Chapter 09

THRESHOLD - BASED NATIONAL SALES TAX

The Progressive More Fair - Fair Tax

Our current tax system is a nightmare from beginning to end. Too much time, effort and money is spent on categorizing money earned and expenditures that have already been made. Individuals and businesses, small and large alike, are burdened with costly tax preparation. Too many specially constructed tax provisions allow for industries, economically privileged people, and certain targeted endeavors to avoid taxes or pay proportionally less taxes. Taxation has become a politically burdened Federal tool in shaping the economy and creating growth in chosen industries. While the short term effects of special tax arrangements such as those in the agricultural and oil industries, those for home mortgages and for business equipment depreciation possibly may have beneficial results year to year, over the long haul these tax programs have become tax havens and the basis for political pandering, as well as diverting needed income from the Federal Treasury. Additionally, not everyone is taxed. Those who have no earnings and those who no longer have earnings pay no income tax. Those who earn their money through means other than a salary often times pay relatively less than those working on straight salaries.

There is a solution to this problem, a Threshold Based Sales Tax, a tax that would include all citizens as payees, and even include visitors to the United States. Usually sales taxes are considered regressive rather than progressive, in that they are considered to burden disproportionately those who have the least
disposable income. There is truth to that argument. One solution to this problem has been suggested in the form of what has been called The Fair Tax. The sponsors of this form of sales tax purport that everyone is treated equally under the tax. In a narrow sense everyone is treated equally under the proposed Fair Tax; but not everyone is affected equally - and therein lies the regressive nature of their tax plan. To compensate for this "inequality," the Fair Tax proposes a tax refund, a Prebate in the form of a monthly Federal check sent out to refund money in a calculation relative to what is considered the poverty line. While I see the value of the Prebate as a leveling instrument, the Prebate, as proposed, involves the Federal government in the individual's life on a continual basis and establishes an entire check paying bureaucracy to support the check mailing. Mostly, the Fair Tax, with all its studied benefits, and there are many, fails in the sense that the Prebate does not sufficiently change the regressive nature of the sales tax - nor more importantly does it eliminate the intrusive direct capitation aspect of Federal taxation. The only way to bring us back to pre 16th Amendment liberty is to remove direct contact between the citizen and the Central government vis a vis taxation - in essence completely change the mission of the IRS.

The Threshold Based Sales Tax is a national sales tax that would preclude the need for an income tax and at the same time drastically reduce the size, scope and punitive nature of the Internal Revenue Service, ending the agency's intrusion into our lives. Assuming that there is a calculated tax rate that would be both adequate to the nation's needs and fair, this rate would be applied to almost all consumables and transactions and services - basically all purchases.

The philosophy of taxing items to be sold at retail is very much in line with the earliest American taxes, which more correctly were excise taxes, usually placed on items such as liquor, and other items considered to be luxuries rather than necessities; although excise taxes have varied over the years. An excise tax effects the end user differently from a sales tax, in that the excise tax is added into the product's retail cost before the purchase. An excise tax is a double tax when a
sales tax is placed on the dollar value of an item that already includes an excise
tax. In many instances, such as tobacco and transportation fuel, the excise tax (or
contribution to a government trust fund) adds a substantial amount to an item’s
cost. These are seen as easily targeted products in that they are as promoted as
dissuasion taxes with a beneficial moral component.

Basic structure

This Threshold Based Sales Tax structure would establish specific taxing
thresholds on the retail price of each commodity. Taxes would be paid only on the
amount of the retail price above the threshold. The threshold would, therefore,
create a fractional amount of the sales price against which no tax would be paid.
That is to say, the dollar amount of the sales price below the threshold would be
excluded from being taxed.

Progressive Nature of Tax

In a Threshold Based Sales Tax neither items nor individuals are the targets of
differentiated taxing. If an item is to be taxed, the taxing would be equal for all
citizens. This will be further examined in a more detailed description of how the tax
operates.

What We Have Now

Current tax policy favors our richest citizens. For example, the Bush tax cuts for
capital gains and dividends - a $70 Billion dollar package mainly benefits those
with incomes over $200,000. People in the lowest 20% of income enjoyed a 0.4 %
increase in income due to the Bush tax cuts - upper 20%, a 3.8 percent - the rich,
(top 1%) a 5 percent raise, and the top 0.1 % received a 5.9 % tax break.
Regardless, there is no free lunch. What is irresponsibly given today as a tax cut
further adds to the multi trillion dollar debt to be paid by our children and our
children's children. The debt from the Revolutionary War wasn't paid off until 1836
and the debt from the Civil War wasn't paid off until 1916; and both of those
periods were during times with generally expanding economies. We have yet to eliminate the debt that accrued since the Second World War in that we have maintained a substantial debt since the end of that war; and since 1990 the debt has grown and remained more than 50% of the US Gross Domestic Product. For only a brief period in the 1980’s did the percentage of debt to the GDP and the debt itself return to a manageable level. As of 2010 the national debt as a percentage of the GDP is above 93%, only rivaled by the period immediately following the Second World War. Every $1 trillion in tax cuts adds $830 billion to the national debt. We need true tax reform!

What We Used to Have.

Prior to the passage of the 16th Amendment, this country survived and prospered without an income tax. Today, the income tax pays for only a portion of the Federal budget.

Perspective as Preface

Currently there are many retail items being taxed which generate income for the Federal Government. We are familiar with the excise tax on gasoline, cigarettes and liquor, among others. A general sales tax in essence is an expansion and a modification of excise taxes to most retail items. The taxes will not be dissuasion taxes, although there will be a differentiation of categories, including one for luxuries that may not have any threshold; or particular items within general commodities categories that will have different thresholds. Examples are given below.

The taxes we are discussing are in place of the Federal income tax and in addition to and apart from existing import taxes, and fees. This tax structure could replace existing excise taxes without effecting their efficacy.
Federal business income taxes would be completely eliminated. Business purchases not used for production or as inventory for resale would, of course, be subject to the sales tax when purchased.

This tax proposal may be considered as building upon and as a major improvement of the concept of the Fair Tax and other such taxes as the VAT in England.

The main point of the Threshold Based Sales Tax is that it eliminates the income based direct capitation tax. The income tax demands too much intrusion into the individual citizen’s life and into the operation of a business - large or small. Also, it is extremely costly to manage and is prone to fostering severe tax collection abuses and special interest tax diversions.

One of the primary concerns for any legislation is whether or not it is consistent with the basic creed of America - liberty. Regardless, of any other considerations, liberty should be the litmus test for any proposed legislation. Those Americans who do not hold liberty and individual privacy as their prime concern may not find the same excitement as I do in this proposal.

**EXAMPLE**

*Please note that the several threshold examples given below have been established without in-depth market research as to the actual retail price spread of the various commodities used. The thresholds have been arrived at as a result of anecdotal recollections of pricing as a retailer and shopper. It is asked that you accept these values as working arguments subject to future definition and refinement. Please see “considerations” below for additional clarification on the establishment of thresholds.*

The Threshold Based National Sales Tax structure would establish a minimum level of the price of an item, below which the sales tax would not be applied.
For the sake of argument, we will set the threshold for casual dress shoes at $20.00, which means that the first twenty dollars of any pair of shoes would not be taxed. Hypothetically then, if one were to buy a pair of shoes costing twenty five dollars, tax would be paid only on five dollars of the retail sales price - the amount over the established tax threshold for that particular commodity. Alternatively, on a pair of shoes costing $125.00, tax would be paid on $105.00 of the retail price.

**FAIRNESS**

The net effect of the threshold exemption from taxation is that everyone is being taxed equally; everyone purchasing a particular commodity receives the same tax exemption. Someone purchasing an expensive item pays tax on their item less the amount below the commodity’s threshold. Someone purchasing a relatively inexpensive item also pays tax on their item, less the amount below the commodity’s threshold. When compared to the expensive item, the tax paid on the less expensive item is, of course, less. The tax savings, though, is the same for both items.

As an example: with a threshold of $20.00, both the purchaser of a pair of shoes costing $125.00 and the person purchasing a pair of shoes costing $25.00 save exactly the same amount of money in tax not being paid. Using a hypothetical 20% sales tax, both customers would save $4.00. While $4.00 is a larger percentage of the less expensive item’s retail price, and $4.00 is a smaller percentage of the more expensive item’s retail price, the tax savings is identical in absolute terms.

**RELEVANCE**

We all know that in the real world there are rich and poor people. And we also know that there are those among us who would choose to prioritize protecting the wealthy, either in the name of defending individual liberty, or to avert socialism and its theoretical undemocratic leveling of all classes and its goal of redistributing wealth, or to protect the impetus for investments, especially speculative entrepreneurial investment, which helps bring about new technologies or
processes or new products, and which oft times is risky and only enticing with the prospect of substantial monetary success. As a substantial investment of capital is necessary to develop new industries, the protection of concentrated wealth is well understood. But, it is the concentration of wealth by businesses and investment businesses that is really the engine for expanding small companies and bringing entrepreneurial ideas into the larger market. Large scale business investment is only very rarely the result of a direct out of pocket expenditure by an individual. It is the small entrepreneur with limited personal capital and limited access to investment capital that truly risks his own money on a start-up business. This being the case, the overt unfair protection of individual wealth is unjustified.

There is also in the real world the overwhelmingly large number of poor people; in many cases, extremely poor. Among these are the socially deprived, the infirmed, the crippled, and those who are challenged by any number of different physical afflictions. Also included among the poor are the working poor, and those who have been bankrupted or put under severe financial pressure because of some natural catastrophe or because of some medical treatment. The great argument of our times is whether or not it is the role of government, especially the Federal Government, to reach out to help these people. There are those among us who fully support the protection of the “underclass” and feel it is the responsibility of the federal Government to come to their aid in as great a manner as is possible. There are also those who feel that the role of the Federal government should be much more restricted. True conservatives, those who share the sentiments of the Classic Liberals of the Eighteenth Century are mostly concerned with restricting the influence of the Federal Government mainly for the sake of protecting individual liberty. There is truth to many of the arguments on all sides of the discussion on the role and size of government.

It is not the intent of this proposed tax to address the purpose of government, nor to decide upon the ultimate interpretation of the Constitutional phrase, “To promote the general welfare.” It is, though, within the scope of the concept of this tax to accept the fact that there is among us those who are much less affluent than many
others; and to find a way to have a tax that is both fair because it does not
differentiate on one’s income and also be considered a progressive tax because it
is so constructed that it takes into account the realities that those with less money
are more affected by a sales tax, which if applied equally across the board, while
being non-discriminatory, would be regressive, and overly burdensome on many
people.

FAIRNESS

There is a considered position that a progressive tax is fairer. There is also
criticism that a progressive tax targets wealth, and is therefore unfair. Depending
upon your point of view and what values you prioritize, both positions could be
ture. The Threshold Based Tax is progressive and is also inherently fair, in that,
regardless of the point at which the threshold is set, everyone shares equally in
the tax. Everyone is, at least, offered the same discount. Whether or not a
consumer decides to spend as close to the threshold as possible and pay as little
tax as possible is up to them. The tax will depend upon how much any individual
can afford and / or whether or not they feel like buying cheap and paying a
relatively smaller amount of sales tax.

Someone needing to budget might be buying an automobile close to the threshold
– hypothetically set at $10,000.00, because that’s what they can afford. The
person who has the disposable income is not going to be dissuaded from buying
because of the tax that has to be paid. Remember that the relatively wealthier
person will now have more disposable income because the income tax has been
removed. A poor person needing a car might be able to buy a car close to the tax
threshold for automobiles.

A fair taxing system is one that is fair for everyone.

It will be the balance between the base rate and the threshold on commodities that
will determine how progressive and fair the tax is. Obviously, someone capable of
purchasing an expensive luxury car is not going to buy a car that is priced close to
the threshold merely because they can save the tax. If someone is content with a Toyota compact rather than a Bentley merely because of the tax saving, more power to them. But, realistically speaking I don’t believe wealthy people will drive the super economy car rather than their luxury automobile merely to save what would be for them a relatively small sum. For example if the hypothetical tax rate is 20% and the threshold for passenger automobiles $10,000.00, and the car costs $30,000.00, the effective tax exposure is reduced by 33%, and the tax charged on that auto purchase is reduced. If the car costs $15,000.00 then the tax exposure is reduced by 66%, the effective tax rate for that auto purchase is also reduced. In both of these examples, as well for the purchase of a car costing $125,000.00, the absolute tax savings is $2,000.00 even though the tax collected changes.

The threshold level would be dependent upon whether or not we as a nation wanted to use the threshold level to reduce taxes on certain commodities, or largely or wholly remove the taxes on certain commodities.

The proper threshold level of taxes for any item will be discovered during the process of implementation. No threshold will be written in stone, and, of course, they will be adjustable. And, adjusting the threshold level would be a fairly simple and straightforward procedure, as compared to the intricacies of changing the current IRS tax code.

For example, to compensate for the recent gasoline price rise, partly due to unregulated commodities speculation, were the threshold tax in place, the Federal Government could have quickly raised the tax threshold on transportation fuel, helping those with the least amount of disposable income and most affected by the rise in the price of gasoline. In spite of the lowered threshold, the government would have collected the same or more in total revenue from the sale of gasoline because of the increased retail price. Again, everyone will have saved the same amount. Percentage wise, people driving larger cars would have saved a larger gross amount because of the greater amount of gasoline they purchased. The person with a smaller car would have saved more in terms of percentage of tax
paid. The overall tax rate on gasoline would not need to have been adjusted, just the tax threshold.

This type of scenario in making tax adjustments could be applied to many different situations.

Ultimately, whether or not an item such as shoes has a threshold of $5.00 or $10.00 or $15.00 or $20.00 would depend upon whether or not the Government felt that the volume of shoes produced below a particular price is such that raising the threshold on it would seriously impact less affluent people, and also if it would seriously impact the amount of taxes collected.

CATEGORIES OF TAXATION

Taxable commodities would be broken up into three main groups – luxury, basics and necessities. I will not propose which items are to be included in each of these categories, but they will have to be defined.

Food for example is usually considered a necessity; yet in looking at meat, which would be in the food category, we see a large price spread. Basic meats might run as low as $2.50 a pound, while some might run as high as $30.00 or more for exotic cuts, or specially prepared meats, or specially raised animals. This tax would differentiate among the various meats by setting the tax threshold. For arguments sake, meat might have a threshold of $1.50 / $2.50. It can be assumed with confidence that when a household wants a New York Strip, or a Filet Mignon and the price is well above the threshold, they would not be deterred by the fact that they could buy chop meat or chuck at a much lower price and save the tax. Those wanting the more expensive cut of meat, like any other more expensive commodity, are not currently deterred by the item's higher price, and will not be deterred in the future if there were a sales tax applied; again, considering that the average customer will have more disposable income available to them once the income tax is removed.
EXAMPLE OF A MANUFACTURING AND RETAIL SALES ADVANTAGE

Frequently retailers want to close out remaining stock on an item and reduce the price. Having the option to drop the retail price on less expensive items to just above or even below the threshold level, the retailer is able to offer an additional incentive to the customer to buy. While the actual incentive may seem small, those customers that are keen about savings may be influenced, just as many shoppers are influenced by store coupons.

Retailers are more prone to add to their inventory when their stock shelves are low; firstly - because they are more comfortable with new inventory not crowding older inventory, and secondly - because clearance sale money pays a portion of the purchase of new inventory. In several states retailers are taxed on unsold inventory; what I call the double whammy penalty tax. A retailer is being punished for not selling his inventory. Any help in moving items off of the shelves would help the retailer, which in turn helps the wholesaler and manufacturer. So, while there would seem to be a loss of sales tax revenues in the short term, in the long term there is more ordering for new goods on the wholesale and manufacturing levels.

Some may holler that the increased cost of items subject to a sales tax will negatively impact those in the middle and lower classes for whom each dollar counts, these wage earners will have 100% of their paycheck (Social Security deductions aside) to use at their discretion. This represents between 10% to 25% more of their income that they will keep, which previously was removed from their paychecks. The time spent on taxes will be eliminated. The cost of tax preparation will be eliminated. The cost of operating the IRS will be greatly reduced, bringing down the cost of government, and hopefully as the trend of reducing government spending brings the Federal Government’s operating costs back to a balanced level, the rate of the sales tax will also be reduced.

Some may point out that those who are at the bottom of the earnings scale, including those who are substantially or totally dependent upon Social Security,
Food Stamps, or are temporarily collecting Unemployment Insurance, have the least amount of disposable income, and will be impacted by the implementation of a National Sales Tax, because they are paying taxes they previously did not have to pay. While it appears to most Americans that the idea of a Federal tax on retail items is new, it should be pointed out that almost every American currently pays some Federal "sales" tax, albeit in the form of excise taxes on such items as alcohol, tobacco, telephone services, transportation fuels, and others. Also, many fees are collected that go into large federal trust funds for transportation, airport and airways, inland waterway, oil spill liability, and more.

**Progressive Aspects of the Tax**

Although the premise of the proposed Threshold Based Sales Tax has not yet been fully examined, let's look at the aspects of the plan that gives it its progressive nature, and as such distinguishes it from other proposed national sales taxes.

Whereas implementation of a traditional National sales would create a potential disparity between the impact of the tax upon those who are economically disadvantaged, either temporally or have been poor for most of their lives, and those who have sufficient disposable income, a version of the Food Stamp program, which currently uses an electronic EBT system could be used in conjunction with the Sales Tax collection system, handled on the state level as it now is, through the various states' human resources services agencies. In the instance of the Threshold Based Sales Tax system, those possessing Food Stamp cards would pay no Federal tax within their food purchase allotment; but the card could also be programmed on an individual basis, to raise or lower the tax threshold on certain other purchases so that qualifying recipients might receive additional benefits on non food necessities and other items. For people receiving unemployment insurance, and those who fall into an economic category somewhere between the economically disadvantaged and a more comfortable economic class, who, because of a temporary situation need assistance, could be
issued a tax card from their state human services agency that would have their purchases subjected to higher tax thresholds on scheduled purchases. These, user dependent thresholds, which would differ from the standard thresholds, would act as an alternate compensatory benefits program.

**Taxing Examples**

Let’s start with some taxing examples in order to demonstrate how the tax would work in practice: shoes, automobiles, houses and food. These examples do not take into consideration any additional tax breaks that might be implemented for people on financial assistance programs.

For argument’s sake, with no intent to set the exact taxing thresholds nor the actual sales tax, and assuming that today’s shoes range from about $20.00 a pair and up, in fact, very much up, we might establish a shoe taxing threshold at $20.00. This would mean that the first $20.00 of the price of the shoe purchase would not be used in the calculation of the National Threshold Based Sales Tax; and, therefore, a person buying a pair of shoes at $20.00 or less would pay no sales tax, while the fashionable lady buying a pair of designer heels at $250.00, or the Texan buying a pair of leather riding boots for $250.00, or the hiker buying a pair of hiking boots for $250.00 would each pay tax on $230.00, receiving exactly the same tax credit of $20.00 that one would receive for the purchase of a pair of $20.00 shoes. Obviously, if one were concerned about paying the sales tax, one could always buy the least expensive shoes available, but in reality this would never be the case. The person with expensive taste and disposable income will buy what they want, the tax not being a consideration. The point, though, is that the person buying the less expensive item will receive a proportionally greater benefit from the threshold, while at the same time the person buying the most expensive item will get the same tax break, albeit for them it is a proportionally smaller discount. This, proportional differential in the amount of tax paid relative to one’s ability to pay the tax, and representing a smaller amount for the person with
more disposable income is what underlies the progressive aspect of the Threshold Based Sales Tax.

This same premise applied to cars would work out thusly: Hypothetically, if the tax rate is 20% and the threshold for passenger automobiles is $10,000.00, and If the car costs $15,000.00 then the tax exposure is $5,000.00. If the car costs $30,000.00, the effective tax exposure is $20,000.00. If the car costs $125,000.00, the tax exposure is $115,000.00. The absolute tax savings for all purchasers is $5,000.00 even though the tax charged changes. As stated before, someone who can afford a Bentley will not drive an economy car rather than their luxury automobile merely to save what for them would be a relatively few dollars. Again, in the examples given above the percentage of tax savings ranges from 66% to 8% depending upon the automobile, while the exempted taxes remains the same for everyone.

Using the same hypothetical 20% sales tax rate, let's look at single family housing. For arguments sake, we will establish the tax threshold on new home purchases at $75,000, knowing that the average cost of a home on average across the United States is currently at $170,000, with the lowest prices in the Midwest and the Highest prices in the Northeast. The rate on used homes would be substantially lower. With the implementation of the sales tax, there would be no mortgage tax credits or other tax credits for home ownership. Again, we will see the differential in the percentage of tax savings yielding from the threshold. A home selling at the bottom range of new homes at $150,000 would save $15,000.00 in taxes, saving 50% of the sales tax because of the threshold. Someone purchasing a home for $750,000.00 would save 11% on the sales tax, while someone purchasing a home for $1,500,000.00 would pay $285,000.00 in taxes, saving 5%. Again, the absolute savings on all home purchases would be the same $15,000.00.

Let's now jump to food where the greatest discrepancies may exist and where most exemptions to the threshold will exist.
For the sake of example only, and again with no stated intent to structure the exact taxing thresholds and decide which items are to be targeted, let me put forth this example. An item such as eggs, which ranges from approximately $1.75 to $4.50 a dozen, depending upon whether the eggs are factory produced, organic, hormone free, local farm eggs, cage free, or purchased at a more expensive specialty food store, a convenience store, a farmer’s market or a chain supermarket. There may or may not be a sales tax of any amount placed on eggs or, hypothetically, there may be a threshold of $1.50 placed on eggs. That means that the first $1.50 of a dozen eggs would be removed from the taxable price. So, a dozen eggs costing $3.50 would be taxed on $2.00. While the beneficial aspects of the more expensive eggs may be debated, the reality is that someone with less disposable income will most likely buy the least expensive eggs. In fact, someone with unlimited disposable income might buy the least expensive eggs as well, if the type of eggs they eat are of no real importance to them. Food selection remains a personal choice. Again, the point is that the person buying the less expensive eggs will receive a proportionally greater benefit from the threshold, while at the same time the person buying the most expensive eggs will get the same tax break, albeit for them it is a proportionally smaller discount.

Apply the threshold tax to steak, which ranges anywhere from $2.50 a pound to $25.00 a pound (or more) for special cuts and cattle growing practices. On steak, there might, hypothetically again, be an established threshold of $2.00 a pound. Therefore the person buying a free-range grown New York Strip at $17.00 a pound, would pay tax on $15.00 each pound, while the person buying a Chuck or some similar cut at $3.50 a pound would pay tax on $1.50 each pound.

In the food category there may be no need to have complete exemptions, just higher thresholds for the more expensive varieties of the same general product. Some thresholds, ultimately, may have lower value for the purchaser on the same product if the product is purchased at a more exclusive market that has higher
prices overall. The same concept may apply to prescription drugs where much less expensive generic drugs are available. A high threshold on drugs may effectively eliminate the tax on certain generic drugs completely.

**Stocks, Bonds and Services**

The purchase of financial commodities, essentially the purchase of stocks, bonds, and other financial instruments will be taxed like any other purchase. Currently stocks are taxed as a Capital Gain at the time of sale and paid for at the end of the tax period. Placing the tax on the purchase rather than the sale keeps the tax consistent with all other sales taxes. The tax will be a one time tax on each purchase and sale, one complete transaction. Even if a stock is transferred as a gift, the tax will have been paid, and no transfer tax will be required. The broker as the retail agent will be responsible for the tax collection. For those buying and selling frequently, day trading, there will be significantly higher taxes paid overall, not though on any particular purchase, but as an aggregate of all of one's trades. The purchase of financial instruments is comparable to any other purchase, and so the taxing method should be the same.

The benefit of paying the tax at the time of purchase will outweigh the intricate accounting currently needed to determine the profit and loss for multiple stock transactions. This tax preparation savings should more than compensate for the tax on the purchase. Those who are purchasing a stock for long term appreciation and dividends, have a certain benefit in that the tax on their stock has been paid and will not have to be accounted for at the time of sale. Stock dividends, I believe, should be considered as income, and therefore not be subjected to a sales tax. How this ultimately would be handled, will be up for discussion. While there is no intention to use the tax as an investment molding instrument, it may serve the purpose of encouraging stocks to be used as income producing instruments rather than short term speculative investments. The tax rate on the purchase of a stock, etc should be higher than the current 10% capital gains tax, ostensibly set at the
same rate as any other purchase, which would negate the money laundering effect that the Capital Gains Tax currently has for those who are utilizing it as a way to avoid paying salary taxes; which, aside from Social Security, would no longer exist. Quite probably, there would be no threshold set for financial instruments, as stock purchases, etc. would not be considered a necessity. The amount of tax generated by the purchase of commodities would be substantial, and would add greatly to the treasury.

Other categories to which a sales tax would be applied, would be the purchase of services. Services might include everything from plumbing, auto repair to massages. These services are taxed on the local and county levels and they should be included in a national tax. All service contactors require local, and sometimes state licenses, and would therefore require tax licenses like any other retail business. The record keeping of services would be made by the contractor; who would no longer be required to add up income and expenditures and deductions as currently is done to calculate income tax liability. The tax calculation would be rather less intrusive than the end of year annual tax preparation fiasco to which self employed businesses people are subjected, Again, the method of applying a threshold to these items, as they vary in price will have to be studied. Some threshold should be applied, and it may be a simple threshold as with most commodities or some combination of dollar value threshold and percentage. Personally, I would prefer to see a simple dollar value as it remains fair, and it is also more progressive than a percentage based tax.

**Overview**

There may be some who still object to a national sales tax of any kind. I say to them that the current taxing system is composed of torturous machinations, unfair tax breaks and is incredibly costly for all alike. Some may say that the poor shouldn't be expected to pay taxes at all. I would say that the goal is to create a fair taxing system, which in conjunction with other policy changes would elevate
the financial status of the chronically poor in a nation of great wealth. The anger should not be at those who have accumulated great wealth, but at government policies that have aided the already wealthy in gathering more wealth than had there been a more egalitarian tax policy in place, instead of one that favors the wealthy and concomitantly subjects others to relatively greater tax hardship.

An egalitarian society will seek justice and fair treatment for all its citizens. I believe that a Threshold Based National Sales Tax will generate sufficient taxes to run this country and still take into account those who are less able to pay - while neither benefiting nor penalizing those who have legally earned great wealth. The tax code should not be used to address other inequities in the current system. It should be used to generate the most tax revenue, be fair, and prevent harm to the less wealthy.