harder to change by big money or whatever.***

[END OF SUMMARY]

[BEGINNING OF DISCUSSION NOW STARTS:]

There shall no longer be an IRS or Internal Revenue Service. This means that there shall no longer be a Federal income tax and Amendment XVI to the United States Constitution is hereby repealed including laws relating to individual and corporate income tax.

This section addresses several tax issues and other raising of revenue. We will go through this section rather quickly and you can check figures later from this written document.

A 10% Value Added Tax on goods and services will end the IRS with its complexity and other problems. For years there have been rumors that those in power in the Federal Government have misused the IRS for the benefit of those in power while also oppressing the people with significant penalties of interest and fines. Other tax plans would not eliminate he IRS.

Value Added Tax may change the taxing difference between those who make money through wages and those who make money through the stock market and investments. Citizens with a little amount of money to spend on purchases will end up paying little taxes and people with much money to spend on purchases will pay much taxes.

Also notice that low interest investments, etc. may take some time to recoup your Value Added Taxes from the earnings but after that all earning are tax free since there is no income tax!

Also note that there will no longer be a need for payroll withholding taxes.

As a replacement for individual income taxes there shall be a Value Added Tax of ten percent (10%) on all purchases of goods and services except wholesale items and raw materials that will be resold. This VAT tax would not be on the necessities of life for the benefit of low

income Americans. This tax will be collected for the Department of the Treasury by the seller who will keep 1% of the total amount collected for a processing fee.

This Value Added tax shall not be collected for incidental sales such as and similar to the following: This Value Added Tax shall not be collected by someone who does odd jobs for some money nor shall it be collected by an individual for occasional sales such as selling a chair to a neighbor unless it involves an auctioneer, nor yard sales, lawn parties, and similar. Neither shall a child or the child's parents be required to collect the Value Added Tax on lemonade stand purchases. Neither shall these just mentioned sales be required to have any Federal, State, Local, or Homeowners Associations permits, permissions, inspections, etc., or any Governmental interference or requirements to make sales.

There shall be no Value Added Tax on the necessities for life such as food and water (specifically: water that has no additives), medicine (meaning drugs) and health care (meaning medical services including supplies and equipment), and rental/leasing housing. There shall be no tax of any kind on medical devises and equipment. There shall be no VAT on health insurance. No VAT on household paper products. Plain fruit and vegetable juices fresh or frozen will have no Value Added Tax. All other beverages will have a Value Added Tax. Alcohol beverages will have a Value Added Tax even if there is also an excise tax. There will be Value Added Tax on clothing because people will likely have enough money for clothes plus charities have warehouses of clothes for those currently less fortunate in life. Housing is discussed later.

There will be a Value Added Tax on items that have Federal excises taxes which may make the consumer pay two sets of taxes on the same items if the Federal Government continues the excise tax.

The Value Added Tax shall also apply to the purchases of investments of stocks, bonds, portfolios, CD's, and similar items since you are buying that amount of equity in a product. Any dividends and other earnings when withdrawn and then reinvested in stocks, bonds, portfolios, CD's and similar items within a year shall pay the Value Added Tax only on new part of the investments. In other words, if any or all of the original investment is withdrawn and reinvested as above within a year, there shall be no Value Added Tax charged again on any amount that has already been charged a Value Added Tax. Of course there will be a Value Added Tax on any services related to these transactions and their maintenance. Plain savings accounts shall have no Value Added Tax. Checking accounts shall have no Value Added Tax if the account is only a checking account.

There will be no Value Added Tax on rentals or leasing for a primary residence since this is usually the entry level for housing for those without money enough to buy a house.

Purchases of a primary residence (or other real estate) shall have a value added tax. But the only case in which the Value Added Tax on one purchase shall affect the Value Added Tax on another purchase is when the taxing involves the largest purchase for many citizens which is the buying of a primary residence house. If for a primary residence a citizen buys a more expensive house than the currently owned home which of course requires paying the full Value Added Tax, then the citizen may apply to the Department of Treasury for a return of the amount of Value Added Tax already paid on the currently own house if it is sold within two years before or after buying the more expensive house. This means that the citizen at these real estate deals will end up only paying the Value Added Tax on the difference between the two houses. If for a primary residence a citizen buys a less expensive house than the currently owned home which of course requires paying the full Value Added Tax, the citizen may apply to the Department of Treasury for a return of the amount of Value Added Tax paid on the less expensive house if the

currently owned house is sold within two years before or after buying the less expensive house. This means that the citizen will end up not paying any Value Added Tax on the less expensive house which should be a help to our senior citizens if they choose to downsize.

There shall no longer be tax shelters or similar financial instruments that shelter taxes. Current tax shelters shall pay twenty percent on the amount of money and the earnings when the money is taken out of the shelter. All tax shelters shall withdraw ten percent of the tax shelter each year starting such as the year 2017 or whatever the year is when **"The VAT Tax"** *amendment is passed. In the tenth year after* **"The VAT Tax"** *amendment is passed, all money and earnings in tax shelters shall be withdrawn.*

In the case of rentals, leasing, loans, and similar cases, the rental property or loan amount is not purchased because it is returned. The "purchase" is the rental amount or the loan interest and those amounts will have the Value Added Tax. Exception is primary residence rental/leasing mentioned earlier.

There shall be no Federal Government death tax, estate tax, inheritance tax, or similar taxes unless someone puts the Federal Government in their will. The same applies to an estate if there are no family members. The Federal Government shall not use the guise of taxes to rob and even possibly destroy a family at the death of a family member. A family should not lose the family farm at the death of a family member because the family does not have a huge cash reserve. We need our farmers. The world needs American farmers. Death should not cause large amounts of money and property to be transferred to the Government. Money and property should stay in the American family who earned it!!!

There shall be no capital gains tax. The Federal Government gets revenue from VAT tax as these people spend their money.

There shall be no Federal Gift tax for those receiving or giving a gift. There is no VAT since nothing is being purchased.

Churches and religious institutions shall pay the VAT tax on all things; this principle has been a long standing money decision of give unto God the things that are God's and unto Caesar the things that are Caesar's.

Corporations and businesses shall pay the VAT tax unless they are purchasing raw materials, etc. to be resold.

As noted earlier, stockholders in corporations pay the Value Added Tax when buying stocks. However, there are other corporation tax issues. Many people believe that a corporation is an institution that collects money for itself. Thus many believe in a corporate tax. But the idea of a corporate institution needs to be more closely examined by our country. Underneath the idea of a corporation institution is people - - people who already pay taxes and these people technically are not the owners of the corporation in the way that corporations are legally defined. And, in an unexpected way corporate taxes have the potential of making these people pay more taxes which are really the corporate taxes. Corporate taxes can oppress both corporations and our nation. Corporations provide us with jobs, goods, and services that we would not otherwise have.

Corporations are a very tricky business venture. Corporations are somewhat like a mirage. They are based on something real but you can't actually reach out and touch them. They are a kind of legal mirage. No one is the owner of a corporation in the sense that they can go into a corporate office and tell someone that they want that person to move their desk over by the window because as owner I say so. Corporations do provide some protections for those

who take the risks to run a corporation. But we will not go into the various theories about corporations at this time.

There are many confusions in the use of terms and accounting when it comes to corporations. "Revenue" is used in our discussion here to represent the total income of a corporation. But under current law revenue is not what is taxed, it is the taxable income after deductions that is taxed. Taxable income can be changed by deductions just like under current law our personal taxable income can be changed by giving more to charities. The tax rate on corporations is also a very important matter for corporations. American corporations have a top tax rate of 35% which is one of the highest corporate tax rates in the world and many say that this affects our ability to do business on the world level. However, others debate that the 35% tax rate is not an accurate description of what is happening which we will examine in a moment. One of the lower corporate tax rates in the world is 15%.

Three sets of people are affected by corporate tax matters. The first set of people affected by corporate tax matters are the corporation stockholders who receive dividends from their investments in the corporation and they will likely receive less dividends if the corporate tax rate is high because the amount of money left after corporate expenses, deductions, and taxes are paid will be less than it could have been with a lower corporate tax rate. The second set of people affected by corporate tax matters are the employees who receive income from their work in the corporation and they will likely be able to received higher income if the corporate tax rate is lower. Also, if the corporation decides to leave America because of high corporate tax rates, the employees will lose their jobs. The third set of people affected by corporate tax matters are us the public who pays prices for the goods and services of the corporation and we will likely pay higher prices if the corporate tax rate is high. Plus, for many of us in the public we are connected to corporate earnings because our retirement plans grow by being invested in the stock market. So the question that arises is, "Who or what pays corporate taxes?" The corporation can't pay taxes because it is not a person - - it is a legal mirage. So who pays corporate taxes? We do - - if we are connected to the corporation by being in one of these three sets of people that we have just been talking about. There is an argument about which of the three sets of people pay the bulk of corporate taxes. In our corporation discussion here we are taking the position that corporate taxes are illusionary in that it raises the cost of goods and services to us and in the end we primarily pay these corporate taxes through higher prices but there is a lot of flexibility for corporations in financial matters. Also many say that these corporate taxes can hurt our ability to sell on the world market for the wealth of our nation plus high corporate taxes can lead corporations to take their jobs into other countries. And we have noted how corporate taxes can affect corporate employees and stockholders. In a moment we will take a closer look at how high corporate taxes really are. But we will see that corporations can plan their tax deductions and choices so that other options could happen just like a family has options about how they do their financial matters.

By examining the amount of tax a corporation should pay we find several points that need to be examined. Some want there to be no corporate tax because of reasons we have be discussing. But the Federal Government gives a corporation special protection benefits to those involved so corporations need to pay some tax for these benefits. Some want to eliminate the concept of corporations and make them just a group of people running a business and the people running it to be taxed individually. But we need corporations. They often take big risks for America, you and all of us, which has paid off greatly. We need each other. Corporations have

done great things for us that would not have otherwise been possible besides giving us jobs. And we provide the talent and effort to make these corporations work. We need each other.

Some want to tax corporations at a high rate while others warn that taxing corporations too much can harm us all. We will somewhat split the difference in this debate as we examine corporate taxing. To split the difference somewhat in this debate, there shall be a corporate tax of ten (10) percent on all revenue (meaning all income) of a corporation minus sales returns except that income coming from stockholders buying stock shall not be considered taxable income.

Why the rate of ten percent on all revenue? The current way of imposing corporate tax is to allow costs and other deductions be made to the revenue and then charging up to 35% tax on the remainder. Some of these deductions have been called "loopholes" although there are other "loopholes". These loopholes are sometimes not available to individuals and non-corporation businesses. The deductions are a legal way for a corporation to reduce their taxes. However, these deductions have gotten out of hand over the years and it is hard for politicians to stop loopholes of corporations since most politicians cannot run for office without the help of big money.

Let us examine the idea of a 35% top tax rate on corporations under today's reality. The Internal Revenue Service compiles "Statistics of Income (SOI for short)" and these are available up to the year 2012. [References are included in the written version of this presentation.]

In 2011 corporations paid $220,894,314,000 in taxes {"Total taxes"} on $28,335,600,572,000 of revenue {"Total receipts"}. In 2011 that total US corporate revenue income minus all of the deductions that year which were $27,092,728,580,000 including "loophole deductions" {"Total deductions"} showed that the deductions were over 95% of the corporate revenue {references; http://www.irs.gov/uac/SOI-Tax-Stats-Corporation-Complete-Report, click 2011, open, and then double-click 11co02ccr}. That means that the corporate tax of up to 35% was only on less than 5% of all revenue and many of these deductions were money that the corporations chose to spend on themselves {see references}. This means that corporations actually paid less than .8% taxes on all of their revenue in 2011. Really it is less than that according to another Government website which works out to be a little more than .6% taxes for the year 2011 based on Corporate Income Tax Revenue actually collected. {http://www.usgovernmentrevenue.com/federal_budget_estimate_vs_actual_2011_XXbs1n_10; see Actual 2011, Corporate Income Tax = $181,100,000,000 (listed under Income Taxes) a little more than .6% on $28,335,600,572,000 total income number that we are using.} In comparison, if you made $50,000 and paid .6% to .8% in taxes you would pay only 300 to 400 dollars on $50,000 of revenue income. But you most likely paid thousands and thousands of dollars of taxes by adding up your withholding taxes plus any checks you paid to the Federal Government. Something is wrong with this picture. Thus, in 2011 corporations paid .6% to .8% in taxes if taxes were based on revenue income. Again, something is wrong with this picture.

Before proceeding we should note that accounting terms and the way figures are calculated and the results with rounding are not always uniformly the same within the Federal Government but the figures are closely the same.

Now let us look at the year 2012 to see how the corporate taxing pattern continues. The pattern is very much the same.

In 2012 corporations paid $267,854,131,000 in taxes {"Total taxes"} on $29,403,675,461,000 of revenue {"Total receipts"}. Total corporate income revenue was up over one trillion dollars over the previous year. Interestingly enough though total deductions also rose so that the deductions were basically the same percentage of revenue as the previous year

even though revenue had risen oven one trillion dollars. In 2012 that total US corporate revenue income minus all of the deductions that year which were $27,712,774,925,000 including "loophole deductions" {"Total deductions"} showed that the deductions were over 94% of the corporate revenue which was just about the same percentage as last year {http://www.irs.gov/uac/SOI-Tax-Stats-Corporation-Complete-Report, click 2012, open, and then double-click 12co02ccr}. Again similarly that means that the corporate tax of up to 35% was only on less than 6% of all revenue and many of these deductions were money that the corporations chose to spend on themselves {see references}. This means that corporations actually paid only slightly more than .9% taxes on all of their revenue in 2012. Really it is less than that according to another Government website which works out to be a little more than .8% taxes for the year 2012 based on Corporate Income Tax Revenue actually collected. {http://www.usgovernmentrevenue.com/federal_budget_estimate_vs_actual_2012_XXbs1n_10; see Actual 2012, Corporate Income Tax = $242,300,000,000 (listed under Income Taxes) a little more than .8% on $29,403,675,461,000 total income number that we are using.} In comparison, if you made $50,000 and paid .8% to .9% in taxes you would pay only 400 to 450 dollars on $50,000 of revenue income. But you most likely paid thousands and thousands of dollars of taxes by adding up your withholding taxes plus any checks you paid to the Federal Government. Something is wrong with this picture. Thus, in 2012 corporations paid .8% to .9% in taxes if taxes were based on revenue income. Yet again, something is wrong with this picture.

Thus we see that saying there is a 35% corporate tax rate is not an accurate description of what is going on. Assuming that there are no clerical errors in what has been said, it is not higher mathematics to see that 35% of less than 5-6% of all revenue income is an unfair taxing system and that it really disguises what is actually going on. Also, individual tax payers and small business owners (which most usually pay taxes as individuals) do not get to deduct over 94% to 95% of their revenue income before figuring taxes. The conclusion is that the Federal Government has let the tax system become unfair.

If we were to base corporation taxes on revenue and eliminate all deductions, then loopholes that are deductions would be eliminated. If the corporate tax was based on revenue, the deductions would not be something that could be a variable since there will be no deductions.

So what should be the corporate tax rate? It is said that 15% tax rate is generally the best in the world. We have noted that the corporate tax rate may well affect us all. So a corporate tax rate of 10% on all revenue minus sales returns would be a significant help to a number of problems some of which we have mentioned. Thus there shall be a corporate tax of ten (10) percent on all revenue (meaning all income) of a corporation minus sales returns except that income coming from stockholders buying stock shall not be considered taxable income.

It should also be noted that the corporate percentage of the total revenue collected by Federal Government has not been very uniform over the years. In 2011 the category of Federal receipts that contains corporate tax payments had dropped to 10% of the total revenue collected by the Federal Government {http://www.irs.gov/file_source/pub/irs-soi/14db06co.xls copy to address bar and enter, open with Excel}. In 2012 the category of federal receipts that contains corporate tax payments was 11% of Federal Revenue. However, the category of federal receipts that contains corporate tax payments was 24% of Federal Revenue in 1960 and leveled off to around 10% more or less after 1980. However and meanwhile we as individual tax payers and small businesses owners filing as individual tax payers since 1960 have been paying around 50% or more of the Federal Revenue while the corporate tax percentage has been dropping {see reference}. Certainly these big money corporations can pay can pay a bigger share of the percentage of Federal Revenue especially when compared to that which we as individual tax *payers and small business owners filing as individual tax payers pay to the Federal Government. Thus the new corporate taxing plan will improve the balance between big money corporations and individual tax payers as it relates to how much both groups contribute to the total federal revenue collection.*

There is another problem with corporate taxing loopholes called "havens". A corporation can in some manner set up an address in a country that taxes very little and transfer their income revenue to that address to avoid taxes. Additional things can happen, too, that lowers corporate taxes. Some corporations pay no taxes. Realize that under current laws everything the corporations do is legal either by a law of the Federal Government Congress or a regulation of the Administrative branch of the Federal Government. It is just that the Federal Government has let the laws and regulations get out of hand. If you as an individual taxpayer rented or leased a broom closet in the Caribbean for an address and told the Internal Revenue Service that that was your address for tax purposes so you would not have to pay any US taxes, what do you think would happen? Again, we have an unfair situation allowed by the Federal Government. Therefore, there shall no longer be anything allowed that is a tax haven or resembles such.

If any United States corporation has connections to outside of the United States addresses, corporations or businesses, the United States corporation shall pay United States taxes on any of that foreign related revenue as though it were domestic revenue minus any national tax paid to foreign governments in a way that there shall be no tax havens. If any corporation that began in the United States, even if that corporation moves to another country or moves to another country and combines with another business group or even changes name in that country, that corporation, if it still does any business in the United States, shall pay taxes as though it was located in the United States minus the taxes paid in any foreign country. Anything additional that the Department of Treasury defines as a tax haven shall be illegal.

Thus, any corporation that takes their headquarters business address out of the country or combines in some way with a business or corporation outside of the country shall be always be taxed as though they were located in the United States if it still does any business in the United States.

Foreign corporations shall be taxed with our domestic rate on any revenue made in the United States and again they shall not make use of tax haven principals to escape US corporate taxes. The Federal Government shall also make use of tariffs, etc. as desired.

Corporations shall report and pay all taxes the year following the tax year as directed by the Department of Treasury which shall set due dates, etc. Also any back, or deferred taxes or anything deferred shall be due at passage of the **"Amendment XXVIII – The VAT Tax"** *and shall be paid at least at the rate of 20% a year so that back taxes are paid off in five years or the corporation shall be subject to fines, penalties, etc. as defined by the Department of Treasury, the Congress, and the Federal courts, if none has been specified.*

There shall be no extensions of corporate tax due dates without fines or other penalties as set by the Department of Treasury, the Congress, and the Federal courts, if none has been specified.

The Department of Treasury, the Congress, and the Federal courts, if none has been specified, may impose fines and jail sentences for corporations breaking the Constitution or federal law with the fines being on the corporation, top executives, and top board members as appropriate with the jail sentences being on the top executives and top board members. The

Federal Government protection for people running corporations does not protect them if they have broken the law or the Constitution.

There are other types of corporations such as S corporations, LLC's, etc. Any of these corporation that allow the tax to be paid as individual tax payers shall still also pay a 2% corporate tax on all revenue income minus returns for the protections these corporations give its members. And, of course if stockholders are allowed, that income coming from stockholders buying stock shall not be considered taxable income.

There are other types of revenue for the Federal Government such as custom taxes, tariffs, excise taxes, etc. Excise taxes are like taxing gasoline to get money for roads but it does not always work out that way. The Government can put an excise tax on anything it wants to in order to raise revenue such taxing you for how many doors are on your house. A "user fee" or "user tax" can be an excise tax but the public should examine its origin carefully and take action as needed. Some call excise taxes a hateful tax. The Government can tax health habits that it considers bad with the idea that the high tax will change behavior. But in situations like a home with an alcoholic it just takes the family's money because the alcoholic will spend whatever is necessary to get another drink until the alcoholic is cured.

There are hidden taxes to raise revenue at any level of Government. An example would be having the police write many tickets to raise revenue through fines including penalties, and similar. Thus federal, state, and local Governments; home owners' associations; etc. may impose fines to control "undesirable" behavior however the total of all fines shall be given to the poor through efficiently run charitable organization both religious and secular, distributed fairly, instead of giving the fines to the poor by using the cost of a Government bureaucracy to distribute the money to the poor. Bureaucracies do not have the pressure of being efficient to be able to make a profit in order to stay in business. Those bodies making the fines, considering these fines to be necessary, and selecting the ways to issue fines shall pay for the costs associated with these fines and the total fines shall be given to charity as just mentioned. Library fines, and late fees on unpaid bills are not included in this procedure.

There is volunteer revenue given to Governments through various types of gambling to raise Government revenue. This is unfortunate because these gambling schemes are a kind of mathematical lie. For instance, a lottery with a 100 million dollars prize has citizens volunteering money for the 100 million dollars, plus money for other prizes, plus money for the Government bureaucracy to run and advertise the lottery, plus money for the revenue that the Government hopes to raise. The suggestion that you personally will win the big prize is about as close to a nonexistent reality that you can get. Many of the winners of the big prize have an experience that does not turn out to be too good. Worst of all the Government's temptation for citizens to give the Government volunteer revenue usually penalizes those who can afford it least. You usually do not see rich people in expensive cars drive up to the local convenience store to buy a lottery ticket.

Then there is cheerful giving revenue in America. This money and goods does not go through the Government to get to those who need it in America and around the world. Citizens give this money through religious institutions and charities. It is quite often a part of giving back to God in religious teachings. The Jewish religion and the Biblical Christian religion have God promising great blessings to this giving of revenue and goods to His institutions and His interests on earth. America is a very generous nation.

George Washington asked people for charity revenue during the Revolutionary War when Congress would not come through.

*The Department of the Treasury shall be prepared to have those who provide purchases of goods and services to start collecting Value Added Taxes on the sixty-first day after "***The VAT Tax"** *amendment is passed. The new corporate taxes begin the same day. The sixtieth after "***The VAT Tax"** *amendment is passed shall be the last day the IRS shall collect income taxes. The IRS shall have the actual income collection be due 90 days later. The IRS may have one hundred and twenty more days to finish their work at which time all unfinished work shall be turned over to the Department of the Treasury and the IRS shall no longer exist. Current or former employees of the IRS who had supervisory duties may not transfer to the Department of the Treasury but they may apply for transfers elsewhere in the Federal Government at the discretion of the new job opening.*

We will now have a change to the taxing difference between those who make money through wages and those who make money through the stock market and investments.

Let's do an estimate of Federal Revenue from the **Value Added Tax** *and other revenue sources based on the rounded general numbers that we have from last year in 2014 and from recent years.*

usgovernmentrevenue.com *{http://www.usgovernmentrevenue.com/} states that last year in 2014 there were 3 trillion dollars in Federal Government revenue. So the new tax code should give us approximately 3 trillion dollars. Let's see if that is the case with our new tax code with rough figuring with rounding.*

That same website states that our Gross Domestic Product (GDP) of all goods and services sold last year in 2014 was estimated to be 17.2 trillion dollars. A Value Added Tax of 10% on all good and services sold last year would be 10% times 17.2 trillion dollars which is 1.72 trillion dollars in taxes revenue in 2014 before we subtract the taxes that our new tax code would not actually collect.

But note that we also said that the 10% corporate tax would be added to the Value Added Tax so we have revenue of 1.72 trillion dollars plus the 10% corporate tax. The latest year the Government gives is 2012 and in that year corporate total revenue income was $29,403,675,461,000. The 10% corporate tax on that amount would be over 2.9 trillion dollars. Add that amount to the 1.72 trillion dollars from the VAT tax and we have a running total of 4.62 trillion dollars revenue {1.72 trillion + 2.9 trillion = 4.62 trillion} before we subtract the taxes that our new tax code would not actually collect.

But also notice that these websites cover more things in the 3 trillion dollars goal than we normally think of as taxes so the Value Added Tax plus the corporate tax does not have to collect the total goal of 3 trillion in taxes because the 3 trillion goal included things like excise taxes, custom/tariff taxes, etc. And remember that the 2% corporate tax on S, LLC, etc. corporations is added to whatever amount of dollars that is collected.

Also note that we should not tax some goods and services which means that we would not actually get all of the 1.72 trillion dollars Value Added Tax to go with the 2.9 trillion dollars corporate tax.

So we are working with a running total of a minimum of 4.62 trillion dollars revenue before we subtract the taxes that our new tax code would not actually collect. Now let's subtract the taxes that our new tax code would not actually collect and see if we come up with approximately the 3 trillion dollars goal.

From the 1.72 trillion dollars VAT tax deduct 1% for the processing fee for the sellers which is 17.2 billion {.017 trillion}. But it would be less than that amount to deduct because not everything will have a Value Added Tax. Now after subtracting the 1% processing fee for the sellers our running total is more than 4.603 trillion dollars {4.62 trillion – .017 trillion = 4.603 trillion}.

Next for food and water, necessities of life, we will use figures from the Department of Agriculture. Now we will subtract the VAT tax that would be on the food and water, necessities of life. We do not have figures for 2014 so we will use 2013 which will be close enough for our purposes. The 10% VAT tax would not be collected on approximately 1.2 trillion dollars {http://www.ers.usda.gov/data-products/food-expenditures.aspx and download Table 7} spent in 2013 for food and water, necessities of life. The resulting VAT tax of 10% would be 120 billion {.120 trillion} to deduct from our running total which would now be 4.483 trillion dollars {4.603 trillion – .120 trillion = 4.483 trillion}.

Next for medicine and health care, necessities of life, we will use figures from the Center for Disease Control. Now we will subtract the VAT tax that would be on the medicine and health care, necessities of life. We do not have figures for 2014 so we will use 2013 which will be close enough for our purposes. The 10% VAT tax would not be collected on approximately 2.9 trillion dollars {http://www.cdc.gov/nchs/fastats/health-expenditures.htm click Health, United States, 2014, table 103} spent in 2013 for medicine and health care, a necessity of life. The resulting VAT tax of 10% would be 290 billion {.290 trillion} to deduct from our running total which would now be 4.193 trillion dollars {4.483 trillion – .290 trillion = 4.193 trillion}.

Next for housing necessities of life we will use figures from the Census Bureau. Now we will subtract the VAT tax that would be on the housing necessities of life. As explained earlier we need to just subtract the VAT tax on rental/leasing housing for a primary residence because those buying a house are beyond being able to afford just the necessities of life. The 2010 census tells us that there are 40.7 million housing renters. {http://www.census.gov/prod/cen2010/briefs/c2010br-07.pdf see page 8}. In 2009 the monthly cost for renters was $808. {http://www.census.gov/newsroom/releases/archives/housing/cb10-124.html} The 10% VAT tax then would not be collected on approximately 394.6 billion dollars {40.7 million renters x $808 per month x 12 months in a year = 394.6 billion} spent in 2009 for rental/leasing housing, a necessity of life. The resulting VAT tax of 10% would be 39 billion {.039 trillion} to deduct from our running total now to be 4.154 trillion dollars {4.193 trillion – .039 trillion = 4.154 trillion}.

We met and exceeded our goal of 3 trillion annual revenue for the Federal Government using this new tax code! $4,154,000,000,000! Plus, remember that there are other taxes like the 2% corporate tax on S, LLC, etc. corporations; excise taxes; custom/tariff taxes; etc. Also we can eliminate things that the Federal Government is doing to hurt business, then the economy will grow substantially giving more money to spend that will have the additional Value Added Tax to increase the Federal Revenue.

If the Government does not get enough revenue in a certain year, it can tighten its financial belt instead of options like raising more taxes or borrowing. If the Government had a lean year, it likely means that the American people had a lean year also and they had to tighten their financial belt also and the American people have no way to get more income through taxes paid to them personally. And, if the American people borrow too much money, they can go into bankruptcy.

What does the new tax code give us?

- *There shall no longer be an IRS or Internal Revenue Service. This means that there shall no longer be an income tax and Amendment XVI to the United States*

Constitution is hereby repealed including laws relating to individual and corporate income tax.

- ***A 10% (ten percent) Value Added Tax (VAT) on goods and services will replace the individual income tax. Americans with a little amount of money to spend on purchases will end up paying little taxes and people with much money to spend on purchases will pay much taxes. But all Americans will now share in taxes if they purchase more than the necessities of life.***
- ***There will be no Value Added Tax on nearly all necessities of life to help low income Americans.***
- ***There will be no death/estate tax.***
- ***Corporation "tax havens" are eliminated. To eliminate so called "loopholes" there will no longer be corporation tax deductions. Corporation tax will now be based on total revenue income. Thus there shall be a corporate tax of ten (10) percent on all revenue (meaning all income) of a corporation minus sales returns except that income coming from stockholders buying stock shall not be considered taxable income.***
- ***The new corporate taxing plan will also improve the balance between big money corporations and individual tax payers as it relates to how much both groups contribute to the total federal revenue collection.***
- ***S corporations, LLC's, etc. and any other corporations that allow the tax to be paid as individual tax payers shall still also pay a 2% corporate tax on all revenue income minus returns for the protections these corporations give its members.***
- ***The new tax code has been greatly simplified.***
- ***By being a Constitutional Amendment this tax code will be harder to change by big money or whatever.***

Do the math which will give you a better estimate of how the Value Added Tax will generally work. Check the new tax code for yourself. It is not hard to understand. Note that this is a general estimate to see how a Value Added Tax would work but we will leave the more precise figuring to our American experts in these matters.

Congress has the power for other taxes as specified elsewhere in the Constitution.

Again, these tax code amendment Section remarks may not be changed without a Constitution Amendment. This will make it harder for special interests, lobbyist, and those who give big money to political campaigns to be tempted to effect change primarily for themselves by tempting a member of Congress.

This amendment would likely be destroyed within Congressional rules. It possibly be passed by the States Constitutional Convention with attendance would only consider accept or reject.