

**Key Point SUMMARY of (alternative)...
Proposal to Rationalize, Reform & Restructure the Tax & Benefits' Systems**

I genuinely believe, perhaps erroneously in some instances, that the measures detailed in my proposal and summarized below will: *reduce benefit dependency; *restore consumer confidence; *revive consumer spending; *revitalize the economy; *increase demand and output; and *create new jobs to reduce unemployment which, in turn, will REDUCE welfare spending (without slashing claimants' benefits!) and INCREASE tax receipts!!!

<http://crwra.yolasite.com/resources/The%20Public%20Finances%20-%20Key%20Issues%20-%20The%20tax%20system.pdf>

The validity and viability of my proposals are based upon assumptions, calculations & estimates made using Parliamentary research, some of which is summarized in the above House of Commons document

SUMMARY

(Please Note: The following summarized proposals are intended to be INTERDEPENDENT, INTERCONNECTED & INTERACTIVE, and will only achieve the desired end results IN COMBINATION and NOT IN ISOLATION)

National Minimum Wage (NMW)

- Increase the full-adult NMW rate for over-21s to £7.50 per hour.
- Set the lower NMW rates in 20% decrements of this figure... £6.00 per hour (80% full NMW) for 18, 19 & 20 year olds... £4.50 per hour (60% full NMW) for 16 & 17 year olds, and... £3.00 per hour (40% full NMW) for first-year apprentices aged 19 or under.

Benefits

- Abolish ALL current unemployed and other non-working benefits, and in-work and disability-related benefits (INCLUDING Child Benefit but EXCLUDING Housing Benefit) and replace them with one single, rationalized benefit system to be called, "**Citizens Income Guarantee**" (CIG).
- Set the base rate for CIG, for an unemployed single person aged 25 and over, to £75.00 per week... **or 10 times the full-adult NMW hourly rate.**
- Set all other allowances and supplements in 20% increments or decrements of the base rate (go to page #15 in the full proposal to see a chart of how these would be assigned).
- Reduce CIG entitlement to working, low-paid claimants by 30% (30p/£1) of earned and unearned disposable* income (*nett of Income Tax)

NOTE:

*Including Universal Child Benefit in CIG **ONLY** means it will no longer be "non-means tested", but will instead be targeted to those families whose need is greatest... i.e.: unwaged, and middle- and low-income families. Please go to bottom of page to see examples.*

Housing Benefit

- Repeal the Welfare Reform Act and reinstate FULL Housing Benefit (subject to: qualifying criteria for entitlement; and capping)
- Reduce Housing Benefit entitlement to working, low-paid claimants by 30% (30p/£1) of earned and unearned disposable* income (*nett of Income Tax)

Pensions

- Set the State Retirement Pension to £150.00 per person, per week... **or 20 times the full-adult NMW hourly rate.**

Personal Taxation

- Set the Personal Tax Allowance to £225.00 per person, per week (£11,700.00pa)... **or 30 times the full-adult NMW hourly rate.**
- Make Personal Tax Allowances TRANSFERABLE BETWEEN COUPLES in 20% blocks up to 100%.
- Reinstate Personal Tax Allowances for higher income earners.
- Abolish employee National Insurance Contributions, Council Tax, and the "Telly Tax" (TV License), and combine these with basic Income Tax to create a new starting rate of 40%.
- Set the upper, basic-rate tax threshold at £250,000.00pa of taxable income.
- Create a new "interim" tax rate of 50% on taxable income between £250,000.01pa & £500,000.00pa.
- Set the higher tax rate at 45% of ALL taxable income when this exceeds £500,000.01pa (Personal Tax Allowances remain untaxed).

(These thresholds can easily be halved or quartered initially, and raised to the above-stated levels at a later date.)

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Legislate...

- ...to maintain the ratio of National Minimum Wage to: CIG; State Pension; and Personal Tax Allowance, as... NMW: 10; 20; 30, respectively, so that as one is increased or frozen, so too will be the others by the same percentage.

Business Taxation

- **Abolish:** Business Rates, Corporation Tax, and employers' National Insurance Contributions ("employment tax"),.
- Create a new "Business Turnover Tax" (BTT) to replace the above.
- BTT to apply to EVERY (qualifying) TRANSACTION within the UK where at least one (or both) of the transaction's principal parties (i.e.: the purchaser AND/OR vendor), or any third party agent(s) acting on the purchaser's &/or vendor's behalf, are located in the UK... this to (*either partly or wholly*) eliminate corporate tax avoidance.
- Set the BTT at 6% for incorporated companies, and 10% (income tax deductible [6% nett]) for self-employed sole-traders & partnerships.

VAT

- Cut VAT on petrol and diesel to 5%.
- Cut VAT on electricity, gas and water supplies to businesses to 5%, in line with domestic energy... to help VAT-unregistered small businesses and new business start-ups.
- Increase standard rate VAT from 20% to 25% TEMPORARILY for 3-5 years to compensate for the VAT reductions on fuel and business energy and water, and to raise revenue specifically to fund house building, construction, civil engineering and infrastructure projects to CREATE JOBS, REDUCE UNEMPLOYMENT and GROW the economy.

Other Taxes

- Abolish the Road Fund License (Road Tax) and...
- Increase duty on petrol and diesel by 12p-15p per litre (Alternatively: Replace the Road Fund License with a 12-15p/litre "Fuel Carbon Tax").
- Replace the current system of levying-by-classification the duty on alcoholic beverages with a new, rationalized system of 2-2.2p/millilitre or 20-22p/centilitre of ACTUAL alcohol content by volume.
- Abolish the waste-disposal tariff on old tyres, and replace it with a new "Carbon Tax" on new tyre and inner tube sales for vehicles, motorcycles AND pedal-cycles.

Notes re: CIG & Child Benefit inclusion.

Maximum CIG payable to unemployed claimants would be subject to a 30% of nett income "taper" for employed CIG claimants, which means that for every £1 of earned and unearned income they have **after tax**, they will lose £0.30p from their maximum CIG entitlement. (The "Housing Benefit" taper will work in exactly the same way.)

For working claimants with families, the inclusion of **Child Benefit** in CIG assessment will mean that...

- A working **couple** with ONE qualifying child will be able to earn **up to**: £630.00/wk NETT (after tax) and will still receive **at least** £21.00/wk from CIG
- A working **couple** with TWO qualifying children will be able to earn up to: £730.00/wk NETT (after tax) and will still receive at least £36.00/wk from CIG
- A working **couple** with THREE qualifying children will be able to earn up to: £830.00/wk NETT (after tax) and will still receive at least £51.00/wk from CIG

- A working **Lone Parent** with ONE qualifying child will be able to earn up to: £430.00/wk NETT (after tax) and will still receive at least £21.00/wk from CIG
- A working **Lone Parent** with TWO qualifying children will be able to earn up to: £530.00/wk NETT (after tax) and will still receive at least £36.00/wk from CIG
- A working **Lone Parent** with THREE qualifying children will be able to earn up to: £630.00/wk NETT (after tax) and will still receive at least £51.00/wk from CIG