

Policy Statement

Objectives and Strategies:

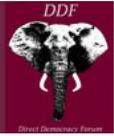
Objectives:

The **Direct Democracy Forum's (DDF)** main objectives for TEAL as a tax system are that:

- what South Africans pay in taxes becomes a matter of verifiable fact and not a matter of urban legend or half baked and outdated computations.
- every South African contributes his or her fair share toward the costs of running our society, something we suspect is not happening.
- all the needs of the country be met by this single tax system.
- real tax rates must plummet (no more taxes accumulating to 60% of income).
- when all the above conditions are met, the country must operate a balanced budget (which SA presently does not do), that is, have
 - no national or sovereign debt and not run a bank overdraft to the tune of R1.4 trillion.
 - Work it out, the national debt (said to be 35.6% of the GDP or 35.6% of R3.973 trillion) = R1.414 trillion for 2011 (see above for GDP and CIA world fact book for the National Debt estimate).
 - to not have to pay the billions of rands of debt service fees (2010 at R71.4 billion) that we are presently paying.

About TEAL:

- **Teal** is an acronym for **Total Economic Activity Levy**.
- **TEAL** will be collected by the Banking System, much as the banks collect and pay over Vat to the state and will be levied on all transactions occurring in the system.
- The **DDF** expect rates of **TEAL** to be 1/2% on every deposit and withdrawal in the system to fund National Government and a further 1/2% to fund local government.
- The effect of **TEAL** will be to increase the tax base some 38 times over the present tax base thus enabling the reduction of rates from the present highs on the more limited tax base to the expected low levels. This is not trickery but simple arithmetic.
- **TEAL** will replace all other sources of State Income, including but not limited to VAT, PAYE, Income Tax, Profits Tax, UIF, Municipal Rates & Taxes, Fuel Levies, and E-Tolling and other road taxes.
- Because **TEAL** is based on the economic activity of the tax payer, all members of the economy will be treated equally and generate a proportionately equal share of tax revenue.
- **TEAL** will be comprehensively applicable to all those active in the economy.
- A more detailed outline of **TEAL** is available from the **TEAL** web site at <http://www.tealtax.co.za/>



Strategy:

- We believe these objectives will be achieved by the introduction of **TEAL** as the sole source of state income.
- Teal will be introduced progressively, say starting with VAT. When the inflow of **TEAL** equals the inflow of vat, vat will be reduced to zero and eventually be scrapped.
 - The next tax will be selected, added to the vat target and **TEAL** will be increased to equal the combined inflow of both taxes, the second tax will be reduced to zero and eventually will be scrapped.
 - and so on, until all existing forms of tax have been replaced by **TEAL**.

Benefits:

- The State will know precisely how much tax it collects, and from whom it collects the taxes.
- The general public and every individual in the land will also know exactly how much he or she pays in taxes (no hidden taxes).
- The process will be simple and less costly than the present system (the levy is collected through the banking system, much like vat is already collected by the banks from their customers)
- The process will not involve any further interaction with the state (no tax returns, tax accounting or tax audits).
- Sufficient revenue will be collected to satisfy all the logistical and social needs of the country.
- Sufficient revenue will be collected to reduce the National Debt to ZERO within 4 to 5 years.

Conclusion:

The **DDF** believe that Income Tax and the plethora of other taxes have failed the modern state, world-wide. The US Government Debt is \$15.7 trillion and rising (as you read this that number is already way out of date). The UK's National Debt was estimated to be 1.1 trillion Pounds Sterling by 2011. How is the income tax system working in these two countries? How is it working in South Africa? The answer to both questions is, it is not. Not here, not anywhere. In line with the **DDF**'s overall goal to simplify our lives in an ever more complex world, we want to rationalise taxes as discussed above and engage in a program of rationalisation of state commitments so the state supports and empowers those in need while freeing up the rest of the economy to do what it does best, namely, succeed.