

The Inevitable Tax Solution

ONE TAX FOR ALL – SALES AND TRANSACTION TAX SYSTEM



© 2020 Stephen D. Redden

To be clear no one will dispute the need to pay taxes to fund the states' and the nation's infrastructure and essential services.

"One Tax For All", is the future tax system that will insure a pro-growth economy for all citizens' to obtain more wealth and prosperity. "One Tax For All" is a modern, efficient, simple, national sales and transaction tax system guarantees all segments of our economy will be able compete evenly in the pursuit of the American Dream.

It is undeniable and impossible for the tax systems we use today to collect enough taxes to keep up with the needs of our nation. Ever-larger demands for infrastructure and government services will require a tax system that will collect enough taxes to balance the budget, pay down the debt, and benefit the economy.

Almost every economist will agree it is inevitable that a Sales and Transaction Tax System (STT) will be the final and best solution. "One Tax for All" is:

1. The sole and only tax collection system for all segments of the economy; no other taxes
2. The lowest tax rate possible
3. The easiest tax to administer and collect, with the least number of rules, laws, and regulations
4. A tax system that spreads the tax burden evenly across all citizens, non-citizens, businesses, enterprises, and organizations; all segments of the economy (ASOE)
5. A tax that creates maximum cash flow for the economy
6. A tax that will collect enough funds to maintain a balanced budget
7. A tax that will start to pay down our national debt
8. A tax that will unleash the wealth of the United States to be the most competitive economy in the world

Food for thought... (A national sale and transaction tax is not a VAT tax. A VAT tax is an extra tax that is added or piled onto other existing taxes. This is just "One Tax For All" – No other taxes!)

1. Sole and only tax collection system for all segments of the economy – no other taxes

"Everything should be made as simple as possible, but not simpler." Einstein

Today federal and state governments use a variety of taxes to try to keep up with the growing demands of the nation's infrastructure and government services. Look at the current list of taxes:

- Federal and State Income Tax
- State Consumer Sales Tax
- Estate Tax
- Capital Gains Tax
- Excise Taxes:
 - Federal
 - State
 - County
 - City
- Highway Tolls and more...

Why are taxes so complicated? Why are there so many tax systems?

So, the obvious question, is it possible to have just one simple tax system?

The answer is yes!

A simple, logical solution; take all the tax collection systems and combine them into just "One Tax For All". Brilliant!

Tried and true, there are nine states that have no income tax (however, they still have property taxes). In these states, most taxes are collected from a simple consumer sales tax. Proof that sales tax work: The states that have switched to a consumer sales tax vs. income taxes are booming and citizens are flocking to them. State sales tax rates are usually under 10%.

But the problem with a consumer sales tax system is citizens are paying almost all of the state taxes, while other segments of the state economy are using a large part of the infrastructure and services, but pay relatively no taxes.

Citizens after paying state sales tax, state property taxes and excise taxes they will pay 12-15% in state taxes.

Sounds like a good idea so far, right? So what if the nation adopted a national consumer sales tax system? What would be the rate? The rate would have to be 20-24% of consumer purchases-Wow! This will never work and would slow consumer sales; and again, citizens are paying practically all the taxes.

A national consumer sales tax added to state sales tax would be an average of 30% taxes per citizens. That will just not work.

So what is the missing element?

The missing element: All Citizens And All Segments Of The Economy Have To Have A Little Skin In The Game! You have to have a bigger common denominator - Sales and transactions!

Think of the economy as a "super-highway toll road." Every time a citizen, business, organization, or enterprise (ASOE) uses it, they pay a small toll (tax). This "Pay-As-You-Go" system would create the lowest tax possible. Every citizen, business, organization, and enterprise will have a little skin in the game.

Just think, the next time you buy a Coke and candy bar, get a haircut or perm, buy ink cartridges and paper, you've paid all your taxes! Just "Pay-As-You-Go"!

The "One Tax for All" National Sale and Transaction Tax (NSTT) system combines all tax systems into one - No other taxes!

Food for thought... The citizens being like landlords are paying most of the rent for tenants (businesses, organizations, enterprises, and government). Businesses, organizations, enterprises, and governments use a large portion of the infrastructure and services, but only pay 8-10% of the tax bill.

2. The lowest tax rate possible

All economists agree a thriving free-enterprise society has to have the lowest tax rate possible that will have the least impact on its economy.

The only way to get the lowest rate is by spreading the "One Tax for All" (NSTT) across all segments of our economy.

How many dollars in sales and transactions are in the United States each year?

What is the Total Economy of Sales and Transactions (TEST) of our nation?

There are wide-ranging estimates of all our annual TEST, it could be as high as \$1,200 trillion (\$1.2 Quadrillion), and as low as \$500 trillion.

For Example, Wall Street estimates \$5 trillion of trades and transactions each day!

So, if you use the TEST (the denominator) to divide into the federal government budget it is feasible to reach the nominal federal tax rate as low as 1%.

Add another 1% the NSTT could start to pay down our national debt.

The power of multiples is the secret to NSTT; the more sales and transactions, the lower the rate of the tax.

Food for thought... TEST – Total Economy of Sales and Transaction is a true economic indicator that tracks daily all economic activity of the states and nation. TEST is the most accurate and actual measurement of the economy, which augments GDP for rating our economy.

3. The easiest tax to administer and collect, with the least number of rules, laws, and regulations

Let's repeat a quote from the previous segment, "Just think, the next time you buy a Coke and candy bar, get a haircut or perm, buy ink cartridges and paper, you've paid all your taxes! Just pay as you go!"

Can it be that simple? Yes.

Upon any or all sales and transactions by any or all segments (ASOE) the provider will add the NSTT rate to the sale or transaction, for example, 1%.

The provider makes their deposits to the bank; the bank then automatically deducts the 1% NSTT. At the end of every business day, the bank sends it to the Federal Reserve. There is no paperwork, no forms, no withholdings for ASOE; it is automatic.

The STT will only need four basic rules or regulations:

1. All segments of the economy (ASOE) must have a checking account
2. ASOE must make all income deposits into the bank
3. Federal and states must have a fixed government budget
4. The STT rate will never go over 5%.

4. A tax system that spreads the tax burden evenly across all citizens, non-citizens, businesses, enterprises, and organizations - All the segments of the economy (ASOE)

Sharing the tax burden across ASOE is the fairest system of all. "One Tax For All" draws a distinct correlation of how taxes could be allocated. It is everyone's responsibility to create an economic environment that gives everyone an equal opportunity to be successful. Ultimately the all citizens will benefit.

The stronger the economy and more growth in GDP and TEST, the lower the rate will be.

Some experts will argue that NSTT will create tax pyramiding - "A Tax-on-a-Tax". It should be looked at as compounding, getting "more bang for your buck". To be able collect the exact amount of taxes needed to fund infrastructure and government services will be the results of the NSTT.

Additionally, NSTT limits pyramiding or compounding as the law will include fixed governments' budgets. Governments will only be allowed to collect just enough taxes to pay the budget. If a tax surplus is created, then the rate will be adjusted lower. If not enough taxes are collected, governments will be limited by law of the rate to never go above 5%.

5. A tax that benefits our economy with the maximum cash flow, and has a little negative effect on our economy

Taxes are usually thought of as a "necessary evil." Actually, the right tax system will benefit and secure the welfare of citizens:

- The right tax system will allow for more investment into the infrastructure
- The right tax system will fund government services that benefit citizens
- The right tax system is a cash system with no more delinquent taxes
- The right tax system will create the maximum cash flow for ASOE

Spreading the tax burden over ASOE would be like citizens getting a raise. The structure of NSTT is different from an income tax as you only pay taxes when you make a purchase or receive a service. The NSTT in the first year of use would create more cash flow for the citizens and have the effect of the GDP to increase 10-15%.

Businesses will also benefit:

- No more withholding and complex tax filings. Estimated savings of \$500 billion a year in administrative costs
- The additional cash flow will create increased consumer spending or savings
- There will be no corporate or personal Income Tax
- The NSTT will stimulate more investment into U.S. businesses
- More foreign businesses will open in the U.S.

The NSTT tax system will make the United States hyper-competitive in the world economy.

6. A tax that will collect enough funds to maintain a balanced budget

Currently, our income tax system, estate tax system, capital gains tax system, and federal excise taxes fall short of paying our annual federal budget.

The United States falls short by \$500 billion to \$1 trillion in taxes which increases the national debt each year. Plus, with COVID 19 and natural disasters, we have accumulated \$4-\$5 trillion in additional debt in 2020.

The only solution is to find a way to increase taxes without crippling our economy. There is only one system that can achieve this, "One Tax for All" National Sales and Transaction Tax System.

7. A tax that will start to pay down our national debt

Now, with the unforeseen expenses caused by COVID-19 and natural disasters, the United States has an estimated additional \$4 trillion or more in new debt in 2020. How will we ever pay down the national debt?

Under the current tax systems, never!

The United States Citizens' One Tax For All - Tax Bill Of Rights
National Sales & Transaction Tax (NSTT)

In order for all United States Citizens to have an equal and fair opportunity to life, liberty and the pursuit of happiness it is time for a Tax Bill of Rights. A tax system that will fairly shift taxes to all segments of our economy.

Article 1: Establish ONE TAX FOR ALL - NSTT across the land for collection of Federal taxes at the lowest possible rate to all citizens, businesses, organizations and/or enterprises (ASOE) residing in the United States or United States Territories. Taxes will be collected at a rate of 5% or less on all sales & financial transactions of the United States.

Article 2: Abolish all Federal Taxes, all current tax laws and regulations; income tax, estate tax, capital gains tax, excise taxes, tax exemptions, deductions, and any/all other current taxes or laws-and not limited to this list. It will forever be prohibited to have different tax laws for any citizens, businesses, organization and/or enterprise residing in the United States or United States Territories.

Article 3: The ONE TAX FOR ALL - NSTT will only collect enough taxes to balance the Federal budget or National Debt. The Federal budget will be derived by no greater than 5% of the TEST (Total Economy of all Sales and Transactions) or not to exceed a Federal budget of \$5 Trillion, (this would stop "Tax Pyramiding or compounding taxation"). If the collection of the TEST creates an excess of tax revenue for any quarter; the tax rate will be lowered to the Federal budget amount established in Article 3. The tax rate will never exceed 5% of the TEST unless by 2/3 vote in both houses limited to a National Emergencies only. The rates will fluctuate as revenue is needed and/or the TEST goes higher or lower. Some industry rates may be adjusted as needed as not create an undue burden that would drastically affect/destabilize/punish that segment of business or economy.

Article 4: This law does not apply to non-income of money transferred inside a citizen(s)', a business', an organization's and/or an enterprise's residing in the United States or United States Territories bank accounts.

Article 5: No taxes will be established to favor or disfavor any citizens, business, organization and/or enterprise residing in the United States or United States Territories.

Article 6: Abolish all felony tax punishment, except malicious tax fraud.

Article 7: The IRS (Internal Revenue Service) will be the official government agency for the collection of taxes. Taxes will automatically be collected through bank deposits by Federal Banking System; and at no direct cost to the United States' citizens, businesses, organizations and/or enterprises residing in the United States or United States Territories. All taxes collected will be overseen and managed by the IRS (Internal Revenue Service).

The sample collection process: Upon purchase of any or all services by any or all segments (ASOE), the provider will add the NSTT rate, for example 1%.

The provider makes their deposits to the bank; the bank then automatically deducts the 1% NSTT. At the end of every business day, the bank sends it to the Federal Reserve. There is no paperwork, no forms, no withholdings for ASOE.

Article 8: All citizens, businesses, organizations and/or enterprises residing in the United States or United States Territories will be required to maintain a current U.S. Bank Account for the deposit of all income(s). This is not to be construed as that, cash and credit card transactions will be illegal. All credit and cash transactions will be legal.

Article 9: The ONE TAX FOR ALL - NSTT will create cash flow and eliminate late or evasion of taxes as taxes are directly collected by the Federal Banking system from the purchasing of goods, services, and transactions. The ONE TAX FOR ALL - NSTT is self-enforcing as if you do not pay the ONE TAX FOR ALL - NSTT you will not be provided with any goods, services or transactions. Furthermore, upon deposits, if ONE TAX FOR ALL - NSTT collection is omitted by citizens, businesses, organizations and/or enterprises residing in the United States or United States Territories due to a clerical error the appropriate sales or transaction tax will be automatically deducted from your bank deposits with no exceptions.