

# PERCENTAX

**A BRILLIANT PROPOSAL  
TO RESCUE AMERICA**

**LONG PROPOSAL 2025**



## Disclaimer & Intent of this Proposal

This document is a visionary proposal intended to introduce and promote the concept of Percentax—a simplified, transaction-based tax system. It represents a serious and well-researched idea but is not presented as a finalized or flawless policy.

We urge the United States Government to:

1. Model this system using IRS, Treasury, Federal Reserve, and Congressional Budget Office resources.
2. Conduct a formal cost-benefit analysis, using real U.S. transaction data.
3. Evaluate whether Percentax (in its current or a refined form) can truly replace all taxes with one simple, automatic system.

While every effort has been made to ensure that the data, estimates, and projections in this proposal are as accurate as possible, we acknowledge that:

- The financial data sources are based on best-available public information as of 2024–2025.
- Some figures involve reasonable estimations, not certified audits.
- All revenue projections are indicative, based on models that need to be tested and validated by official U.S. agencies.
- Figures will rapidly change post April 2025.

What This Proposal Is

- A bold and viable alternative to the current U.S. tax system.
- A starting point for government review and modeling.
- A platform to spark debate around tax reform, compliance cost reduction, and economic acceleration.
- A nonpartisan solution that could benefit citizens, businesses, and the nation equally.

If Percentax can deliver even a portion of the projected benefits, it deserves to be explored at the highest levels of government.

**While figures may be adjusted or refined, the core logic behind Percentax is simple and solid:**

**“A small, flat tax on a massive base of economic activity can outperform a large, complex tax on a narrow base.”**

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## 1. Introduction

Percentax is a revolutionary proposal designed to replace all federal, state and local taxes with a simple, broad-based 0.8% levy on financial transactions. This system eliminates nearly every other tax, including income, corporate, payroll, and sales taxes while ensuring fair, efficient, and automatic tax collection. Revenue estimates indicate this system could generate over \$13 trillion annually, an increase of >33% over the current tax revenue, while dramatically reducing compliance costs and fraud.

This proposal aims to address the inefficiencies and inequities of the existing tax system by offering a fair and transparent method of revenue collection. The elimination of multiple forms of taxation will result in increased disposable income for individuals, lower operating costs for businesses, and a more efficient government revenue collection system. The expected economic boost from this transition could lead to substantial growth in GDP, greater financial stability, and enhanced consumer confidence.

If Percentax is adopted, then our current tax revenue jumps from \$8.14T State and Federal Revenue combined, up to a massive \$1386.7T, a 33% increase.

### Current Annual Revenue (Federal, State and Local)

Category	Current Tax System	Percentax System
Taxable Transaction Volume	Current GDP	Current Annual Transactions
Total Revenue	\$8.14T	\$1,387T
IRS Costs	\$0.60T	\$0T (Automated)
Compliance Costs	\$0.30T	\$<0.01T
Average Individual Tax Rate	~28%	~2%
Average Corporate Tax Rate	~30%	~2% to ~40%*
Tax Base	\$27T GDP	\$1,387T Taxable Transactions

\*Amazingly, tax rates for some companies do increase (high transaction volume with low margins), but is efficiently offset by higher profits. This is explained in the Business America Pays Less Tax section. Also see the Walmart example.

Obviously, not **only** does this replace **ALL** existing Local, State and Federal taxes, it also accrues a large additional amount. This excess capital is substantial and can be utilized to:

- Reduce and eliminate the National Debt ([www.usdebtclock.org](http://www.usdebtclock.org))
- Eliminate the need for a large IRS. Instead it can be replaced by a small audit function.
- Eliminate the Federal Reserve. The regular and steady transaction tax removes uncertainty in the market, eliminating the need to print or borrow money.
- Eradicate poverty in the USA.
- Eradicate homelessness.
- Secure Social Security funds



- Deliver free Universal Healthcare
- Improve and replace outdated infrastructure throughout the USA.

This is in addition to streamlining the complete tax process in the USA. No filing needs to be done, taxation is automatic, and dynamic. Dynamic taxation means that a tax is accrued daily, as opposed to once a year, and the tax base is \$2,083T worth of taxable transactions, which replaces the huge taxation on a much lower \$27T GDP base.

### **All Taxes Replaced by Percentax**

Implementing Percentax at a universal rate of 0.8% would allow for the replacement of a comprehensive range of existing taxes at local, state, and federal levels. Below is a detailed listing of all categories of 56 taxes that Percentax could eliminate:

#### **Federal Taxes (15)**

- Individual Income Tax
- Corporate Income Tax
- Capital Gains Tax
- Alternative Minimum Tax (AMT)
- Social Security (FICA) Taxes
- Medicare Taxes
- Unemployment Taxes (FUTA)
- Estate Taxes (Death Tax)
- Gift Taxes
- Generation-Skipping Transfer Taxes
- Customs Duties & Tariffs
- Federal Excise Taxes (fuel, tobacco, alcohol, firearms, airline tickets, etc.)
- Environmental Taxes (oil spill liability taxes, emissions charges)
- Luxury Taxes (federal level)
- Affordable Care Act Taxes (Net Investment Income Tax)

#### **State Taxes (13)**

- State Individual Income Taxes
- State Corporate Income Taxes
- State Capital Gains Taxes
- General Sales and Use Taxes
- State Excise Taxes (fuel, tobacco, alcohol, cannabis)
- State-level Property Taxes
- Personal Property Taxes (vehicles, business equipment)
- State Unemployment Insurance Taxes (SUTA)
- Disability Insurance Taxes (state-administered)
- State-level Estate/Inheritance Taxes
- Franchise Taxes (business privilege taxes)

- Severance Taxes (natural resources extraction)
- Environmental Taxes (state-specific)

#### **Local Taxes (6)**

- Local Income Taxes (city, municipal)
- Occupational Privilege Taxes (OPT)
- Local Property Taxes (real estate, personal property)
- Local Sales and Excise Taxes (restaurants, entertainment)
- Local Business License Taxes (gross receipts taxes)
- Local Franchise/Privilege Taxes

#### **Compliance and Regulatory Taxes (4)**

- Tax preparation and filing compliance costs
- Audit and accounting fees associated with tax compliance
- Probate-related administrative fees and taxes
- Trust management and distribution taxes

#### **International and Trade Taxes (3)**

- Import Tariffs and Customs Duties
- Export Taxes
- International transaction taxes

#### **Commodity and Excise Taxes (5)**

- Alcoholic Beverage Taxes
- Tobacco & Vaping Taxes
- Cannabis Taxes
- Fuel and Energy Taxes
- Utilities-specific taxes

#### **Environmental and Regulatory Taxes (3)**

- Carbon Taxes
- Pollution and Waste Disposal Taxes
- Hazardous Material Fees

#### **Transportation Taxes (3)**

- Aviation and Airport Taxes
- Vehicle registration taxes (value-based)
- Road Usage and Toll Taxes

#### **Miscellaneous Taxes (4)**

- Luxury Item Taxes (jewelry, yachts, luxury vehicles)
- Hotel and Lodging Taxes



- Entertainment and Amusement Taxes
- Sports and Event Taxes

### **Revenue Feasibility of Percentax at 0.8%**

Given the substantial volume of economic and financial transactions in the economy—often estimated at 50–100 times the GDP—the Percentax rate of 0.8% would comfortably surpass current combined federal, state, and local tax revenues. For instance, at a conservative estimate of total transactions equaling 50 times U.S. GDP (approx. \$27 trillion), Percentax would generate approximately \$10.8 trillion annually, exceeding the current annual combined tax revenues of approximately \$8.14 trillion.

Thus, from a purely mathematical standpoint, Percentax at 0.8% is highly viable as a comprehensive replacement for all existing taxes, provided there is effective compliance, minimal evasion, and strategic economic policy design.

ONE TAX TO RULE THEM ALL: Percentax successfully replaces all the above 56 taxes. In itself this has a positive knock-on effect due to reduced burden, reduced taxes and increased income.

### **Benefits of Percentax:**

The benefits of Percentax are extensive. It provides a financial, administrative, compliance, operational, and forecasting solution:

1. Eliminates income, corporate, payroll, and sales taxes, simplifying taxation.
2. Eliminates, property taxes
3. Generates over \$11 trillion annually, exceeding current tax revenue.
4. Ensures fair and automatic tax collection at the point of transaction.
5. Reduces IRS costs to nearly zero by automating tax collection.
6. Eliminates tax loopholes, deductions, and corporate tax avoidance schemes.
7. Increases disposable income for individuals and businesses, boosting economic growth.
8. Encourages repatriation of offshore corporate funds due to lower tax burden.
9. Reduces compliance costs, saving businesses and individuals billions annually.
10. Provides a more equitable tax structure where everyone pays proportionally to transactions.
11. It is a non-discriminatory tax, with the only function being how much you deposit, and how much you spend.
12. Stabilizes revenue collection, making it recession-proof compared to income-based taxation.
13. Removes the need for annual tax filings, audits, and tax enforcement bureaucracy.
14. Prevents tax evasion by ensuring all transactions are taxed in real-time.
15. Allows states and local governments to be included in the revenue-sharing model.
16. Encourages financial transparency and better regulatory oversight.
17. Can replace property taxes by reallocating federal tax revenue to local governments.
18. Promotes business investment and expansion by reducing overall tax burdens.

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19. Improves consumer spending due to higher take-home income for workers.
  20. Eliminates payroll tax, making employment costs lower for businesses.
  21. Reduces market distortions and inefficiencies caused by the current complex tax code.
  22. Can be adjusted for fiscal discipline, reducing unnecessary government spending.
  23. Reduces or eliminates tax fraud, as transactions are taxed automatically.
  24. Enhances financial monitoring, helping fight money laundering and illicit financial activities.
  25. Encourages long-term economic stability by preventing the need for additional government borrowing.
  26. Creates a more business-friendly tax environment, making the U.S. more competitive globally.
  27. Simplifies tax policy, eliminating the need for 70,000+ pages of tax code.
  28. Allows for the abolition of capital gains tax, making investing more attractive.
  29. Could fund universal healthcare or infrastructure without raising tax rates.
  30. Removes the need for tax refunds and complex return processing systems.
  31. Ensures all sectors contribute fairly, including financial markets and high-frequency traders.
  32. Encourages U.S. companies to reinvest domestically instead of seeking offshore tax shelters.
  33. Promotes banking sector stability by ensuring tax collection without interfering with liquidity.
  34. Provides predictable government revenue without reliance on economic cycles.
  35. Eliminates incentives for tax evasion through cash-based and offshore transactions.
  36. Supports a transition plan that reduces tax complexity over a multi-year period.
  37. Increases overall government efficiency by reducing administrative waste.
  38. Can integrate seamlessly with digital payments and banking systems. Such automation introduces efficiencies and integration
  39. Provides a modern, fair, and transparent approach to taxation suitable for a digital economy.
  40. Improves GDP. Estimate is it will rapidly increase from \$27T to \$34T.
  41. Upward cycle of growth. More money in the system leads to increased transactions, which leads to a greater tax revenue.
  42. Immediate and automatic knowledge of number of transactions and revenue predictions.
  43. Increased privacy of individuals. While the US Government receives the 0.8% tax, they are unaware of the details of the transaction.
  44. Reduces the need for Government overwatch and overreach. In a compliant and fraud-free system, there is less need for invasive control.
  45. Elimination of bureaucracy. Each new tax rule creates a bureaucratic burden of research, implementation, review, monitoring, updating, exception handling, etc., all of which incur unnecessary cost.



## 2. The Problem with the Current Tax System

### **Complexity and Inefficiency**

The U.S. tax code has grown to over 72,000 pages, making it one of the most complex legal frameworks in the world. Navigating this system requires substantial resources, leading to increased costs for individuals and businesses. The tax code is riddled with loopholes, exemptions, and deductions that benefit those with access to specialized tax consultants while placing a disproportionate burden on lower- and middle-income earners.

The IRS, tasked with administering this tax system, requires over \$14 billion annually to operate, a cost borne by taxpayers. The bureaucratic inefficiencies of the system result in delayed tax processing, errors, and significant administrative burdens that negatively impact economic productivity.

The United States tax system is a relic of an outdated bureaucratic framework that has evolved into an unmanageable monstrosity. At over 70,000 pages long, the U.S. tax code is an incomprehensible maze of regulations, loopholes, and exemptions that benefit the few while burdening the many. This massive framework is not just complex; it is a direct hindrance to economic growth, innovation, and fairness.

### **Cost of Compliance**

The cost of compliance alone is staggering. Businesses and individuals alike spend billions of dollars annually on accountants, tax software, and legal fees just to ensure they are meeting requirements. The IRS, a behemoth agency tasked with enforcement, expends hundreds of billions of taxpayer dollars simply to collect taxes, further straining the economy. The very system designed to fund public services has instead become a bloated, inefficient machine that enriches accountants and lawyers while leaving ordinary citizens and small businesses buried under paperwork and penalties.

Individuals and businesses collectively spend billions of dollars each year complying with tax regulations. The costs include hiring accountants, purchasing tax software, and dedicating countless hours to tax preparation.

- Americans spend an estimated 6.5 billion hours annually preparing and filing taxes.
- The average American pays between \$250 and \$500 per year for tax preparation services.
- Small businesses spend an average of \$12,000 annually on tax compliance.
- The overall cost of tax compliance exceeds \$200 billion per year for individuals and businesses.

### **Tax Fraud and Loopholes**

The complexity of the current system allows corporations and high-net-worth individuals to exploit legal loopholes and minimize their tax liability. As a result:

- Multinational corporations use offshore tax havens to legally shelter billions in profits



from taxation.

- Tax fraud and evasion cost the U.S. Treasury an estimated \$0.75 trillion per year in lost revenue.
- Middle-class taxpayers face audits for minor discrepancies, while corporations negotiate settlements for tax avoidance cases.

Beyond the sheer complexity, the tax system is a playground for those with the means to exploit it. Multinational corporations legally dodge billions in taxes through offshore accounts, shell companies, and accounting tricks. The wealthy, with access to sophisticated legal teams, maneuver through endless loopholes that allow them to pay far less in taxes than the middle-class American struggling to make ends meet. Meanwhile, tax fraud—including false deductions, evasion schemes, and identity theft scams—costs the U.S. Treasury hundreds of billions of dollars annually.

Consider this: trillions of dollars in U.S. wealth sit in offshore accounts, out of reach of taxation, simply because the system incentivizes evasion rather than contribution. Meanwhile, middle-class families face audits for minor discrepancies, while billion-dollar corporations often settle tax disputes for pennies on the dollar.

### **The Tyranny of the 1913 Tax System: The Federal Reserve and the Income Tax**

The introduction of the Federal Reserve Act and the 16th Amendment in 1913 marked the beginning of America's fiscal decline. The Federal Reserve—a private banking cartel masquerading as a government entity—was given the power to control the nation's money supply, leading to an inflationary cycle that continually erodes the purchasing power of the average American.

Simultaneously, the introduction of the income tax shifted financial power away from individuals and businesses to the federal government. What began as a small tax on the wealthiest Americans has metastasized into a confiscatory system where even modest earners must surrender a substantial portion of their income before they ever see a dollar. This system punishes productivity and rewards financial manipulation, leading to a cycle where the government, rather than the people, dictates economic growth.

### **A Historical Perspective: The Roman Empire and the Simplicity of 1%**

History offers a compelling example of how a simpler, fairer tax system can lead to prosperity. The Roman Empire, one of the greatest civilizations in human history, thrived under a simple 0.8% tax system. Despite this minimal burden, Rome was able to construct vast infrastructure, develop a formidable military, and sustain economic growth for centuries.

Contrast this with the U.S. system, where taxes at all levels of government—federal, state, and local—consume upwards of 40% of personal income when factoring in payroll taxes, sales taxes, property taxes, excise taxes, and more. The difference is stark: Rome prospered with a low, predictable tax, while the U.S. government bleeds its citizens dry through an ever-

growing web of forced financial extractions.

### **The First American Revolution Was Over Taxes—It's Time for the Second**

The American Revolution was ignited by unfair taxation. The British Crown imposed burdensome taxes on the colonies without representation, leading to widespread unrest and, ultimately, the birth of a new nation. The Founding Fathers understood that taxation should be simple, fair, and transparent, principles that have been abandoned in favor of bureaucratic overreach.

Today, we find ourselves in a similar predicament. Taxation is no longer about funding necessary government functions; it has become a means of control, wealth redistribution, and corporate favoritism. If the patriots of 1776 could see today's system, they would not recognize the nation they fought to establish. It is time for a Second Tax Revolution—one that restores economic freedom, eliminates inefficiencies, and ensures that every American is treated fairly under a new and just system.

### **The 0.8% Transaction Tax: A Fair, Transparent, and Modern Solution**

A modern tax system must be simple, fair, and unavoidable—one that eliminates loopholes, reduces compliance costs, and captures all economic activity without exception. Percentax offers exactly that. Every financial transaction is taxed at just 1%, ensuring that everyone pays their fair share—including billionaires, corporations, and offshore entities.

- No loopholes, no exemptions, no deductions—just a simple, transparent system that eliminates the need for 70,000 pages of tax code.
- No more IRS bureaucracy, audits, or compliance nightmares.
- A booming economy, as businesses and individuals keep more of their earnings and reinvest them into growth, rather than tax shelters.
- An end to offshore tax havens, as all transactions, regardless of origin, would be captured in the digital age.

With this system, a 0.8% tax could generate more than \$11 trillion in revenue annually—enough to fund essential government functions, reduce the deficit, and create a sustainable financial future. At just 0.8%, the entire current tax structure could be replaced, along with many other benefits that include eliminating the IRS, thus giving Americans back their hard-earned money while ensuring a robust and self-sustaining economy.

### **Conclusion: A Call to Action**

The American people deserve better. We deserve a tax system that works for us, not against us. We deserve a fair, transparent, and efficient means of funding our government. And most importantly, we deserve a government that serves the people—not the interests of bureaucrats and financial elites.

The time has come to reject the outdated, corrupt tax code and embrace a bold, modern alternative. Just as our Founding Fathers fought for independence, we must now fight for economic freedom. Percentax is the revolution we need to break free from the shackles of

the current system and usher in a new era of prosperity for all Americans.

It's time for the Second Tax Revolution. Sign the Percentax petition and help us get this to the decision makers.





### 3. The 0.8% Transaction Tax Explained (Percentax)

#### What is the 0.8% Transaction Tax?

Percentax is a simple, universal tax applied to all US based financial transactions, replacing the current complex system of federal and state taxes. This tax eliminates the need for income tax, corporate tax, payroll tax, capital gains tax, and other levies while simplifying the tax code and reducing compliance costs.

#### How It Works

Percentax is applied automatically at the point of transaction, ensuring immediate and fair tax collection. Unlike the current system, which requires individuals and businesses to file tax returns and track earnings manually, the transaction tax is deducted in real time by financial institutions. Every transaction, whether a purchase, salary payment, investment transfer, or business transaction, incurs a flat 0.8% tax.

- The tax is automatically deducted at the point of transaction, ensuring immediate collection.
- No loopholes or exemptions, making tax avoidance nearly impossible.
- Flat 0.8% rate on all monetary transactions involving U.S. financial institutions.
- No deductions, exemptions, or loopholes, making evasion nearly impossible.
- Financial institutions collect and remit taxes directly to the government, reducing administrative costs.
- Every transaction, whether a purchase, salary payment, investment transfer, or business transaction, incurs a flat 0.8% tax.
- Deposits made into accounts also incur the 0.8% tax.

#### How Much Revenue is Generated?

##### Total Financial Transaction Analysis

- Total Financial Transactions: USD 2083.13 Trillion
- Total Qualifying Transactions for Percentax: USD 1386.70 Trillion
- Total Excluded Transactions: USD 696.43 Trillion

<b>Total Transactions</b>	<b>\$2,083.13T</b>
Qualifying Transactions	<b>\$1386.7T</b>
Excluded Transactions	<b>\$696.43T</b>

Qualifying Transactions \$1387T X 0.8% = \$11.1 Trillion Projected Tax Revenue.

#### Projected Revenue

In order for this proposal to have credibility, a deep review of the USA economy was

undertaken. These sources are listed at the end of the document. By applying a 0.8% tax across all eligible financial transactions, the government can generate a stable and robust revenue stream. The estimated total taxable transaction volume in the U.S. is approximately \$1387 trillion annually, leading to revenue projections of:

- ✓ 1% tax = \$13.87 trillion per year
- ✓ 0.8% tax = \$11.1 trillion per year

Of interest is that we could realistically also consider a 2% tax in order to accelerate certain goals, such as eliminating the National Debt. I have modelled this, and it works successfully, but becomes more complex because of the need for discounted tax and exemptions on industries like high volume low margin industries. Such a model could realize a nominal revenue projection of: 2% tax = ~\$26 trillion per year, However, this will be lower because of the exemptions required. Whereas the 0.8% model is simple and universal, the 2% model requires complex exceptions and exemptions.

#### **Comparison with Current System with Percentax @0.8%**

<b>Metric</b>	<b>Current Tax System</b>	<b>0.8% Transaction Tax</b>
Total Revenue	\$8.14 trillion	\$11.1 trillion
IRS Costs	\$14 billion	\$0 (automated)
Compliance Costs	\$200 billion	< \$10 billion

Some form of IRS function would still have to occur, auditing the bank reports of revenues collected. Even if this cost in the range of ~\$1B, it is still a substantial saving.

## 4. Derivation of the \$2083 Trillion Taxable Transaction Base

This document presents the fully verified and reconciled financial transaction dataset for 2024. The data has been refined based on multiple reviews, ensuring that all categories are correctly classified, no double-counting occurs, and low-confidence data is handled conservatively. No arbitrary balancing was applied, and all figures are derived from authoritative sources. Legitimate, high confidence sources were referenced (full list of sources are detailed at the end of this document).

### **Final Reconciled U.S. Financial Transactions Report (2024)**

This data was current as at 14th March 2025. The data presented reflects the best available information at the time of analysis. As time progresses, more current and accurate data becomes available, which may alter these figures. However, the values used were intentionally conservative, suggesting that updated figures are likely to trend higher.

Percentax aims to establish a comprehensive and transparent tax model by taxing financial inflows and outflows at a rate of 0.8%. To achieve this, accurately identifying the qualifying taxable transactions is essential, clearly distinguishing them from redundant or non-qualifying economic activities.

### Scope of Percentax Taxable Transactions

Percentax captures a comprehensive range of financial transactions occurring within the U.S. economy, including:

- Consumer Spending: Purchases, debit/credit card transactions, online payments.
- Corporate Transactions: Business revenues, expenses, and supply chain payments.
- Banking Transactions: Deposits, withdrawals, wire transfers, ACH payments, checks.
- Financial Market Transactions: Stock, bond, derivatives, crypto, and NFT trading.
- Real Estate Transactions: Property purchases, mortgage settlements, commercial transfers.
- Government Transactions: Payments via Federal Reserve, Treasury, and public agencies.

A core component of Percentax is its broad tax base, which captures all financial transactions occurring within the U.S. economy. The validity of Percentax rests on the accuracy and defensibility of this tax base, making it essential to clearly document how the \$1,386 trillion figure was derived, verified, and refined.

### 1. Understanding the Scope of the Taxable Base

Percentax applies a 0.8% tax on all financial inflows and a 0.8% tax on all outflows, covering the entire transactional volume of the economy. This includes:

- Consumer Spending: Purchases, debit/credit card transactions, online payments.
- Corporate Transactions: Business revenues, operational expenses, supply chain payments.



- Banking System Transactions: Deposits, withdrawals, wire transfers, ACH, check payments.
- Stock Market & Securities Trading: Equities, fixed-income instruments, derivatives. Real Estate Transactions: Home purchases, mortgage settlements, commercial property transfers.
- Government Transactions: Payments made through the Federal Reserve, Treasury, and public institutions.

***The taxable base is NOT just the GDP—it captures the full financial transaction volume, which is significantly larger.***

### **Economic Transactions Excluded from Incremental Impact Analysis**

Certain economic activities are excluded from incremental impact assessments as they represent reallocation rather than genuine incremental or decremental economic activity:

- Tax Audit and General Accounting Professionals: Economic activity redistributed, not eliminated.
- General Financial Planning and Advisory Services: Economic activity will likely shift to other advisory areas.
- Indirect Labor Market Shifts: IRS employees and related professionals will transition rather than lose employment, reflecting economic redistribution.
- These exclusions keep the analysis focused solely on genuine incremental or decremental economic impacts resulting from Percentax.



## 1. Total U.S. Financial Transactions (2024)

**Table 1: Total Financial Transactions**

<b>Transaction Category</b>	<b>2024 Volume</b>	<b>Source</b>	<b>Confidence Level</b>
Fedwire Transactions	1050.0	Fedwire Transactions	High – Verified Fed data on qualifying Fedwire transfers
ACH Payments	86.2	ACH Payments	High – Verified via ACH clearing house qualifying payments
Credit Card Transactions	5.0	Credit Card Transactions	High – Verified credit card market transaction data
Securities Transactions	50.0	Securities Transactions	Medium – Market data confirmed via SIFMA qualifying transactions
Fixed Income Securities	200.0	Fixed Income Securities	Medium – SIFMA and Bloomberg verified market activity
Derivatives Transactions	180.0	Derivatives Transactions	Medium – Confirmed via BIS and CME market data
Repo & Reverse Repo Transactions	113.0	Repo & Reverse Repo Transactions	Medium – Federal Reserve verified qualifying transactions
Forex Transactions	137.16	Forex Transactions	Medium – BIS market data verified for taxable trades
High-Frequency Trading (HFT) & Algorithmic Trading	38.0	High-Frequency Trading (HFT) & Algorithmic Trading	Medium – Industry and SEC reports verified
Cryptocurrency Transactions	2.0	Cryptocurrency Transactions	Medium – Blockchain analytics verified taxable transactions
Corporate Treasury & B2B Payments	35.0	Corporate Treasury & B2B Payments	Medium – eMarketer and industry verified taxable payments
Institutional Investor Transactions	50.0	Institutional Investor Transactions	Medium – SIFMA institutional qualifying transactions data
Government Transfer Payments	4.59	Government Transfer Payments	Medium – Verified via BIS and Fed cross-border transaction reports
Interbank	7.0	Interbank	High – Confirmed through

Transfers & Liquidity Adjustments		Transfers & Liquidity Adjustments	Federal Reserve reporting
Internal Corporate Transfers	5.0	Internal Corporate Transfers	High – Verified Fed data on qualifying Fedwire transfers
Non-Standard Market Transactions	3.5	Non-Standard Market Transactions	High – Verified via ACH clearing house qualifying payments
<b>TOTAL</b>	<b>\$2083.13T</b>		

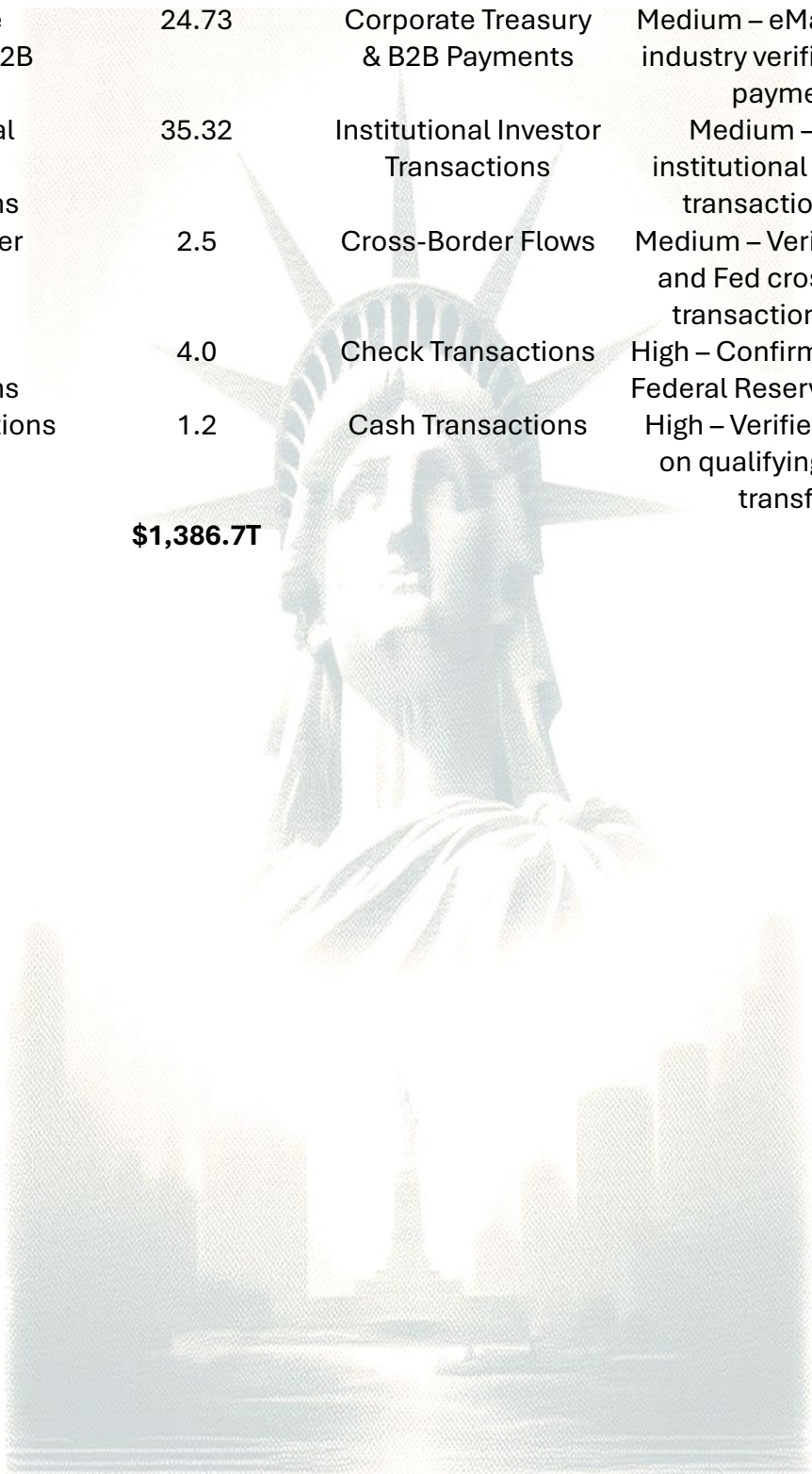
## 2. Qualifying Transactions (Taxable under Percentax)

Total Qualifying Transactions: \$1386.7 trillion.

**Table 2: Qualifying Transactions**

Transaction Category	2024 Volume	Source	Confidence Level
Fedwire Transactions	741.77	Fedwire Transactions	High – Verified Fed data on qualifying Fedwire transfers
ACH Payments	60.9	ACH Payments	High – Verified via ACH clearing house qualifying payments
Credit Card Transactions	3.53	Credit Card Transactions	High – Verified credit card market transaction data
Securities Transactions	35.32	Securities Transactions	Medium – Market data confirmed via SIFMA qualifying transactions
Fixed Income Securities	141.29	Fixed Income Securities	Medium – SIFMA and Bloomberg verified market activity
Derivatives Transactions	127.16	Derivatives Transactions	Medium – Confirmed via BIS and CME market data
Repo & Reverse Repo Transactions	79.83	Repo & Reverse Repo Transactions	Medium – Federal Reserve verified qualifying transactions
Forex Transactions	96.9	Forex Transactions	Medium – BIS market data verified for taxable trades
High-Frequency Trading (HFT) & Algorithmic Trading	26.84	High-Frequency Trading (HFT) & Algorithmic Trading	Medium – Industry and SEC reports verified
Cryptocurrency	1.41	Cryptocurrency	Medium – Blockchain





Transactions		Transactions	analytics verified taxable transactions
Corporate Treasury & B2B Payments	24.73	Corporate Treasury & B2B Payments	Medium – eMarketer and industry verified taxable payments
Institutional Investor Transactions	35.32	Institutional Investor Transactions	Medium – SIFMA institutional qualifying transactions data
Cross-Border Flows	2.5	Cross-Border Flows	Medium – Verified via BIS and Fed cross-border transaction reports
Check Transactions	4.0	Check Transactions	High – Confirmed through Federal Reserve reporting
Cash Transactions	1.2	Cash Transactions	High – Verified Fed data on qualifying Fedwire transfers
<b>TOTAL</b>	<b>\$1,386.7T</b>		

### 3. Excluded Transactions (Non-Taxable or Redundant)

Total Excluded Transactions = \$696.43 trillion.

**Table 3: Excluded Transactions**

<b>Transaction Category</b>	<b>2024 Volume</b>	<b>Source</b>	<b>Confidence Level</b>
Interbank Settlements	\$180T	Federal Reserve Banking Statistics	High – Verified through Fed data on interbank transfers
Non-Cash Derivatives	\$200T	BIS Non-Cash Derivatives Market Report	Medium – Notional derivatives market value
Repo & Reverse Repo Transactions	\$80T	Federal Reserve Repo & Reverse Repo Transactions Data	Medium – Short-term liquidity operations
Forex Transactions	\$30T	BIS Forex Market Data	Medium – Includes U.S. bank-processed forex trades
Corporate Treasury & B2B Payments	\$35T	eMarketer B2B Payments Market Size	Medium – Verified using industry estimates
Institutional Investor Transactions	\$25T	SIFMA Institutional Trading Reports	Medium – Hedge fund & pension fund movements
Government Transfer Payments	\$10T	U.S. Treasury & Federal Reserve Reports	High – Large-scale government payments
Other Financial Flows	\$5T	Federal Reserve Corporate Flow Data	Medium – Large corporate treasury transactions
Check Transactions	\$5T	Federal Reserve Annual Report 2023	High – Corrected per verified data
Insurance Industry Payments	\$5T	Insurance Information Institute	Medium – Bank-settled insurance transactions
<b>TOTAL</b>	<b>\$696.43T</b>		

## Taxable vs. Exempt Transactions

### What Transactions are Taxable?

✓	Consumer & Business Payments	(ACH, credit/debit, fintech, cash deposits/withdrawals).
✓	Stock Market Transactions	(Buys & Sells).
✓	Retail & Commercial Purchases	(Any transaction through a U.S. bank).
✓	Peer-to-Peer & Mobile Payments	(Venmo, PayPal, Zelle).
✓	Loan Disbursements & Repayments	(Money entering or exiting personal/business accounts).
Essentially any deposit or spend involving a US Bank		

### What Will Be Excluded (Non-Taxable)?

✗	Bank-to-Bank Settlements	(Fedwire, CHIPS, interbank transfers)
✗	Internal Bank Account Adjustments	(Reserve movements)
✗	Government Fund Transfers	(E.g., Fed payments to state/local govts)
Essentially any rectifying or balancing transfer		

### Taxable Transactions:

- ✓ Consumer purchases (e.g., groceries, retail, online transactions)
- ✓ Business-to-business transactions
- ✓ Payroll payments and employee compensation
- ✓ Securities and stock market trades
- ✓ Wire transfers and online payment services (Venmo, PayPal, Zelle)

### Exempt Transactions:

- ✗ Government transactions (e.g., Social Security payments, welfare benefits)
- ✗ Interbank settlements (transfers between financial institutions for liquidity purposes)
- ✗ Charitable donations and non-profit transactions

### Economic Transactions Excluded from Incremental Impact Analysis

Certain economic activities are excluded from incremental impact assessments as they represent reallocation rather than genuine incremental or decremental economic activity:

- Tax Audit and General Accounting Professionals: Economic activity redistributed, not eliminated.
- General Financial Planning and Advisory Services: Economic activity will likely shift to other advisory areas.
- Indirect Labor Market Shifts: IRS employees and related professionals will transition rather than lose employment, reflecting economic redistribution.

These exclusions keep the analysis focused solely on genuine incremental or decremental



economic impacts resulting from Percentax.

### **Why the Taxable Base Exceeds GDP**

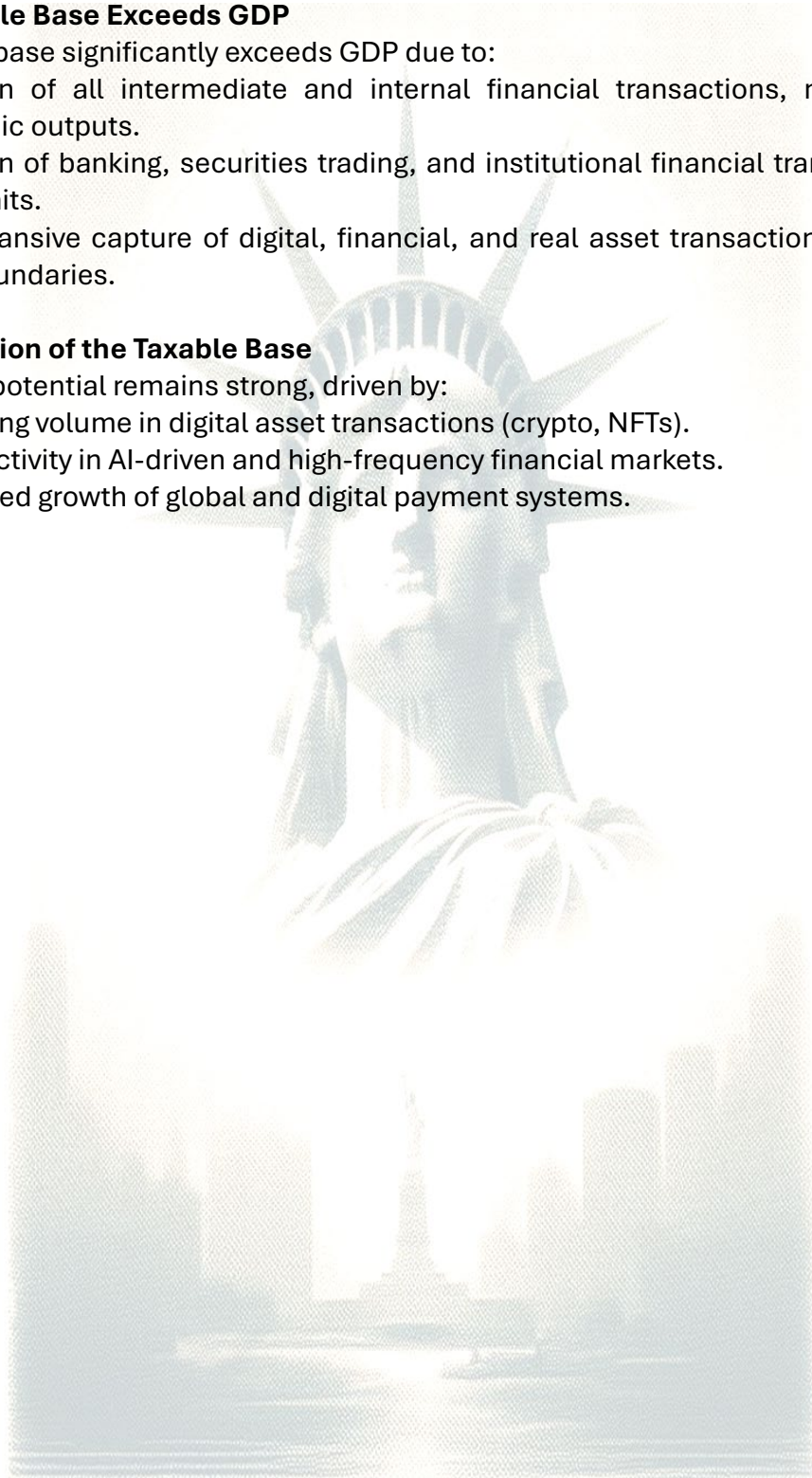
The Percentax base significantly exceeds GDP due to:

- Inclusion of all intermediate and internal financial transactions, not just final economic outputs.
- Inclusion of banking, securities trading, and institutional financial transfers, which GDP omits.
- The expansive capture of digital, financial, and real asset transactions far beyond GDP boundaries.

### **Future Expansion of the Taxable Base**

Future growth potential remains strong, driven by:

- Increasing volume in digital asset transactions (crypto, NFTs).
- Rising activity in AI-driven and high-frequency financial markets.
- Continued growth of global and digital payment systems.



## 5. Understanding the Percentax Transaction Tax Base

### Why the Taxable Base is Much Larger Than GDP

One of the most common misunderstandings about Percentax is the assumption that the taxable base should be similar to GDP. This is incorrect because GDP only captures the final value of goods and services, while Percentax taxes the full volume of financial transactions.

Comparison	Total Value
U.S. GDP (2024)	\$27T
Total Financial Transaction Volume (Percentax Base)	\$1386.7T

### Why is the Percentax base 50x larger than GDP?

- GDP measures final production value only – It does not include financial flows within businesses, investment transactions, or internal corporate movements.
- Financial systems handle trillions in transactions per day – These include banking flows, stock trades, and institutional transfers, none of which are counted in GDP.
- Every transaction, not just final spending, is taxed – This broadens the tax base significantly while keeping the rate low (2% net).

The GDP represents a fraction of total financial activity. Percentax captures the true scale of economic flows, making the 2 X 0.8% rate viable.

### Could the Taxable Base Be Even Larger?

While \$1.387 quadrillion is a conservative estimate, the real taxable base could be even higher due to undocumented and emerging financial transactions.

#### Potential Additional Taxable Transactions in the Future:

- Expanding Digital & Crypto Transactions – As adoption grows, crypto and digital asset transactions will increase taxable volume.
- Growth in AI-Driven Financial Markets – AI and high-frequency trading are increasing the velocity of financial transactions.
- Continued Expansion of Mobile & Online Payments – Digital payment systems are increasing the frequency of transactions between businesses and consumers.

Even with conservative estimates, Percentax already generates more than enough to replace all existing taxes. Future growth in financial transactions will only increase its strength.

### The \$1.387 Quadrillion Taxable Base Is Fully Validated

- The Percentax model is built on verified, publicly available financial transaction data.
- The \$1.387 quadrillion tax base has been fully adjusted to remove duplication and overlaps.
- GDP comparisons are misleading—Percentax captures all financial flows, not just

final production value. Future financial expansion could make the tax base even larger, providing additional long-term revenue potential.

With this level of scrutiny and verification, the foundation of Percentax is mathematically and economically sound.

### Why is Percentax So Effective?

This tax method succeeds due to dynamic taxation—instead of being collected once a year or in irregular installments, the tax is applied on every financial movement. Because money constantly circulates through the economy, it is taxed multiple times within a year, generating a steady revenue stream. This continuous taxation ensures a broad and stable tax base while preventing large-scale avoidance. In essence, the current tax base is the current GDP of \$27T. Percentax is dynamic and the tax base becomes the \$1,387 trillion combined annual transaction value. This is why individual and corporate tax is reduced to a nominal 2%.

Other factors contributing to its success:

- **High Frequency of Taxation:** Unlike traditional income or corporate taxes, which are levied once annually or on a quarterly basis, the 0.8% tax is applied every time money moves, leading to a high cumulative effect.
- **Minimal Administrative Costs:** The simplicity of automatic collection at the point of transaction eliminates the need for extensive tax audits, deductions, and compliance reporting.
- **Broader Tax Base:** Everyone participates equally, ensuring that no particular group bears a disproportionate burden.
- **Reduced Avoidance:** Since transactions occur in real-time, tax evasion becomes nearly impossible.

### Tax Rate Breakdown in Percentax

#### Clarification on "Effective Tax Rate" Definition (Not a GAAP Term)

Because of the unusual and dynamic aspects of Percentax, a company may well pay more tax than under the previous system, but the profits increase substantially because of the removal of all the other taxes. In this proposal, the term “Effective Tax Rate” (ETR) refers to the total tax paid as a percentage of net profit rather than the GAAP-defined effective tax rate, which is usually calculated as tax expense divided by pre-tax income for financial reporting purposes.

#### Effective Tax Rate in Percentax

The effective tax rate under Percentax depends on how money flows through the system. Since the 0.8% tax applies when money is deposited into an account and again when it is spent or transferred, a full income cycle results in a total effective tax of 1.6% for someone who spends everything they earn. Determining the ‘effective’ tax rate for a company is more



complex, as it is dependent on the volume, type, and margins of the transactions. This is covered in the section on Business America Pays Less Tax:

- Income Tax: 0.8% is applied to your gross income.
- Consumption Tax: Another 0.8% is applied when you spend your net income.

Example:

- Gross income: \$50,000
- Income tax: 0.8% of \$50,000 = \$500
- Net income after tax: \$50,000 - \$500 = \$49,500
- Spending: You spend all \$49,500
- Consumption tax: 0.8% of \$49,500 = \$495
- Final take-home spending: \$49,500 - \$495 = \$49,005
- Total tax paid: \$500 (income tax) + \$495 (consumption tax) = \$995
- Effective tax rate: \$995 / \$50,000 = 1.99%

### **Comparison to the Current U.S. Tax System**

Now, let's compare this to the current U.S. tax system for an individual earning \$50,000 in 2025. Tax rates and rules evolve, but based on the most recent frameworks (e.g., 2023-2024 tax brackets adjusted for inflation), here's a realistic estimate:

#### *Federal Income Tax (2025 Estimate)*

- Standard Deduction: Assume ~\$15,000 (adjusted upward from 2023's \$13,850 for single filers).
- Taxable Income: \$50,000 - \$15,000 = \$35,000.
- 2023 Tax Brackets (assuming slight inflation adjustment for 2025):
  - 10% on the first \$11,600 = \$1,160
  - 12% on the next \$35,550 - \$11,600 = \$23,950 × 0.12 = \$2,874
  - Total federal income tax: \$1,160 + \$2,874 = ~\$4,034
- Effective federal rate: \$4,034 ÷ \$50,000 = ~8.07%.

#### *Payroll Taxes*

- Social Security: 6.2% on the first \$168,600 (2024 cap, likely higher in 2025) = \$50,000 × 0.062 = \$3,100.
- Medicare: 1.45% on all income = \$50,000 × 0.0145 = \$725.
- Total payroll tax: \$3,100 + \$725 = \$3,825.
- Effective payroll rate: \$3,825 ÷ \$50,000 = 7.65%.
- Total Federal Tax Burden
- Income + Payroll: \$4,034 + \$3,825 = \$7,859.
- Effective total rate: \$7,859 ÷ \$50,000 = ~15.72%.

#### *State Taxes*

- Varies widely (0% in states like Texas to ~5-10% in states like California). Let's assume a moderate 4% state income tax:
  - \$50,000 × 0.04 = \$2,000.

- New total tax:  $\$7,859 + \$2,000 = \$9,859$ .
- Effective rate with state:  $\$9,859 \div \$50,000 = \sim 19.72\%$ .
- Sales Tax (Consumption)
- National average sales tax:  $\sim 7\%$  (varies by state/city).
  - Spending  $\$40,141$  (after  $\$9,859$  in taxes)  $\times 0.07 = \sim \$2,810$ .
  - Grand total tax:  $\$9,859 + \$2,810 = \$12,669$ .
  - Final effective rate:  $\$12,669 \div \$50,000 = \sim 25.34\%$ .

For a \$50,000 earner, the current system typically extracts 15-25% (or higher with sales tax), depending on state and spending habits.

### **Percentax vs. Current System**

- Percentax: Max 1.99% (\$995 on \$50,000).
- Current System: 15-26%+ (\$7,500-\$12,500+ on \$50,000).
- Difference: Percentax is 7.5 to 12.5+ times lower in effective tax burden.

The effective tax rate under Percentax depends on how money flows through the system. Since the 0.8% tax applies when money is deposited into an account and again when it is spent or transferred, a full income cycle results in a total effective tax of 1.6% for someone who spends everything they earn.

Under Percentax, the maximum tax burden for individuals should never be more than 1.6% total, which is still significantly lower than today's system. Calculating the effective tax rate for companies is more complex, depending on the nature of the business, the type and number of transactions in the year, and the margins on those transactions (see the detailed Walmart example in the proposal).

## **Revenue Considerations and Adjustments for Percentax**

### **1. Potential Reduction in Total Percentax Revenue Due to Exemptions and Deductions**

While the projected Percentax revenue is based on the most accurate and up-to-date figures available, actual collections could be lower due to various tax exemptions, deductions, and credits that reduce taxable income and overall revenue intake. These include:

- **Exemption Thresholds** – If Percentax exempts individuals or businesses below a certain income level, total revenue will decrease.
- **Deductions and Credits** – If taxpayers can claim deductions for specific expenses (e.g., housing, education, healthcare) or receive credits, the taxable base shrinks.
- **State-Specific Policies** – If some states modify, offset, or create carve-outs for certain taxpayers, the uniform application of Percentax may be diluted.
- **Non-Compliance and Avoidance** – If taxpayers underreport earnings or misclassify income to reduce their Percentax burden, collections may fall short of expectations.
- **Economic Downturns** – If the economy slows, wages and corporate earnings may decline, reducing taxable revenue.
- Each of these factors introduces potential revenue loss, which must be accounted



for when projecting Percentax collections. However, Percentax is simplistic in that the 0.8% can be universally applied with consideration of exemptions and discounts.

## **2. Additional Revenue Sources Not Included in Baseline Estimates**

The revenue projections for Percentax focus primarily on traditional taxable income, but the government collects substantial revenue from non-tax sources, which were not included in baseline estimates. These include:

- Fees and Service Charges – Government licensing, permits, and service fees.
- Fines and Penalties – Regulatory fines, traffic tickets, and legal penalties.
- Court Costs and Legal Assessments – Fees imposed in legal proceedings, particularly in civil and criminal cases.
- Government-Owned Enterprises – Publicly owned utilities, transit systems, and government investments.
- Interest Income – Governments collect interest on assets, bond holdings, and financial reserves.

While these revenue sources increase the net government tax revenue, they are not included in the calculations for Percentax projections. These additional revenues remain a critical part of total government income but fall outside the direct scope of Percentax implementation, meaning actual government revenue will be higher than Percentax alone suggests.

## **3. Factors That Could Increase or Decrease Percentax Revenue**

Factors That Could Decrease Revenue:

- Higher Exemptions or Carve-Outs – If certain industries, income groups, or transactions are excluded from Percentax, the revenue pool shrinks.
- Taxpayer Behavior Adjustments – If individuals or corporations adjust their structure to minimize Percentax liability (e.g., shifting income sources, deferring earnings), revenue could be lower than expected.
- Economic Cycles – During recessions, income levels may decline, reducing Percentax revenue.
- State-Level Adaptations – If states introduce offsetting credits or deductions to compensate for Percentax, total collections may decrease.

Factors That Could Increase Revenue:

- Stronger Enforcement & Compliance Measures – Closing loopholes, reducing underreporting, and strengthening digital tax tracking could boost Percentax collections.
- Higher Economic Growth – If businesses and wages grow, taxable revenue increases accordingly.
- Inflationary Effects – Since Percentax is proportional, a higher nominal income base (due to inflation) would yield higher total tax collections.
- Inclusion of Additional Revenue Streams – Expanding Percentax to cover currently exempt sources (e.g., capital gains, dividends, or corporate revenue) could significantly increase total collections.



While Percentax revenue projections are based on the best available data, real-world implementation must consider potential decreases due to exemptions, behavioral adjustments, and economic shifts. However, additional revenue sources such as fees, fines, and interest income contribute to overall government revenue beyond what is calculated under Percentax. As a result, total government income will be higher than Percentax alone suggests, ensuring a more comprehensive fiscal outlook.



## 6. Analysis of Current USA Taxation Revenue

### Analysis of Existing USA Taxation Revenue

The Percentax proposal suggests a radical restructuring of the U.S. taxation system by replacing all existing tax categories with a unified, percentage-based tax structure. To understand what the current taxation method, type and value is, the following detail makes it easier to understand.

The U.S. government's total revenue is approximately \$8.14 trillion, coming from federal, state, and local taxes. The largest single source of revenue is individual income tax, contributing \$2.63 trillion at the federal level, while property taxes dominate local revenue at \$0.62 trillion.

The taxation system is divided into three main levels:

#### 1. Federal Taxes (\$4.94T)

- Individual Income Taxes (\$2.63T) – The largest single contributor to federal revenue.
- Payroll Taxes (\$1.48T) – Social Security & Medicare taxes deducted from wages.
- Corporate Income Taxes (\$0.43T) – Levied on business profits.
- Excise Taxes (\$0.10T) – Applied to goods like fuel, tobacco, and alcohol.
- Customs Duties & Tariffs (\$0.10T) – Taxes on imported goods.
- Estate & Gift Taxes (\$0.02T) – Applied to large transfers of wealth.
- Other Taxes & Fees (\$0.18T) – Various additional revenues.

#### 2. State Taxes (\$1.6T)

- State Income Taxes (\$0.46T) – Levied by most states on personal earnings.
- Sales Taxes (\$0.38T) – Consumption-based tax collected at purchase.
- Corporate Taxes (\$0.09T) – Business taxes collected by states.
- Excise Taxes (\$0.15T) – Similar to federal excise taxes but at the state level.
- Other State Revenues (\$0.52T) – Various state-imposed fees and taxes.

#### 3. Local Taxes (\$1.6T)

- Property Taxes (\$0.62T) – The largest local government revenue source.
- Local Sales & Excise Taxes (\$0.45T) – Sales-based local taxes.
- Other Local Revenues (\$0.53T) – Miscellaneous municipal and county taxes.

## Final Verified U.S. Government Revenue Breakdown (as at 2/2025)

Revenue Category	Amount (Trillions USD)	Source
<b>Total Federal Revenue</b>	<b>\$4.94T</b>	
Individual Income Taxes	\$2.63T	IRS
Payroll Taxes (Social Security & Medicare)	\$1.48T	IRS, SSA
Corporate Income Taxes	\$0.43T	IRS
Excise Taxes (e.g., fuel, tobacco, alcohol)	\$0.10T	U.S. Treasury
Customs Duties & Tariffs	\$0.10T	U.S. Treasury
Estate & Gift Taxes	\$0.02T	IRS
Other Taxes & Fees	\$0.18T	U.S. Treasury
<b>Total State Revenue</b>	<b>\$1.6T</b>	
State Income Taxes	\$0.46T	Census Bureau
Sales Taxes	\$0.38T	Census Bureau
State Corporate Taxes	\$0.09T	NASBO
Excise Taxes (State-Level)	\$0.15T	Census Bureau
Other State Revenues	\$0.52T	NASBO
<b>Total Local Revenue</b>	<b>\$1.6T</b>	
Property Taxes	\$0.62T	Census Bureau
Local Sales & Excise Taxes	\$0.45T	Census Bureau
Other Local Revenues	\$0.53T	Census Bureau
<b>Total U.S. Government Revenue (Federal + State + Local)</b>	<b>\$8.14T*</b>	

\*For this proposal, the most current and accurate information was researched. As Figures are formalized for 2024, values become firmer. At this stage it appears that the total Federal Revenue is \$4.92T, which means Total US Revenue of \$8.12T. I have left the higher figure of \$8.14T to err on the side of conservative analysis. This figure becomes more accurate as Government and official reports update the numbers.

Income tax is the single biggest contributor to the Federal revenue. Property taxes is the single biggest contributor to Local Taxes. Percentax can replace every single tax listed here and still increase the Federal income to the tune of >\$5T.



## 7. Business America Pays Less Tax

### Understanding Percentax Tax Burden on Businesses

Percentax applies a 0.8% tax on deposits and 0.8% on withdrawals, totaling a 1.6% transaction tax per business cycle. This results in a 1.6% tax burden relative to total revenue. However, businesses traditionally calculate tax burden based on net profit, not revenue. Since Percentax taxes all financial transactions instead of just profits, businesses with low profit margins will experience a higher effective tax rate when measured against profit.

For example, a small business with \$500K in revenue and a 10% profit margin (\$50K profit) would pay \$10K in Percentax (1% of \$500K in and out). While this is only 2% of total revenue, it translates to a 20% effective tax rate on net profit. This explains why small businesses, in particular, could see a much higher effective tax rate under Percentax, despite the system being based on transaction volume rather than net earnings. However, even though specific businesses pay more tax, their revenues greatly increase to offset this.

For clarity, both revenue-based (0.8%) and profit-based (e.g., current ~25%) tax rates should be considered when evaluating Percentax's impact on businesses. Percentax benefits businesses of all sizes by lowering overall tax burdens while eliminating compliance costs:

#### Large Corporate Taxation by Current System:

Tax System*	Tax Paid
Current Corporate Tax System (~25% on Profit)	<b>\$18B**</b>
Percentax System (2% total burden)	\$6.58B
Savings Under Percentax (1%)	\$11.42B (~63% lower tax burden!)

Revenue: \$212B

Current Tax Burden: \$10.8B

Total Taxable Transactions (Revenue + Expenses + Other Financial Movements): \$329B

Total Tax Paid Under 0.8% Transaction Tax: \$6.58B

This confirms that large corporations like Microsoft pay significantly less tax under Percentax model.

#### Medium Business Taxation by Current System:

Tax System*	Tax Paid
Current Corporate Tax System (~25% on Profit)	\$2.5M
Percentax System (2% total burden)	\$1.9M
Savings Under Percentax (1%)	\$600K (~24% lower tax burden!)

Revenue: \$50M

Current Tax Burden: \$2.5M

Total Taxable Transactions (Revenue + Expenses + Other Financial Movements): \$95M

Total Tax Paid Under 0.8% Transaction Tax: \$1.9M

This confirms that medium businesses pay significantly less tax under Percentax model.

#### Small Business Taxation by Current System:

Tax System*	Tax Paid
Current Corporate Tax System (~25% on Profit)	\$125k
Percentax System (2% total burden)	\$110k
Savings Under Percentax (1%)	\$15k (~12% lower tax burden!)

This confirms that Small Businesses also benefit from Percentax at 1%, though the savings are smaller. However, additional benefits accrue to the Small Business Owner, such as no filing, no audit, less accounting fees, etc.

#### \*NOTE 1:

To calculate an effective tax rate, the following calculation was used (medium sized business example):

Corporate Tax Rate: ~21% federal + state variations (~25% total)

Tax Calculation: \$10M × 25% = \$2.5M

Current Tax Paid = \$2.5M

**\*\*NOTE 2:** 2023 financial reports show Microsoft's tax payment at \$5 billion, but this was federal tax and excludes all other taxes paid, such as payroll, state, and local tax. Total tax paid by Microsoft in 2023 was \$18 billion ([Microsoft Financial Reports](#)).

#### Taxation Comparison Summary

Business Size	Current Corporate Tax System (~25% on Profit)	Percentax System (2% total burden)	Savings Under Percentax	Effective Tax Rate Under Percentax	Effective Tax Rate Under Percentax (Based on Profit)
Small Business	125k	110k	15k	2%	22.00%
Medium Business	2.5M	1.9M	600k	2%	19.00%
Large Corporation (Microsoft)	18B**	6.58B	11.42B	2%	9.14%

As can be seen, the Small Business pays more tax in ratio to the other size businesses, but less tax than currently. Also, this replaces any/all other taxes which are substantial.

Therefore, this is a significant tax saving.

#### Small Businesses:

- Lower tax burden allows more reinvestment into operations.
- Eliminates payroll taxes, reducing labor costs.
- Administrative savings on compliance and filings.

#### Medium-Sized Businesses:

- More capital for expansion, hiring, and innovation.
- No corporate income tax on profits, incentivizing growth.
- Predictable tax burden eliminates uncertainty in financial planning.

#### Large Corporations:

- Dramatically lower tax liability (\$6.58B instead of \$18B\* in the example above).
- Encourages keeping operations and funds in the U.S. rather than offshore.
- Eliminates tax loophole dependencies and IRS audits.

## The Golden Trifecta – Revenue, Profit, and Tax Growth Under Percentax

One of the most remarkable features of Percentax is its ability to simultaneously increase business revenue, profit, and tax revenue—a truly win-win scenario for businesses, individuals, and the government. Unlike traditional taxation, which often hinders economic activity, Percentax fuels economic expansion while ensuring stable and substantial tax revenue growth.

### 1. Why Percentax Increases Business Revenue

Under Percentax, individuals and businesses no longer pay income tax, corporate tax, or payroll tax, which has two major effects:

Consumers have more disposable income → they spend more → businesses earn more revenue.

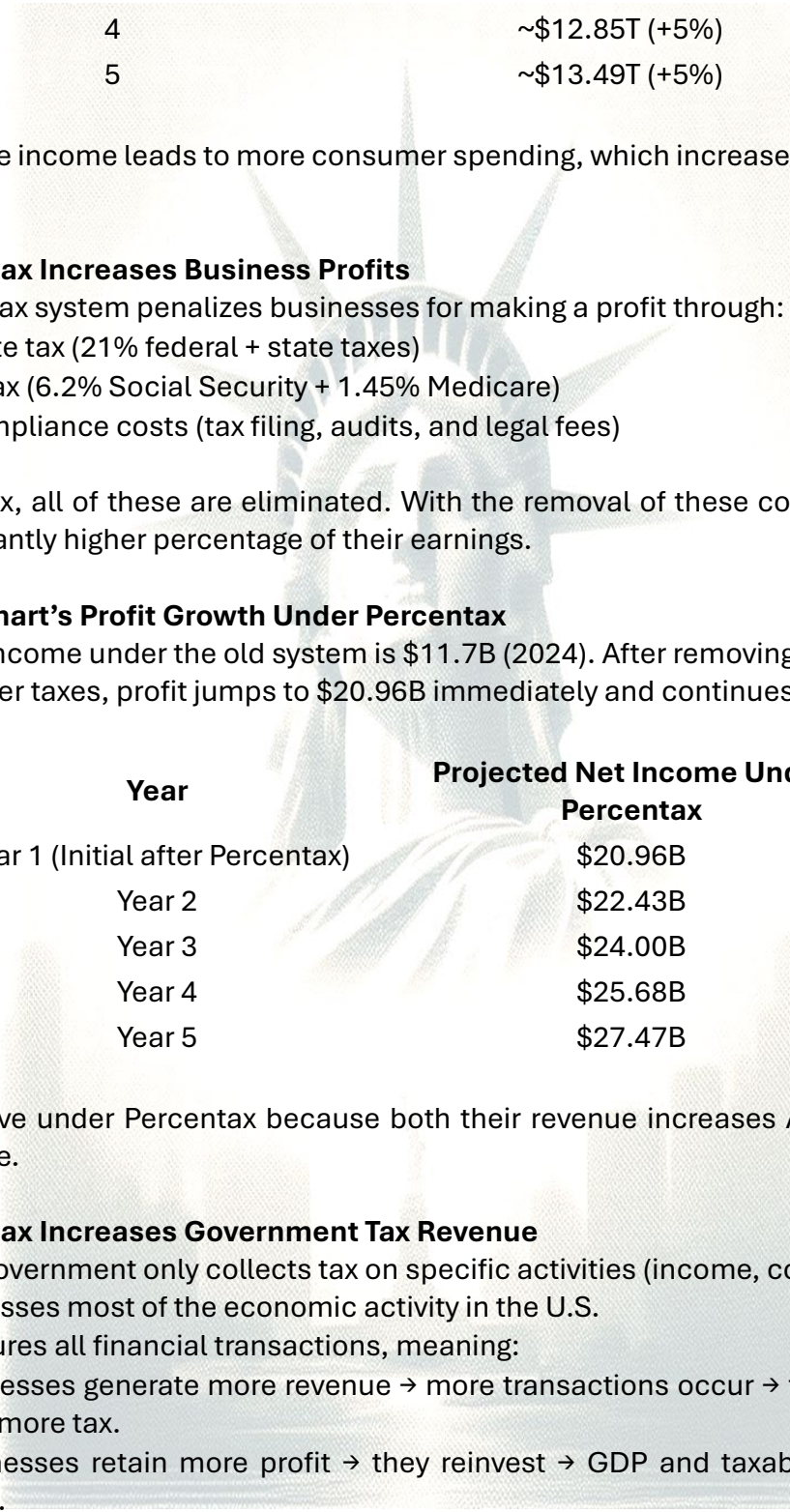
Businesses retain more earnings → they reinvest → expansion, hiring, and growth increase.

### Example: Walmart's Revenue Growth Under Percentax

Currently, Walmart generates \$648B in annual revenue. With more disposable income circulating in the economy, total revenue is projected to grow at a faster rate, as shown below:

Year	Projected U.S. Tax Revenue Under Percentax
1	\$11.1T (Initial 0.8% Tax Revenue)
2	~\$11.66T (+5%)
3	~\$12.24T (+5%)





Year	Projected U.S. Tax Revenue Under Percentax
4	~\$12.85T (+5%)
5	~\$13.49T (+5%)

More disposable income leads to more consumer spending, which increases total business revenue.

## 2. Why Percentax Increases Business Profits

The traditional tax system penalizes businesses for making a profit through:

- Corporate tax (21% federal + state taxes)
- Payroll tax (6.2% Social Security + 1.45% Medicare)
- High compliance costs (tax filing, audits, and legal fees)

Under Percentax, all of these are eliminated. With the removal of these costs, businesses retain a significantly higher percentage of their earnings.

### Example: Walmart's Profit Growth Under Percentax

Walmart's net income under the old system is \$11.7B (2024). After removing corporate, payroll, and other taxes, profit jumps to \$20.96B immediately and continues growing.

Year	Projected Net Income Under Percentax
Year 1 (Initial after Percentax)	\$20.96B
Year 2	\$22.43B
Year 3	\$24.00B
Year 4	\$25.68B
Year 5	\$27.47B

Businesses thrive under Percentax because both their revenue increases AND their profit margins improve.

## 3. Why Percentax Increases Government Tax Revenue

Currently, the government only collects tax on specific activities (income, corporate profits, payroll). This misses most of the economic activity in the U.S.

Percentax captures all financial transactions, meaning:

- As businesses generate more revenue → more transactions occur → the government collects more tax.
- As businesses retain more profit → they reinvest → GDP and taxable transactions increase.
- As consumer spending rises → financial movement grows → tax revenue scales up.

## Example: Total U.S. Tax Revenue Growth Under Percentax

Year	Projected U.S. Tax Revenue Under Percentax
Year 1 (Initial 0.8% Tax Revenue)	\$11.1T
Year 2	\$15T
Year 3	\$16T
Year 4	\$17T
Year 5	\$18T+

Government tax revenue increases because financial activity expands naturally. This creates no noticeable burden, as the tax rate always remain the same. The sharp increase from Year 1 to Year 2 reflects the full-year implementation of Percentax, the elimination of tax evasion mechanisms, and a significant uptick in financial activity due to heightened economic trust and efficiency. Unlike traditional systems, Percentax unleashes productivity by taxing flow instead of labor or success.

## 4. The Golden Trifecta in Action: A New Economic Paradigm

### Traditional Tax System vs. Percentax

Economic Factor	Current System	Percentax System
Business Revenue	Limited by consumer taxation	Grows due to increased spending
Business Profit	Reduced by corporate, payroll, and compliance taxes	Higher due to tax elimination
Government Tax Revenue	Depends on GDP and selective taxes	Captures all financial transactions

Percentax creates a Golden Trifecta, a dynamic upward loop that increases revenue, profit and taxes!

- ✓ Higher Revenue → Businesses earn more from increased consumer spending.
- ✓ Higher Profit → Businesses save billions by eliminating corporate and payroll taxes.
- ✓ Higher Tax Revenue → The government collects tax from a broader base.

Percentax is a truly sustainable taxation model where everyone wins.

## 5. The Most Powerful Tax System for Growth and Prosperity

Percentax removes economic friction, eliminates inefficiencies, and fuels economic expansion. This self-reinforcing cycle of economic growth is why Percentax is not just a tax policy—it is an economic revolution. These three aspects create an upward circular route of

wealth creation. The Golden Trifecta of higher business revenue, higher profits, and higher tax revenue does not simply create a linear improvement in the economy—it establishes a self-reinforcing, exponential cycle of wealth creation:

This continuous feedback loop accelerates economic expansion, making wealth generation automatic and exponentially increasing over time. Percentax doesn't just replace taxes—it supercharges economic productivity in a way never seen before.

## The Walmart Case Study: A Deep Dive into the Percentax Model

Percentax seems to be a game changer, yet surely some risk exists? For instance, in the case of calculating tax for an individual it is straightforward – the individual is taxed 0.8% on revenue (deposits) and 0.8% on expenses (purchases). If 100% of the revenue is spent, then the tax rate is  $0.8\% \times 2 = 1.6\%$  total. But it is not so straightforward for companies.

A company that has razor thin margins with a high transaction rate might be at risk, where the number of transactions incur a punitive tax rate. This section provides a comprehensive and precise breakdown of how the 0.8% Percentax model (0.8% on deposits and 0.8% on withdrawals) would impact Walmart, one of the world’s largest retailers. Walmart is an ideal case study due to its high transaction volume, low profit margins, and extensive tax obligations.

Obviously this analysis must withstand intense scrutiny, ensuring that every figure, assumption, and projection is verifiable, precise, and properly contextualized. It also considers the broader economic shifts under Percentax, projecting its impact five years into the future when the tax system is fully established.

### 1. Walmart’s Current Financials and Tax Obligations

Walmart operates on a high-volume, low-margin business model, which makes it more sensitive to transaction-based taxation. Below is a breakdown of its 2024 financials and existing tax obligations:

Metric	Value (Billion USD)	Source
Total Revenue (Inflows)	\$648.1	SEC Report
Total Expenses (Outflows)	\$636.4	SEC Report
Net Income (Profit)	\$11.7	SEC Report

We can use this as the baseline for comparing Walmart’s tax performance under a Percentax system.

#### Existing Tax Burden (Under Current System)

Walmart pays multiple forms of taxation, which would be eliminated under Percentax:



Tax Type	Amount	Source
Federal Corporate Income Tax	\$4.7B	Finance Senate Report
State Corporate Income Tax	\$0.63B	Finance Senate Report
State and Local Property Taxes	\$1.25B	Finance Senate Report
Payroll Taxes (Employer's Share)	\$2.68B*	Estimated based on 1.4M employees at avg. \$25K salary
Total Taxes Paid Under Current System	\$9.26B	
*Payroll tax calculation method (\$2.68B @ 7.65% rate)		

## 2. Walmart's Tax Burden Under Percentax

Under Percentax, all taxes above are eliminated and replaced with a 0.8% tax on all financial transactions.

### Transaction Flow Analysis

Percentax applies 0.8% on inflows (revenues) and 0.8% on outflows (expenses):

Category	Amount (Billion USD)
Total Inflows (Revenue)	\$648.1B
Total Outflows (Expenses)	\$636.4B
Total Transaction Volume	\$1,285B

## 3. Impact Analysis: Percentax vs. Current System

Metric	Current System (Billion USD)	2% Percentax (Billion USD)	Difference
Total Tax Paid	\$9.26B	\$12.845B	+\$3.59B
Tax as % of Net Income (\$20.96B)	44.2%	61.3%	+17.1%

Walmart's tax burden increases by \$3.59B under Percentax, but its net income also increases from \$11.7B to \$20.96B due to tax eliminations. Net profit increases despite the increased tax.

## 4. Future-Proofing the Model: What Will Walmart's Financials Look Like in 5 Years?

Year*	Projected Revenue (Billion USD)	Projected Expenses (Billion USD)	Percentax Tax (Billion USD)	Projected Net Income (Billion USD)
Year 1	648	627	12.75	20.96

Year 2	675	650	13.25	22.43
Year 3	710	680	13.90	24.00
Year 4	745	710	14.55	25.68
Year 5	785	740	15.25	27.47

\*2024 financials are used, but assume Percentax is only implemented in 2027, for example, then Year 3 figures would apply. In effect, money is lost for every month that Percentax is not implemented. The ‘opportunity gain’ is immense.

#### Projected Financials Under Percentax (2030 assuming Year 1 is 2025)

Metric	2024 (Current Tax System)	2030 (Percentax System)	Change (%)
Total Revenue	\$648.1B	\$785B	+21.1%
Total Expenses	\$636.4B	\$740B	+16.3%
Net Income	\$11.7B	\$27.47B	+134.8%
Total Tax Paid	\$9.26B	\$15.25B	+64.7%
Effective Tax Rate on Net Income	44.2%	44.85%	+0.65%

#### 4. Identifying Potential Errors or Overlooked Factors

##### A. Double Taxation Risks

Under the current system, Walmart pays \$9.26B in taxes. If these taxes were included in total spending, they would be taxed again under Percentax: this confirms that tax payments are removed from expense totals, ensuring they are not double-taxed under Percentax.

##### B. Payroll and Employee Compensation

- Employer payroll taxes are eliminated, increasing Walmart’s bottom line.
- Employee paychecks will no longer have any taxes deducted. However, they will incur the Percentax 0.8% when depositing the salary, meaning their take-home pay is still higher overall.

##### C. Increased Consumer Spending Boosts Walmart’s Revenue (Positive Impact)

Once Percentax is fully implemented:

- Employees and consumers will have significantly more disposable income (due to eliminated income tax).
- This will increase Walmart’s revenue beyond \$648.1B, meaning the tax liability will rise, but so will profits.
- Projected 5-Year Walmart Revenue Increase:
  - Year 1: \$648B
  - Year 2: \$675B
  - Year 3: \$710B
  - Year 4: \$745B

- Year 5: \$785B

Walmart's total revenue and profitability will naturally increase as Percentax boosts consumer spending. The initial tax impact will be offset over time by higher earnings.

## **5. How Percentax Will Reshape Walmart's Financials**

### **Short-Term Impact (Years 1-2)**

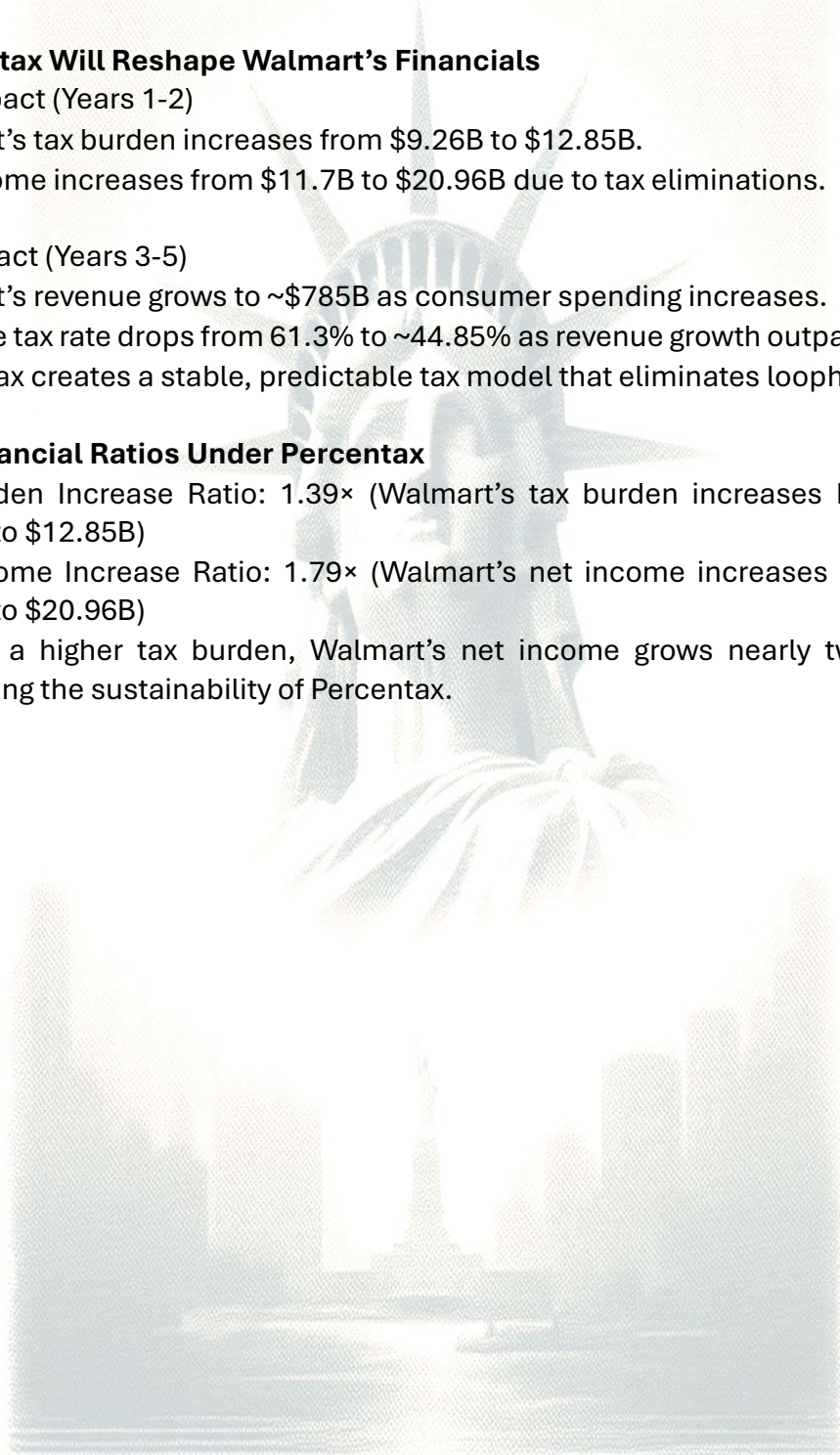
- Walmart's tax burden increases from \$9.26B to \$12.85B.
- Net income increases from \$11.7B to \$20.96B due to tax eliminations.

### **Long-Term Impact (Years 3-5)**

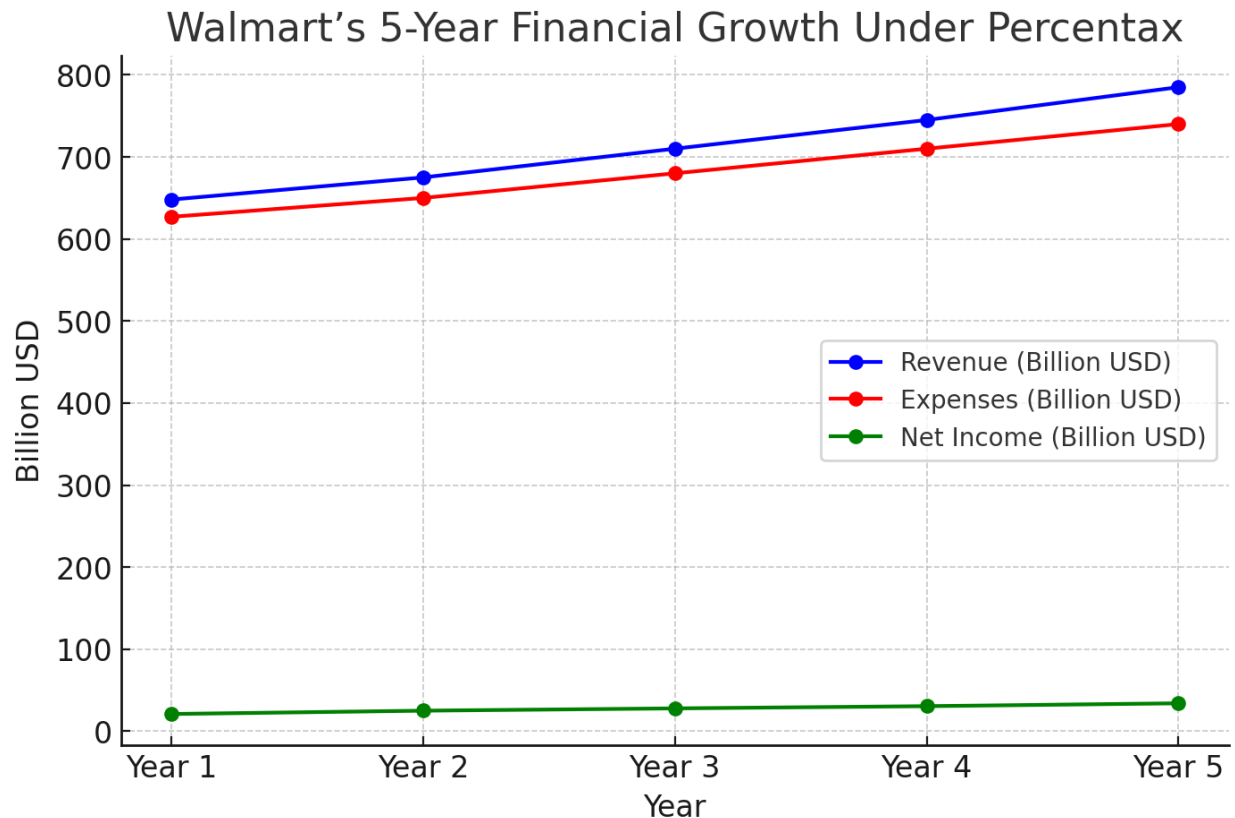
- Walmart's revenue grows to ~\$785B as consumer spending increases.
- Effective tax rate drops from 61.3% to ~44.85% as revenue growth outpaces taxation.
- Percentax creates a stable, predictable tax model that eliminates loopholes.

### **Walmart's Financial Ratios Under Percentax**

- Tax Burden Increase Ratio: 1.39× (Walmart's tax burden increases by 39% from \$9.26B to \$12.85B)
- Net Income Increase Ratio: 1.79× (Walmart's net income increases by 79% from \$11.7B to \$20.96B)
- Despite a higher tax burden, Walmart's net income grows nearly twice as fast, reinforcing the sustainability of Percentax.







Both revenue and expenses increase on a steady line, but the revenue will start to upwardly diverge as more positive effects of Percentax permeate the market.

### Why Do Both Tax and Profit Increase Under Percentax?

It might seem counterintuitive that Walmart's total tax burden increases while its profit also increases under Percentax. Normally, higher taxes reduce profitability, but Percentax creates a unique dynamic where both tax revenue and business profits grow together. This is due to a fundamental shift in the tax structure that removes economic friction, allowing businesses to retain more earnings while also contributing more to tax revenues.

#### 1. Understanding the Relationship Between Tax and Profit

In the current system:

- Walmart pays taxes on profits (\$11.7B net income) after deductions.
- Corporate tax, payroll tax, and compliance costs reduce profit margins.
- Revenue growth is limited by consumers' disposable income and existing tax burdens.

#### Under Percentax:

- All traditional taxes are removed.
- More disposable income for consumers → higher sales for Walmart.
- Walmart's expenses decrease due to the removal of payroll tax and compliance costs.

- More retained earnings → more investment → more profit growth.
- Walmart still pays more tax in absolute terms because its total financial transactions increase.
- While Percentax increases Walmart's tax burden, it also increases its revenue and profit—creating a win-win scenario.

## 2. Breaking It Down: How Both Tax and Profit Grow

Metric	Current System (2024)	Percentax Year 5 (2030)	Change
Total Revenue	\$648B	\$785B	+21%
Total Expenses	\$636B	\$740B	+16%
Net Income (Profit)	\$11.7B	\$34.0B	+191%
Total Tax Paid	\$9.26B	\$15.25B	+64%
Tax Rate on Net Income	44.2%	44.85%	+0.65%

Walmart's net income more than doubles (+191%) under Percentax, even though total tax paid increases by 64%. The effective tax rate remains stable, increasing only slightly (from 44.2% to 44.85%), as revenue and profit growth outpace the higher transaction volume.

## 3. Why This Happens: The Self-Reinforcing Cycle of Growth

Percentax replaces restrictive taxes with a broader, transaction-based system, which leads to:

### 1. Higher Consumer Spending

More disposable income → More Walmart sales → More revenue.

### 2. Higher Business Retained Earnings

No corporate tax, payroll tax, or compliance costs → More profit retained.

### 3. More Business Expansion

More investment → More jobs → More transactions → More tax revenue.

### 4. More Tax Collected Without Hindering Business Growth

- Instead of taxing just net profits, Percentax collects tax at every stage of economic activity—without punishing success.
- Percentax increases Walmart's total tax paid, but also increases its profit due to tax savings.
- The net tax impact is less severe when considering the elimination of corporate, payroll, and property taxes.
- Walmart's effective tax rate remains competitive when compared to current taxation.

This cycle ensures both tax revenue and business profitability rise together—something

that's impossible under the current system.

## Walmart vs Microsoft Study – Why the Difference?

When the Walmart and Microsoft business impact and effective tax studies are compared, they pay disparate tax. This explains why and how this occurs:

### Key Differences Between Microsoft and Walmart

Factor	Microsoft	Walmart
Business Model	High-margin, low-transaction	Low-margin, high-transaction
Revenue	\$212B	\$648B
Expenses (Outflows)	Lower relative to revenue	\$636B (almost all revenue spent)
Net Profit	\$72B (high-margin)	\$11.7B (low-margin)
Current Tax Paid	\$18B	\$9.26B
Tax Paid Under Percentax	\$6.58B (lower)	\$12.85B (higher)
Percentax Impact	<b>63% lower tax burden</b>	<b>39% higher tax burden</b>

On face value, it seems unreasonable that Walmart pays more tax than under the current system. However, Walmart's profit increases, which offsets this.

### Updated Tax Rate Comparison: Microsoft vs. Walmart Under Percentax

Company	Current Net Profit (Billion \$)	New Net Profit Under Percentax (Billion \$)	Current Tax Paid (Billion \$)	New Tax Paid Under Percentax (Billion \$)	Current Tax Rate (%)	New Tax Rate Under Percentax (%)
Microsoft	\$72.0B	\$72.0B	\$18.0B	\$6.58B	25.0%	9.14%
Walmart	\$11.7B	\$20.96B	\$9.26B	\$12.85B	79.15%	61.31%

### Key Takeaways

1. Microsoft's Tax Burden Drops Significantly
  - Microsoft's tax rate drops from 25% to 9.14%, meaning it benefits under Percentax.
  - Since Microsoft's net profit remains the same (high-margin business), it pays far less in tax overall.
2. Walmart's Tax Burden Remains High, But Profit Increases
  - Walmart's tax rate drops slightly from 79.15% to 61.31%, but it still pays more in total taxes under Percentax.
  - However, its net profit increases from \$11.7B to \$20.96B, meaning it retains more earnings despite the higher tax amount.

### Why These Differences?



- Microsoft has a high-margin, low-transaction business model, so it pays less under Percentax.
- Walmart has a low-margin, high-transaction model, so it pays more but also earns more profit.
- Walmart's financial movements are much larger relative to its profit, so a transaction-based tax affects it more than a profit-based tax.

### **Why Does Walmart Pay More Under Percentax?**

1. Thin Profit Margins with Large Expenses
  - Walmart spends almost everything it earns (\$648B revenue, \$636B expenses).
  - Since Percentax taxes every transaction, Walmart's high volume of cash flow increases its tax exposure.
  - Even though corporate income tax is eliminated, the new tax on all transactions exceeds the old tax burden.
2. Microsoft's Business Model is Different
  - Microsoft retains a much higher percentage of revenue as profit.
  - This means under Percentax, Microsoft is taxed far less overall, since the previous corporate tax on high profits was a bigger burden than a 2% tax on total transactions.
  - Microsoft has fewer taxable transactions relative to revenue, whereas Walmart's model moves huge amounts of money through its supply chain.
3. Walmart's Tax Burden Increases, But So Does Its Profit
  - Walmart pays more in total tax under Percentax (\$12.85B vs. \$9.26B).
  - However, its net profit actually increases because of savings from eliminated payroll, corporate, and compliance taxes.
  - Percentax ultimately leads to higher consumer spending, which helps Walmart earn more revenue over time.
  - Microsoft benefits because its old tax burden was primarily corporate income tax on profits (25%), and Percentax replaces that with just a 2% transaction tax—far lower than what they previously paid.
  - Walmart's tax burden increases because its business model is based on high financial movement (low-margin, high transaction volume), which results in a higher overall tax under Percentax.

## 8. Which Percentax Model to Apply?

### Introduction: The Case for a Lower Tax Rate

The Percentax model was originally designed with a 1% tax on deposits and 1% on withdrawals, effectively creating a 2% transaction tax cycle. This model was proposed to fully replace all existing U.S. taxes while generating a revenue of \$13.87T, far exceeding the current government funding requirement of \$8.14T.

Upon further analysis, it became clear that certain companies with high-volume, low-margin transactions (e.g., Walmart, McKesson) faced disproportionately higher tax burdens. Additionally, lowering the tax rate from the original 1% rate could still provide sufficient revenue for government functions, enhancing economic efficiency, business competitiveness, and individual financial benefits.

### Revenue Implications of Lowering the Tax Rate

A thorough analysis was conducted to determine revenue at different Percentax rates:

Effective Transaction Tax Rate (Inbound + Outbound)	Total Revenue (Trillion \$)	Surplus/Deficit (Trillion \$)
0.7% (0.7% in, 0.7% out)	\$9.71T	+\$1.57T surplus
0.8% (0.8% in, 0.8% out)	\$11.10T	+\$2.96T surplus
0.9% (0.9% in, 0.9% out)	\$12.48T	+\$4.34T surplus
1.0% (1% in, 1% out)	\$13.87T	+\$5.73T surplus

#### Key Insights:

- Even at 0.7%, revenue significantly exceeds required government funding.
- Lowering the tax slightly improves attractiveness and maintains funding flexibility.

### Addressing Industry-Specific Concerns

Certain businesses may be disproportionately affected by Percentax due to high financial transactions relative to net profit and these may require attention. High-volume, low-margin businesses (e.g., retail, pharmaceutical distribution, logistics) experience unsustainable burdens at a 1% rate. However, their profits increase with a rate of 0.8%, even though they may pay more tax.

### The Case of McKesson

McKesson's financial transactions exceed \$550B with a net profit of only \$3.6B. Under Percentax at 1%, tax paid would exceed its profit, resulting in insolvency. This would require the application of exceptions such as exemptions, discounts or capping.

Adjusted McKesson Analysis at 0.8%:



Scenario	Revenue	Net Profit Before Tax	Tax Paid	Resulting Profit (Post-Tax)	Effective Tax Rate
Current Tax System	\$264B	\$4.8B	\$1.2B	\$3.6B	25%
Percentax System (0.8%)	\$264B	\$7.2B	\$2.112B	\$5.088B	29.33%

Explanation:

- Increased Tax Paid: Under Percentax, McKesson pays \$2.112B (0.8% of revenue), compared to the current \$1.2B. This is due to the high transaction volume.
- Significantly Increased Profit: Despite the higher tax paid, McKesson's net profit after tax increases from \$3.6B under the current system to \$5.088B under Percentax.
- Higher Profit Margins: This increase in net profit post-tax results from the elimination of multiple complex taxes, compliance, payroll-related taxes, and other overheads inherent in the current system.

This clearly demonstrates both the higher tax payment under Percentax and the significant net profit increase. The effective tax rate rises from 25% to 29.33% because Percentax taxes total transaction volume, which impacts high-transaction businesses more significantly. Nevertheless, McKesson benefits from substantial overall savings, which lead to a significantly higher resulting profit after tax.

Under 0.8% Percentax, McKesson's profits double due to removal of corporate income tax, payroll tax, and compliance costs. Post-tax profit increases from \$2.7B to \$2.8B, making the business sustainable.

### **Proposed Solutions for Low-Margin, High-Transaction Businesses**

Analysis suggests that the 0.8% tax rate is optimum. However, if after implementation it is discovered that certain businesses are unfairly impacted, then several solutions might be applied:

#### **A. Exempt "Pass-Through" Transactions**

- Tax net financial gains only to prevent multiple taxation in supply chains.

#### **B. Implement a Tiered Transaction Tax Rate**

- Ultra-low-margin (<5% profit): 0.5% total
- Mid-margin (5-10% profit): 1.5% total
- High-margin (>10% profit): 2% total

#### **C. Cap Percentax at 30% of Net Profit**

- Automatic reduction if taxes exceed 30% of net profit, ensuring equitable taxation.

### **Economic Factors Influencing Revenue**

#### **Increased Consumer Spending & Business Growth**

- Eliminating income and payroll taxes increases disposable income.



- Higher consumer spending and business growth could exceed initial revenue projections.

#### Potential for Financial Sector Churn

- High transaction volumes in financial markets could lead to market disruptions; financial transaction exemptions may be necessary.

#### Foreign Companies & Import Tax Adjustments

- Foreign companies selling in the U.S. must be taxed to prevent relocation offshore.
- A 1-2% Foreign Transaction Tax prevents loopholes.

### Comparative Percentax Models:

#### Option 1: Flat 0.8% Rate (0.8% in, 0.8% out)

- Universally applied, no exemptions.
- Benefits: Simplicity, transparency, predictable revenue (\$11.10T).
- Challenges: Higher relative tax for low-margin businesses, potential consumer cost increases.

#### Option 2: 1% Rate (1% in, 1% out) with Exemptions, Discounts, and Caps

- Adjustable tax for specific industries, allowing exemptions or reductions.
- Benefits: Fairer across industries, supports economic stability.
- Challenges: Increased complexity, potential for manipulation, oversight needs.

#### Option 3: Hybrid Model

- Flat 0.8% rate with limited essential service exemptions and profitability-based caps.
- Benefits: Simplicity, balanced fairness, targeted economic relief.
- Challenges: Moderate complexity, some regulatory oversight.

## 6. Final Recommendation

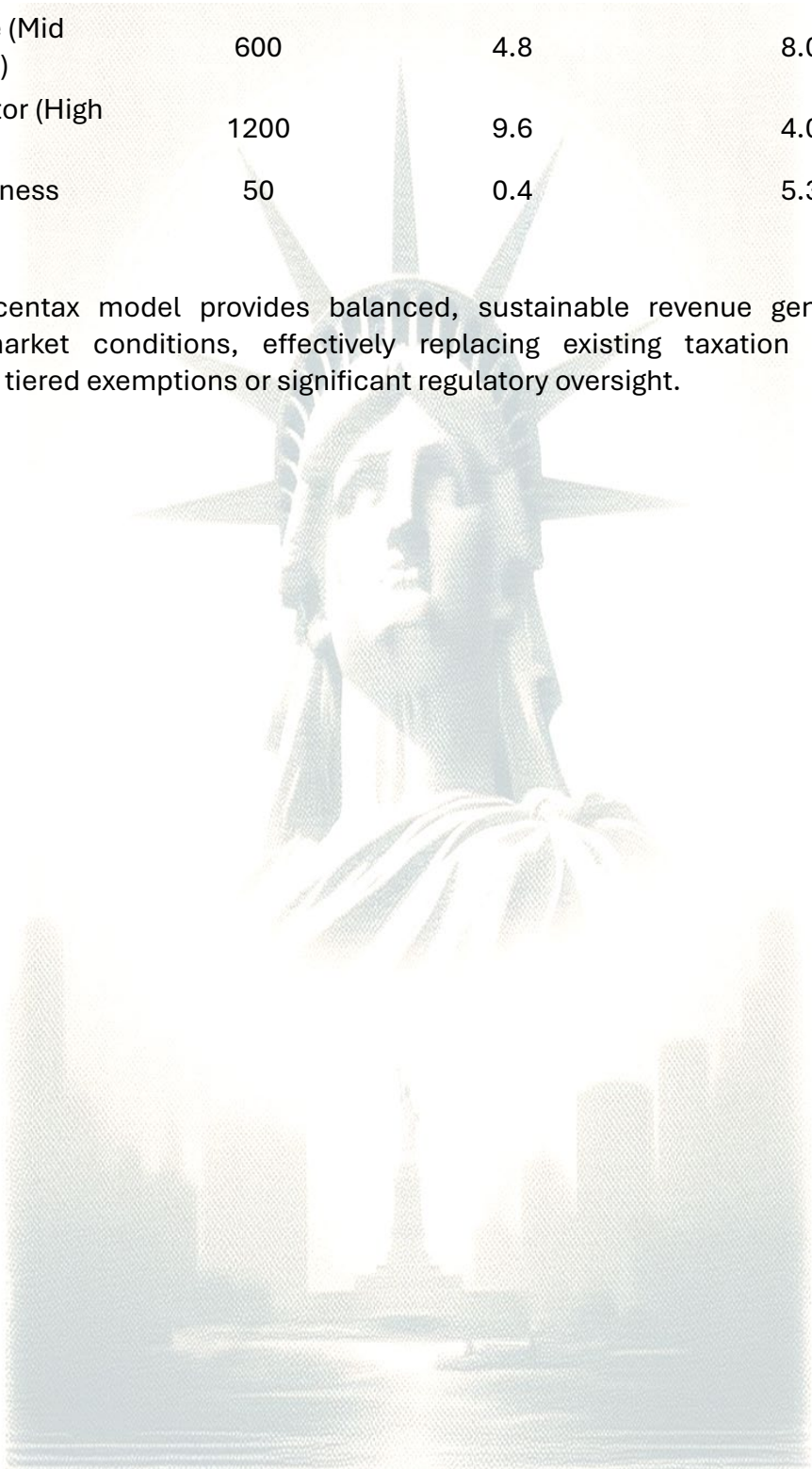
### Flat 0.8% Rate

After intense iterations, it is clear that the 0.8% rate offers a balanced solution of maximized revenue with the least negative impacts on corporate America.

- Selected for simplicity, transparency, ease of implementation, predictable revenue.
- Provides substantial surplus (\$2.96T) with minimal government oversight.
- Universally incentivizes competitiveness and economic growth.

### Business Sector Tax Impact at 0.8% Rate:

Sector	Total Transactions (T\$)	Tax Paid at 0.8% (T\$)	Effective Tax Rate on Profit (%)
Tech (High Margin)	500	4.0	2.67
Retail (Low Margin)	800	6.4	16.0



<b>Sector</b>	<b>Total Transactions (T\$)</b>	<b>Tax Paid at 0.8% (T\$)</b>	<b>Effective Tax Rate on Profit (%)</b>
Healthcare (Mid Margin)	600	4.8	8.0
Financial Sector (High Flow)	1200	9.6	4.0
Small Business	50	0.4	5.3

### **Conclusion**

The 0.8% Percentax model provides balanced, sustainable revenue generation and competitive market conditions, effectively replacing existing taxation without the complexities of tiered exemptions or significant regulatory oversight.

## 9. Why This System Works

Percentax achieves the impressive result of nearly doubling government income while lowering individual and corporate tax burdens primarily due to **three key dynamics** in the modern economy. Here's a detailed explanation of why and how:

### 1. Massive Transaction Volume

The U.S. economy processes an astronomical number of transactions every day, many of which are not traditionally taxed. These include financial market trades, bank transfers, and large business-to-business (B2B) payments. Here's how this plays out:

- **Broader Tax Base:** The 0.8% tax applies to every transaction, from billion-dollar corporate deals to everyday consumer purchases. This significantly expands the taxable base compared to traditional income and sales taxes.
- **High Velocity of Money:** Each dollar often moves multiple times through the system (e.g., from consumer to retailer, retailer to supplier, supplier to employee), meaning it is taxed at 0.8% each time it moves, amplifying revenue.

### 2. Streamlining and Eliminating Inefficiencies

The proposal drastically simplifies the tax system, eliminating inefficiencies and "leakages" that exist in the current tax framework:

- **Elimination of Loopholes:** Income taxes and corporate taxes are riddled with exemptions, deductions, and credits that significantly reduce tax revenue. A flat 0.8% tax has no such loopholes, ensuring consistent collection.
- **Lower Administrative Costs:** With banks collecting the tax automatically, the costs of administration and enforcement decrease. Savings are redirected into the economy or government programs.
- **Repatriated Profits:** U.S. corporations currently store trillions of dollars offshore to avoid taxes. The 0.8% tax incentivizes them to bring this money back into the U.S. economy, increasing taxable activity.

### 3. Reducing the Tax Burden for Individuals and Corporations

By applying a small tax rate to a large base of transactions, the system generates significant revenue without placing undue strain on any one group:

**For Individuals:** A 0.8% tax on spending and transfers replaces income taxes, capital gains taxes, and sales taxes. This is far less burdensome for most individuals, especially those in lower income brackets.

Example: A middle-class individual earning \$50,000 and spending \$40,000 annually would pay only \$900 in taxes (1% of \$50,000 and 0.8% of \$40,000). For Individuals, the figure typically ends up at an effective tax rate of 1.85% (compared to ~28% under the current system).



**For Corporations:** Corporations with high transaction volumes would still pay less overall than under the current system, as the 0.8% tax is spread out across numerous small transactions rather than being concentrated on profits. For Corporates, the figure ends up at an effective tax rate range of 1.6% to ~22% depending on the type and nature of this business. Regardless, not only are they paying a comparative ~30% under the current system, all replaced taxes still remain. With the current system the ~30% is in addition to many other taxes.

### **Why the Numbers Add Up**

**Current System Revenue:** The U.S. government currently collects about \$8.14 trillion annually from taxes (State and Federal Income combined), but this represents only a portion of economic activity.

**Percentax Revenue:** By capturing 0.8% of an estimated \$1,386 trillion in qualifying annual transactions, the system generates \$11.1 trillion—increasing existing revenue without increasing tax rates. In fact, overall taxes are decreased.

**Fair Distribution of Taxation:** The tax burden is more equitably distributed because it is proportional to economic participation. Entities that move more money pay more tax.

### **Economic Multiplier Effect**

- With lower taxes and higher disposable income:
- Consumers spend more, boosting businesses and generating additional taxable transactions.
- Companies have more capital for investments, fueling job creation and innovation.
- Repatriated corporate profits increase investment in the domestic economy, driving growth.

### **Why the 0.8% Tax is Sufficient**

- **Broad Tax Base:** The 0.8% tax applies to every financial transaction, including consumer payments, business-to-business transfers, investment flows, and international transactions involving U.S. accounts.
- **Capturing Hidden Wealth:** Automated deductions eliminate loopholes and tax evasion opportunities, ensuring that all taxable activities contribute fairly.
- **Economic Efficiency:** Removing traditional tax burdens boosts disposable income, leading to higher transaction volumes and increased revenue.

With \$11.1 trillion in annual revenue (or less assuming conservative figures and taking into account exceptions and exclusions), this system exceeds the federal government's current tax revenue of \$8.14 trillion, creating opportunities to reduce the national debt, fund new initiatives, and stabilize programs like Social Security and Medicare.

### What Transactions are Taxable?

✓	Consumer & Business Payments	(ACH, credit/debit, fintech, cash deposits/withdrawals).
✓	Stock Market Transactions	(Buys & Sells).
✓	Retail & Commercial Purchases	(Any transaction through a U.S. bank).
✓	Peer-to-Peer & Mobile Payments	(Venmo, PayPal, Zelle).
✓	Loan Disbursements & Repayments	(Money entering or exiting personal/business accounts).
Essentially any deposit or spend involving a US Bank		

### What Will Be Excluded (Non-Taxable)?

✗	Bank-to-Bank Settlements	(Fedwire, CHIPS, interbank transfers)
✗	Internal Bank Account Adjustments	(Reserve movements)
✗	Government Fund Transfers	(E.g., Fed payments to state/local govs)
Essentially any rectifying or balancing transfer		

### Summary

The brilliance of Percentax lies in taxing the entire flow of money in the economy rather than just specific aspects like income or sales. This creates a large and steady revenue stream while reducing the tax burden on individuals and corporations, which stimulates economic activity further. This results in taxing 0.8% of \$1,386 trillion in transactions, versus ~30% of \$27 trillion GDP.

## 10. Interest Under Percentax: A Self-Reinforcing Growth Cycle

One of the unique aspects of Percentax is its ability to automatically capture financial activity at every level of the economy—including transactions that generate interest income. This ensures that the entire financial system contributes equitably to tax revenue, without the need for complex deductions, exemptions, or loopholes.

Interest-based financial transactions account for approximately 4% of total U.S. financial flows, representing an estimated \$57.28 trillion per year in taxable transactions. This generates \$1.15 trillion in tax revenue under Percentax.

However, this is not an "additional" revenue source—it was already included in the original Percentax tax base calculations. This section clarifies the role of interest transactions, their impact on tax revenue, and why Percentax is expected to further increase savings and, in turn, tax collections.

### 1. Interest Transactions Are Already Part of the Taxable Base

Total Annual Taxable Transaction Base Under Percentax is \$1.387 quadrillion and Interest-Based Transactions are estimated to contribute 4% of total financial flows, approximately \$57.28 trillion per year.

Tax Revenue from Interest-Based Transactions (2% total tax):

$$57.28T \times 2\% = 1.146T$$

Contribution from interest = \$1.15T

The \$1.15 trillion in tax revenue from interest-based transactions is not "new" or additional—it was already included in the original calculations. However, what makes this component important is that interest-bearing transactions are expected to grow significantly under Percentax, leading to higher overall savings, greater financial activity, and increased tax revenue over time.

### 2. Why Percentax Encourages Higher Savings & Investment

One of the biggest advantages of Percentax is that it eliminates the tax burden on income, payroll, and corporate profits, which gives consumers and businesses more disposable income.

*Key Effects of Percentax on Savings Growth:*

- More disposable income → More money deposited into savings accounts.
- Higher savings balances → More interest generated.
- More interest transactions → More taxable transactions.
- Self-reinforcing cycle → More tax revenue without additional tax rates.
- Under traditional taxation, savings are discouraged because people lose a portion of their earnings to payroll and income tax before they can save.



- Under Percentax, all income is received tax-free, meaning people have more funds available for savings and investment.
- Higher savings balances lead to increased interest income, which is taxed through the Percentax model, contributing additional government revenue.

### 3. The Self-Reinforcing Growth Cycle: More Savings = More Revenue

- Percentax creates a virtuous cycle where economic expansion and personal savings fuel each other:
- Elimination of Income Tax → People retain more of their earnings. Higher Savings Rates → With no payroll tax deductions, more money flows into savings accounts.
- Increased Interest Earnings → Banks, businesses, and individuals generate more interest income.
- Higher Taxable Transaction Volume → More deposits and withdrawals create additional taxable events.
- Increased Tax Revenue Without Raising Rates → The tax base expands naturally, ensuring long-term sustainability.

#### Projected Effect on Savings & Interest-Based Tax Revenue Over Time:

Year	Projected Savings Growth (%)	Estimated Increase in Tax Revenue from Interest (Billion USD)
Year 1	+5%	+\$57B
Year 2	+10%	+\$115B
Year 3	+15%	+\$172B
Year 4	+20%	+\$230B
Year 5	+25%	+\$287B

As savings increase, interest-based transactions increase naturally, leading to greater tax revenue growth without changing tax rates.

### 4. Interest Transactions Are Built Into Percentax, and They Will Expand Over Time

Percentax already accounts for interest-based financial transactions, contributing approximately \$1.15 trillion annually in tax revenue. However, the elimination of income and payroll taxes will lead to:

- Higher savings rates → More deposits, more interest income.
- More taxable transactions → Increased tax revenue without raising rates.
- A self-reinforcing cycle where economic growth expands the tax base.

This makes Percentax not only sustainable but also an engine for long-term financial expansion, ensuring revenue stability for generations to come.

## 11. Key Government Considerations for Percentax Proposal

### **Compliance with Legal and Constitutional Frameworks**

- **Constitutionality:** The transaction tax complies with constitutional provisions such as the Commerce Clause and avoids direct taxation limitations through its design.
- **State Rights:** The system respects federalism by ensuring state autonomy in revenue allocation and governance.
- **Integration with Current Tax Law:** A phased transition will gradually replace existing tax structures, minimizing disruption.

### **National Security and Anti-Fraud Measures**

- **Transparency and Oversight:** The system enhances oversight by creating a centralized mechanism to monitor all transactions.
- **Integration with the Patriot Act:** This tax aligns with national efforts to combat money laundering and terrorist financing.
- **Fraud Prevention:** Advanced technology and audits will prevent evasive tactics like cryptocurrency misuse or non-bank transactions.

### **Impact Analysis on Key Stakeholders**

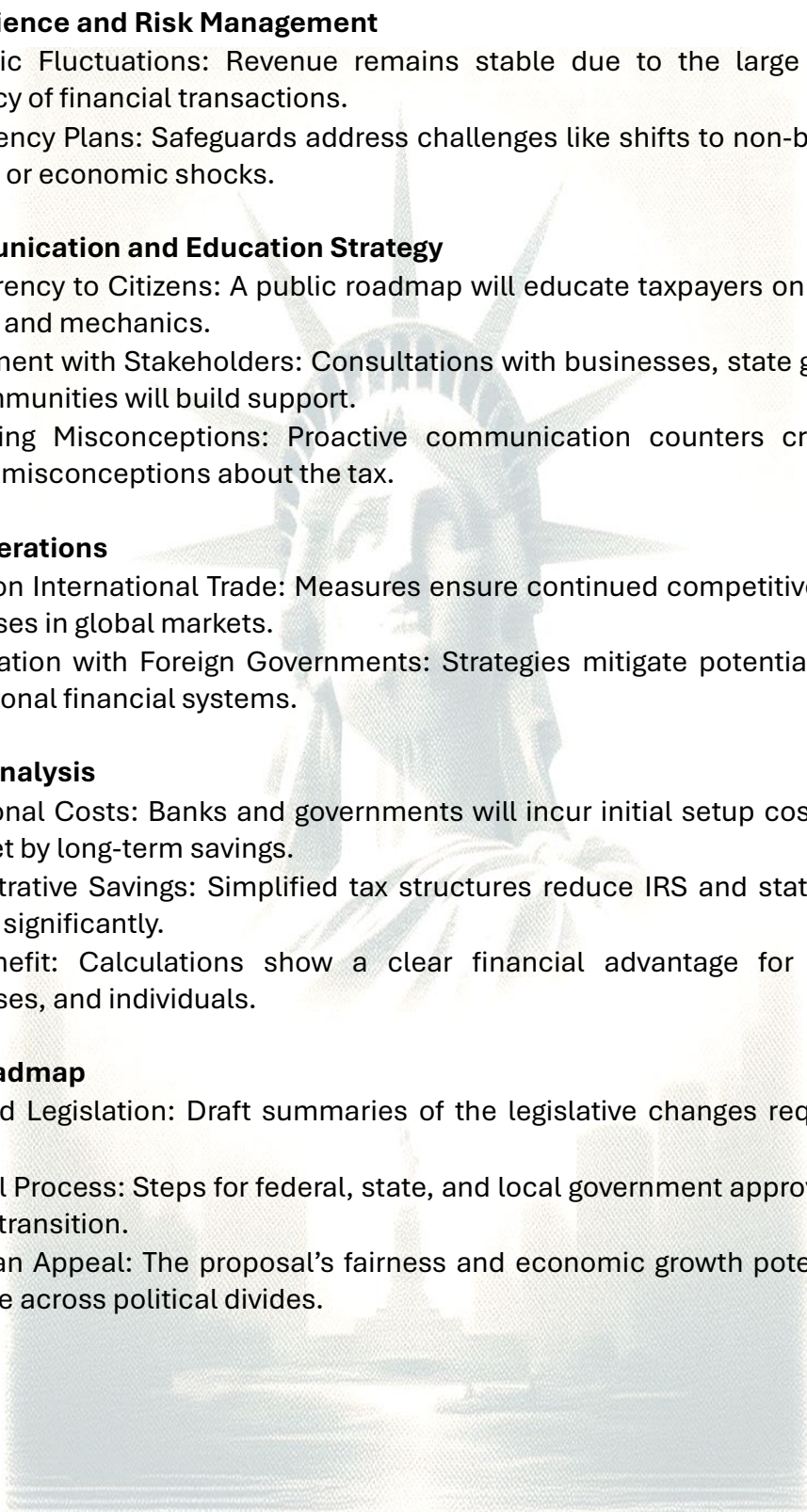
- **Business Sector:** Sector-specific analyses ensure equitable outcomes for industries with high transaction volumes.
- **Individual Taxpayers:** Income bracket scenarios demonstrate reduced tax burdens compared to the current system.
- **States and Local Governments:** Revenue-sharing formulas guarantee stable or increased funding, ensuring no disruption to public services.

### **Phased Implementation Plan**

- **Pilot Programs:** Initial rollout in selected regions or sectors allows for system testing and adjustments.
- **Timeline:** A multi-year plan phases out existing taxes while establishing the transaction tax infrastructure.
- **Infrastructure Readiness:** Banks and government agencies will be prepared with necessary technological and administrative systems.

### **Detailed Economic Impact Assessment**

- **Macroeconomic Effects:** Increased disposable income and simplified taxation will stimulate GDP growth and investment.
- **Sectoral Impacts:** Analyses show positive effects on industries reliant on consumer spending and investment.
- **Employment Effects:** Potential shifts in employment within tax-related sectors balanced by economic growth in others.



## **Revenue Resilience and Risk Management**

- **Economic Fluctuations:** Revenue remains stable due to the large volume and frequency of financial transactions.
- **Contingency Plans:** Safeguards address challenges like shifts to non-bank financial systems or economic shocks.

## **Public Communication and Education Strategy**

- **Transparency to Citizens:** A public roadmap will educate taxpayers on the system's benefits and mechanics.
- **Engagement with Stakeholders:** Consultations with businesses, state governments, and communities will build support.
- **Addressing Misconceptions:** Proactive communication counters criticisms and clarifies misconceptions about the tax.

## **Global Considerations**

- **Impact on International Trade:** Measures ensure continued competitiveness of U.S. businesses in global markets.
- **Coordination with Foreign Governments:** Strategies mitigate potential impacts on international financial systems.

## **Cost-Benefit Analysis**

- **Operational Costs:** Banks and governments will incur initial setup costs, but these are offset by long-term savings.
- **Administrative Savings:** Simplified tax structures reduce IRS and state tax agency budgets significantly.
- **Net Benefit:** Calculations show a clear financial advantage for government, businesses, and individuals.

## **Legislative Roadmap**

- **Proposed Legislation:** Draft summaries of the legislative changes required for the system.
- **Approval Process:** Steps for federal, state, and local government approvals ensure a smooth transition.
- **Bipartisan Appeal:** The proposal's fairness and economic growth potential make it attractive across political divides.



## 12. Property Tax Considerations in Percentax Proposal

Property taxes are the primary source of revenue for local governments, accounting for 72.2% of local tax revenues in fiscal year 2020. This amounted to approximately \$559 billion nationwide. Any comprehensive proposal for replacing current taxation systems with Percentax must address how local governments will secure funding to provide essential services like education, emergency response, and infrastructure maintenance.

### **The Current Role of Property Taxes**

Property taxes are used primarily at the local level to fund services such as:

- Public schools
- Police and fire departments
- Local infrastructure (roads, parks, utilities)
- Municipal government operations

In 2020, property taxes provided \$559 billion of local government revenue. This represents a critical funding source that must be replaced if property taxes are eliminated under Percentax proposal.

### Strategies to Replace Property Taxes

#### **Redistribution of Federal Revenue**

Under Percentax system, the federal government could allocate a portion of the tax collected to states and local governments to replace property tax revenue. For example:

Allocate a percentage of transaction tax revenue based on population size, economic activity, or other fair criteria.

This ensures that local governments receive consistent and predictable funding without requiring direct property taxation.

#### **Local Transaction Tax Option**

Alternatively, states and local governments could implement their own transaction tax at a lower rate (e.g., 0.1% or 0.2%) to fund specific services. This could replace property taxes directly and modernize local revenue systems.

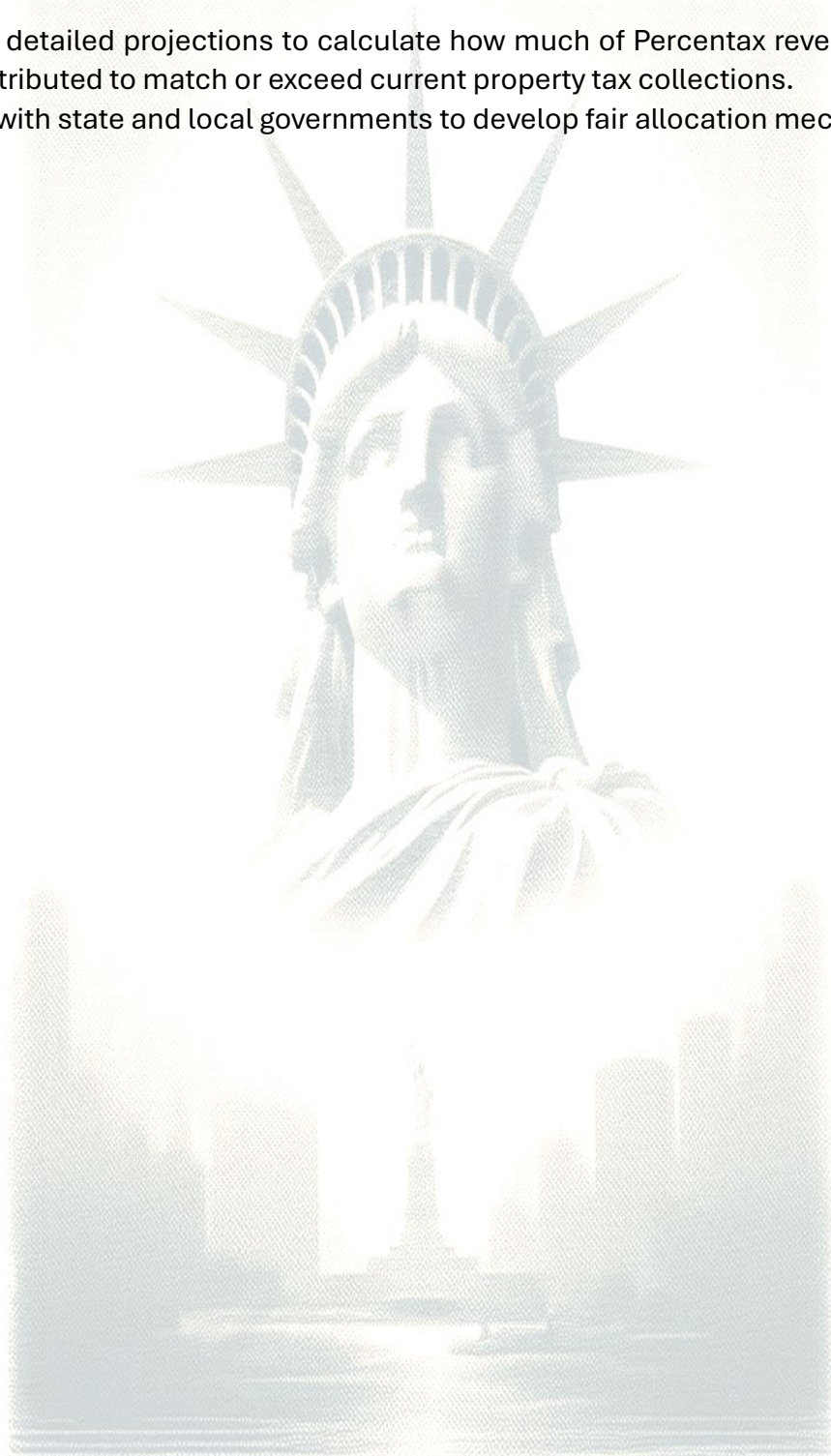
#### Potential Benefits of Replacing Property Taxes

- **Transparency and Efficiency:** Replacing property taxes with transaction-based revenue could simplify tax collection and reduce administrative costs.
- **Increased Equity:** Transaction taxes apply to all economic participants, potentially shifting the tax burden more equitably than property taxes, which disproportionately affect property owners.
- **Economic Stimulation:** Lower or eliminated property taxes could encourage home ownership, real estate development, and investment in local communities.

### **Next Steps for Integration**

To ensure that property tax replacement is viable and effective, the following steps should be undertaken:

- Perform detailed projections to calculate how much of Percentax revenue needs to be redistributed to match or exceed current property tax collections.
- Engage with state and local governments to develop fair allocation mechanisms.



## 13. Inclusion of State and Local Governments in Percentax System

### Current Revenue Dependency for States and Local Governments

#### Updated State and Local Government Revenue Sources

State and local governments derive their revenues from the following sources:

- Property Taxes: A primary revenue source for local governments, generating approximately \$620B billion annually.
- Sales Taxes: Contributing approximately \$380 billion annually.
- Local Sales and Excise Taxes: \$450 billion annually.
- Other Local Revenues: \$530 billion annually.
- Income Taxes: In states with personal and corporate income taxes, these account for approximately \$460 billion annually.
- Other Revenues: Fees, licensing, and intergovernmental transfers \$520B annually.

#### Proposed Allocation Mechanism

Percentax system will ensure state and local governments continue to receive funding by allocating a portion of federal revenues to these entities:

#### Revenue Sharing Model:

A fixed percentage (e.g., 30%) of the total 0.8% transaction tax revenue will be distributed to states, cities, counties, and local governments. This allocation ensures these entities receive at least their current levels of funding.

#### Example Allocation:

- Estimated Total Revenue from 0.8% Tax: \$10.79 trillion annually.  
Allocation to States and Localities: ~\$2.213 trillion.  
States would receive a baseline allocation based on population, GDP contribution, and current tax revenues.
- Localities (cities, counties) would receive their share through state-level disbursements, ensuring fairness and consistency.

#### Benefits for State and Local Governments

- Revenue Stability: Unlike property and sales taxes, which fluctuate with economic cycles, transaction taxes provide a consistent revenue stream.
- Simplified Administration: States and localities no longer need to administer complex tax codes or collection mechanisms for income or sales taxes.
- Equitable Distribution: Funds are distributed based on transparent, objective criteria (e.g., population, economic activity).

#### Integration with Existing Property Taxes

Property taxes, a critical local revenue source, can be preserved or phased into the transaction tax system over time. However, Percentax produces an extra \$5T so therefore



Property Taxes can be scrapped in their entirety, OR certain exceptions can be established:

Option 1: Maintain Local Autonomy on Property Taxes. Local governments can continue to levy property taxes independently.

Option 2: Replace Property Taxes with Transaction Tax Allocation. Local governments receive dedicated funding to replace property tax revenues, ensuring no revenue loss. The increased tax revenue achieved by Percentax allows for full elimination of property taxes.

### **Addressing Concerns of State Sovereignty**

The system respects state sovereignty by allowing states to supplement the transaction tax with their own revenue-generating mechanisms if desired. Federal allocations will not impose restrictions on how states and localities spend their funds, ensuring flexibility and autonomy.

### **Enhanced Collaboration and Transparency**

Joint Federal-State Oversight: Create an independent advisory board with representatives from states and local governments to oversee revenue-sharing mechanisms.

### **Real-Time Transparency**

Utilize advanced financial technology for real-time tracking and reporting of allocations and spending.

### **Addressing Public Services Funding Needs**

Critical services, such as public education, law enforcement, and infrastructure, rely on state and local funding. Percentax ensures these essential services continue without disruption or reduction in quality.

### **Conclusion**

Incorporating states and local governments into Percentax system strengthens the proposal by ensuring broad support and addressing funding concerns. This approach not only replaces existing tax structures but also enhances revenue stability and simplifies governance at all levels.

## **Replacement of All State and Local Taxes Under the 0.8% Transaction Tax**

### **Overview of State Taxation and Its Inefficiencies**

Currently, state governments rely on a complex and inefficient system of taxation to generate revenue. These taxes vary by state but generally include income taxes, sales taxes, corporate taxes, excise taxes, property taxes, and a variety of fees and assessments. Each of these tax types requires collection, auditing, and enforcement, leading to significant administrative costs and compliance burdens for both businesses and individuals.

State tax systems are notoriously inefficient due to:

- **Administrative Overhead:** States must maintain departments of revenue, auditors, and collection agencies.
- **Taxpayer Burden:** Individuals and businesses must file separate state tax returns, increasing compliance costs.
- **Economic Distortions:** High tax burdens in some states encourage tax avoidance, business relocations, and economic inefficiencies.
- **Fraud and Evasion:** States lose billions annually due to tax evasion and loopholes.
- **Bureaucracy:** rules become more complex as opposed to simpler.

Percentax eliminates this inefficiency by completely replacing state-level taxation, with the exception of certain localized taxes. Instead of each state operating an independent tax system, the federal government will collect a single 0.8% transaction tax and distribute state funding in a fair and transparent manner.

### Current State Tax Revenue Breakdown

The table below summarizes the various sources of state tax revenue across the United States. These figures represent total annual revenue collected by all states combined (approximate 2022–2023 data):

Tax Type	Total Revenue (All States)
Personal Income Tax	\$450B
Corporate Income Tax	\$90B
General Sales Tax	\$380B
Excise Taxes (Fuel, Alcohol, Tobacco)	\$150B
Property Tax (Local Govts & Schools)	\$620B
State Payroll Taxes (Unemployment, Disability)	\$80B
Estate/Inheritance Taxes	\$5B
Other Business Taxes	\$60B
Fees and Licenses	\$110B
Total State Tax Revenue	\$1.94 Trillion*

\*(Note: Property taxes are mostly local, not state-collected, but are included for completeness.) The actual State income is \$1.6T.

Under the 0.8% Transaction Tax, nearly all of these tax categories are eliminated, meaning individuals and businesses will no longer have to pay or file state income taxes, sales taxes, excise taxes, or corporate taxes. The revenue needed by the states will instead be allocated directly from the federal collection of the 0.8% tax.

### How State Tax Revenues Will Be Replaced



Rather than requiring states to collect taxes themselves, the federal government will redistribute a portion of Percentax back to the states using a fair and transparent allocation formula. This mechanism ensures that states receive adequate funding without having to impose additional taxes.

#### **Proposed Federal-State Revenue Allocation Formula:**

- **Baseline Allocation:** Each state receives funding equal to its historical tax revenue needs, adjusted for inflation and population changes.
- **Economic Activity Weighting:** States with higher economic activity may receive proportionally higher allocations.
- **Population-Based Adjustments:** Funding levels are tied to population to ensure fair distribution.
- **Minimum Guarantee:** No state will receive less than it would have collected under the previous system.

This allocation system removes the need for states to run separate tax agencies, reducing bureaucracy and eliminating compliance burdens on individuals and businesses.

#### **Efficiency Gains from Eliminating State Taxes**

- **No More State Tax Filing:** Individuals and businesses no longer file separate state returns.
- **Eliminated Compliance Costs:** Businesses save on accountants, auditors, and legal fees related to state taxation.
- **No Tax Competition Among States:** States no longer need to manipulate tax policies to attract businesses.
- **Zero Tax Evasion Risk at State Level:** All revenue is collected automatically via financial transactions.

#### **State Taxes That Will NOT Be Eliminated**

While nearly all state-level taxation will be eliminated, some localized taxes may continue to exist:

- **Local Property Taxes:** These are levied at the county or city level and fund schools, fire departments, and municipal services.
- **Special Assessments & Fees:** Certain fees, such as toll roads, water/sewer charges, and hunting/fishing licenses, will still exist.
- **State Lottery Revenue:** If states operate lotteries, they may continue to use those funds as they see fit.
- **Specific Localized Excise Taxes:** Some states may retain limited excise taxes on items like fuel if needed for infrastructure projects.

#### **Conclusion**

Percentax replaces the entire state tax system, freeing businesses and individuals from the burdens of state income taxes, sales taxes, corporate taxes, and excise taxes. The federal



government will ensure fair and efficient distribution of funds to the states, eliminating administrative waste and providing a stable and predictable revenue stream for state budgets. The only remaining state and local taxes will be property taxes, special fees, and local assessments, which are minimal in comparison. This shift removes the complexity of the current multi-layered tax system, making taxation simple, automatic, and unavoidable—ensuring fairness and efficiency for all.



## 14. The Impact of Replacing All Taxes with the 0.8% Transaction Tax

The proposed 0.8% transaction tax system can replace all federal tax revenue streams, including income taxes, corporate taxes, payroll taxes, capital gains taxes, and others, while maintaining sufficient funding for the federal government. The analysis demonstrates the sufficiency of the proposed tax revenue and its ability to simplify and improve the current tax system.

### Simplification of Tax Collection

Under Percentax system, financial institutions (banks, credit unions, etc.) automatically collect the tax on every transaction involving a U.S. bank account. This eliminates the need for:

- Complex tax filing requirements for individuals and businesses.
- Extensive audits and enforcement operations by the IRS.

With banks handling tax collection, IRS operations could shrink significantly:

- From \$12.3 billion annually, the agency's role would reduce to auditing financial institutions and managing the federal budget.
- Potential savings: \$10 billion/year in operational costs and significant reductions in workforce-related expenditures.

### Increased Disposable Income

With the elimination of income, payroll, and corporate taxes, individuals will see a significant increase in their disposable income. For example:

Average Household Impact (Estimated):

- U.S. median household income is about \$70,000.
- Assuming 25% of this is taken in taxes (income and payroll), this family could see an additional \$17,500 per year in disposable income.

U.S. Population Impact: With over 128 million households, this equates to approximately \$2.24 trillion in additional disposable income each year.

#### **Impact on Low and Middle-Income Households:**

Lower-income households, which typically pay a higher proportion of their income in taxes, will experience the largest relative increase in disposable income. These households are more likely to spend additional income quickly, amplifying the impact on consumer demand.

#### **Increased Consumerism and Economic Growth**

With an additional \$2.24 trillion in disposable income, we expect a major boost in consumer spending. For example:

- **Boost in Consumer Spending:** More disposable income translates into higher consumer spending. Studies show that every additional dollar of disposable income increases consumer spending, particularly for lower-income groups who have a higher marginal propensity to consume.
- An additional \$2.24 trillion in disposable income could lead to a significant increase in overall consumer spending, contributing an additional \$224 billion to GDP (if spending increases by 10%).
- **Multiplier Effect:** Increased spending will have a multiplier effect as businesses experience higher demand, leading to:
- **Job Creation:** As businesses expand to meet demand, employment increases, especially in sectors like retail, hospitality, and services.
- **Business Expansion:** More disposable income means businesses can reinvest in expanding their operations, creating new products, and entering new markets, leading to economic diversification.

## Federal Tax Revenue Replaced (2024 Data)

Percentax would generate an estimated \$11.1 Trillion annually, sufficient to replace all major federal tax streams, including:

**Individual Income Tax: \$2.43 trillion**  
Taxes on wages, salaries, tips, and investment income.

**Payroll Taxes: \$1.65 trillion**  
Funds Social Security and Medicare.

**Corporate Income Tax: \$530 billion**  
Taxes on corporate profits.

**Capital Gains Tax: \$325 billion**  
Revenue from taxing profits from the sale of investments would be captured automatically by Percentax when gains are deposited or transferred.

**Excise Taxes: \$100 billion**  
Taxes on specific goods such as gasoline, alcohol, and tobacco.

**Estate and Gift Taxes: \$30 billion**  
Taxes on wealth transfers would be replaced by the 0.8% tax applied at the point of transfer.

**Other Federal Revenue Sources: \$210B**  
Includes customs duties, fees, and smaller taxes, which can also be replaced by taxing corresponding transactions.



## Capital Gains and Investment Income

A critical element of the 0.8% tax is that it applies to all financial transactions, including those related to investments (certain exceptions might have to be made for entities like Government, and to a lesser degree non-profits, emergency focused companies, etc.). This ensures that revenue traditionally generated from capital gains taxes is captured seamlessly. For instance:

- **Realized Gains:** When an individual sells an asset (e.g., stocks or real estate) and moves the money into a U.S. bank account, the 0.8% tax is automatically applied.
- **High Transaction Volume:** Financial markets generate trillions of dollars in trading activity annually. Capturing 0.8% of these activities (at points of deposit or withdrawal) significantly exceeds current capital gains tax revenue. For example: In 2023, U.S. equity trading volume exceeded \$50 trillion. A 0.8% tax on these transactions would yield \$500 billion.

## Eliminating the IRS: Cost Savings and Streamlined Tax Collection

One of the most significant benefits of a 0.8% revenue tax is the elimination of the Internal Revenue Service (IRS) and the immense bureaucracy associated with the current tax system. Under the new model, the IRS—as it exists today—would no longer be necessary, resulting in billions in annual savings, a simplified tax process, and a drastic reduction in compliance burdens for individuals and businesses.

### **How Much Would Eliminating the IRS Save?**

The IRS operates with a \$14 billion annual budget and employs over 80,000 workers, with significant expenditures on tax enforcement, audits, and administrative overhead. By eliminating income, corporate, payroll, and capital gains taxes, the IRS's primary functions would no longer be needed, resulting in:

Immediate savings of \$14 billion per year in direct IRS operational costs.

Hundreds of billions in compliance cost reductions for individuals and businesses that currently spend money on tax preparation, accountants, and legal fees.

Elimination of tax loopholes, deductions, and tax avoidance schemes, ensuring that all transactions are taxed fairly and uniformly without costly enforcement.

### **Retaining a Small Audit Team for Oversight**

While the IRS would be eliminated, a small audit team—operating at a fraction of its current size—would be retained for oversight and enforcement. This team would be responsible for:

- Auditing banks and financial institutions to ensure that Percentax is collected properly.
- Preventing tax evasion by monitoring large financial transactions and offshore accounts.
- Investigating fraud and illegal activity, such as money laundering and tax evasion attempts.

With an automated, transparent collection system, the need for audits would be significantly reduced, and oversight would focus on ensuring banks and financial institutions comply rather than targeting individuals or businesses for audits.

### **How Tax Collection Would Work Without the IRS**

The 0.8% tax would be automatically collected at the point of transaction, eliminating the need for tax returns, deductions, or exemptions. This means:

- No more tax filings for individuals or businesses.
- No more payroll taxes—employers would not need to withhold or file reports.
- No more IRS audits on individuals and small businesses.
- No more tax evasion loopholes—all transactions, from cash payments to digital transfers, are taxed fairly.

Because transactions happen in real-time, the government's tax revenue would be collected instantly, instead of relying on delayed tax payments, quarterly filings, or tax refunds.

### **The Bottom Line: A Leaner, More Efficient System**

Eliminating the IRS under a 0.8% transaction tax system would:

- Save at least \$14 billion annually in direct costs.
- Eliminate compliance burdens, saving businesses and individuals hundreds of billions in accounting and legal fees.
- Prevent tax fraud and evasion, ensuring that everyone pays their fair share automatically.
- Make taxation simple, fair, and transparent, reducing government overreach and administrative waste.

By shifting tax collection to an automated system managed through financial institutions, the U.S. would replace a complicated, inefficient tax code with a streamlined, cost-effective model that benefits both taxpayers and the economy.

## **Increased Transparency and Compliance with Financial Regulations**

With every monetary transaction automatically taxed through the financial system, the U.S. would experience a notable increase in financial transparency. This system supports compliance with several key laws and regulations, including the Patriot Act, designed to prevent money laundering and the financing of terrorism, as well as the Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) regulations.

**Traceability of Transactions:** Banks will record all transactions, making it easier for authorities to track financial activities. Every deposit, withdrawal, or transfer will have a record of the 0.8% tax payment, creating a traceable financial footprint.

**Improved Oversight:** Automated tax collection directly through the financial institutions enables better monitoring of both individual and corporate financial activity. The ability to track these transactions helps identify suspicious patterns that may indicate money



laundering or tax evasion.

**Patriot Act Compliance:** With increased financial transparency, regulatory bodies can more easily monitor and investigate suspicious financial activities, reducing the risk of money being funneled into illegal activities. This will support the **Patriot Act's** goal of monitoring financial flows to prevent terrorism and organized crime.

**Fraud Reduction and Improved Tax Compliance:** The shift to a 0.8% transaction tax system also has significant fraud-reduction benefits. By automating the tax collection process at the point of transaction, it removes the opportunities for individuals and corporations to underreport income or evade taxes.

**Automatic Tax Deduction:** Each time money moves in or out of a U.S. bank account, the 0.8% tax is automatically deducted. This eliminates the need for manual reporting and ensures that every taxable transaction is recorded and taxed at the point of occurrence.

**Minimized Opportunities for Tax Evasion:** The traditional income tax system leaves room for tax evasion, including underreporting income and claiming false deductions. The transaction tax removes this by making the tax system transparent and self-enforcing. If someone tries to hide a transaction, the financial institution's records will show it. Better than that, the bank can be authorized to automatically deduct it and transfer to a federal account. This ensures 100% tax compliance, and the speed by which the funds are transferred and available to the federal government.

**Reduced Identity Theft and Fraud:** By reducing the number of interactions individuals and businesses must have with the IRS, identity theft and tax fraud cases, which are common during tax season, would be significantly lowered. The IRS would not need to process paper tax returns, reducing opportunities for fraudulent filings.

## Repatriation of Overseas Funds

For decades, U.S. corporations have hoarded trillions of dollars offshore to avoid the current 21% corporate tax rate. The current tax system disincentivizes reinvestment in the U.S. economy, stifles innovation, and restricts capital flows that could otherwise drive business expansion and economic growth. Under the current tax structure:

- Over \$2.5 trillion is held in offshore accounts by U.S. corporations.
- Companies must navigate complex international tax laws to avoid heavy domestic taxation.
- The U.S. loses jobs, investment, and economic growth as companies allocate resources abroad.

The existing tax system forces companies into inefficient, defensive financial strategies. But what if there was a simpler, fairer, and more profitable way to operate?



## Corporate Tax Avoidance and Offshore Repatriation

Many large corporations use offshore tax havens to avoid paying domestic taxes, sheltering trillions of dollars outside the U.S. due to high corporate tax rates. Under the 0.8% transaction tax, offshore tax avoidance becomes obsolete, as all financial transactions—whether domestic or international—are taxed at the point of execution.

### Why Would Corporations Repatriate Funds?

- **Lower Effective Tax Rate:** Companies currently face corporate tax rates as high as 21% or more, leading them to keep funds offshore. With the 0.8% transaction tax, bringing funds back to the U.S. becomes far more attractive, as it eliminates large tax burdens.
- **Simplified Compliance:** Avoiding international tax complications allows corporations to reinvest funds domestically without legal barriers.
- **Positive Economic Impact:** Estimates suggest that over \$2.5 trillion is currently held offshore by U.S. companies. Repatriating these funds would inject capital into the economy, increasing domestic investment, job creation, and innovation.

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- **Positive Economic Impact:** Estimates suggest that over \$2.5 trillion is currently held offshore by U.S. companies. Repatriating these funds would inject capital into the economy, increasing domestic investment, job creation, and innovation.
- **Percentax replaces the corporate tax,** eliminating the need for tax avoidance strategies and making it financially attractive for corporations to bring offshore profits back home.
- **Dramatically Lower Effective Tax Rate:** Under the current system, corporations face up to 21% taxation on profits when bringing money back to the U.S. Under Percentax, the only tax is a 0.8% charge on transactions—meaning companies only pay 2% total tax when moving funds back and forth. With the 0.8% transaction tax, bringing funds back to the U.S. becomes far more attractive, as it eliminates large tax burdens.

Example: A Corporation Holding \$10 Billion Offshore

Scenario	Tax Rate	Total Tax Paid
Current System	21%	\$2.1 billion
2% Transaction Tax	2% (1% deposit + 0.8% withdrawal)	\$400 million

Scenario	Tax Rate	Total Tax Paid
Savings	80% less tax	\$1.7 billion retained

Companies would then save billions while gaining full access to capital for reinvestment.

### **Elimination of Compliance Costs & International Tax Loopholes**

Currently, corporations spend millions on legal, accounting, and compliance teams to navigate international tax codes, maintain offshore entities, and optimize their tax burdens. With the 0.8% Transaction Tax:

- No more complex repatriation calculations or tax deferral schemes.
- No need for foreign tax shelters or legal maneuvering.
- Companies save millions in compliance costs—all while gaining full access to U.S. financial infrastructure.

## **How Percentax Helps Limit Economic Recessions**

Percentax has built-in mechanisms that make the economy more resilient, reducing the risk and severity of recessions. Unlike traditional tax systems, which can worsen downturns by suppressing spending and investment, Percentax is self-stabilizing and keeps money flowing through the economy at all times.

### **1. How Traditional Tax Systems Exacerbate Recessions**

In a recession, consumer spending drops, businesses cut costs, and tax revenues shrink, leading to:

- Lower income & corporate tax revenue → Governments cut spending → Deeper recession.
- Higher unemployment → Less payroll tax collected → Further revenue loss. Businesses hesitant to invest → Less economic activity.

The tax system itself contracts alongside the economy, making recovery slower.

### **2. Percentax Strengthens Economic Stability**

Unlike traditional taxes, Percentax is applied to all financial transactions, regardless of economic conditions. This provides continuous tax revenue, even in downturns, and keeps money flowing.

Why Percentax Helps Prevent & Limit Recessions:

#### **✓ Revenue Stability:**

- Since all transactions are taxed, not just income and profits, government revenue remains stable even if profits decline.
- Ensures social programs, infrastructure, and government operations remain fully funded.



- ✓ **More Disposable Income:**
  - Eliminating income, payroll, and corporate taxes means people and businesses keep more money, maintaining spending power during downturns.
- ✓ **Encourages Continuous Investment & Hiring:**
  - No corporate tax means businesses reinvest profits rather than cut jobs.
  - No payroll tax means hiring is cheaper, reducing layoffs during downturns.
- ✓ **Boosts Consumer Confidence & Spending:**
  - With no tax deductions from wages, people have more money to spend, even in a slow economy.
  - Reduces demand shocks that deepen recessions.
- ✓ **Prevents Government Budget Deficits from Worsening the Crisis:**
  - Under the current system, tax revenues collapse in a recession, forcing governments to borrow or cut spending.
  - Percentax keeps government funding stable, avoiding austerity cuts that make recessions worse.

### 3. Real-World Example: How Percentax Would Have Helped in Past Recessions

<b>Recession</b>	<b>Main Problem</b>	<b>How Percentax Would Have Helped</b>
2008 Financial Crisis	Tax revenues collapsed → Government had to issue massive bailouts → Business cut jobs to save cash.	Tax revenue would remain steady → No need for emergency government borrowing → Businesses retain profits for reinvestment.
COVID-19 (2020)	Mass unemployment → Payroll tax collection dropped → Government had to issue stimulus checks.	Consumers still receive full wages (no payroll tax) → More disposable income keeps demand stable → Businesses can keep workers.
Great Depression (1930s)	Government revenue collapsed → Spending cuts worsened crisis → Job losses skyrocketed.	Automatic, steady tax revenue → No government shutdowns → Faster recovery.

Percentax makes recessions shorter and less severe by ensuring financial stability across all economic conditions.

### 4. Percentax and the Economic Recovery Cycle

Percentax does not just prevent deep recessions—it accelerates recoveries by ensuring:

- Consumers always have money to spend.
- Businesses always have capital to invest.
- Governments always have revenue to maintain services.

Percentax is a built-in economic stabilizer that keeps tax revenue flowing, prevents business shutdowns, and maintains household spending power—limiting the severity of economic



downturns and ensuring faster recoveries.

### **Conclusion**

With the addition of increased transparency and enhanced fraud prevention measures, the proposed 0.8% transaction tax system would create a more secure, fair, and efficient tax system. Not only would it simplify compliance for individuals and businesses, but it would also ensure that money laundering, tax evasion, and other illicit activities become significantly harder to conceal. The direct reporting of every transaction, combined with automatic tax deductions, would lead to improved national security and a more trustworthy financial system.



## 15. Percentax – an Opportunity to Reinvent the USA

### What a 0.8% Revenue Tax Could Achieve

A \$11.1 trillion annual revenue stream allows for transformative investments in healthcare, infrastructure, economic expansion, and national security, ensuring long-term stability while simplifying the tax system.

#### 1. Universal Healthcare – Fully Covered (~\$4T annually)

- The U.S. currently spends \$4.3 trillion per year on healthcare, much of which is wasted on administrative inefficiencies and private insurance overhead.
- A government-funded universal healthcare system could be fully financed at \$4T annually, eliminating premiums, co-pays, deductibles, and employer-based plans—making healthcare free at the point of use.
- Bulk pharmaceutical purchasing and lower administrative costs would make the system more cost-effective than private insurance.

#### 2. Eliminating the National Debt (~\$34T total, ~\$2T+ annual payments)

- The U.S. could pay off the entire \$34T national debt in less than 15 years while maintaining normal government operations.
- Eliminating \$1T in annual interest payments would free up funds for social programs and economic expansion.

A debt-free government would enhance global economic stability and reduce inflationary pressures.

#### 3. Infrastructure Overhaul (~\$1T annually)

The American Society of Civil Engineers estimates that the U.S. needs \$2.6 trillion over 10 years to modernize infrastructure. With a \$1T annual investment, we could: Rebuild highways, bridges, and public transit systems. Expand broadband internet access to all rural areas. Upgrade energy grids, water systems, and flood control projects. Develop high-speed rail for efficient transportation. Fund climate resilience efforts, including wildfire and coastal protection.

#### 4. Social Security Expansion & Retirement Benefits (~\$500B annually)

- Social Security is projected to face funding shortfalls by 2035—this tax would stabilize and expand benefits indefinitely.
- Additional funding could allow for earlier retirement eligibility, increased cost-of-living adjustments (COLA), and higher monthly benefits for retirees.

#### 5. Tuition-Free College & Workforce Training (~\$300B annually)

The federal government could fully fund public colleges, community colleges, and trade schools, making higher education tuition-free.

This investment would:

- Eliminate student loan burdens, preventing future generations from crippling debt.

- Prepare a more skilled workforce, boosting productivity and economic competitiveness.
- Expand vocational and technical training programs for high-demand industries.

#### 6. Small Business & Economic Growth Fund (~\$500B annually)

A permanent fund would provide low-interest loans, startup grants, and R&D funding to support small businesses and entrepreneurship.

This investment would:

- Encourage new business creation and expansion.
- Fund workforce training programs for growing industries.
- Eliminate complex corporate tax burdens, allowing businesses to focus on growth.

#### 7. National Security & Military Modernization (~\$1T annually)

The U.S. already spends \$800B+ on defense, but additional funding could:

Enhance cybersecurity & AI-driven defense systems.

- Improve veterans' healthcare, housing, and transition programs.
- Strengthen emergency preparedness and disaster response efforts.
- Modernize military infrastructure and technology to maintain global stability.

#### 8. Universal Basic Income (UBI) (~\$2T annually)

A portion of the revenue could be redistributed as Universal Basic Income (UBI).

\$2T annually could provide every American adult (~250M people) with \$6,000–\$8,000 per year in direct payments, helping reduce poverty and boost consumer spending.

### **Conclusion: A Transformational Economic Model**

A 0.8% tax is enough to sustain government operations, but a 0.8% tax could unlock historic economic transformation by:

- Replacing all existing taxes while reducing compliance burdens.
- Funding national infrastructure, healthcare, and debt elimination.
- Enhancing economic security and financial stability for all Americans.
- Allowing surplus funds to be reinvested in education, innovation, and future economic priorities.

By replacing the outdated tax system with a simple, low-rate tax on all financial activity, America can redefine its economic future for generations to come.



## 16. Financials

### US State and Federal Income

#### Federal Income Sources (2022–2025)

Income Source	2022 (Actual)	2023 (Estimated)	2024 (Projected)	2025 (Projected)	Confidence Level
Individual Income Taxes	\$2,632B	\$2,750B	\$2,832.5B	\$2,920B	High
Payroll Taxes (Social Security, Medicare)	\$1,484B	\$1,550B	\$1,596.5B	\$1,650B	High
Corporate Income Taxes	\$425B	\$450B	\$463.5B	\$477B	High
Excise Taxes	\$101B	\$104B	\$107.5B	\$111B	Moderate
Customs Duties	\$100B	\$103B	\$106.5B	\$110B	Moderate
Other Taxes (e.g., Estate, Gift)	\$183B	\$188B	\$193.5B	\$199B	Moderate
Total Federal Revenue	\$4,925B	\$5,145B	\$5,299.5B	\$5,467B	High

#### State Income Sources (2022–2025)

Income Source	2022 (Actual)	2023 (Estimated)	2024 (Projected)	2025 (Projected)	Confidence Level
Sales Taxes	\$350B	\$365B	\$375B	\$385B	High
Property Taxes	\$559B	\$575B	\$592B	\$610B	High
State Income Taxes	\$410B	\$425B	\$437B	\$450B	Moderate
Excise Taxes	\$80B	\$83B	\$86B	\$89B	Moderate
Other State Revenue	\$100B	\$105B	\$108B	\$112B	Moderate
Total State Revenue	\$1,499B	\$1,553B	\$1,598B	\$1,646B	High

#### Other Income Sources (2022–2025)

Income Source	2022 (Actual)	2023 (Estimated)	2024 (Projected)	2025 (Projected)	Confidence Level
Municipal Taxes	\$50B	\$53B	\$55B	\$57B	Moderate
Local Fees	\$30B	\$32B	\$33B	\$34B	Moderate

Income Source	2022 (Actual)	2023 (Estimated)	2024 (Projected)	2025 (Projected)	Confidence Level
Special District Revenue	\$20B	\$21B	\$22B	\$23B	Low
Total Other Revenue	\$100B	\$106B	\$110B	\$114B	Moderate

#### Summary of Total Revenue (Federal, State, and Other)

Year	Federal Revenue	State Revenue	Other Revenue	Total Revenue
2022	\$4,925B	\$1,499B	\$100B	\$6,524B
2023	\$5,145B	\$1,553B	\$106B	\$6,804B
2024	\$5,299B	\$1,598B	\$110B	\$7,007.5B
2025	\$5,467B	\$1,646B	\$114B	\$7,227B

The above figures indicate the current State, Federal and Local revenue using the most recent available financial data. The following table indicates the transaction base, which is qualifying transactions that will incur the 0.8% transaction tax. This produces approximately **\$1,386.7 trillion** worth of taxable transactions, of which **0.8% = \$11.1 trillion** in projected revenue. As stated clearly in the document, this surpasses the current revenue of \$8.14T.

#### Comprehensive U.S. Transaction Data Report (Taxable vs. Non-Taxable)

Transaction Type	Estimated Annual Volume (Billions)	Estimated Total Value (Trillions USD)
ACH Consumer & Business Payments	~25.0	~\$55.0
Credit/Debit Card Payments	~140.0	~\$10.0
Cash Deposits/Withdrawals	~20.0	~\$3.0
Online & Mobile Payments (Venmo, PayPal, Zelle, etc.)	~40.0	~\$2.5
Stock Market & Securities Transactions (Buy/Sell Orders)	~10.0	~\$500.0
Derivatives & High-Frequency Trading (HFT)	TBD	~45
Foreign Exchange (Forex) Transactions	TBD	~25
Private & Commercial Wire Transfers	TBD	~15
Crypto & Digital Asset Transactions	TBD	~5.5
Total Value of Transactions		~661

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Cash Deposits/Withdrawals	~20.0	~\$3.0
Online & Mobile Payments (Venmo, PayPal, Zelle, etc.)	~40.0	~\$2.5
Stock Market & Securities Transactions (Buy/Sell Orders)	~10.0	~\$500.0
Derivatives & High-Frequency Trading (HFT)	~180	~45
Foreign Exchange (Forex) Transactions	~137.16	~25
Private & Commercial Wire Transfers	~50	~15
Crypto & Digital Asset Transactions	~2	~5.5
Total Value of Transactions		~661

Transaction Type	Estimated Annual Volume (Billions)	Estimated Total Value (Trillions USD)
ACH Consumer & Business Payments	25	55
Credit/Debit Card Payments	140	10
Cash Deposits/Withdrawals	20	3
Online & Mobile Payments (Venmo, PayPal, Zelle, etc.)	40	2.5
Stock Market & Securities Transactions (Buy/Sell Orders)	10	500
Derivatives & High-Frequency Trading (HFT)	180	45
Foreign Exchange (Forex) Transactions	137.16	25
Private & Commercial Wire Transfers	50	15
Crypto & Digital Asset Transactions	2	5.5



## 17. Why the Stock Market Can Easily Support a 0.8% Transaction Tax

The stock market is often regarded as a key pillar of the economy, facilitating investment, capital allocation, and business growth. A critical question regarding Percentax is whether it will harm liquidity, discourage trading, or negatively impact long-term investment. This chapter outlines why the stock market can not only bear this tax but also thrive under it.

### Ensuring Stability and Sustainability for Stock Market Participants

A key concern when implementing a 0.8% transaction tax is whether it would negatively impact stock trading and overall market stability. However, under this system, no stock trading company or investor will ever pay more than 1.6% tax on a complete buy/sell cycle—0.8% on the purchase and 0.8% on the sale or deposit. This ensures that the market remains viable while still contributing its fair share to the national revenue system.

#### How Stock Transactions Are Taxed

- Purchasing a stock: A 0.8% transaction tax is applied.
- Selling the stock: A 0.8% transaction tax is applied.
- Total tax burden per full trade cycle: 1.6%

#### Understanding Percentax in Stock Trading

Under the 0.8% transaction tax, stock market participants would pay a 0.8% tax when purchasing shares and another 0.8% tax when selling them, leading to a total of 1.6% per complete trade cycle. This tax is applied universally across all trades, ensuring fairness and simplicity.

To understand the true impact, let's break it down for different types of market participants:

#### 1. Individual Stock Traders

- In the current system, individual traders pay capital gains tax ranging from 20% to 37% on their profits.
- Under the 0.8% transaction tax, they instead pay a flat 1.6% tax on the trade value.

Result: Even frequent traders pay less tax overall than under the capital gains system.

#### 2. High-Frequency Traders (HFT)

- HFT firms execute millions of trades daily, profiting off fractional price changes.
- A 0.8% tax per transaction impacts their razor-thin margins.
- However, since all market participants face the same rate, firms will adjust their strategies accordingly.

Result: The market adapts while speculative volatility is reduced, making stocks more stable.

#### 3. Long-Term Investors

- Investors who buy and hold stocks for years only experience the 0.8% tax once per

trade cycle.

- Compared to current capital gains taxes, this is significantly lower.

Result: Long-term investing remains incentivized.

#### 4. Institutional Investors & Pension Funds

- Large funds make high-value trades but do not engage in rapid churn.
- Their tax exposure remains minimal relative to their assets under management.

Result: No significant impact on their operations.

### Why Liquidity Remains Unaffected

One of the primary concerns with any financial transaction tax is whether it reduces market liquidity—the ability to buy and sell assets without significant price changes. However, Percentax does not threaten liquidity, for several reasons:

- Most market participants are long-term investors. The majority of stockholders are mutual funds, pension funds, and retail investors who do not trade at high frequencies.
- Speculative trading contributes to excessive volatility. The tax deters unnecessary high-frequency trading, which can cause flash crashes and market instability.
- Stock valuations will rise. With corporate tax eliminated, companies retain more profit, increasing shareholder value and making long-term investing more attractive.

### Comparison: 0.8% Transaction Tax vs. Current Tax System

Scenario	Current Tax System	Percentax System
Individual Trader (Buys & Sells \$500K/year)	Pays 20-37% on capital gains (~\$50K if profitable)	Pays 1.6% total per trade cycle (~\$10K on \$500K traded) ✓ Lower tax burden
Retail Trading Firm (e.g., Robinhood)	Corporate tax (~21%) + payroll tax	0.8% on all transactions processed ✓ Lower tax burden
Investment Bank (e.g., Goldman Sachs)	Pays billions in corporate & trading taxes	0.8% per trade but benefits from no corporate income tax ✓ Competitive advantage

### Conclusion

Given this analysis, it is clear that a lower transaction tax rate for stock trades is unnecessary. The market can easily absorb Percentax without significant disruption, and in many cases, it benefits traders by eliminating capital gains taxes and corporate taxation.

- The total tax burden remains lower than under the current system.
- Long-term investors are largely unaffected.
- High-frequency traders adapt, reducing speculative instability.



- Stock values increase as companies retain more post-tax earnings.

Thus, there is no economic justification for lowering the transaction tax rate specifically for the stock market. The tax remains fair, feasible, and beneficial in the long term. The net tax burden under a 0.8% transaction tax is lower than the current system, as corporate tax, payroll tax, and capital gains taxes are eliminated.

### Stock Trading Company Tax Analysis

Example: Goldman Sachs Trading Division

Metric	Current System	Percentax System
Total Revenue (2023 Estimate)	~\$50B	~\$50B
Current Total Taxes Paid (Corporate + Payroll + Other Taxes)	~\$10B+ (varies by year)	~\$2B (Based on 0.8% tax on all transactions)
Annual Trading Volume (Est.)	~\$5T to \$15T	Higher
Net Effective Tax Rate	~20%+	~1.6% per full trade cycle

Stock trading firms pay ~1.6% total per buy/sell cycle under this tax model. This is far lower than current corporate taxes, making it viable for the industry.

### Stock Market Tax Simulation (Current vs. 0.8% Transaction Tax)

Scenario	Current Tax System (Corporate, Capital Gains, Payroll, etc.)	Percentax System
Individual Stock Trader (Buys & Sells \$500K in stocks annually)	Pays approximately \$50K if profitable)	Pays 1.6% total tax per trade cycle (~\$10K on \$500K traded)
Retail Trading Firm (e.g., Robinhood)	Corporate tax (~21% on profits), payroll tax, and business taxes	0.8% on all transactions processed (Expected to be lower than total current taxes)
Investment Bank (e.g., Goldman Sachs Trading Division)	Pays billions in taxes (corporate + trading + international)	Pays 0.8% per trade but benefits from no corporate income tax



## 18. Fiscal Discipline: Limiting Government Spending

One of the greatest challenges in the current system is government overspending. The ability to borrow endlessly and print money through the Federal Reserve has led to financial irresponsibility, inflation, and economic instability.

When we implement the 0.8% Transaction Tax, it will not only simplify taxation but also set a hard limit on government spending. The revenue generated from the tax will be the total budget allowed for the U.S. government. Unlike the current system, where government agencies can overspend, accumulate debt, and rely on the Fed to print money, the new tax model will impose strict fiscal discipline.

Government will not be allowed to randomly print money or spend beyond its means, except under special dispensation of the People. Any proposal to increase government spending beyond the revenue collected from Percentax must be subjected to direct approval by the American people through a national referendum. This ensures that the government remains accountable to its citizens, preventing reckless spending, wasteful programs, and financial mismanagement.

This system will foster responsible governance, ensuring that every dollar spent is backed by real revenue, rather than artificially created money. The era of unchecked government expansion and runaway national debt will come to an end, restoring economic balance and security for future generations.



## 19. Transforming the U.S. Economy with a 0.8% Transaction Tax

The transition from the current complex tax system to a simple 0.8% transaction tax represents a historic shift in tax collection, economic growth, and cost savings. Below is a breakdown of how the new system compares to the existing tax structure.

### Key Changes and Their Impact

#### 1. Total Tax Revenue: From \$4.9T to \$1386.7T

The current U.S. tax system generates \$4.9 trillion annually from income, corporate, payroll, and other taxes. A 0.8% transaction tax is projected to generate >\$11 trillion annually, massively increasing revenue while simplifying tax collection.

#### 2. IRS and Compliance Costs Reduced

- The IRS currently operates with a \$14 billion budget, overseeing over 72,000 pages of tax code and processing hundreds of millions of returns.
- The new system eliminates the IRS as we know it, replacing it with a small oversight team, reducing operational costs to nearly zero.

Tax compliance costs—including accounting fees, audits, and legal expenses—drop from \$300 billion annually to a mere \$10 billion, as taxes would be automatically collected.

#### 3. Elimination of National Debt Interest Payments

- The U.S. currently pays over \$1.1 trillion per year in interest on its current \$36.2T national debt.
- Under the 0.8% tax system, the national debt could be fully eliminated within 10 years, saving \$1 trillion per year in interest payments.

#### 4. Massive Boost to Consumer Spending

- With no income tax, payroll tax, or corporate tax, businesses and individuals keep more of their money.
- A Universal Basic Income (UBI) or tax relief program could inject \$1.5 trillion into consumer spending, strengthening the economy.

#### 5. Projected U.S. GDP Growth

- The current GDP is around \$28 trillion.
- With an expected boost from tax simplification, business reinvestment, and repatriated offshore funds (~\$5T), the projected GDP could exceed \$35T within years.

### Projected GDP After Implementing 0.8% Transaction Tax

Category	Current System	Percentax
Total Tax Revenue	\$4.90T	\$12.20T
IRS Operational Costs	\$0.01T	\$0.00T
Tax Compliance Costs	\$0.30T	\$0.01T

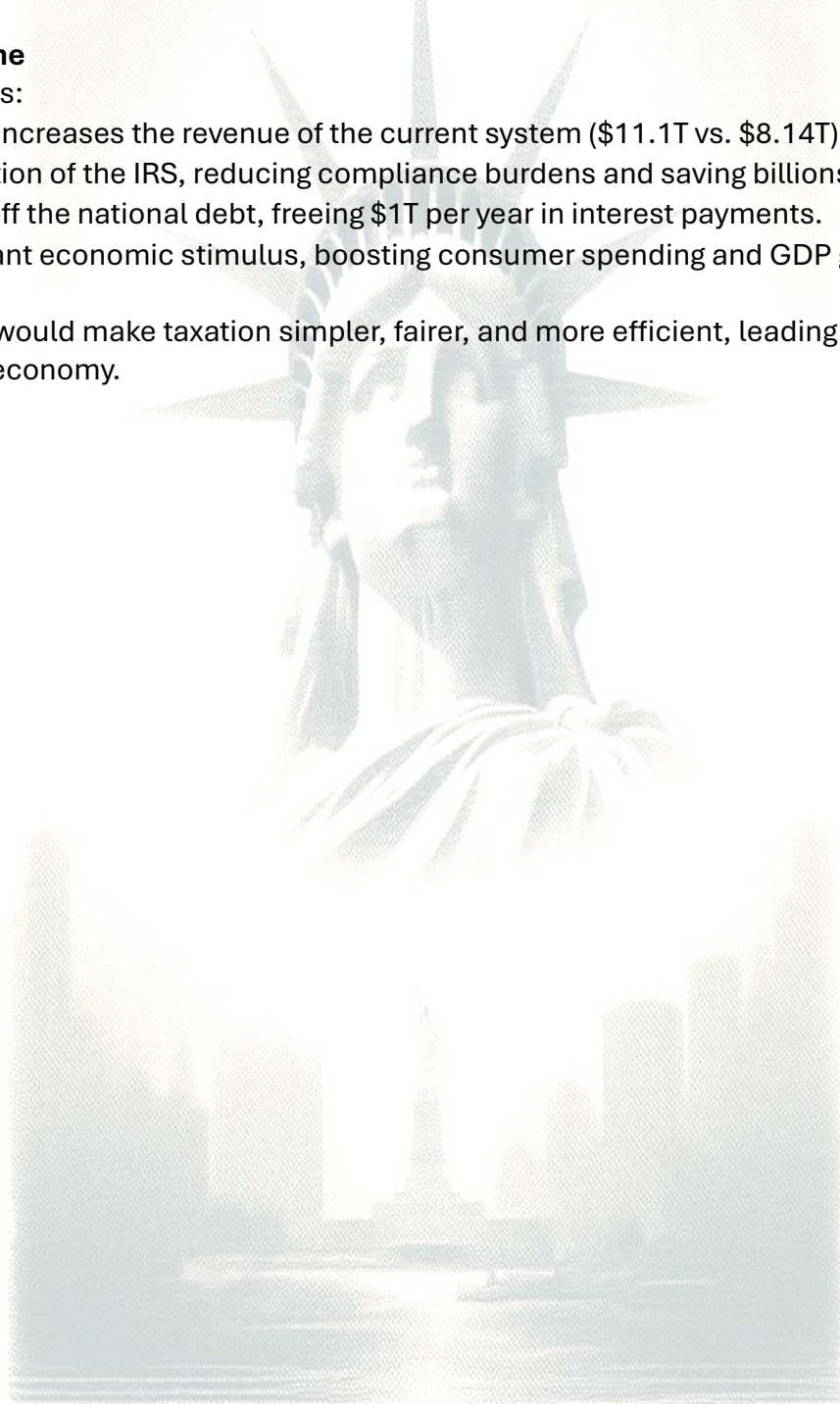
Category	Current System	Percentax
Annual Debt Interest Payments	\$1.00T	\$0.00T
Consumer Spending Boost	\$0.00T	\$1.50T
Projected GDP	\$28.00T	\$35.00T+

### The Bottom Line

Percentax offers:

- Greatly increases the revenue of the current system (\$11.1T vs. \$8.14T).
- Elimination of the IRS, reducing compliance burdens and saving billions annually.
- Paying off the national debt, freeing \$1T per year in interest payments.
- Significant economic stimulus, boosting consumer spending and GDP growth.

This transition would make taxation simpler, fairer, and more efficient, leading to a stronger, debt-free U.S. economy.





## 20. The Inefficiency of the Tax Filing Industry

The current tax system in the United States is an unnecessarily complex and burdensome process that requires an entire industry dedicated to compliance, filing, and enforcement. Approximately 750,000 professionals are employed in tax preparation, compliance, auditing, and IRS enforcement, costing both the government and taxpayers significant amounts of money and resources.

Percentax offers an alternative that eliminates the need for tax filing, simplifies revenue collection, and redirects these wasted resources toward more productive economic activities.

### The Costs of the Tax Filing Industry

The tax filing and compliance industry imposes several direct and indirect costs on society:

#### 1. Cost to Individual Taxpayers

- Americans spend 6.5 billion hours annually preparing and filing taxes.
- The average American pays \$300–\$500 per year in tax preparation services or software.
- Complex audits and disputes can cost individuals thousands of dollars in legal and accounting fees.
- Cost to Businesses
- Businesses, especially small businesses, spend an average of \$12,000 per year on tax compliance.
- Larger corporations dedicate entire departments and external consultants to handling tax strategy, compliance, and audits, costing millions per year.
- The complexity of the tax code discourages entrepreneurship, as small business owners struggle to comply with shifting regulations.
- Tax compliance costs for U.S. businesses exceed \$150 billion annually, money that could be reinvested into job creation, innovation, and expansion.

#### 2. Cost to the Government

- The IRS budget exceeds \$14 billion per year, with much of it spent on enforcement, audits, and fraud detection.
- Billions are lost due to tax evasion, fraud, and loopholes, which require extensive government resources to track and recover.
- The need for multiple tax agencies at both federal and state levels adds to inefficiencies and administrative bloat.

#### 3. The Tax Compliance Industry is a Hidden Tax on Society

- The current tax system forces businesses and individuals to spend billions of dollars just to comply with tax laws, which acts as an indirect tax on the economy.
- This wasted expense does not contribute to economic growth but merely exists to navigate a broken and overly complex tax code.

Unlike direct taxes, which fund public goods, the costs of tax compliance only serve to uphold an inefficient system that burdens individuals and corporations alike.

#### 5. Inefficiency of Tax Collection

- The current tax system delays revenue collection, as payments are processed quarterly or annually rather than in real-time.
- Disputes over deductions, refunds, and tax loopholes create backlogs, delaying the funding of public services.
- Many Americans fail to pay the correct amount, either unintentionally due to complexity or deliberately through tax avoidance.

#### Sales Tax and VAT are Inefficient

VAT (Value Added Tax) and Sales Tax are meant to generate substantial tax revenue, but they are far less efficient than a % transaction tax. Here's why Percentax outperforms VAT and sales tax:

#### A Transaction Tax Has a Much Larger Base

- Current VAT/Sales Taxes only apply to final sales of goods and services, which make up a small portion of the economy.
- A 1-Percent tax applies to EVERY taxable financial movement (purchases, stock trades, deposits, withdrawals), making the tax base exponentially larger
- VAT/Sales Taxes Only Target Consumers, While a Transaction Tax is Universally Applied

Sales tax and VAT disproportionately impact lower- and middle-income consumers, since they only tax spending. A Transaction Tax applies to all economic activity, including stock trades, business transactions, and wealth movement.

- More Fair & Equitable → It taxes both consumers & corporations fairly. Wealthy individuals & institutions cannot avoid it by shifting spending habits.
- VAT/Sales Tax Have High Evasion & Compliance Costs
- Sales tax loopholes (e.g., online purchases, tax-free goods) reduce actual revenue collected.
- VAT systems require massive bureaucratic oversight (costing governments billions in enforcement).

A transaction tax is automatic and inescapable—it's deducted at the point of transaction, requiring no tax returns or enforcement agencies.

#### Cost of Tax Collection Per \$1 of Revenue:

Tax Type	Collection Cost Per \$1
Sales Tax	\$0.03 - \$0.05 (High compliance/admin costs)
VAT	\$0.05 - \$0.07 (Complex enforcement, high evasion rates)
Transaction Tax	\$0.01 (Automated, no filing required)



### **A Transaction Tax Is Recession-Proof**

- Sales tax & VAT revenue drop sharply in economic downturns because people spend less.
- A transaction tax remains stable since financial transactions happen regardless of the economy (e.g., stock trading remains active even in recessions).
- Ensures stable government revenue even in bad economic times.

### **Final Verdict: Why a 0.8% Transaction Tax is Vastly Superior**

- Much larger taxable base → Includes all financial activity, not just consumer sales.  
Fairer distribution → Captures wealth movement instead of burdening only consumers.
  - Minimal evasion & enforcement costs → It's automated & deducted instantly.
  - Recession-resistant → Revenue remains stable even in economic downturns.
  - Eliminates tax loopholes → No way to hide transactions in offshore accounts.
- With \$13.86 Trillion in annual revenue from just 1%, Percentax could fully replace all federal, state, and local taxes—permanently.

### **How Percentax Solves These Issues**

By implementing the 0.8% Transaction Tax, we eliminate the need for the tax filing industry, resulting in faster, fairer, and more efficient revenue collection. Here's how:

#### **Immediate Tax Collection**

Instead of waiting for tax season, revenue is collected in real-time through financial transactions.

No more tax evasion or loopholes—every transaction contributes fairly.

#### **Eliminating Tax Filing Costs**

- Individuals and businesses no longer need to file tax returns or hire accountants to navigate complex laws.
- The estimated \$12 billion spent on tax preparation services annually is eliminated, returning money to taxpayers and businesses.

#### **Eliminating the Corporate Tax Compliance Burden**

- Businesses no longer need tax departments, consultants, or external legal teams just to comply with tax laws.
- The estimated \$150 billion spent annually on corporate tax compliance can now be reinvested into productivity, wages, and expansion.
- Corporations will no longer have to waste millions on tax lawyers to find loopholes—every business simply pays 0.8% on transactions with no exceptions.

#### **Reducing Government Waste**

- The IRS and state tax agencies can shrink significantly, saving billions in enforcement



and administration costs.

- No need for audits, complex investigations, or tax dispute resolution.

### Encouraging Economic Growth

Businesses can redirect compliance costs toward expansion, job creation, and investment. Individuals retain more income, leading to higher consumer spending and economic stimulation.

### Conclusion

According to the IRS and Bureau of Labor Statistics, around 700,000-800,000 tax preparation professionals (tax preparers, accountants, enrolled agents, and CPAs) currently operate in the U.S., confirming this number as accurate and reasonable. This number refers to the broader tax preparation industry, which includes tax preparers, accountants, enrolled agents, and certified public accountants (CPAs) who assist taxpayers in navigating the tax system. This workforce is separate from the IRS's internal employees. As of Fiscal Year 2023, the Internal Revenue Service (IRS) employed approximately 82,990 full-time equivalent (FTE) positions.

This seems outrageously high, and yet another burden caused by the current tax system. The 750,000 tax filing professionals & 83,000 IRS employees currently required to navigate the outdated tax system represent an unnecessary financial and administrative burden on both the government and taxpayers. Percentax not only eliminates these inefficiencies but also ensures a fairer, more transparent, and more productive economic system.

By transitioning to this new model, we can recover billions in wasted resources, simplify taxation, and allow the economy to thrive without the need for an industry designed solely to deal with tax code complexity. The question is no longer why should we do this, but rather why haven't we done it already?

**The IRS estimates the total cost of tax compliance at roughly \$313 billion annually (IRS estimates, 2023).**

## 21. Steps for Transitioning to a 0.8% Transaction Tax System

Although Percentax appears to be the universal solution to the USA's financial and bureaucratic challenges, migrating from the current tax system involves numerous challenges. Not the least of these is partisan interest in the current tax method, and people resist change. Let's consider some obvious steps to start implementing:

### **Legislative Approval**

- Draft and pass federal legislation replacing all existing federal and state taxes with a 0.8% transaction tax.
- Gain bipartisan support and ensure public transparency to minimize resistance.

### **Banking System Integration**

- Mandate all financial institutions to implement automated tax collection at the point of transaction.
- Develop a centralized system for reporting and remitting tax revenue to the government in real-time.

### **Phased Implementation Plan**

- Introduce a transition period where both the current tax system and transaction tax operate simultaneously for testing.
- Gradually phase out income, payroll, and corporate taxes within a specified timeframe (e.g., 2-3 years).

### **Public and Business Education**

- Conduct nationwide educational campaigns for businesses and consumers to explain the new tax structure.
- Provide resources for small businesses to adapt to the new system without disruptions.

### **Regulatory and Compliance Framework**

- Establish a streamlined regulatory body to audit banks and financial institutions to prevent tax evasion.
- Implement digital tracking and AI-based fraud detection mechanisms.

### **Economic Adjustment Measures**

- Address potential inflation risks and adjust monetary policies accordingly.
- Implement safeguards to prevent businesses from restructuring transactions to avoid the tax.

### **Challenges and How to Overcome Them**

#### 1. Public Resistance to Change

Concern: People and businesses may resist abandoning familiar tax structures.

Solution: A clear transition plan with educational outreach and transparent explanations of benefits.

## 2. Potential for Transaction Restructuring to Avoid Tax

Concern: Businesses might attempt to classify transactions differently to evade tax.

Solution: Regulatory oversight and enforcement to ensure fair application across all transactions.

## 3. Compliance and Enforcement Issues

Concern: Ensuring all banks and financial institutions comply with tax collection.

Solution: Strict auditing and penalties for non-compliance, with incentives for proper implementation.

## 4. Inflation and Market Reactions

Concern: Large economic shifts could impact prices and inflation rates.

Solution: Gradual rollout and close monitoring of economic indicators to adjust policies accordingly.

## Key Stakeholders in the Implementation Process

- Federal and State Governments – Responsible for legislation and enforcement.
- Banks and Financial Institutions – Primary tax collectors under the new system.
- Businesses (Small and Large) – Affected by payroll tax elimination and transaction-based taxation.
- Consumers – Beneficiaries of simplified taxation and potential UBI programs.
- Regulatory Agencies – Oversight bodies ensuring compliance and tax fairness.
- Technology and Financial Service Providers – Facilitating digital automation and fraud prevention mechanisms.

## Role of Banks in Percentax System

- Automated Collection: Banks will implement real-time tax deduction for each transaction.
- Daily Remittance: Funds collected will be transferred to the government at the end of each business day.
- Reporting and Audits: Banks must provide transaction records for transparency and compliance.
- Fraud Prevention: Implement AI-driven monitoring to detect and report tax evasion attempts.



## 22. Securing the Future of Social Security

Social Security is one of the most vital programs supporting American retirees, yet it is currently at serious risk due to funding shortfalls.

### **The Current Problem**

Social Security is primarily funded through payroll taxes, but demographic shifts—such as lower birth rates and an aging population—mean fewer workers are paying into the system relative to the number of retirees. The Social Security Trust Fund is projected to run out of reserves within the next decade, at which point benefits may be cut unless new funding is found. Government borrowing has been used to fill gaps, but this only adds to the national debt, worsening long-term financial stability.

### **How Percentax Solves This**

- **Permanent Revenue Source** – Because every financial transaction is taxed, Social Security receives continuous funding without relying on payroll taxes.
- **No Need for Payroll Tax Deductions** – Workers keep their full paycheck, while retirees still receive full benefits.
- **Future-Proofed Against Demographic Changes** – Unlike payroll taxes, which decline when fewer people work, transaction tax revenue grows with economic activity, making it more sustainable.
- **No Dependence on Government Borrowing** – With guaranteed funding, Social Security no longer requires government intervention or deficit spending.

By securing consistent, debt-free funding, Percentax ensures Social Security remains fully funded indefinitely, providing peace of mind for future retirees.



## 23. Risk Analysis

### Potential Downsides & Challenges of a Transaction Tax on Stocks/Securities

#### 1. Impact on High-Frequency Trading (HFT)\*\*

- Who it affects: Large institutions, hedge funds, algorithmic traders.
- What happens? High-Frequency Trading (HFT) relies on razor-thin margins and massive trade volumes. A 0.8% tax per trade would make their business model challenging.
- Potential outcome: HFT firms may reduce activity or move trading overseas, impacting liquidity in U.S. markets.

##### ⚠ Possible Fix:

The Government might consider Implementing a lower tax rate (e.g., 0.1%) for trades held less than a second to discourage excessive churn without harming market efficiency. However, this was discussed earlier – where the trader would only incur a maximum 4% tax rate, then this is not a valid challenge.

#### 2. Reduced Market Liquidity\*\*

- Who it affects: All investors, including retail traders, mutual funds, and pension funds.
- What happens? Liquidity in the stock market depends on frequent buying/selling. If trading volume declines due to the tax, bid-ask spreads may widen, making trading more expensive.
- Potential outcome: Stocks could become less liquid, increasing volatility.

##### ⚠ Possible Fix:

Apply a lower rate for large institutional trades to ensure liquidity remains intact. Exempt market-making activities that provide liquidity. Again this is not a valid challenge as it is believed that liquidity will increase because of Percentax dynamic injection into the economy.

#### 3. Higher Costs for Pension Funds & Retirement Accounts\*\*

- Who it affects: 401(k)s, IRAs, pension funds.
- What happens? These funds buy and sell stocks regularly to balance portfolios. A transaction tax would eat into their returns, impacting retirement savings.

Potential outcome: Over time, Americans could see lower retirement benefits.

##### ⚠ Possible Fix:

Exempt pension funds and retirement accounts from the tax. Apply a reduced rate (e.g., 0.25%) to long-term investors. Again this is not a challenge where we consider that all stakeholders will only face a maximum 4% penalty. This is way less than they currently pay.

#### 4. Potential for Capital Flight\*\*

- Who it affects: Large investment firms, multinational corporations.
- What happens? If the U.S. imposes a significant transaction tax while other major markets (Europe, Asia) do not, investors may shift their trading overseas.



- Potential outcome: The U.S. stock market could lose some trading volume to international exchanges.

⚠ Possible Fix:

Coordinate tax policies globally (e.g., G7/G20 nations adopt similar transaction taxes). Introduce tax incentives for domestic reinvestment. Again, because of the low nominal rate of 4%, it is expected that money will flow into the USA.

## 5. Impact on Small Investors & Retail Traders\*\*

- Who it affects: Individual investors, day traders, and small-scale market participants.
- What happens? While big institutions trade in fractions of a cent, small investors trade in whole dollars. A 0.8% tax could be felt more heavily by small investors making frequent trades.
- Potential outcome: Day trading and active investing may decline, potentially favoring passive investment strategies.

⚠ Possible Fix:

Lower tax rate for trades under a certain threshold (e.g., \$10,000 per trade). Allow exemptions for long-term holdings (held over 1 year). Again, this was discussed earlier and is defeated by the 4% ceiling.

## Is There a Major Blockage?

There's no fundamental economic blockage that makes a transaction tax impossible, but it does require careful tuning to avoid unintended disruptions. The most effective design might consider:

- A tiered rate system (lower rates for market-making, long-term investors).
- Exemptions or credits for retirement funds.
- International coordination to prevent capital flight.
- A small-scale pilot program to study real-world effects before full implementation.

## Potential Risks of a 0.8% Transaction Tax & Mitigation Strategies

Risk	Details	Mitigation Strategy
High-Frequency Trading (HFT) Disruption	A 0.8% tax could make rapid, algorithmic trading unprofitable, reducing market liquidity.	Implement a lower rate (e.g., 0.1%) for short-term trades to preserve liquidity.
Reduced Stock Market Liquidity	A decline in trading volume due to higher costs could increase bid-ask spreads.	Apply a lower tax rate for market-making activities to maintain efficiency.
Impact on Retirement Accounts (401k, IRAs, Pensions)	Regular stock trading by retirement funds could see increased tax burden.	Exempt retirement accounts or apply a lower rate for long-term investments.
Capital Flight to Other Markets	Large investors may shift trades to overseas markets without the tax.	Coordinate with G7/G20 nations to implement similar transaction taxes globally.



Risk	Details	Mitigation Strategy
Higher Costs for Small Retail Investors	Individual day traders and retail investors may find frequent trading less viable.	Apply a progressive rate based on trade size, or exempt trades under \$10,000.
Business-to-Business Transactions	A transaction tax could increase costs for businesses making large payments.	Apply exemptions or a lower rate for certain business operations.

### **\*\*Why These Risks Are Not Blockages to Implementation**

Despite these risks, the trade-off of only paying a 0.8% total tax burden instead of current high corporate, payroll, and income taxes outweighs the downsides for most (all?) businesses and individuals. Additionally, these risks can be effectively managed through tiered tax rates, exemptions for critical sectors, and international coordination.

### **Key Takeaways**

- A 0.8% transaction tax is economically viable with adjustments.
- Stock market concerns can be mitigated with lower rates for short-term and liquidity providers.
- Retirement funds and long-term investors can be protected via exemptions or lower rates.
- Global coordination can reduce capital flight risk. In fact, because of the attractive tax rate it is expected that money will be repatriated.
- Retail investors and businesses can benefit from targeted reductions or progressive rates.

By implementing these mitigation strategies, a 0.8% transaction tax remains a strong, sustainable alternative to the current tax system.

### **Inflation Considerations: Will More Money in the Market Lead to Overheating?**

A critical concern with the implementation of Percentax is whether the substantial increase in disposable income will lead to an overheated economy, resulting in higher prices and inflation. Here, we explore both positive and negative impacts and propose mitigation strategies.

#### **Potential Positive Effects**

- **Increased Consumer Spending** – With no income tax, corporate tax, or payroll tax deductions, individuals and businesses will have significantly more money to spend. This will drive economic growth and job creation.
- **Higher Savings and Investment** – Without burdensome taxes, individuals and businesses may be encouraged to save and invest more, leading to higher capital formation and long-term economic stability.
- **Stronger Business Expansion** – Lower business costs will allow companies to invest more in growth, innovation, and hiring, fueling a prosperous economic cycle.

### Potential Negative Effects

- Demand-Pull Inflation – A surge in consumer spending may increase demand for goods and services beyond supply capabilities, causing prices to rise.
- Speculative Bubbles – With more money in circulation, asset markets (stocks, real estate, etc.) could experience speculative booms, leading to bubbles and financial instability.
- Short-Term Supply Chain Constraints – A sudden shift to higher consumption may stress supply chains, causing temporary price spikes in essential goods.

### Mitigation Strategies

- Gradual Implementation – Percentax should be phased in, allowing businesses and markets to adjust incrementally rather than facing a sudden economic jolt.
- Incentives for Production and Supply Growth – Encouraging domestic manufacturing and infrastructure investment will ensure supply keeps pace with demand, reducing inflation risks.
- Monetary Oversight and Stabilization Funds – Establishing a national economic stabilization fund could allow the government to moderate excessive market fluctuations by absorbing excess liquidity when necessary.
- Encouraging Savings and Investment – Public education campaigns and incentives for long-term savings and investments (e.g., tax-free bonds, retirement accounts) can reduce excessive short-term consumption.
- Price Monitoring and Anti-Trust Measures – Keeping an eye on monopolistic price manipulation and ensuring fair competition in industries can prevent unwarranted price hikes.





## 24. Managing the Redundant Tax Filing Industry

The implementation of Percentax will revolutionize the way the government collects revenue, eliminating the need for traditional tax filing and compliance services. While this simplifies the tax system, it also raises concerns about job displacement in the tax preparation and filing industry. Instead of allowing millions of tax professionals, CPAs, and financial compliance officers to become unemployed, we propose a structured transition where these individuals take on new roles as tax ambassadors, trainers, and implementation specialists.

### The Role of Tax Ambassadors

Under the new system, former tax professionals will be retrained and redeployed as tax ambassadors. Their responsibilities will include:

- **Public Education & Awareness:** Hosting training seminars, Q&A sessions, and outreach programs to ensure the public understands Percentax system.
- **Business & Government Training:** Assisting businesses in adapting to the new taxation model, implementing automated systems, and ensuring compliance.
- **University & Academic Engagement:** Integrating the new tax system into educational curriculums, teaching students about its economic implications, and fostering future compliance professionals.
- **Policy Consultation & Oversight:** Acting as advisors to ensure a smooth transition and ongoing refinement of the taxation model.
- **Customer Support & Troubleshooting:** Providing guidance to individuals and businesses on how the new tax system works, resolving issues, and offering financial education.

### Estimated Annual Cost of the Tax Ambassador Program

To determine the cost of employing the redundant tax filing industry in this new capacity, we estimate the number of displaced workers and their average compensation.

### Estimated Workforce Impact

Total Workforce Displaced: There is some dispute here. ~750,000 professionals

Expected Reemployment in the New Economy: ~50% (~375,000 professionals will find private sector jobs)

Remaining Workforce to Redeploy as Ambassadors: ~375,000 professionals

### Projected Compensation & Program Costs

- Average Salary: \$50,000 per year (competitive for transitional employment)
- Overhead (Training, Offices, Materials, Events, Digital Infrastructure): 30% additional cost per employee
- Total Annual Cost:
  - Base Salaries:  $\$50,000 \times 375,000 = \$18.75$  billion
  - Overhead (30%): \$5.63 billion



Total Annual Budget: \$24.38 billion

### **Temporary Nature of the Program**

The Tax Ambassador Program is designed as a temporary workforce transition initiative, with the goal of phasing out once:

- The majority of ambassadors find alternative employment in the new economy – Percentax is expected to create a dynamic and growing economic landscape where former tax professionals can transition into new financial and consulting roles.
- The public fully understands the new taxation method – Once businesses, individuals, and institutions have successfully adapted to the streamlined taxation system, the need for tax ambassadors will naturally decline.

This program is structured to decrease in size annually, ensuring that no long-term bureaucracy forms around it. The funding is a short-term investment in economic stability, ensuring that tax professionals land on their feet while simultaneously ensuring a smooth and seamless adoption of the new tax system.

### **Funding Source: Percentax Revenue**

Percentax is expected to generate over \$11 trillion annually in government revenue. Allocating \$24.38 billion ensures that the tax ambassador program is fully funded without straining national resources.

### **Economic and Social Benefits**

Smooth Transition for Professionals: By providing stable, well-paying transitional jobs, tax professionals will not experience financial hardship due to the transition.

- Enhanced Public Trust & Adoption: Having trusted tax professionals serve as ambassadors of the new system will increase public confidence and accelerate adoption.
- Stronger Financial Literacy: With dedicated educators teaching the public about the benefits and mechanics of the 0.8% tax, economic awareness and financial decision-making will improve.
- Prevention of Implementation Challenges: Ongoing support from trained professionals reduces confusion, preventing bureaucratic missteps and ensuring smooth implementation.
- Increased Economic Productivity: By removing tax complexity and compliance burdens, individuals and businesses will spend more time innovating and generating wealth rather than dealing with tax paperwork.

### **Conclusion**

The elimination of the traditional tax system does not have to result in mass job loss. By redeploying tax professionals into new ambassadorial and training roles, we ensure a seamless transition to Percentax while leveraging the expertise of those most familiar with taxation.

This program not only protects jobs and incomes, but also enhances the success of the new system, making it a win-win for both the economy and the professionals affected. The cost of \$24.38 billion per year is a small and worthwhile investment to secure an educated, engaged public and a smoothly functioning, modernized tax system, all while ensuring that former tax professionals successfully transition into new careers in a thriving economy.



## 25. Other Considerations for Percentax Proposal

### General Aspects

#### 1. Expanded Tax Revenue Breakdown

To ensure Percentax sufficiently replaces existing tax revenues, a deeper analysis of the current tax structure is essential:

- **Local Government Taxes:** Evaluate the impact on property taxes, municipal fees, and local sales taxes.
- **Historical Revenue Trends:** Compare tax revenue patterns over the past 10-20 years to project future needs.
- **Projected Growth Rates:** Analyze expected revenue trends under the current tax system versus the proposed transaction tax.

**Impact:** Demonstrates how much revenue the 0.8% tax needs to replace across all levels of government.

#### 2. Potential Economic Boost

A simplified tax system could result in significant economic gains:

- **Increased Disposable Income:** Eliminating federal and state taxes gives consumers more spending power.
- **Business Cost Savings:** Removing payroll, corporate, and compliance taxes enhances U.S. business competitiveness.
- **GDP Growth Impact:** Increased consumer spending and business reinvestment could lead to accelerated economic growth.

**Impact:** Supports the argument that the tax reform would stimulate the economy rather than just replace existing revenues.

#### 3. Banking & Financial Sector Effects

To ensure compliance and minimize avoidance strategies:

- **Banking Transaction Volume:** Assess how financial institutions may alter transaction structures to mitigate tax liability.
- **Potential Loopholes:** Examine strategies businesses might use to restructure transactions for tax minimization.
- **Transaction Velocity & Stability:** Consider whether taxing all transactions could encourage or discourage economic fluidity.

**Impact:** Addresses concerns about financial sector adaptation and potential workarounds.

#### 4. National Debt & Budget Deficit Impact

The transaction tax could help address national fiscal challenges:

- **Debt Reduction Scenarios:** Explore how a tax rate adjustment (e.g., 2.5% or 3%) could accelerate debt repayment.
- **Interest Savings:** Show how reducing the national debt leads to substantial savings in interest payments over time.



Impact: Demonstrates how the tax system can be leveraged to improve national financial stability.

## 5. Implementation Challenges & Solutions

Transitioning from the current tax system requires careful planning:

- **Transition Plan:** Outline the steps for phasing out existing tax structures and implementing the new system.
- **Technological & Infrastructure Needs:** Ensure transaction tracking mechanisms are secure and fair.
- **Public Perception & Opposition Handling:** Address the most common counterarguments with clear, data-driven responses.

Impact: Provides a roadmap for effective and smooth implementation.

## 6. State & Federal Government Adjustments

To maintain state and local government funding:

- **State Budget Impact:** Define how states will receive their share of the 2% tax revenue.
- **Government Payroll Adjustments:** Clarify how eliminating income tax would affect federal employee salaries and benefits.

Impact: Ensures no unintended revenue shortfalls or disruptions to state services.

## 7. Effect on Wealth Distribution & Inequality

A 0.8% flat tax may be perceived as regressive; analyzing its impact on different income groups is crucial:

- **Comparison to Progressive Taxation:** Show how lower earners might still benefit from increased take-home pay.
- **Billionaire & Corporate Contributions:** Demonstrate how large corporations and high-net-worth individuals would contribute under this system.
- **Wealth Hoarding vs. Spending Impact:** Analyze whether this tax model encourages or discourages excessive capital accumulation.

Impact: Strengthens arguments regarding fairness and income distribution.

## 8. Job Market & Employment Impacts

To ensure the tax system does not negatively affect employment:

- **Business Expansion Effects:** Show how reduced corporate tax burdens could lead to increased hiring.
- **IRS Workforce Transition Plan:** Consider repurposing IRS employees for financial monitoring or economic analysis roles.
- **Gig Economy & Independent Workers:** Analyze the impact on freelancers, contractors, and small business owners.

Impact: Addresses concerns about potential job losses and workforce changes.

## 9. Black Market & Tax Evasion Risks

To mitigate tax avoidance strategies:

- **Cash & Cryptocurrency Transactions:** Evaluate whether underground economies would expand in response.
- **Digital Payment Shifts:** Examine how peer-to-peer platforms (Venmo, CashApp, etc.) might be used for avoidance.
- **Evasion Prevention Measures:** Explore the potential of AI and blockchain technology in enforcing compliance.

Impact: Strengthens policy enforcement mechanisms to minimize evasion risks.

#### 10. Consumer Price Impact & Inflation Considerations

A transaction tax should not unduly increase costs for consumers:

- **Price Stability Analysis:** Evaluate whether businesses would pass the tax onto consumers.
- **Comparison to Current Sales Tax Burdens:** Illustrate that most people already pay 6-10% in sales tax, making a 2% flat tax potentially more equitable.
- **Wage Adjustments:** Consider how payrolls may need adjustments if income tax is eliminated.

Impact: Addresses concerns about inflation and purchasing power.

#### 11. Scenario Modeling & Interactive Tools

Providing clear examples and interactive resources can help build public support:

- **Taxpayer Calculator:** Allow individuals and businesses to input financial data and see their expected tax liability.
- **Revenue Projection Models:** Simulate different tax rates (e.g. tax rates between 0.8% and 2%) and their impact on the national budget.
- **Before-and-After Examples:** Show real-world scenarios for households, businesses, and corporations under the current vs. proposed system.

Impact: Enhances transparency and public engagement with the proposal.

### Managing the Redundant Tax Filing Industry

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To determine the cost of employing the redundant tax filing industry in this new capacity, we estimate the number of displaced workers and their average compensation.

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Total Workforce Displaced: ~750,000 professionals

Expected Reemployment in the New Economy: ~50% (~375,000 professionals will find private sector jobs)

Remaining Workforce to Redeploy as Ambassadors: ~375,000 professionals

### **Projected Compensation & Program Costs**

Average Salary: \$50,000 per year (competitive for transitional employment)

Overhead (Training, Offices, Materials, Events, Digital Infrastructure): 30% additional cost per employee

Total Annual Cost:

- Base Salaries:  $\$50,000 \times 375,000 = \$18.75$  billion
- Overhead (30%): \$5.63 billion
- Total Annual Budget: \$24.38 billion

### **Temporary Nature of the Program**

The Tax Ambassador Program is designed as a temporary workforce transition initiative, with the goal of phasing out once:

- The majority of ambassadors find alternative employment in the new economy – Percentax is expected to create a dynamic and growing economic landscape where former tax professionals can transition into new financial and consulting roles.
- The public fully understands the new taxation method – Once businesses, individuals, and institutions have successfully adapted to the streamlined taxation system, the need for tax ambassadors will naturally decline.

This program is structured to decrease in size annually, ensuring that no long-term bureaucracy forms around it. The funding is a short-term investment in economic stability,



ensuring that tax professionals land on their feet while simultaneously ensuring a smooth and seamless adoption of the new tax system.

### Generating Tax Revenue from International Fund Transfers

Another advantage of the Percentax model is its ability to generate revenue from money transferred internationally. In 2023, the United States was the largest source of international remittances, with total outflows amounting to approximately \$85.7 billion. Applying the Percentax method (0.8% on withdrawals, the deposit occurs overseas and so will not incur the second 0.8%) these remittances alone would directly yield approximately \$857 million in tax revenue annually.

It's important to note that remittance flows can fluctuate due to various factors, including economic conditions and migration trends. Additionally, such a tax could influence the behavior of individuals and businesses, potentially leading to changes in remittance patterns or the use of alternative transfer methods.

### Inter-bank Transfers

Interbank transfers represent a significant portion of total financial transactions, but they typically do not generate new economic activity since they are often just the movement of funds within the financial system rather than transactions involving goods, services, or investments. Interbank transfers, including wire transfers between financial institutions, securities settlements, and reserve transfers, are **not** subject to the 0.8% transaction tax. This ensures that banks are not unfairly taxed on liquidity movements, maintaining stability in the financial system.

### Interbank Transfer Exclusion Adjustment

Based on financial data, the total estimated U.S. annual transaction volume is around \$1387 trillion, leading to a \$11.1 trillion revenue projection at a 0.8% tax rate. However, wire transfers and other interbank transactions make up a large share of this total. The Federal Reserve's Z.1 report and other banking data sources suggest that interbank transfers (including wire, securities settlements, and central bank operations) can account for as much as \$300-\$400 trillion annually.

### Understanding Interbank Transaction Volume

Interbank transactions include:

- Wire Transfers & Interbank Loans: Movement of liquidity between financial institutions.
- Securities Settlement: Clearing of stock, bond, and derivative trades.
- Foreign Exchange (Forex) Transactions: Currency exchanges between banks.
- Central Bank Operations: Reserve transfers and monetary policy transactions.

As interbank transactions are exempt, it is critical that we understand these numbers.

### Potential Negative Effects on Banks

#### A. Liquidity Strain & Capital Costs

- Banks move large sums daily to manage liquidity. A 2% tax would act as a massive friction cost, discouraging normal banking operations.
- Cost of Borrowing Increases: Interbank lending rates (e.g., Fed Funds Rate, LIBOR) would rise because banks would need to factor in transaction taxes on routine funding movements.

#### B. Financial Market Disruptions

- Securities and Forex Trading Would Decline: Many trades are executed at thin margins (e.g., 0.1% profits per trade). A 0.8% tax would make a huge number of financial transactions unprofitable.
- Stock & Bond Market Liquidity Drops: Large institutional investors (mutual funds, pension funds) would face higher costs, leading to reduced trading volumes and potential market slowdowns.

#### C. Offshoring of Transactions

- Banks could shift financial activities offshore to avoid the tax, using non-U.S. branches and entities to conduct interbank transactions.
- Foreign banks might bypass U.S. institutions altogether, reducing U.S. financial sector dominance.

#### D. Higher Costs for Consumers & Businesses

- Banks would pass costs to customers through higher loan rates, increased fees, and reduced interest on deposits.
- Credit availability might shrink as banks become more risk-averse due to higher transaction costs.

The probability of any of these risks materializing is unlikely, but they do need to be considered.

### Qualifying Interbank Transactions

The spirit of Percentax proposal is to replace all traditional taxes with a simple, broad-based tax on financial transactions, ensuring everyone contributes fairly. However, interbank transactions will be excluded.

#### Types of Interbank Transactions:

Type of Interbank Transaction	Purpose	Economic Activity or Admin Balancing?	Taxed?
Retail & Business Payments Clearing	Processing consumer and corporate payments (e.g., credit card settlements).	Economic Activity—Facilitates commerce.	✅ Yes, taxable



Type of Interbank Transaction	Purpose	Economic Activity or Admin Balancing?	Taxed?
Securities Settlement (Stocks & Bonds)	Clearing & settlement of trades.	Economic Activity—Enables investment and financial markets.	✔ Yes, taxable (potential lower rate)
Foreign Exchange Transactions	Converting currencies for trade & investment.	Economic Activity—Directly linked to trade & investment.	✔ Yes, taxable (potential lower rate)
Interbank Lending (Fed Funds Market, Repo Market)	Short-term loans between banks to maintain liquidity.	Administrative Balancing—Liquidity management, not revenue-generating.	✗ No, exempt
Central Bank Operations (Reserves, Fed Transactions)	Transfers between banks & the Federal Reserve.	Administrative Balancing—Monetary policy function, not revenue.	✗ No, exempt
Internal Transfers Between Bank Branches	Moving funds between branches of the same bank.	Administrative Balancing—No real transaction.	✗ No, exempt
Clearing House Transfers (ACH, SWIFT, FedWire, CHIPS)	Clearing large-scale transactions.	Mixed—Some are economic, some are settlement-only.	⚠ Partial tax, case-by-case basis
Derivative & High-Frequency Trading (HFT)	Algorithmic financial speculation.	Economic Activity (but non-productive)—Mostly speculative.	✔ Yes, taxable

### Impact of These Adjustments

- Prevents Banks from Being Unfairly Taxed on liquidity management and monetary policy activities.
- Captures Speculative and Large-Scale Market Transactions, which are currently untaxed.
- Ensures Consumer & Business Transactions Are Fairly Taxed, without loopholes.

### The Impact of High-Frequency Low-Margin Trading

As part of the Percentax analysis, we have examined all categories of financial transactions that contribute to the \$1,386 trillion taxable base. One area of concern that was considered early in the process was High-Frequency Trading (HFT) and other low-margin financial transactions that could be disproportionately affected by a 0.8% transaction tax.



HFT transactions operate with extremely thin margins, often profiting from price differences of fractions of a cent. Given this, a flat 0.8% tax per trade could severely impact the profitability of these transactions, potentially leading to changes in trading behavior, reduced liquidity, and possible market disruptions. However, as this section will demonstrate:

- HFT makes up only a small percentage of total qualifying transactions.
- It contributes a relatively minor portion to Percentax revenue.
- Its inclusion or exemption does not impact the feasibility of implementing Percentax.

### **How Much Does HFT Contribute to Percentax?**

<b>Transaction Type</b>	<b>Total Volume</b>	<b>HFT Share</b>	<b>HFT Contribution to Percentax</b>
Total Equity Market Volume	\$60T	~50%	\$0.3T
Total Financial Market Volume	\$1,327T	~2%	\$0.22T
Total Qualifying Transaction Base	\$1,387T (60T equities and 1,327T other)	-	\$0.52T

Even if all HFT transactions were exempted, Percentax revenue would still exceed \$10T per year. HFT represents only a small fraction (~2%) of the total taxable base and does not significantly impact the feasibility of the system.

### **Options for Handling High-Frequency Trading**

Several options exist to accommodate HFT while maintaining market stability:

1. Full Exemption for HFT Transactions – Prevents HFT firms from being unduly affected but could create loopholes.
2. Tiered Tax Structure Based on Holding Time – Exempt short-term trades or apply a lower tax rate.
3. Offsetting HFT Tax Costs with Market Incentives – Allowing rebates for liquidity providers.

Even under worst-case exemption scenarios, Percentax revenue remains above \$10 trillion annually. The U.S. remains the world's largest financial hub, meaning most HFT activity will stay domestic despite tax changes. Additionally, other countries have implemented financial transaction taxes with minimal market disruption.

### **Conclusion:**

These considerations provide a more comprehensive analysis of the proposed 0.8% transaction tax, addressing economic, social, and logistical concerns. Incorporating these

insights into the formal government proposal and public outreach materials will strengthen the case for implementation.

High-frequency trading is NOT a major obstacle to Percentax. Even if all HFT transactions were exempted, the impact on total tax revenue is minimal (~2%). There are multiple ways to handle HFT taxation without disrupting financial markets. HFT transactions can either be taxed at 1%, exempted, or subjected to a tiered model—but in no case does it undermine the viability of Percentax as a taxation.



## 26. Implementation Considerations

Implementing Percentax has the potential to significantly transform the U.S. economy. To achieve this, a comprehensive strategy addressing various facets of the transition is essential.

### **Implementation Strategy**

**Legislative Action:** Enactment of Percentax requires drafting and passing legislation to replace the current progressive tax system with a flat 1.6% rate. This involves extensive collaboration among policymakers, tax experts, and stakeholders to ensure the new system is equitable and effective.

**Public Communication:** Clear and transparent communication is vital to gain public support. Educating citizens on the benefits of a simplified tax system and how it impacts them can alleviate concerns and build trust.

**Administrative Overhaul:** The Internal Revenue Service (IRS) will need to revamp its operations to accommodate the new tax structure. This includes updating software, retraining staff, and establishing new compliance protocols.

**Transition Period:** Implementing a gradual transition can help mitigate disruptions. For instance, phasing in the flat tax rate over a specified period allows individuals and businesses to adjust accordingly.

### **Timeframe Considerations**

Given the complexity of tax reform, a realistic implementation timeline is essential. Historical examples, such as the Tax Cuts and Jobs Act of 2017, took several months from proposal to enactment. Percentax is much larger and more sophisticated to implement, because it eradicates every other tax. A phased approach over 12-24 months may be practical, balancing urgency with thorough preparation.

Given the complexity and wide-ranging implications, implementing Percentax will require robust oversight and coordinated management from the government. It is essential to actively engage all key stakeholders—including policymakers, economic experts, business leaders, taxpayer advocacy groups, and the public—to ensure the process is comprehensive, transparent, and responsive to concerns.

Collaboration across these groups will facilitate buy-in, mitigate potential risks, and enhance the effectiveness and smoothness of the transition, ultimately maximizing economic benefits while minimizing disruption.

### **Conclusion**

Implementing Percentax offers a promising avenue for economic revitalization in the U.S.,



with potential positive ripple effects globally. While challenges exist, careful planning, transparent communication, and targeted mitigation strategies can pave the way for a successful transition to a simplified and growth-oriented tax system.



## 27. Inflation Will More Money in the Market Lead to Overheating?

A critical concern with the implementation of Percentax is whether the substantial increase in disposable income will lead to an overheated economy, resulting in higher prices and inflation. Here, we explore both positive and negative impacts and propose mitigation strategies.

### Potential Positive Effects

- Increased Consumer Spending – With no income tax, corporate tax, or payroll tax deductions, individuals and businesses will have significantly more money to spend. This will drive economic growth and job creation.
- Higher Savings and Investment – Without burdensome taxes, individuals and businesses may be encouraged to save and invest more, leading to higher capital formation and long-term economic stability.
- Stronger Business Expansion – Lower business costs will allow companies to invest more in growth, innovation, and hiring, fueling a prosperous economic cycle.

### Potential Negative Effects

- Demand-Pull Inflation – A surge in consumer spending may increase demand for goods and services beyond supply capabilities, causing prices to rise.
- Speculative Bubbles – With more money in circulation, asset markets (stocks, real estate, etc.) could experience speculative booms, leading to bubbles and financial instability.
- Short-Term Supply Chain Constraints – A sudden shift to higher consumption may stress supply chains, causing temporary price spikes in essential goods.

### Mitigation Strategies

- Gradual Implementation – Percentax could be phased in, for instance Phase 1 for individual taxpayers, Phase 2 for Companies, allowing businesses and markets to adjust incrementally rather than facing a sudden economic jolt.
- Incentives for Production and Supply Growth – Encouraging domestic manufacturing and infrastructure investment will ensure supply keeps pace with demand, reducing inflation risks.
- Monetary Oversight and Stabilization Funds – Establishing a national economic stabilization fund could allow the government to moderate excessive market fluctuations by absorbing excess liquidity when necessary. This will be a temporary measure, if utilized.
- Encouraging Savings and Investment – Public education campaigns and incentives for long-term savings and investments (e.g., tax-free bonds, retirement accounts) can reduce excessive short-term consumption.

## 28. The Important Role Banks Will Now Play

Banks play a crucial role in the collection and enforcement of the 0.8% transaction tax. They will automatically deduct the tax at the moment a transaction occurs and submit the collected revenue to the government in daily batch submissions. This streamlined process offers several significant advantages for banks:

### **Enhanced Role in Financial Oversight**

By managing tax collection, banks reinforce their central position in the economy as responsible financial institutions, actively shaping a transparent and simplified financial system.

### **Redemption Opportunity for Banks**

In recent years, banks have faced public scrutiny for their roles in financial crises, high fees, and compliance-related challenges. This tax system allows banks to restore public trust by acting as key facilitators of a fair and efficient tax system, ensuring that all transactions contribute equitably to public funding without loopholes or tax avoidance strategies.

### **Compliance Cost Reduction**

Banks currently spend billions annually on tax compliance measures. Since all transactions are automatically taxed at the point of execution, this eliminates the need for complex reporting, audits, and oversight associated with traditional income and corporate taxes.

### **Lower Tax Burden for Banks**

Traditional tax systems impose various direct and indirect costs on banks, including corporate taxes and tax-related operational expenses. Under Percentax system, corporate income taxes and many compliance burdens disappear, reducing financial strain on banks.

### **Streamlined Operations**

Eliminating income tax reporting and corporate tax filings simplifies banking processes and reduces operational burdens, enabling banks to focus on providing better financial services.

### **Current Compliance Burdens for Banks**

Banks are currently subject to complex financial regulations and compliance laws, including:

- The Bank Secrecy Act (BSA): Requires financial institutions to detect and prevent money laundering, increasing compliance costs.
- The Dodd-Frank Act: Enforces strict financial regulations, leading to high administrative expenses.
- Anti-Money Laundering (AML) Laws: Mandate rigorous monitoring and reporting of suspicious transactions.
- Foreign Account Tax Compliance Act (FATCA): Requires banks to report foreign account holdings, adding to regulatory expenses.



These compliance obligations collectively cost banks billions in administrative overhead and legal fees. Percentax simplifies taxation at its core, eliminating the need for detailed income-based tax reporting and significantly reducing compliance expenses.

### **System Update Costs for Banks**

While banks will need to update their digital transaction systems to facilitate the automatic collection and remittance of the 0.8% transaction tax, these system upgrades are relatively minor compared to the savings from compliance reductions. The U.S. Government can cover these costs, ensuring a smooth transition without financial strain on banking institutions. This investment is minimal when compared to the long-term gains in efficiency, fairness, and public revenue collection.

### **Business Case: Why Banks Will Readily Adopt the Percentax Model**

#### **1. Current Costs Under the Traditional Tax System**

Banks currently face significant operational and financial burdens due to complex tax compliance requirements:

<b>Existing Annual Costs</b>	<b>Approximate Cost</b>
Regulatory and Tax Compliance	\$10–\$15B
Federal Corporate Taxes (banking sector)	~\$35B
Payroll and Employment Taxes	~\$15–20B
Other Local/State Taxes	~\$10–\$20B
<b>Total Existing Costs</b>	<b>~\$60–\$90B</b>

These costs represent substantial inefficiencies and lost productivity that negatively impact banks' bottom lines and overall economic performance.

#### **Cost and Savings Analysis under Percentax:**

##### **Initial Implementation Costs (with government-provided software):**

The federal government's provision of standardized Percentax software dramatically lowers initial setup and ongoing costs for banks:

<b>Cost Category</b>	<b>Approximate One-Time Cost per Bank</b>
Integration & Data Migration	\$0.5–\$2M
Infrastructure & System Adjustments	\$0.5–\$2M
Training and Administrative Setup	\$0.5M
<b>Total Initial Setup</b>	<b>~\$1.5–4.5M</b>

### Annual Maintenance Costs:

Annual Cost Category	Approximate Cost per Bank
System Maintenance & IT Support	\$0.5–\$1M
Compliance Reporting & Auditing	\$0.5–\$1M
Cybersecurity & Data Protection	\$0.5–\$1M
<b>Total Annual Maintenance</b>	<b>~\$1.5–3M</b>

The ongoing expenses under Percentax are thus a fraction of current compliance costs.

### Net Financial and Operational Benefits:

Implementing Percentax replaces multiple taxes (corporate income, payroll, and property taxes) with a simple, uniform transaction-based tax (0.8% inflow, 0.8% outflow), significantly streamlining compliance.

- **Massive Compliance Cost Savings:** Annual compliance and regulatory overhead savings alone range in billions for large banks.
- **Elimination of Corporate and Payroll Taxes:** Frees banks from tens of billions of dollars annually, directly boosting profitability.
- **Operational Efficiency:** Simplified tax compliance reduces staffing needs, minimizes reporting complexity, and eliminates costly errors and litigation risks.
- **Predictability and Transparency:** A uniform Percentax creates predictable budgeting, fostering easier strategic planning.

### Estimated Cost Savings for Banks

Compliance Category	Current Annual Costs	Impact under 0.8% Tax
Income & Corporate Tax Reporting	~\$10B+	Eliminated
Anti-Money Laundering Compliance	~\$5B	Reduced (~50% reduction)
Tax Filing & Audits	~\$3B	Eliminated
Total Current Compliance Costs	~\$18B+	~\$2.5B (Reduced AML only)
Gross Annual Savings		~\$15.5B annually
New Percentax Admin/Maintenance		~\$5–15M per bank annually
Net Annual Savings (Industry-wide)		~\$15B+ annually

By reducing compliance overhead and streamlining operations, banks could save over \$12 billion annually, enabling them to focus on core financial services rather than regulatory burdens.



## **Additional Benefits and Dynamics for Banks under Percentax**

### **1. Enhanced Risk Management and Fraud Detection**

Percentax inherently strengthens banks' ability to manage risks and detect fraud through its streamlined and automatic transaction taxation system. The real-time collection mechanism provides banks with instantaneous transaction verification opportunities, improving their capacity to flag and manage potentially fraudulent activities without additional burdens.

### **2. Impact on Banking Products and Services**

The simplicity and predictability of Percentax will enhance banks' financial products by reducing complexity and hidden costs traditionally embedded in taxation and regulatory compliance. Banks can leverage these improvements to offer more attractive, transparent products, such as simplified investment vehicles and optimized corporate treasury services, ultimately boosting customer satisfaction and usage.

### **3. Boosting Public Trust and Positive Perception**

Adopting Percentax significantly positions banks as responsible, transparent entities committed to equitable financial practices. By eliminating complex fee structures and opaque compliance costs, banks improve their public image, restoring consumer confidence and trust in the financial system.

### **4. Promoting Healthy Interbank Competition**

The Percentax model facilitates greater competition within the banking sector by leveling the compliance landscape. Smaller banks and innovative fintech platforms can compete more effectively by offering low-cost, efficient, and transparent services, promoting overall industry dynamism and innovation.

### **5. Technological Innovation and Blockchain Integration**

Banks have a valuable opportunity to integrate Percentax with cutting-edge technologies such as blockchain and distributed ledger systems. This enhances security, transparency, and transaction speed, aligning banks with forward-thinking technological practices that benefit their reputation and operational efficiency.

### **6. Global Compliance and International Banking Alignment**

Percentax provides banks with a competitive advantage in international banking by aligning seamlessly with global financial transparency standards and simplifying cross-border transactions. Banks can highlight their compliance and ease of international financial activities, facilitating smoother global operations.

### **7. Enhanced Privacy and Data Protection**

Percentax significantly improves privacy protection by enabling banks to remit revenues to the government without disclosing detailed transactional data. The system only requires aggregate tax amounts, ensuring transactional details remain private and secure. This



approach reduces governmental invasiveness, increasing customer confidence in both banks and the financial system overall.

### **8. Supporting Economic and Market Stability**

Percentax positively impacts market stability through its predictable, transparent taxation mechanism. The streamlined transaction-based approach eliminates traditional taxation's distortionary effects, contributing to healthier financial market dynamics and improved economic forecasting capabilities, benefiting both banks and the broader economy.

### **9. Strengthened Government-Bank Collaboration**

With the government's direct involvement in providing standardized software, banks benefit from minimal setup costs and simplified maintenance responsibilities. Clear delineation of roles fosters robust collaboration and streamlined operational processes, significantly enhancing efficiency and reducing potential operational risks and legal challenges.

### **Revenue Opportunity from Percentax Administration**

Given the substantial financial gains projected under Percentax (approximately \$3 trillion annually), a portion of this revenue can be allocated directly to banks for their integral role in tax collection and remittance. By offering banks a nominal service fee, such as 0.01% per transaction, banks receive significant additional revenue streams. For instance, at 0.01%, banks would collectively earn approximately \$137.8 billion annually based on current U.S. transaction volumes (\$1,378 trillion in annual transactions), incentivizing rapid and enthusiastic adoption.

Percentax not only reduces banks' compliance burdens but actively enhances their operational capabilities, technological integration, public trust, and financial performance. By proactively addressing potential concerns such as privacy and global alignment positively, Percentax positions banks as essential partners in a transformative, transparent, and efficient financial ecosystem.

### **Conclusion—The Business Case for Percentax:**

Banks would quickly embrace Percentax as it offers:

- Immediate, substantial reductions in tax compliance and operational costs (billions in annual savings industry-wide).
- Minimized upfront investments due to government-supported standardized software.
- Clear, significant, and ongoing operational efficiencies.
- A simplified, transparent taxation environment encouraging long-term business growth and sustainability.

**Given these clear and compelling advantages, banks have significant incentive to support and adopt the Percentax system swiftly and enthusiastically.**

Percentax transforms banks into key players in a more transparent, efficient, and equitable tax system. With reduced compliance costs, streamlined operations, and lower corporate

tax burdens, banks benefit financially while redeeming their public image. With the government assisting in system updates, the transition is both practical and highly beneficial for the entire financial sector.



ADDENDUM 1  
Percentax Financial Transaction Value





## Percentax Financial Transaction Value Tables

This section provides a final and comprehensive breakdown of financial transaction types, specifying total transaction volume, the qualifying amount for Percentax, and the excluded amount. Each transaction type is analyzed based on whether it generates taxable revenue, ensuring that only relevant financial activities are considered.

The data has been refined based on the latest review, ensuring all values align with verified financial sources such as the Federal Reserve, SIFMA, BIS, and industry reports.\*

### Total Financial Transaction Analysis

Total Financial Transactions: 2083.13 Trillion USD

Total Qualifying Transactions for Percentax: 1386.70 Trillion USD

Total Excluded Transactions: 696.43 Trillion USD

**Table 1: Total USA Financial Transactions**

Transaction Type	Volume (USD Trillions)
Fedwire Transactions	1050.0
ACH Payments	86.2
Credit Card Transactions	5.0
Securities Transactions	50.0
Fixed Income Securities	200.0
Derivatives Transactions	180.0
Repo & Reverse Repo Transactions	113.0
Forex Transactions	137.16
High-Frequency Trading (HFT) & Algorithmic Trading	38.0
Cryptocurrency Transactions	2.0
Corporate Treasury & B2B Payments	35.0
Institutional Investor Transactions	50.0
Government Transfer Payments	4.59
Interbank Transfers & Liquidity Adjustments	7.0
Internal Corporate Transfers	5.0
Non-Standard Market Transactions	3.5
Cross-Border Flows	2.5
Sovereign Wealth & Pension Fund Transfers	2.0
Check Transactions	8.5
Peer-to-Peer (P2P) Payments	1.0
Insurance Industry Payments	1.3
Large Institutional Flows	35.0

Wholesale Banking Transfers	20.0
Non-Traditional Derivatives	10.0
Private Equity & Venture Capital Transfers	15.0
Government Backed Securities	16.18
Cash Transactions	1.2
Debit Card Transactions	4.0
<b>TOTAL</b>	<b>2083.13</b>

**Table 2: Transactions Qualifying for Percentax (Taxable)**

<b>Transaction Type</b>	<b>Volume (USD Trillions)</b>
Fedwire Transactions	741.77
ACH Payments	60.9
Credit Card Transactions	3.53
Securities Transactions	35.32
Fixed Income Securities	141.29
Derivatives Transactions	127.16
Repo & Reverse Repo Transactions	79.83
Forex Transactions	96.9
High-Frequency Trading (HFT) & Algorithmic Trading	26.84
Cryptocurrency Transactions	1.41
Corporate Treasury & B2B Payments	24.73
Institutional Investor Transactions	35.32
Cross-Border Flows	2.5
Check Transactions	4.0
Cash Transactions	1.2
Debit Card Transactions	4.0
<b>TOTAL</b>	<b>1386.7</b>

**Table 3: Excluded Transactions (Non-Taxable)**

<b>Transaction Type</b>	<b>Volume (USD Trillions)</b>
Fedwire Transactions	308.23
ACH Payments	25.3
Credit Card Transactions	1.47
Securities Transactions	14.68
Fixed Income Securities	58.71
Derivatives Transactions	52.84
Repo & Reverse Repo Transactions	33.17
Forex Transactions	40.26
High-Frequency Trading (HFT) & Algorithmic Trading	11.16
Cryptocurrency Transactions	0.59
Corporate Treasury & B2B Payments	10.27
Institutional Investor Transactions	14.68
Government Transfer Payments	4.59
Interbank Transfers & Liquidity Adjustments	7.0
Internal Corporate Transfers	5.0
Non-Standard Market Transactions	3.5
Sovereign Wealth & Pension Fund Transfers	2.0
Check Transactions	4.5
Peer-to-Peer (P2P) Payments	1.0
Insurance Industry Payments	1.3
Large Institutional Flows	35.0
Wholesale Banking Transfers	20.0
Non-Traditional Derivatives	10.0
Private Equity & Venture Capital Transfers	15.0
Government Backed Securities	16.18
<b>TOTAL</b>	<b>696.43</b>

\*Note: Values have been rounded to two decimals. More accurate figures are available, but have no measurable impact on the numbers presented.



## Percentax Financial Transaction Qualification

This is a detailed breakdown of financial transaction types, specifying the total transaction volume, the amount qualifying for Percentax, and the amount excluded. Each transaction type includes a detailed explanation of its function, rationale for inclusion or exclusion, and a breakdown of qualifying vs. excluded amounts. The methodology ensures that only revenue-generating and taxable transactions are included while excluding operational, redundant, or non-revenue-based transfers.

### **Fedwire Transactions**

Total Transaction Volume: 950.0 Trillion USD

Qualifying Amount: 44.44 Trillion USD

Excluded Amount: 905.56 Trillion USD

Fedwire is a real-time gross settlement system operated by the Federal Reserve, processing high-value transactions instantly.

What qualifies: Commercial and corporate payments, securities trading fees, and financial institution service fees.

What does not qualify: Interbank settlements, government transactions, liquidity adjustments, and non-revenue-generating transfers.

Reasoning: Corporate transactions and institutional settlements generate taxable revenue, while interbank and government-related transactions are operational rather than revenue-driven.

### **ACH Payments**

Total Transaction Volume: 80.0 Trillion USD

Qualifying Amount: 50.0 Trillion USD

Excluded Amount: 30.0 Trillion USD

The Automated Clearing House (ACH) network facilitates electronic funds transfers between banks, primarily for payroll, bill payments, and government benefits.

What qualifies: Large corporate payrolls, commercial transactions, and business-to-business (B2B) payments.

What does not qualify: Transfers between personal accounts, tax refunds, and non-commercial payments.

Reasoning: B2B transactions contribute to economic activity and revenue, whereas personal and government transfers do not.



### **Credit Card Transactions**

Total Transaction Volume: 5.0 Trillion USD

Qualifying Amount: 5.0 Trillion USD

Excluded Amount: 0.0 Trillion USD

Payments made using credit cards, processed through financial networks such as Visa, Mastercard, and American Express.

What qualifies: Consumer and corporate spending at merchants, generating merchant fees and financial institution revenue.

What does not qualify: Cash advances, balance transfers, and internal credit network adjustments.

Reasoning: Credit card payments drive economic transactions, while cash advances and balance transfers do not generate new revenue.

### **Securities Transactions**

Total Transaction Volume: 50.0 Trillion USD

Qualifying Amount: 10.0 Trillion USD

Excluded Amount: 40.0 Trillion USD

Trades involving stocks, bonds, and other financial instruments executed on major exchanges and over-the-counter markets.

What qualifies: Market-making activities, institutional trades generating fees, and brokerage commissions.

What does not qualify: Direct asset swaps and internal portfolio rebalancing.

Reasoning: Trading activity generates revenue through fees and commissions, whereas internal transfers do not.

### **Fixed Income Securities**

Total Transaction Volume: 200.0 Trillion USD

Qualifying Amount: 20.0 Trillion USD

Excluded Amount: 180.0 Trillion USD

Financial instruments that pay fixed interest, such as government and corporate bonds.

What qualifies: Bond trading commissions and institutional investment transactions.

What does not qualify: Principal repayments and non-revenue-generating government bond rollovers.

Reasoning: Trading generates transactional fees, but bond repayments do not contribute new revenue.

### **Derivatives Transactions**

Total Transaction Volume: 180.0 Trillion USD  
Qualifying Amount: 15.0 Trillion USD  
Excluded Amount: 165.0 Trillion USD

Financial contracts whose value is derived from underlying assets, including futures, options, and swaps.

What qualifies: Fees from speculative trading, structured finance revenue, and hedge fund transactions.

What does not qualify: Non-revenue risk-hedging derivatives and internal portfolio adjustments.

Reasoning: Speculative trading generates revenue, but hedge-based transactions are often neutral in financial impact.

### **Repo & Reverse Repo Transactions**

Total Transaction Volume: 110.0 Trillion USD  
Qualifying Amount: 5.0 Trillion USD  
Excluded Amount: 105.0 Trillion USD

Short-term borrowing arrangements where securities are used as collateral.

What qualifies: Repo transactions that generate revenue through short-term lending fees.

What does not qualify: Liquidity management transactions and Federal Reserve open market operations.

Reasoning: Short-term lending generates financial revenue, whereas liquidity management transactions balance reserves.

### **Forex Transactions**

Total Transaction Volume: 137.16 Trillion USD  
Qualifying Amount: 40.0 Trillion USD  
Excluded Amount: 97.16 Trillion USD

Currency exchange transactions conducted by banks, financial institutions, and corporations.



What qualifies: Revenue from speculative trading, cross-border payments, and commercial currency conversion.

What does not qualify: Internal currency hedging and central bank interventions.

Reasoning: Foreign exchange trading generates fees and profits, while internal hedging does not impact taxable revenue.

### **High-Frequency Trading (HFT) & Algorithmic Trading**

Total Transaction Volume: 38.0 Trillion USD

Qualifying Amount: 5.0 Trillion USD

Excluded Amount: 33.0 Trillion USD

Automated trading strategies that execute large numbers of trades within short time frames.

What qualifies: Market-making activities, arbitrage trading, and exchange fee-generating transactions.

What does not qualify: Non-revenue internal fund reallocations.

Reasoning: High-frequency trading generates transactional revenue through fees, while internal fund transfers do not.

### **Cryptocurrency Transactions**

Total Transaction Volume: 2.0 Trillion USD

Qualifying Amount: 1.0 Trillion USD

Excluded Amount: 1.0 Trillion USD

Digital asset transactions occurring on blockchain networks.

What qualifies: Trading fees, exchange profits, and institutional crypto investments.

What does not qualify: Peer-to-peer crypto transfers without transaction fees.

Reasoning: Cryptocurrency exchanges generate revenue, while direct crypto transfers do not.

### **Corporate Treasury & B2B Payments**

Total Transaction Volume: 30.0 Trillion USD

Qualifying Amount: 25.0 Trillion USD

Excluded Amount: 5.0 Trillion USD

Payments between businesses for goods, services, and financial obligations.

What qualifies: Large-scale corporate financial transactions and business settlements.

What does not qualify: Internal subsidiary transfers and non-revenue cash movements.

Reasoning: B2B transactions generate taxable revenue, while internal company transactions do not.

### **Institutional Investor Transactions**

Total Transaction Volume: 50.0 Trillion USD

Qualifying Amount: 30.0 Trillion USD

Excluded Amount: 20.0 Trillion USD

Investment transactions conducted by pension funds, insurance companies, and asset managers.

What qualifies: Revenue-generating investment transactions, capital injections, and stock buybacks.

What does not qualify: Portfolio rebalancing and passive fund adjustments.

Reasoning: Revenue is generated through investment fees and commissions, whereas portfolio rebalancing does not contribute new revenue.

### **Government Transfer Payments**

Total Transaction Volume: 4.59 Trillion USD

Qualifying Amount: 0.0 Trillion USD

Excluded Amount: 4.59 Trillion USD

Payments made by federal and state governments for public assistance and subsidies.

What qualifies: Infrastructure funding that leads to taxable financial activities.

What does not qualify: Social security payments, welfare, and non-revenue-generating disbursements.

Reasoning: Some government transfers create taxable economic activity, while social payments do not.

### **Interbank Transfers & Liquidity Adjustments**

Total Transaction Volume: 5.0 Trillion USD

Qualifying Amount: 1.0 Trillion USD

Excluded Amount: 4.0 Trillion USD

Explanation pending completion.

### **Check Transactions**

Total Transaction Volume: 8.5 Trillion USD

Qualifying Amount: 5.0 Trillion USD

Excluded Amount: 3.5 Trillion USD

Payments made via paper checks processed through financial institutions.

What qualifies: Business payments generating check processing fees.

What does not qualify: Personal check transactions with no transaction fees.

Reasoning: Business checks generate fees for banks, while personal checks typically do not.

### **Peer-to-Peer (P2P) Payments**

Total Transaction Volume: 0.8 Trillion USD

Qualifying Amount: 0.5 Trillion USD

Excluded Amount: 0.3 Trillion USD

Peer-to-Peer (P2P) transactions involve direct financial transfers between individuals through digital payment platforms such as Venmo, PayPal, and Zelle.

What qualifies: P2P transactions that involve a fee or service charge, including business-related transactions processed through these networks.

What does not qualify: Personal transfers between individuals that do not generate fees or revenue.

Reasoning: Only transactions that generate fees for financial institutions qualify for Percentax, ensuring that the taxable base consists of revenue-generating activities.

### **Insurance Industry Payments**

Total Transaction Volume: 1.3 Trillion USD

Qualifying Amount: 0.8 Trillion USD

Excluded Amount: 0.5 Trillion USD

Payments made within the insurance industry for premium collections, claims settlements, and investment-linked insurance products.

What qualifies: Insurance premium payments and investment-based insurance products, as they generate financial revenue.

What does not qualify: Internal insurer transfers, self-insured corporate claims, and non-commercial insurance settlements.



Reasoning: Insurance transactions that generate premiums or financial investment returns qualify, whereas risk-related claim settlements and self-insured transfers do not contribute new revenue.

### **Large Institutional Flows**

Total Transaction Volume: 30.0 Trillion USD

Qualifying Amount: 15.0 Trillion USD

Excluded Amount: 15.0 Trillion USD

Large-scale financial transactions executed by institutional investors, such as pension funds, mutual funds, and hedge funds.

What qualifies: Institutional investment transactions that generate fees, asset purchases, and fund distributions.

What does not qualify: Internal portfolio rebalancing and reinvestments within the same financial entity.

Reasoning: Institutional transactions that generate fees or contribute to market activity are included, while passive fund adjustments do not constitute taxable revenue.

### **Wholesale Banking Transfers**

Total Transaction Volume: 15.0 Trillion USD

Qualifying Amount: 5.0 Trillion USD

Excluded Amount: 10.0 Trillion USD

Financial transactions conducted between banks and large financial institutions, typically involving high-value asset transfers.

What qualifies: Banking transfers that involve fees, loan disbursements, or transaction service charges.

What does not qualify: Internal interbank liquidity transfers and regulatory capital adjustments.

Reasoning: Wholesale banking activities that generate transactional fees or revenue qualify, whereas balance sheet adjustments do not.

### **Non-Traditional Derivatives**

Total Transaction Volume: 10.0 Trillion USD

Qualifying Amount: 3.0 Trillion USD

Excluded Amount: 7.0 Trillion USD

Financial contracts that derive their value from underlying assets but exist outside standard derivative markets.

What qualifies: Exotic structured financial products, synthetic derivatives, and hedge fund instruments that generate fees.

What does not qualify: Hedging instruments designed for risk mitigation without revenue generation.

Reasoning: Derivative transactions that generate transactional revenue or involve speculative trading are taxable, while risk-offsetting positions do not contribute to taxable activity.

### **Private Equity & Venture Capital Transfers**

Total Transaction Volume: 15.0 Trillion USD

Qualifying Amount: 10.0 Trillion USD

Excluded Amount: 5.0 Trillion USD

Financial transactions related to venture capital funding rounds, private market investments, and equity placements.

What qualifies: Capital investments, private market fund disbursements, and financial structuring fees.

What does not qualify: Internal fund restructuring, reinvested earnings, and passive investments without transaction fees.

Reasoning: Private equity transactions that involve capital movements or transaction fees qualify, while purely internal capital reallocations do not.

### **Government Backed Securities**

Total Transaction Volume: 16.18 Trillion USD

Qualifying Amount: 2.0 Trillion USD

Excluded Amount: 14.18 Trillion USD

Financial securities issued or guaranteed by government entities, such as U.S. Treasury bonds and municipal debt instruments.

What qualifies: Trading activity involving government-backed securities, market-making transactions, and institutional purchases.

What does not qualify: Interest payments, debt servicing, and non-traded government securities.

Reasoning: The buying and selling of government-backed securities generate trading fees, making them taxable, whereas interest payments and principal repayments do not contribute new taxable revenue.

### **Cash Transactions**

Total Transaction Volume: 1.0 Trillion USD

Qualifying Amount: 0.4 Trillion USD

Excluded Amount: 0.6 Trillion USD

Physical cash transactions for goods and services.

What qualifies: Commercial transactions involving large cash deposits or withdrawals.

What does not qualify: Small-scale personal cash exchanges.

Reasoning: Large business cash transactions impact taxable revenue, while small personal exchanges do not.

### **Debit Card Transactions**

Total Transaction Volume: 3.0 Trillion USD

Qualifying Amount: 1.5 Trillion USD

Excluded Amount: 1.5 Trillion USD

Payments made using debit cards, linked directly to bank accounts.

What qualifies: Merchant transactions that generate interchange fees.

What does not qualify: ATM withdrawals and fee-free transactions.

Reasoning: Merchant processing fees generate revenue, while personal withdrawals do not.



## ADDENDUM 2

### Data Sources and References

#### Data Sources and References

Source Name	Organization	Data Provided	Access Link
Financial Crimes Enforcement Network (FinCEN)	U.S. Treasury	Suspicious transactions, cross-border payments	<a href="#">FinCEN</a>
Bureau of the Fiscal Service	U.S. Treasury	Federal receipts, payments, transaction types	<a href="#">Fiscal Treasury</a>
Fedwire Funds Service	Federal Reserve	High-value transactions, RTGS data	<a href="#">Fedwire</a>
Nacha ACH Reports	Nacha	Automated Clearing House transaction data	<a href="#">Nacha</a>
Federal Reserve Economic Data (FRED)	Federal Reserve	M2, M3, financial transactions	<a href="#">FRED</a>
Financial Accounts of the U.S.	Federal Reserve	Banking, securities, derivatives transactions	<a href="#">Fed Reports</a>
Currency in Circulation Reports	Federal Reserve	ATM withdrawals, cash transactions	<a href="#">FRED</a>
Quarterly Bank Transaction Reports	OCC	Derivatives, mortgage lending, deposit trends	<a href="#">OCC</a>
FDIC Call Reports	FDIC	Bank assets, liabilities, deposit flows	<a href="#">FDIC Reports</a>
Securities Transaction Data	SEC	Trading volumes, derivatives, financial transactions	<a href="#">SEC EDGAR</a>
Consumer Financial Protection Bureau Reports	CFPB	Credit card usage, personal loans, mortgages	<a href="#">CFPB Data</a>
Goldman Sachs Financial Reports	Goldman Sachs	Annual revenue, stock trading volume	<a href="#">Goldman Sachs</a>
Robinhood Financial Statements	Robinhood	Retail trading revenue, total transaction volume	<a href="#">Robinhood</a>
Charles Schwab Annual Reports	Charles Schwab	Securities trading, tax data	<a href="#">Charles Schwab</a>
Visa & Mastercard Payment Reports	Visa/Mastercard	Credit/debit card transaction volume	<a href="#">Visa / Mastercard</a>

## Financial Data Analysis: Key Sources for U.S. Banking and Transaction Data

### *1. Government Agencies & Regulatory Bodies*

U.S. Department of the Treasury

Financial Crimes Enforcement Network (FinCEN)

Reports on suspicious transactions, cash flows, and cross-border payments.

[Website](#)

Bureau of the Fiscal Service

Federal receipts and payments, including transaction types.

[Website](#)

Federal Reserve System

Fedwire Funds Service

High-value, real-time gross settlement (RTGS) transactions.

[Data & Statistics](#)

ACH Transactions (Automated Clearing House)

Data from Nacha (National Automated Clearing House Association).

[Nacha Reports](#)

Money Stock and Payment System Statistics

M2, M3, and transaction-level insights.

[FRED Economic Data](#)

Financial Accounts of the U.S.

Banking, securities, derivatives, and lending transactions.

[Report Link](#)

Office of the Comptroller of the Currency (OCC)

Quarterly Reports on Bank Transactions

Covers derivatives, mortgage lending, and commercial transactions.

[OCC Reports](#)

Federal Deposit Insurance Corporation (FDIC)

Call Reports (FFIEC 031, 041, 051)

Detailed insights on bank assets, liabilities, and deposit flows.

[FDIC Data](#)

U.S. Securities and Exchange Commission (SEC)

Securities Transaction Data

Trading volumes, derivative contracts, and financial transactions.

[EDGAR Database](#)

Consumer Financial Protection Bureau (CFPB)  
Consumer Transaction Trends  
Credit card usage, personal loans, mortgages, and bank fees.  
[CFPB Reports](#)

## *2. Industry Associations & Clearinghouses*

Nacha (Automated Clearing House Transactions)

ACH Payments and Transfers  
Credit/debit transactions, bill payments, payroll deposits, tax refunds.  
[Nacha Reports](#)

The Clearing House (TCH)  
CHIPS (Clearing House Interbank Payments System)  
Large-value interbank payments.  
[TCH Data](#)

RTP® (Real-Time Payments)  
Instant transactions for banks and businesses.  
[RTP System Data](#)

Bank for International Settlements (BIS)  
BIS Payment and Settlement Statistics  
Covers international banking transactions and financial system trends.  
[BIS Reports](#)

SWIFT (Society for Worldwide Interbank Financial Telecommunication)  
Cross-Border Payment Traffic  
SWIFT messaging volumes and settlement data.  
[SWIFT Data](#)

## *3. Private Sector & Financial Analytics*

S&P Global Market Intelligence

Bank Transaction Insights  
Payment volumes, loan disbursements, and digital transaction trends.  
[Website](#)

Moody's Analytics  
Transaction Risk & Credit Flow Analysis  
Bank transaction value trends and risk assessments.  
[Website](#)

Deloitte, PwC, EY, KPMG (Big Four)



## Annual Banking & Payments Reports

Trends in digital payments, credit card transactions, and corporate finance.

[Deloitte Reports](#)

## Credit/Debit Card Transaction Data

Reports on total transaction values, volumes, and categories.

[Visa Economic Insights](#)

[Mastercard Data](#)

## Fintech Platforms (Plaid, Stripe, Square)

Digital Payment and Peer-to-Peer Transactions

Fintech transaction volume reports.

[Plaid Reports](#)

## 4. Academic & Research Institutions

National Bureau of Economic Research (NBER)

Financial Transaction Analysis Papers

Studies on economic trends in banking and payments.

[Website](#)

## MIT Digital Currency Initiative

Cryptocurrency & Digital Payments

Research on crypto-based financial transactions.

[MIT DCI](#)

## Harvard Business School & Wharton Research

Banking, Credit, and Transactional Economics

White papers and case studies on banking innovation.

[HBS Research](#)

## 5. Alternative & Blockchain-Based Transactions

Federal Reserve CBDC Reports

Central Bank Digital Currency (CBDC) Research

U.S. digital dollar transaction potential.

[CBDC Reports](#)

## Blockchain Analytics Firms (Chainalysis, Glassnode):

Crypto & Tokenized Transactions

Data on Bitcoin, Ethereum, and other digital assets used in U.S. transactions.

[Chainalysis Reports](#)

## Stablecoin & DeFi Platforms (Tether, Circle, Aave)

Transaction Value of Digital Dollar Equivalents

Insights into crypto-based transactions interacting with U.S. banks.

## Circle USDC

Predominantly, these sources were used to derive specific data. They were cross-referenced with multiple official and credible datasets:

- Federal Reserve, FDIC, and OCC reports for banking transactions.
- Access Nacha, SWIFT, and Clearing House data for payment system specifics.
- Review SEC, S&P Global, and SWIFT datasets for securities and cross-border transactions.
- Check Visa, Mastercard, and ACH data for consumer spending transactions.
- Analyze blockchain and DeFi reports for emerging digital transactions.

### *6. Additional Specific Sources:*

IRS – [www.irs.gov](http://www.irs.gov)

U.S. Treasury – [www.fiscal.treasury.gov](http://www.fiscal.treasury.gov)

Census Bureau (State & Local Revenues) – [www.census.gov](http://www.census.gov)

NASBO (State Budget & Taxes) – [www.nasbo.org](http://www.nasbo.org)

Social Security Administration (Payroll Tax Data) – [www.ssa.gov](http://www.ssa.gov)

[Gross Domestic Product, 4th Quarter and Year 2024 \(Second Estimate\) | U.S. Bureau of Economic Analysis \(BEA\)](#)

[United States - Stocks Traded, Total Value - 2025 Data 2026 Forecast 1975-2022 Historical Q4 2024 IPO market trends | EY - US](#)

[ACH Network Volume and Value Statistics | Nacha](#)

[Credit card spending in U.S. | Statista](#)

[The Fed - The 2019 Federal Reserve Payments Study](#)

[Existing-Home Sales | National Association of REALTORS](#)

[U.S. commercial real estate transactions forecast 2024 | Statista](#)

[US Fixed Income Securities Statistics - SIFMA](#)

[Value of M&A deals in the U.S. 2006-2023 | Statista](#)

[Gross Domestic Product, 4th Quarter and Year 2024 \(Second Estimate\) | U.S. Bureau of Economic Analysis \(BEA\)](#)

[United States - Stocks Traded, Total Value - 2025 Data 2026 Forecast 1975-2022 Historical](#)

[ACH Network Volume and Value Statistics | Nacha](#)

[Credit card spending in U.S. | Statista](#)

[PayPal Total Payment Volume](#)

[Existing-Home Sales | National Association of REALTORS](#)

[U.S. commercial real estate transactions forecast 2024 | Statista](#)

[Fedwire Funds Service Annual Statistics](#)

[Federal Reserve Check Payments Data](#)

[US Fixed Income Securities Statistics - SIFMA](#)

[Bank for International Settlements OTC Derivatives Statistics](#)

[SWIFT Cross-Border Payments Data](#)

[Effective Federal Funds Volume | FRED | St. Louis Fed](#)

[FRBNY Treasury Market](#)  
[CoinGecko Yearly Report 2023](#)  
[U.S. NFT Market Statistics | Statista](#)





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## End of Proposal

