

5. ANNEX TO VIVANT-EUROPE'S CONTRIBUTION

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A. Examples of applications

1. **When building a house** it is the labour that really costs the money.

Under the new system (VIVANT's socio-economic model), tax on labour is abolished while taxes on machine-made goods are increased, so that the overall cost of the house remains unchanged. For VIVANT, respect for the humanity of the individual means taxing not his labour, but what machines produce. **In this way, machines will bring freedom to men and women instead of depriving them of their jobs.**

2. **A consultation with a general medical practitioner** today costs about -20, which includes the doctor's taxes and social security contributions.

Under the new system, the consultation costs not more than -10, which represents a saving both for the patient and for the social security system.

B. Ways of collecting consumption tax

To limit occasions for fraud, VIVANT-EUROPE **proposes two methods** :

1. **To limit companies' recuperation of consumption tax**

The consumption tax paid on goods used only in the production or manufacture of finished goods is recuperable because the former, being inputs, are not consumed as end products.

All inputs into production processes, such as raw materials or intermediate materials (fuel, packaging, vehicle and machine maintenance, etc.) are considered intermediate products and any VAT or consumption tax paid on them can be recuperated because they contribute directly to the process of manufacture or transformation.

On the other hand, consumption tax paid on purchasing investments in finished products which do not necessarily contribute to manufacture or transformation (such as buildings, machines, computers, office furniture, heating, vehicles, telephonic and other equipment) is not recuperable.

2. **To limit the number of actors in the market who actually collect consumption tax :**

either by collection at the factory gate, as is suggested by Pierre Aunac, a French economist (This is the whole point of a consumption tax conceived as a social VAT, paid directly by corporations to the social organisations, as social contributions now are.)

or by collection at the wholesaler level

For example, the recuperation system should obviously apply to a wholesaler of heating equipment. But there is no point in applying it to those who install the heating systems. For control purposes, resources could thus be concentrated on the one wholesaler rather than spread between his 50 customers who install his goods. In practice, then, the latter would not have to claim reimbursement of consumption tax.

The same would apply to small retailers such as bookshops, florists, cafés and restaurants.

Collection of consumption tax will thus be carried **out more economically and effectively**, at a limited number of points in the distribution chain, and may be combined with fiscal, health and environmental traceability at the European level.

C. Consumption taxes (social VAT) and compensatory measures

The concerns of VIVANT-EUROPE are purchasing power and equity.

The measures put forward by VIVANT-EUROPE necessary for the introduction of a consumption tax (social VAT) **which will be socially just** are of five kinds :

1. A variable VAT rate (from 0 to 42 %)

2. The maintenance of purchasing power by means of an unconditional monthly basic income that may be combined with other income

(From 0 to 17 years : 150 ₮ /From 18 to 24 years : 444 ₮ /From **25 to 64 ans** : 600 ₮

/Beyond 65 years : 888 ₮

3. A progressive income tax (up to 1500 ₮ per month there is no income tax ; beyond that a rate of 50 % applies) (see table below)

4. A tax on financial transaction (inspired by the Tobin tax) (0,1 %)

5. An inheritance tax adapted to the economic requirements of the targeted investments