

Who Loses With a Payments Tax?

The reason a Payments Tax works so well is that it taps every payment. Only a tiny fraction of payments are taxed today—those payments that we deem to be “income.” With the Payments Tax we are taxing the monetary economy so that it finally pays its fair share of taxes. Essentially we are exacting only a tiny squeak from an enormous monetary balloon that dwarfs the material economy we live in.

It is the ultra-wealthy whom play money games in the rarified air of the giant balloon that stand to lose with a Payments Tax. However, it is possible that even they may end up benefiting, as the business of “making money off of money” is indexed to the real economy. In other words, as the real economy grows from the elimination of income taxes, the economic growth from abolishing income taxes would expand the balloon faster than the Payments Tax shrinks it. Thus, the Payments Tax could end up being beneficial even for the powers-that-be that run the monetary economy.