

Geoff Goudy on a Federal Tax Plan, 9.15.08

I'm often asked, "Do you have a Federal tax plan proposal preference or instead, have envisioned one of your own?"

I firmly believe that any tax plan must 1) annually tax three aspects of one's financial life (*earnings, consumption and wealth*), 2) be fair and reasonable in doing so and most importantly 3) must be simple to understand, simple to implement and simple to comply with.

As such, I would recommend the following with no exceptions and no exemptions because freedom isn't free.

Earnings Tax: 1% receipts tax on all individual, business, trust, and non-profit gross receipts (e.g., deposits) with property and security sales adjusted for cost basis. Entities would also be required to report financial statements (*balance sheet, income statement and cash flow statement*) on the accrual basis of accounting with an accrual-to-cash schedule tying out to annual gross receipts.

Consumption Tax: 1% sales tax on all goods and services at all sales cycle levels. This tax would be in addition to any excise taxes and payable by all individuals, businesses, trusts and non-profits. A national, state, and local sales tax clearing house should also be created.

Wealth Tax: 1% net assets tax on all individual business, and trust liquid and illiquid assets net of liabilities. This tax would not apply to non-profits.

Social Tax: Maintain 6.2% Social Security and 1.45% Medicare tax on all wages and deemed self-employment earnings but with no cap. Employer also subject to same percentages and eligibility into old-age programs should start no earlier than age 70.

Critical national fiscal requirement: Must remove cash and coin currency in circulation and move toward an electronic monetary system to eliminate the underground economy, which is undocumented activity generally not reported to the government. Otherwise, the Federal tax burden would not be honorably shared by all.