A fair and progressive taxation system to potentially benefit everyone

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This paper describes a novel, fair, and much simplified, form of taxation that seeks to reduce wealth and power inequalities within and between and within nations which has similarities to the CCCTB corporate taxation proposals in the EU. It would improve the quality of life for everyone, without altering the wealth rankings, but helping and empowering, particularly the disadvantaged, who struggle to make ends meet. Growing inequality is leading to widespread hatred, particularly of economic migrants, which is encouraged by certain wealthy and powerful individuals who promise solutions that cannot work, that is frighteningly reminiscent of the 1930's

“The UK's public finances have reached a turning point with borrowing down and the first sustained fall in debt for 17 years” according to the Government's spring statement in 2018. It is all too easy to make such statements with a selective choice of “data” from the mind-bendingly complex UK economy, mostly based on finance, of which the UK taxation system forms just one part.

The cause of today's continuing recession is the fact that there are, globally, not enough consumers to afford the goods and services being relentlessly marketed to them, without resulting in unsustainable personal debt. The Great Depression, the most devastating recession ever, was due to a failure of the American banking system to cope with the Wall Street Crash. This clearly disproved Say's Law, which stated that there can never be a widespread excess of supply over demand. Fortunately a very bright British economist, J. M. Keynes provided a solution by inflating the currency and President Roosevelt introduced the “New Deal” to ensure that the workforce retained its skills and motivation, which obviously reduced wealth inequality, and the USA started its recovery within two or three years, while also suffering from the worst the ecological disaster the USA had yet experienced, Great Dust Bowl!

However, many other countries were affected even worse, because of punitive repayments for involvement in the first world war. This had fuelled the hatred of others known as fascism, the worst form of which was Nazism, which was to result in the second world war. After that, there was a determination not to repeat the mistakes of the first world war by imposing punitive sanctions but by assisting the combatant nations to recovery by means of the Marshall Plan after the second world war. America was no doubt largely motivated by concern about the potential spread of communism, but it worked; remarkably well! In the UK, Churchill had won the war, but it was Attlee who won the peace, as Churchill did not tear up what Attlee had achieved, resulting in a period of sustained stability and progress which, despite many mistakes, was probably the best governance the UK, and indeed most of the world, has ever experienced. Corporation tax in UK, US and elsewhere was far higher than is now charged anywhere today, with no ill effects. However, during the 1970's the the Arab states raised the price of their oil, the British coal miners went on strike, the UK Communist Party members decided decided to infiltrate the Labour Party, and certain economists started to espouse Neo-Liberalism which sought the dis-empowerment of the state, wholesale de-regulation, and privatization of state assets, and Edward Heath, the last one-nation Conservative P.M. was replaced by Mrs Thatcher, whose ideology changed everything.

Throughout history, Governments have needed to raise taxes, and have done so in many different ways. These have usually either been poll taxes, of a fixed sum per person, or at fixed percentage of wealth, income or expenditure, or some proxy for these. Taxation has been based on rules specifying the tax to be levied at a rate dependant on various conditions. A brief foray into HMRC's website will quickly overwhelm the reader with its complexity, which increases with every budget! It is surely unjust that anyone be expected to obey rules which are too arcane for anyone to understand!

Such systems are very similar to software, and share the difficulties in proving that such a complex system is self-consistent, let alone correct. Good, if never perfect, software can, though, be written collaboratively by good team work, structuring the software to make it correct and resilient. Few taxpayers enjoy paying taxes, though some value the common good, but most minimise their Tax liabilities. The wealthy can, and do, use their influence on Governments not to close loopholes. If software were written as badly as the tax system, it could never work! One example of this in the UK, is that of Non-Dom status, which has long outlived any plausible justification it may have had in the days of the Empire! Large multinationals and many wealthy individuals, who have no commitment to any state, can afford to spend considerable sums on experts to avoid paying taxes, which has resulted in the global domination of multinationals like Facebook, Google and Amazon, which have far more power over people than most Governments. Cosy deals, some legal but others more questionable, are made with governments as a matter of course. Brexit will undoubtedly breed many such deals, which will certainly be unambiguously corrupt unless Parliament is given adequate time to fully and openly debate the details of all such deals. We should indeed thank President Trump for his abolition TTIP! It is perfectly possible, though, for all legislation and agreements to be sufficiently transparent for all affected to understand it. Indeed, anything less would definitely be corrupt! Indeed all laws, agreements, edicts and commands should, ethically, not be considered valid unless they can be fully understood by everyone affected by them, without having to pay anyone.

There is a clear need to simplify the taxation system to enable anyone of moderate intelligence to understand and apply the rules, possibly with the help of an app. This would reduce GDP by reducing the income of the experts, but would help productive businesses to plan strategies quicker and more effectively, thereby increasing their material productivity.

It is proposed that individuals would receive a modest “basic income”, but all other income, including other benefits, would be taxed at a rate which continuously rises with income level, though never reaching 100% of income. This is described mathematically as approaching 100% asymptotically.

Corporate bodies would be taxed by exactly the same formula, apart from not providing them a “Basic Income" and a tax reduction, which would increase with the number of employees the corporation has in the country in question that earn more than the minimum wage set in that country. This system would not require universal adoption: a single nation could benefit on its own, though there are, clearly, powerful vested interests that would clearly oppose its introduction, particularly large multinational corporations! Many of these currently pay a negotiated rate of corporation tax at a lower rate than small businesses. by means of trade deals or locating their “head office” in a tax haven!

It is proposed that all commercial bodies that are ultimately controlled by the same group of individuals, should pay corporation tax as a single entity to the government of each country they make sales to, at a rate which increases with the global profit of the corporation. This means that the total tax to the government of country will be be the proportion of the group's global sales made to that country at a rate determined by group's global profit. As the fastest growing corporations, which now are mostly online, mainly seek finance and reinvest their profits in growth, rather than declare dividends which would attract corporation tax. It is therefore proposed that there be a withholding tax on this rise in value. That is easy to do if its shares are traded on a recognized stock-market, but the biggest players are frequently private equity concerns whose value can only be estimated.

The meteoric rise in the value of, particularly on-line, start-ups or takeovers, is seldom maintained and, indeed, most fail. When this happens, they potentially endanger their suppliers, who would be saved with a payment from the withholding tax. Carillion[1] is one recent example of such a failure for which the directors should have been sanctioned. Indeed there is need to return to the requirement that

1 https://en.wikipedia.org/wiki/Carillion

directors and those advising them shoulder responsibility for the insolvency of their limited liability companies, which seems to have completely lapsed in the latter part of the 20^{th} century.

Wealth inequality has grown phenomenally, resulting in the fact that there are, globally, not enough consumers who can afford the goods and services being relentlessly marketed to them, without resulting in unsustainable personal debt. The universal measure of progress used today is the, now almost meaningless concept of GDP, and personal and corporate debt has got out of control, while the far more significant “balance of payments deficit” which concerned Harold Wilson is completely out of control! Much of the problem has been the adoption of Neo-Liberalism by the IMF which advocates all Governments to accept the edicts of increasingly powerful organizations and individuals whose power has no democratic mandate. Democracy, for all it flaws, remains the best form of government yet devised to represent the interests of all.

This paper now describes in more detail how taxation could be implemented in the UK in particular, but also with little or no change, as most countries have similar, if simpler, forms of taxation than HMRC. As already proposed for personal taxation, it is, then, proposed to firstly remove the distinctions between different forms of income, and tax them all at the same rate, unless there be very strong justification to do otherwise. Why should income from employment be taxed at by far the highest rate of any type of income in the UK, when one recognizes that National Insurance has become just another tax, as Unemployment Benefit, which it was brought in to fund, no longer exists? (Note that NI is not just the employees contribution seen on the pay slip, but also a similar Employer's contribution, which together roughly double the tax on employment!) How much does this value hard work!? Employment should surely be taxed at the same rate as self-employment, and every other type of income. Economic rent, which earns money for individuals or their companies by just having the right to levy it, would be taxed at the same rate as anything else.

Inheritance would be taxed as income for those who inherit rather than the estate, which would be much fairer than the tax avoidance lottery extant today. This, as any large one-off income, could, though, be spread over a number of years for tax purposes. Capital gains would also be treated in the same way, but with an inflation indexation allowance determined by that of the quantity *b* described below. Since wealth is the sum of inherited wealth, accumulated nett income and capital gains minus consumption, this is, effectively, almost a form of wealth tax. Asset values can only be precisely ascertained when they, or identical items, are sold on the fluctuating open market. However any measure of wealth from the sum of estimated values can only ever be an estimate This makes any wealth tax very difficult to implement.

The usual method to make income tax progressive has been to charge it at some fixed rate on income above a threshold, and then, usually, increase the rate further at a higher rate threshold. This works, but leaves much room for improvement, and can be used to mislead the gullible. Instead, as has been said, it is proposed that taxation be continuously progressive, such that the total tax rate would continue to rise with income indefinitely, but without ever reaching 100%. This obviously means that there is no top rate of tax! The simplest and fairest is a fractional power law (such as a square root) which sets the national level of taxation by the value of *n*.

In order to prevent the unemployed to be stigmatized or forced into debt, a basic income b is proposed as described by the equations below. In this the quantity g is the total global income of the individual and u the proportion of this earned in the UK or other country levying the tax. The take-home pay h is given by Eq. 1, which taxes on income made in a country at an effective tax rate which depends on the taxpayer's global income:

$$h = u\left(a\left(g/a\right)^{(1/n)}+b\right)\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots Eq.\,1$$

In this, b is a basic income, a credit given to all citizens unconditionally to cover their most basic needs, described in detail in this report[2] to JRF by Donald Hirsch, and a which is a figure proportional to b dependant on n as is shown in Eq. 2.

$$a \;=\; b e^{\frac{n\ln(n)}{n-1}} \;\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\; Eq.2$$

and therefore taxation is given by Eq 3.

$$t \;=\; ug-h \;=\; u\left(g-a\left(\frac{g}{a}\right)^{(1/n)}-b\right)\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\; Eq.3$$

The basic income figure, b, is determined as the minimum amount that is required to provide a person with their most basic physical needs of food, shelter, basic education and medical care, if not provided free by the state.

Figure 1

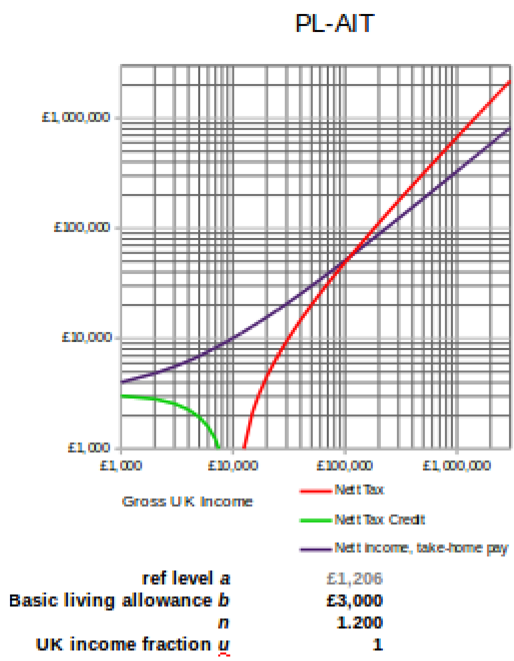


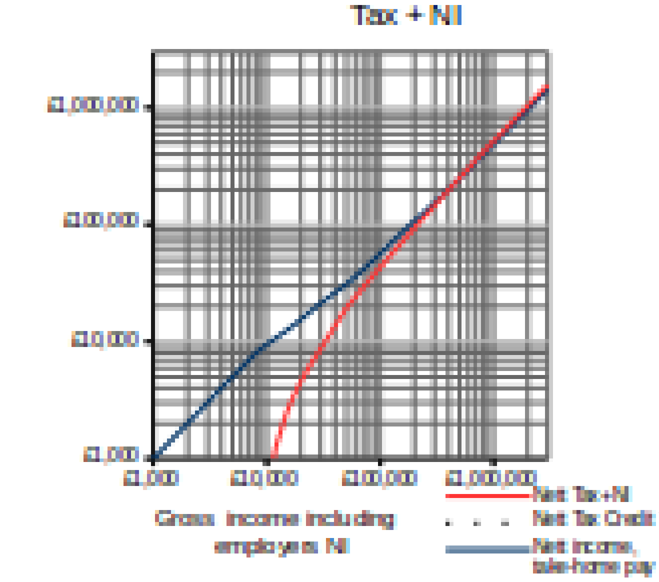
Figure 2

This quantity, b, when you think of it, provides the most meaningful measure of a country's inflation. All state benefits would be taxed and should be indexed using this figure for inflation, rather than the CPI figure now used for this purpose in the UK. CPI is a particularly inappropriate figure as it is mostly based on the cost of imported luxury items, while ignoring house price inflation, which determines the cost of all “shelter”, whether owned or rented!

What these equations mean is illustrated by means of graphs showing how a persons take-home pay (h), and tax (t) minus basic income credit (b), on the vertical axis, varies with the cost to the employer including tax and NI on the horizontal axis, as shown in figure 1. (PL-AIT standing for Power Law All Income Tax) However, as incomes can vary over such a wide range, there is merit in using logarithmic plots, in which a factor of ten increase is shown as the same size whatever the actual amount, as shown in Figure 2. Income from employment or any other regular income would be taxed with a withholding tax or credit like PAYE.

Note that all tax rates to be described will be based in an inclusive tax base.

2 https://www.jrf.org.uk/report/could-citizens-income-work



Basic rate threshold bt	£10,000
Basic rate b	20.00%
Higher rate threshold ht	£31,865
Higher rate h	40.00%
Additional rate threshold at	£150,000
Additional rate a	45.00%
NIThreshold nt	£7,956
Employers NI rate m	13.80%
Employees NI rate n	12.00%
Upper Earnings Limit ut	£41,860
Upper Earnings Employers NI rate um	13.80%
Upper Earnings Employees NI rate un	2.00%

Figure 6

Figure 6 shows a comparable logarithmic plot for the Income Tax[3] plus Class 1 National Insurance[4] (that levied on those in employment) contributions levied in 2004-5 on employees born after April 1948. Using data in income distribution in 2004-5, this would collect approximately the same amount of tax as that in figure 1.

All other welfare payments, which would be subject to tax, would seek to help cover the extra costs for those with serious disabilities, young children and the frail elderly, as at present. Where this results in a nett tax credit, this would be paid monthly or weekly to the recipient as a tax credit by the Revenue. Obviously, everyone would have to submit a tax return, but this would be conceptually very much simpler than the current one, with all its 'if's and 'but's. It is also what the newly implemented “Universal Credit” should have been, but which actually makes things more complex, punitive and difficult for everyone concerned. This would not remove the need for charity provided by individuals or charitable bodies, but rather, make it easier for them to do so, by clarifying entitlements to state benefits, and replacing the monumentally complex Employment Support Allowance! It is worth noting that this shows that it is perfectly possible to provide a Basic Income at the level of job-seekers allowance. The state pension involves some complexity because of the details of its historic cumulative provision details which would be a distraction from the thrust of this argument.

There would be much benefit for local authorities to fund themselves, rather than be supported by a diminishing rate support grant, which has made them carry the can for the central Government mistakes under-regulating of the City, that caused the Credit Crunch, by closing libraries and other community facilities. If this were implemented, it would be incumbent on the national government to reduce national taxation by the cuts they have imposed. This would enable local councils to truly represent the interests of the individuals and businesses within their jurisdictions with due democratic control. Trunk roads would obviously continue to be a central Government responsibility, but the local authorities, NOT central Government, should have the ultimate say on all planning decisions, which would include changes to trunk roads, as well as fracking. Central Government would then negotiate a “quid pro quo” with the representatives of those affected. This would implement real subsidiarity and make local politics far more important, and restore the level of voter interest and participation.

Ideally, Inland Revenue would become a tax and credit distribution agency to co-ordinate taxes and credits for local authorities as well as central Government, implementing a means of coordinating and scaling the incomes of councils according to the average incomes of their residents. Council tax would be based, not on an outdated notional property valuation, but on the actual price when purchased on the open market, together with the subsequent cost of expenditure on extensions, but not maintenance. This

3 https://www.gov.uk/government/publications/rates-and-allowances-income-tax/income-tax-rates-and-allowances-current-and-past

4 https://www.gov.uk/government/publications/rates-and-allowances-national-insurance-contributions/rates-and-allowances-national-insurance-contributions

would be annually inflated by the value of *b*. Note that it would be fair for wealthier householders to pay tax at a higher rate for the same property than the less wealthy.

This can be easily achieved by an extension of Eq. 9, by multiplying index values for the national taxation *n* by that required for each of the local authorities an individual may be liable to. In England these can be county or city *c*, district, *d*, and town or parish *p* for each property owned. These factors, which must all be greater than or equal to 1, would increase with the purchase price of the the property. Note, though, that as the reciprocals of *c*, *d*, *p* and *n* are power indices, these terms are multiplied, not added together, and have a value of 1 if there is no tax liability. This gives total taxation as:

$$t \;=\; u\left(g - a\left(\frac{g}{a}\right)^{(1/(p.d.c.n))} - b\right) \text{............................} Eq.11$$

This would make it more expensive for wealthy individuals living in London to own second homes in the countryside, bringing all their food etc. in their Chelsea Tractors. This would increase the availability, and so decrease the price of houses there, and so enable the local population, who make the place what it is, to afford to live there. This form of taxation would help the achieve organic economic regeneration of towns and village rather than just turn them into dormitories.

If power-law taxation has the ability to encourage a fair reversal of the growth of personal wealth disparity, and facilitate regeneration of smaller towns and villages, that is as nothing compared to what could be achieved were the same principles to be applied to corporate taxation. The principle applied above that income is income whatever it may be called in a contract, should be applied also to corporate taxation, and indeed that one-man “contractors” should not be taxed less than employees doing the same job. However, when two or more individuals collaborate, they can achieve more than the sum of what they could achieve on their own. Different types of production operate best at different scales, but the present use in the UK of “subcontracting” to individual “contractors” is monumentally inefficient and is surely one of the main reasons for low productivity in the UK (the other being the cost of housing!). It is therefore fair to tax the profit of the enterprise as well as the income of each individual, but by less than the amount that would be levied were it to be taxed as a single person. The corporation tax specified in Eq. 13. has, therefore, an extra factor not in formula for personal tax liability, $s^{1/k}$, which reduces the level of taxation according to *s*, the number of full-time equivalent employees and directors of the company who are paid at least the living wage, in the country in question. The parameter *k*, a number greater than 1, sets the factor by which the corporation tax liability is reduced as *s* increases. This clearly gives a tax advantage to organizations that provide the most employment, something that benefits both employers and employees, encouraging pride and commitment of employees to their employer and vice versa. It is regrettable that such mutual commitment is increasingly rare in today's “easy come easy go” paradigm!

As it is only a legal entity, not a real person, a corporation, a term which will be used to include any group of people under common leadership, cannot itself merit a Basic or Citizen's Income of *b*. This omission makes all the logarithmic plots straight lines. Although *b* does not therefore appear in the equations, it is still used to determine the value of *a* using Eq. 2.

Tax liability would not be based on where a corporation is registered, but, in the same manner as is used for personal income tax: All income derived from sales to customers in or to a country, would be taxed in that country at an effective rate determined by the global profits of the corporate group. Companies would be part of a “corporate group” if there exist any set of individuals who have the power between them, should they wish, to close any or all the companies within the group.

This would be a radical departure from current practise, not only by the progressivism described above, but even more significantly, by taxing where sales are made, to avoid the legal fictions which currently enable the majority of the profit of many large multinational to be posted in tax havens! This is, in fact, very similar to that considered by the European Parliament under its CCCTB[4] proposals to tackle this issue, though this was blocked by the UK! These are somewhat similar to what is proposed in this paper,

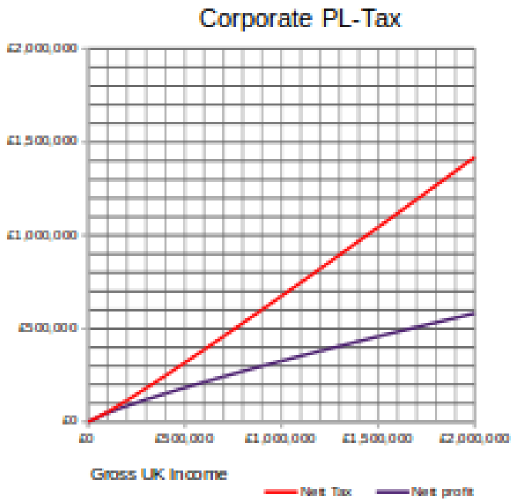
4 https://en.wikipedia.org/wiki/Common_Consolidated_Corporate_Tax_Base

though more complicated but of lesser scope, on the table in the European Parliament.

$$t \;=\; u\left(g - a\left(\frac{g}{a}\right)^{1/n}\right)/s^{1/k} \text{ .... } Eq.13$$

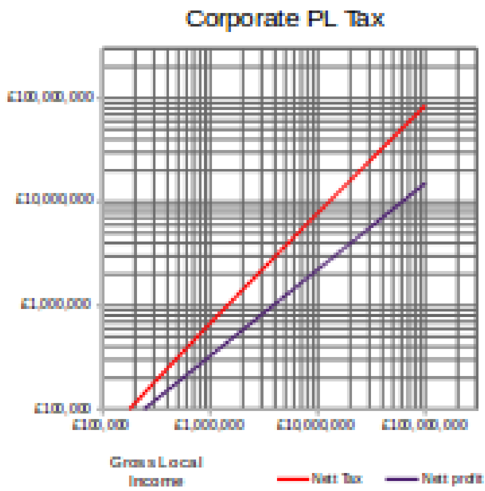
which would then make the profit after tax:

$$h \;=\; ug - u\left(g - a\left(\frac{g}{a}\right)^{1/n}\right)/s^{1/k} \;=\; ug\left(1 - 1/s^{1/k}\right) + a\left(g/a\right)^{1/n}/s^{1/k} \text{ .... } Eq.14$$



ref level a	£1,205.63
Basic living allowance b	£3,000
Taxation level n	1.2
UK income fraction u	1
Reciprocal exponent k	5
Size s	1

Figure 7

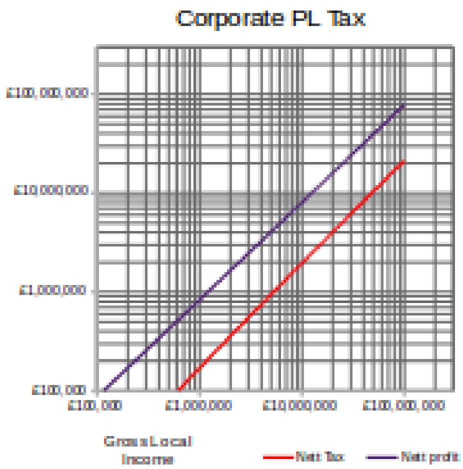


ref level *a*	£1,206
Basic living allowance *b*	£3,000
Taxation level *n*	1.200
UK income fraction *u*	1
Reciprocal exponent *k*	5
Size *s*	1

Figure 8.

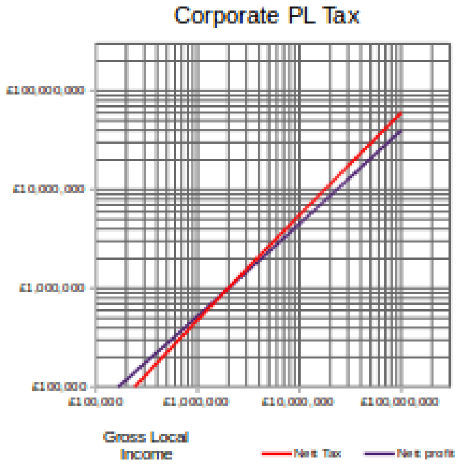
Figure 7 is a linear, and Figure 8 a logarithmic plot, with s=1, that is, a single director, and shown in the small square in the left hand bottom square with £100,000 gross income and a tax level of 1.2 would give a taxation rate of 52.115% If this were paid to the owner of this one-man business, there would be no profit from the business, but he would have to pay the same sum as income tax. Either way he would automatically receive the Basic Income which would reduce his tax to 49.115% of his income.

If the profit were £100.000,000 with the same tax level of 1.2, the taxation rate would go up to 84.86% but it could never reach 100% however much gross profit or income were made. It should be noted that all the logarithmic plots are straight lines. The fact that the logarithmic plots for personal tax are curved is only due to the addition of the basic living allowance, *b*.



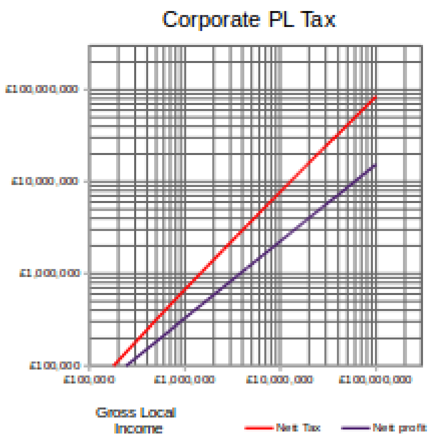
ref level *a*	£1,206
Basic living allowance *b*	£3,000
Taxation level *n*	1.200
UK income fraction *u*	1
Reciprocal exponent *k*	5
Size *s*	1000

Figure 10.



ref level *a*	£1,206
Basic living allowance *b*	£3,000
Taxation level *n*	1.200
UK income fraction *u*	1
Reciprocal exponent *k*	20
Size *s*	1000

Figure 11



ref level *a*	£1,206
Basic living allowance *b*	£3,000
Taxation level *n*	1.200
UK income fraction *u*	1
Reciprocal exponent *k*	2000
Size *s*	1000

Figure 12

However a more realistic situation is shown in Fig. 10, which shows a reduction in tax with *s*=1000 employees, the same tax level of 1.2 and a gross profit of £100,000,000 giving a nett profit of £60,0074,388 (at the end of the blue line) and a tax rate of 36.89% (at the end of the red line).

Figure 11 is the same as Fig 10 with a tax level of 1.2 and s=1000 employees, but showing the increased taxation with a higher reciprocal exponent of *k*= 20, resulting in corporation tax rates of 36.89% for £100,000 gross profit, to 60.06% at the same gross profit of £100,000,000.

Figure 12 is the same, but for *k*=1000 giving taxation rates of 51.76% for £100,000,000 profit. However this has come very close to the asymptote of personal taxation, which means that further increases in *k* beyond 1000 would have a negligible effect. This might be considered too high, but that would be up to the Chancellor of the Exchequer or Finance Minister!

Local taxation of businesses could be achieved using the same process of multiplying indices used for individuals in Eq. 11.

Economies of scale exist in manufacturing, and it is clearly necessary for a company to be able to sell enough of a new product to adequately cover the cost of its research and development. Most innovation, though, is achieved by small start-ups rather than by the large corporations, which can potentially grow into larger corporations. In recent years, though, the size of multinational corporations has grown enormously, largely by takeovers. There are various motivations behind this, such as to gain a monopoly of a particular market sector, to buy out competitors to become a global brand, or simply to increase directors' self-esteem by commercial empire-building!

Customers obviously lose out in monopoly situations due to price rises, but in the second case, consumers are largely unaware of the mind control that is at the heart of ubiquitous marketing and advertising. Personal empire-building is detrimental to any organization is always as well as to the common good. Though senior employees in these large corporations are very well paid, many of their workers are employed at minimum wage rates in MacJobs, with less real responsibility than a mediaeval serf would have had! Indeed the author is far more concerned about humans being mind-controlled to behave as robot consumers than about the use of real robots used to make products more efficiently! This is all in stark contrast to the ideal envisaged by Leopold Kohr when he taught Fritz Schumacher that Small is Beautiful! Unnecessary size not only causes the unnecessary transport of goods on a global scale, which is a significant contributor to climate change, but also wastefulness of foods produced by farmers and growers having to meet supermarket specifications of uniformity more appropriate to precision engineering parts! To this can be added the stifling of real innovation by the "not invented here" syndrome apparent in many over-large organizations!

The progressive nature of the proposed New Corporation Tax would tend to slow the growth of such over-large corporations compared to smaller ones, particularly if they employ few people to achieve their turnover, which would encourage the growth of new independent, smaller, businesses. These generally give employees more responsibility, as well as opportunity for using initiative and innovation, and hence ultimately pay, to a greater proportion of their workforce than large, top-down-managed corporations. This is not true, though, of the growing number of new one-man "small businesses" set up in the UK by larger corporations as "contractors," to avoid tax, particularly National Insurance, or employers legal liabilities, such as the national minimum wage etc. It is vital that this type of issue is dealt with aggressively by legislation. As has already been said, the continuing global recession is due to lack of customers who can afford to buy the goods and services produced, without getting into, all too prevalent, unsustainable debt. Market forces would then be able to set the optimum size of enterprise for each market sector. Indeed, this form of taxation can be seen as a non-linear mapping or transformation of income and profits to transform economics in such a way as to better recognize the reality of human needs and motivations.

One of the benefits of taxing groups rather than subsidiaries, is that it could help Governments to generate enough in taxes from individuals and businesses, including foreign ones trading within their country, to enable them to pay off interest and capital on their loans over a reasonable period time. This could be done without requiring the type of economy-killing austerity that is currently mandated by lenders today. It would, probably make imports of goods or services provided by very large corporations more expensive, but this is necessary to enable local start-ups particularly in developing countries to compete producing everything from unfamiliar, and delicious foodstuffs to using solar energy to export electric power on a global scale. These would clearly not pay taxes till they were profitable, and then, at a lower rate than their larger competitors.

This would have the effect of putting more power and responsibility in the hands of national governments which are often democratically elected, which, though imperfect, is by far the best way to provide for the common good! The simplicity of system would help governments to be able to spend what was needed to ensure adequate funding of health services. There are indeed many other things Governments do better than private enterprise, such as robust policing, particularly of white-collar crime which is now so common, but seldom brought to a conviction, and running the railways on time with lower fares and less disruption. A key factor would be the removal of the monstrously expensive and dysfunctional bidding process for franchises etc. That, of course, would be anathema to small government Neo-liberals, as crime reduction and cheaper and better railways would, *ipso facto*, reduce GDP! However the same conclusions can be made for a host of other dysfunctional privatized utilities.

Since, as has been said, the proposed new corporation tax would be proportional to sales in, or to, a country, this would eliminate the pressures on countries to reduce corporation tax, as businesses would pay the same wherever they were registered. This tax could also be considered as a progressive sales tax. That means that it could replace, not only Corporation Tax, but also VAT (a simple idea which has become monumentally complex and fraud-prone). In addition to this, it would obviously cut administrative costs for both government and businesses, by replacing two taxes with one! Were it not for the need to check for illegal imports by enhancing the necessary security controls at airports to cover illegal imports rather than by Customs.

What is proposed herein would show real subsidiarity throughout Europe, and make the Euro function much more effectively, by removing the need for much of the central EU bail-out or other loan funding for the less affluent countries, as these would recognize the set *b* to allow for basic needs while setting *n* higher and recognizing *b* to be lower. Indigenous start-up companies, which, like most start-ups, grow from a very small size and would be helped by the progressiveness of the taxation while. It would give power and responsibility to their democratic governments to make real economic progress, removing the perceived need for “austerity”. Austerity actually hinders the progress even of large multinationals, by reducing purchases, and achieves the same result as the mediaeval sanction of putting debtors in the stocks until they pay the debt, which they cannot achieve while in the stocks! This is illustrated by bailout conditions Greece was forced to accept by the Eurogroup, which, at the time, even the IMF[5] said could not work! There was recently a rather sick announcement that Greece would now be able to borrow even more money, doubtless to be squandered by the small number of very rich Greeks!

When a country suffers a severe unpredictable disaster, others should clearly help. But this should be provided unconditionally by free gifts, or at least subsidized loans as was provided by the previously Marshall Plan, rather than commercial ones that will inevitably stifle their recovery.

These ideas for taxation reform could do a great deal more than enable Governments to gain real income (not loans) from those who are most able to pay, which could help “level the playing field” between countries, and encourage real employment globally, providing real goods and services as well as reducing the scope for the tax avoidance part of the parasitic economy. This would be far more effective than the loans made to “developing countries” which are contingent on them opening up their borders to unbridled exploitation by, now mainly Chinese, multinational corporations. These take out far more than they contribute to their economies, turning their populations into “consumers” and dis-empowering their democratic governments by their legal and marketing bluster. And do not forget: bribery always involves two parties!

Extraction taxes are the main components of national income for many, particularly African, countries, and these are an exception to the suitability of the use of the proposed taxation system, along with fuel duty and other means of countering climate change, the most urgent issue to be addressed globally, and for which we are fiddling while Rome burns! Apart from mining, in which the senior jobs are usually all done by expatriates, many developing countries have developed very little since the 1970's, and indeed climate change has made life significantly harder, and most of their most skilled, able and determined nationals go to live and work in more affluent countries. This has resulted in economic migration which has helped destroy the coherence of the EC.

Another aspect which has received no comment is the fact that tertiary eduction in the UK used to be free for nationals. However in a few years this has changed and now has the highest university fees in the world, even for universities which had just been technical colleges. This has resulted in a preferential recruitment of foreign graduates who can afford to accept lower wages as they do not have the huge tuition fee debts! This is very evident in the recruitment of staff for the NHS! And this is surely a key factor in the support for Brexit that came as such a shock to David Cameron!

For all its failures, though, the author believes that the collaboration between the countries of the EU has overcome the hatred that brought about the second world war, but feels ashamed at the hate-ridden approach of the UK to Brexit by what is, effectively, a UKIP Government, which will make the UK the world's largest tax haven!

It might be thought that tax havens would lose out by what is proposed, but, although their GDP figures would inevitably decline, that is a poor measure of the interests, ambitions or well-being of their permanent inhabitants, as the Barclay Brothers found in Sark![6]

5 http://www.imf.org/external/np/sec/pr/2015/pr15381.htm
6 http://en.wikipedia.org/wiki/Barclay_brothers#Controversies

