

The Liberty Tax

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Key Policy Provisions:

- Complete repeal of the 16th Amendment.
- 10% consumption tax on all items (individual to business & business to business)
- Individual to individual transactions are excluded creating a tax free barter system.
- This repeals 4 federal tax regimes: income, corporate, estate, & investment (dividends, interest, and capital gains).
- A 5% tax is assessed on all dollars leaving retirement assets to regular investment accounts - known as IA's.

1) The Moral Case:

- 43.3% of Americans paid NO federal income tax in 2013¹.
- The current code incentivizes bad behavior. A Pew Research Center poll in 2006 found that 21 percent of people think it is either morally OK or it's not a moral issue to under-report all income for tax purposes.²
- It is immoral to redistribute income from one persona to another in the name of "charity."³
- It is immoral to tax someone at their death after taxing them throughout life.
- Tax evasion cost the U.S. government \$305 billion in 2010 and has cost \$3 trillion over the past decade.⁴

Summary: It is immoral to have a tax system where one half funds the other half. It is also immoral to have a system that encourages deceit - and where the IRS goes after dead people - after paying a lifetime of taxes.

2) The Equality Case:

Liberals / Progressives should fight for The Liberty Tax to promote equality since over 40% of citizens are not paying taxes.

3) The Unification Case:

- Americans are more divided politically now than ever before.⁵

Summary: The Liberty Tax will unify the American people against the Federal Government as we all pay the same rate.

4) The Liberty Case:

- In 2014, 52% of Americans think the federal income tax is "too high." This has hovered around 50% since 2003.⁶

¹ <http://www.taxpolicycenter.org/taxtopics/federal-taxes-households.cfm>

² <http://www.cheatingculture.com/tax-evasion/>

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<http://taxfoundation.org/article/cbo-report-shows-increasing-redistribution-tax-code-despite-no-long-term-trend-income-inequality>

⁴ <http://www.cheatingculture.com/tax-evasion/>

⁵ <http://www.nytimes.com/2014/06/12/upshot/polarization-is-dividing-american-society-not-just-politics.html?abt=0002&abg=0>

⁶ <http://www.gallup.com/poll/168500/half-americans-say-federal-taxes-high.aspx>

- Tax Freedom Day is the day when the nation as a whole has earned enough money to pay its total tax bill for the year.
- The 2015 Tax Freedom day arrives on April 24, or 114 days into the year - nearly 4 months you are not working for yourself but rather, the government. .

Summary: The majority of Americans feel taxes are too high. The Liberty Tax allows individuals to decide how much to fund the government by controlling their own consumption and create their own personalized Tax Freedom Day.

5) The Progressive Case:

- “Rich” person buys a plane worth \$1M: the tax = \$100k.
- “Poor” person buys a \$20 book: the tax is \$2.
- The Romer & Romer study suggests that if we decrease tax rates, government revenues may actually rise.⁷

Summary: The Liberty Tax still let’s the wealthy predominantly fund the government and may help the government grow.

6) The Simplicity Case:

- The U.S. tax code spans 73,954 pages and is growing at an average exponential rate of 1.8% per year since 2008.⁸
- In a 2003 poll, only 21 percent heard the term “progressive tax” and knew its’ meaning.⁹
- In 2014, more than 60 percent of IRS calls were being ignored.¹⁰
- The tax goes will just get worse due to Obamacare.¹¹

Summary: The Liberty Tax is extremely simple: no more arbitrary deductions, credits, loopholes, and special tax favors.

7) The Tax Compliance Case:

- U.S. taxpayers pay \$431.1 billion annually just to comply with and administer the U.S. income tax system.¹²
- Americans spent more than 6 billion hours in 2011 complying with the tax code (or a 3.4 million person annual workforce).¹³
- The compliance burden results in estimates of foregone economic growth from \$148 billion to \$609 billion annually.¹⁴

Summary: The Liberty Tax saves Americans time & money - and grows our economy.

⁷ https://www.youtube.com/watch?v=FqLjyA0hL1s&index=11&list=PLIBtb_NuJ1w_5qAEs5cSUJ5Bk0R8QLaY

⁸ <http://finance.townhall.com/columnists/politicalcalculations/2014/04/13/2014-how-many-pages-in-the-us-tax-code-n1823832>

⁹ <http://www.aei.org/wp-content/uploads/2011/10/BowmanTaxNotes.pdf>

¹⁰ <http://www.cnbc.com/id/102550199>

¹¹ <http://obamacarefacts.com/obamacare-taxes/>

¹² <http://www.laffercenter.com/wp-content/uploads/2011/06/2011-Laffer-TaxCodeComplexity.pdf>

¹³ <http://mercatus.org/publication/hidden-costs-tax-compliance>

¹⁴ Ibid

8) The Judeo/Christian Case:

- Biblical scriptures discuss “tithing” - or giving 10% to charity.

Summary: If 10% is good enough for G-d, it should be good enough for the U.S. Government

9) The Behavior Modification Case:

- Taxation, at all levels, distorts our behavior in saving and consuming.. Example: if the income tax was 100%, no one would work and the government would collect nothing.
- Small business owners will put money in qualified plans for tax purposes when that money may better be suited investing for growth and hiring new workers.

Summary: The simpler the code, the less our behavior changes.

10) The Black Market (Cash) Case:¹⁵

- The worldwide underground economy is estimated to \$2 trillion per year.
- The current code incentivizes business owners to pay employees in unreportable cash and collect cash to dodge income taxes.
- The IRS says that the United States lost \$500 billion in taxes in 2012 because of unreported income.

Summary: The Liberty Tax fixes these perverse incentives - money gets put back into the economy and everyone wins.

11) The Tax Evasion Case:

- Tax evasion cost the U.S. government \$305 billion in 2010 and has cost \$3 trillion over the past decade.¹⁶
- Every tax filer will pay an extra \$2,200 in 2010 to make up for the funds lost to tax cheating.¹⁷

Summary: With no individual tax returns due from 319 million Americans,¹⁸ this enables the IRS remnant to focus solely on the 29 million businesses to ensure proper tax collection.

12) The Charity Case:

- Giving makes people happier and happier people give more to charity.¹⁹

Summary: With no federal withholding - individuals can decide what charities to fund with their discretionary income - as opposed to giving it to the U.S. government.

13) The Smaller Government Case:

- The income tax didn't exist until 1913 with a range of 1% - 7%.²⁰ In 2015, that rate ranges from 10% - 39.6%.²¹

¹⁵ <http://www.nolo.com/legal-encyclopedia/the-underground-economy-unreported-income.html>

¹⁶ <http://www.demos.org/data-byte/federal-revenue-lost-tax-evasion>

¹⁷ <http://www.demos.org/data-byte/federal-revenue-lost-tax-evasion>

¹⁸ <http://www.census.gov/econ/smallbus.html>

¹⁹ <http://www.hbs.edu/faculty/Publication%20Files/10-012.pdf>

²⁰ The Liberty Amendments, Mark Levin, page 90

²¹ <http://taxfoundation.org/article/2015-tax-brackets>

- In 2012, If the government took 100% of the income from those earning \$1M or more, our national deficit would still not be eliminated.²² Thus, the real problem is our government simply spends too much.

Summary: The Liberty Tax has the potential to decrease the size/scope of our government as we are all united in the rate we pay.

14) The Abolish The IRS Case:

- From 2010 - 2012, the IRS began singling out Tea Party and other conservative groups for extra scrutiny when they applied for tax exempt status.²³
- The IRS has been a political weapon from the beginning targeting the likes of Dr. Martin Luther King and many others.²⁴

Summary: The IRS has gone rogue. They need to be fired - and free 319 million Americans from their shackles.

15) The Help The Poor Case:

The Liberty tax:

- is very flexible in that we can exempt any times for the poor.
- does not remove our 126 program safety net
- does not tax individual to individual transactions
- may creating an bartering system for anyone to avoid taxation - especially the poor.
- may help poor people feel like they are a contributing - increasing their happiness.²⁵

16) The Welfare Fraud Case:

- Welfare fraud cost Americans \$50.8 Billion in 2013²⁶

Summary: The Liberty Tax puts some money back from those who are abusing our generosity.

17) The Voting Case:

- Some argue that if you don't pay tax, you should not be able to vote.²⁷

Summary: The Liberty Tax ensures everyone is paying in should therefore have the right to vote.

18) The Investment Case:

- When you tax something, you get less of it. We want more saving & investing.
- Stock ownership among Americans is at a record low where just 52% of adults say that they or their spouse own any stocks, either individually or through funds..²⁸

²² he Liberty Amendments, Mark Levin, page 90.

²³ http://www.huffingtonpost.com/2014/04/07/lois-lerner-irs_n_5107596.html

²⁴ <http://swampland.time.com/2013/05/14/anger-over-irs-audits-of-conservatives-anchored-in-long-history-of-abuse/>

²⁵ <http://www.hbs.edu/faculty/Publication%20Files/10-012.pdf>

²⁶ <http://federalsafetynet.com/welfare-fraud.html>

²⁷ <http://thinkingrightblog.com/pay-no-taxes-get-no-vote/#.VSDiOo54pr8>

²⁸ <http://money.cnn.com/2013/05/09/investing/american-stock-ownership/>

- This Liberty Tax will eliminate all 31 tax compliance forms²⁹ - potentially lowering brokerage costs.
- You will just have one investment account remaining - called IA's.

Summary: The Liberty Tax will get more people invested because you removed the impediment. Investment costs may drop further.

19) The Corporate Taxation Case:

- The United States has the highest corporate tax rate of the 34 OECD countries.³⁰
- American firms hold more than \$2 trillion outside this country to avoid paying taxes here.³¹
- U.S. corporations are taxed twice - on both domestic and foreign income.³²
- Only 13% of federal tax revenues is expected to come from corporate taxes³³

Summary: The Liberty Tax will lower taxes for corporations: reducing costs to consumers, bringing capital and jobs back to the U.S, and will remove the dreaded double tax.

20) The Jobs Case:

- Forty-seven U.S. firms have performed tax inversions in the past 10 years which will cost the Treasury as much as \$20 billion over the next decade.³⁴
- These inversions will cause job losses could occur over time due to future corporate restructuring and as corporate & executive functions migrate abroad.³⁵

Summary: The Liberty Tax will encourage companies to repatriate those dollars back to the U.S. and hire more American workers.

21) The Economic Growth Case:

- Our current system creates disincentives against working, investing, and taking risks - activities that are central to increasing prosperity and establishing security.
- The corporate tax code incentivizes business owners to spend revenues in the current year for write-offs - as opposed to saving and investing for the future.³⁶
- A consumption tax may help develop cheaper and (or) better products brought faster to market - that may never be made at all..
- The economic benefits from greater savings - more innovation & greater GDP growth would be distributed to everyone in the form of a faster increase in real incomes, including wages.³⁷
- Taxing income taxes what people contribute to the economy - while taxing consumption taxes what they take out.³⁸

²⁹ <http://www.irs.gov/uac/Forms-Related-To-Form-1099>

³⁰ <http://taxfoundation.org/blog/us-has-highest-corporate-income-tax-rate-oecd>

³¹ <http://www.azcentral.com/story/opinion/editorial/2014/07/31/corporate-headquarters-overseas-taxes/13439141/>

³² http://www.investopedia.com/terms/d/double_taxation.asp

³³ <https://www.nationalpriorities.org/budget-basics/federal-budget-101/revenues/>

³⁴ <http://www.cnbc.com/id/101864543>

³⁵ <http://www.heritage.org/research/reports/2014/09/business-inversions-tax-reform-is-the-only-way-to-curb-them>

³⁶ <http://www.investopedia.com/articles/investing/051614/do-us-high-corporate-tax-rates-hurt-americans.asp>

³⁷ <http://www.econlib.org/library/Enc/ConsumptionTax.html>

³⁸ <http://www.econlib.org/library/Enc/ConsumptionTax.html>

Summary: The Liberty Tax revs up the building blocks of economic growth.

22) The “End of Lobbying” Case:

- Twenty-five Fortune 500 companies spent more on lobbying than they paid in federal taxes between 2008 and 2012, paying their lobbyists over half a billion (\$543 million), an average of nearly \$300,000 a day.³⁹

Summary: The Liberty Tax will dramatically lower the need for lobbyists.

23) The Entitlements Case:

- People will write checks for Social Security & Medicare - realizing it is not free.

Summary: This may empower people to question these Ponzi schemes.

24) The Close The Deficit Case:

- There is approximately \$23 Trillion in U.S. retirement assets.⁴⁰
- People will have 1 year to get money out of retirement assets and pay a one time 5% tax.

Summary: This would give the government an immediate 2.15 Trillion which could eliminate our \$476 Billion budget deficit⁴¹ and (or) fix the broken entitlements system.

25) The “No Death Taxation” Case:

- The Estate Tax is a tax on property left by people who die. The estate tax is seen as the most unfair tax tax by Americans.⁴²
- The estate tax brought in only 0.42% of federal revenue in 2012.
- It causes serious damage to capital accumulation by reducing savings and also has high compliance costs.⁴³
- Family money rarely survives - with 70% evaporated by the end of the second generation. It grows to 90% by the end of the third generation.⁴⁴

Summary: While wholly immoral, the Estate Tax must go. It is not a critical tax and does more harm than good.

26) The Taxed Enough Already:

- In a 2009 poll, people surveyed put the maximum percentage of a person’s income that should go to taxes (federal, state, & local) was 15.6%.⁴⁵

Summary: Americans feel overtaxed and The Liberty Tax will surpass the public’s expectation over what is a fair tax.

27) The Marriage Case:

³⁹ <http://publiccampaign.org/blog/2014/04/15/25-companies-spent-more-lobbyists-taxes>

⁴⁰ http://www.401khelpcenter.com/faq/faq_25.html#.VRbO__nF9HU

⁴¹ <http://www.usdebtclock.org/>

⁴² <http://www.aei.org/wp-content/uploads/2011/10/BowmanTaxNotes.pdf>

⁴³ <http://taxfoundation.org/article/estate-tax-even-worse-republicans-say>

⁴⁴ <http://www.wsj.com/articles/SB10001424127887324662404578334663271139552>

⁴⁵ <http://www.aei.org/wp-content/uploads/2011/10/BowmanTaxNotes.pdf>

- Spouses who each have high income earners are subject to what is called the “marriage tax penalty.”⁴⁶
- Marriage brings many benefits to individuals, children, and society.⁴⁷

Summary: The Liberty Tax helps ensure the government stays out of this vital institution.

28) The Flexibility Case:

- Detractors may say this does not bring in enough revenue.

Summary: The rate can simple be changed by voters in The Liberty Tax.

29) The Constitutional Violations Case:⁴⁸

- The current system violates the 4th Amendment in that the IRS is allowed to obtain records from any person without showing probable cause and without a court order.
- The current violates our protection against self-incrimination and the right to due process guaranteed in the 5th Amendment.
- Despite 6th & 7th Amendment guarantees of trial by jury, the current system carefully sidesteps such protections.
- The current system reverses the centuries-old common law principle that the burden of proof rests with the accuser.
- The IRS can gain access to our personal data with no court supervision which has been referred to by the Supreme Court as “a power of inquisition.”⁴⁹

Summary: The Liberty Tax restores our constitutional rights that are currently being stripped away.

30) The Immigration Case:

- The legendary Milton Friedman argued you cannot have an open immigration policy alongside a welfare state.⁵⁰
- In 2010, illegal immigrants have over \$4 Billion in child tax credits.⁵¹

Summary: While The Liberty Tax won't fix our immigration woes on its' own, it will at least ensure illegal immigrants are equally contributing to the system.

31) The “No more withholding Case:”⁵²

- Taxpayers have no idea how much they pay in taxes and are apathetic about tax rates.
- Taxpayers think that tax refunds are gifts from the government.
- Taxpayers suffer opportunity costs from withholding.
- Taxpayers can't protest by refusing to pay taxes.
-]The system penalizes wage earners.

⁴⁶ <http://money.usnews.com/money/blogs/my-money/2014/03/11/how-much-the-marriage-tax-penalty-will-cost-you>

⁴⁷ <http://www.foryourmarriage.org/what-are-the-social-benefits-of-marriage/>

⁴⁸ <http://object.cato.org/sites/cato.org/files/pubs/pdf/tbb-0204-4.pdf>

⁴⁹ <http://object.cato.org/sites/cato.org/files/pubs/pdf/tbb-0204-4.pdf>

⁵⁰ <http://openborders.info/friedman-immigration-welfare-state/>

⁵¹ <http://www.washingtontimes.com/news/2013/oct/14/tax-credits-to-illegals-likely-from-midlevel-repor/?page=all>

⁵² <http://www.investopedia.com/articles/tax/10/tax-withholding-benefits-criticisms.asp>

Summary: The Liberty Tax abolishes this insidious practice.