

The National Account System standardized by ESA 2010 shows the separation of income taxes for UBI and consumer taxes for the remaining state budgets because there are 4 steps, step by step:

1. UBI

Net = 0,5 * Gros + family members * UBI for All,
Gros = 0 too, doesn't reduce the national income as zero-sum.

2. Health insurance

The per capita health subscription as part of UBI reduces the national income to the **disposable** (national) income for **ALL**.

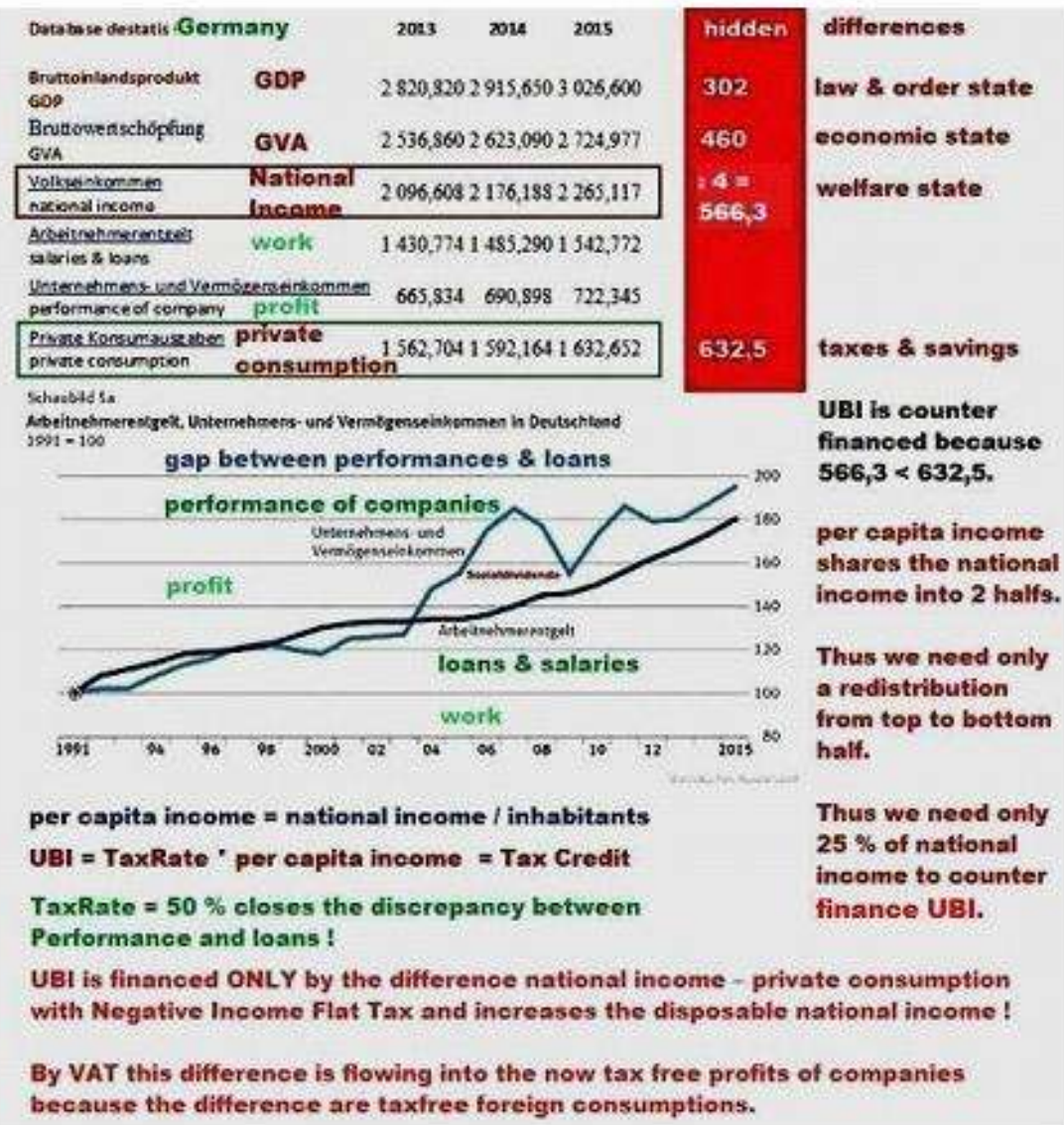
3. Insurances for retirement and unemployment

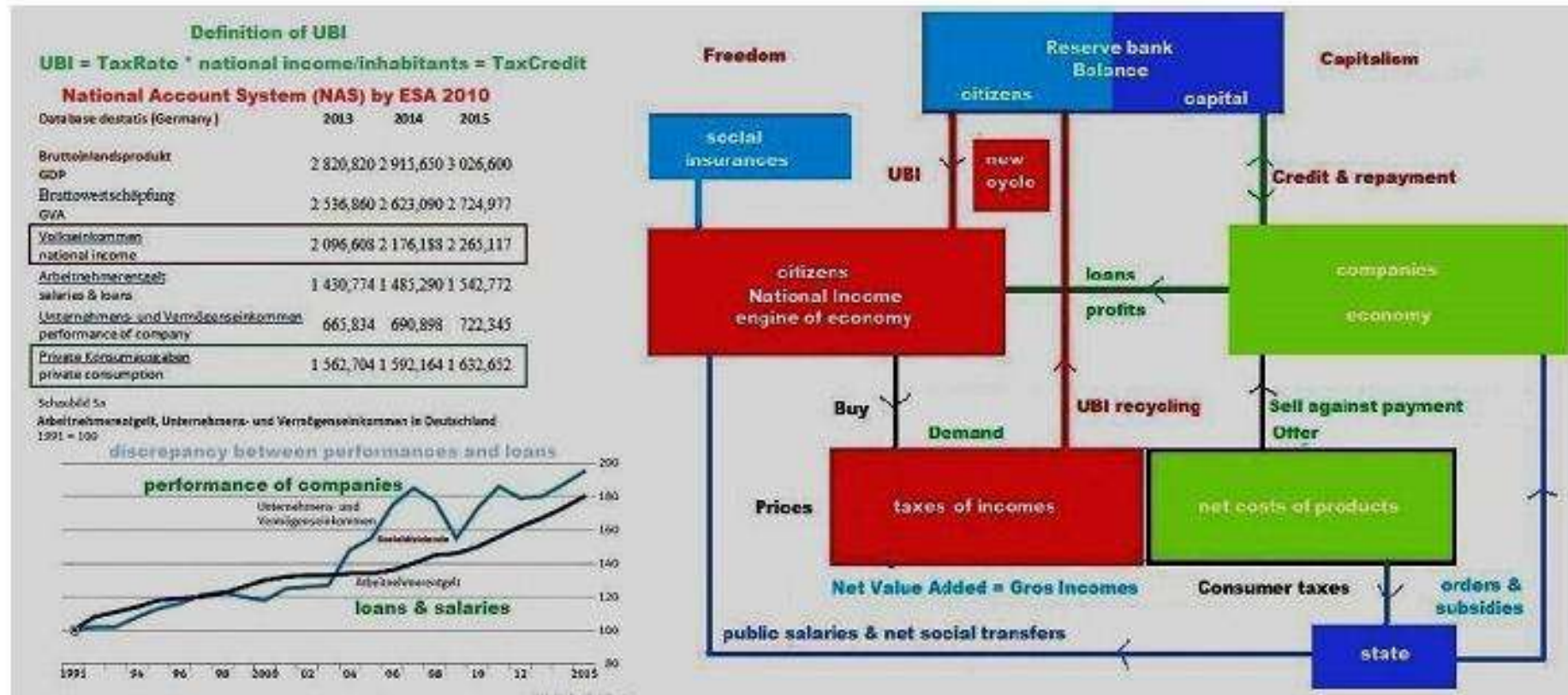
The subscriptions for these benefits reduce only the *disposable income for workers*, but not the *disposable national income*.

This 3 steps have either influence on prices nor market! The same money for these 3 steps will finance the Consumer taxes too.

4. Consumer taxes for remaining state

The consumer taxes (including property taxes) increase the prices. They would be paid by the disposable net incomes with the same money financing UBI, health and social insurances **BEFOREhand**.





Definition of UBI by J.S.Mill [1848] 1965, bk. 2, 211–12:

"This system does not contemplate the abolition of private property, nor even of inheritance; on the contrary, it avowedly takes into consideration, as an element in the distribution of the produce, capital as well as labour.... In the distribution, a certain minimum is first assigned for the subsistence of every member of the community, whether capable or not of labour. The remainder of the produce is shared in certain proportions, to be determined beforehand, among the three elements, Labour, Capital, and Talent."

Reasons for UBI by D.Milner [1920], <http://www.basicincome.qut.edu.au/documents/Dennis%20Milner%201920%20book.pdf>, p. 39

Two main examples are:

1. The maintenance at minimum rates, of those unable to earn the minimum.
2. The maintenance of an assumed "average" family.

These are the definitions. Mill describes the UBI as process of internal distribution, based on productivity with financing of 0 cents or pence. Milner explains, not only workless people needs an UBI, but "average" families too, independent by work.

And this second reason was the reason for Adam Smith 1776, to invent a vertical income tax (solidarity) in addition to horizontal consumer taxes (equivalence). The consumers pay more taxes as more they need the law and order of market, the producers pay more taxes as more they earn in the market by the law and order of market.

Consumption is the distribution from bottom to top, income tax is the REdistribution from top to bottom. The producers give the half of their incomes back to consumers as an equal UBI for next consumption. This is social marketing !

Let us look to the facts (graphic left) : The national productivity is the GDP (Gros Domestic Products) in the National Account System (German example). This is not only a collection of figures, but an algorithm too, established by ESA 2010 :

GDP – GVA	= consumer taxes for the STATE OF LAW & ORDER and infrastructure.
GVA – National income	= subventions through consumer taxes and tax exemptions for income taxes, the ECONOMIC STATE.
National Income	= gros primary incomes : The income taxes are financing the WELFARE STATE as 0-sum, distribution from primary incomes to secondary incomes, social benefits and part of public salaries, from Gros to Net.
	= net incomes for workers, owners and workless people, for public officers only their UBIs, the remainder will be paid by consumer taxes.

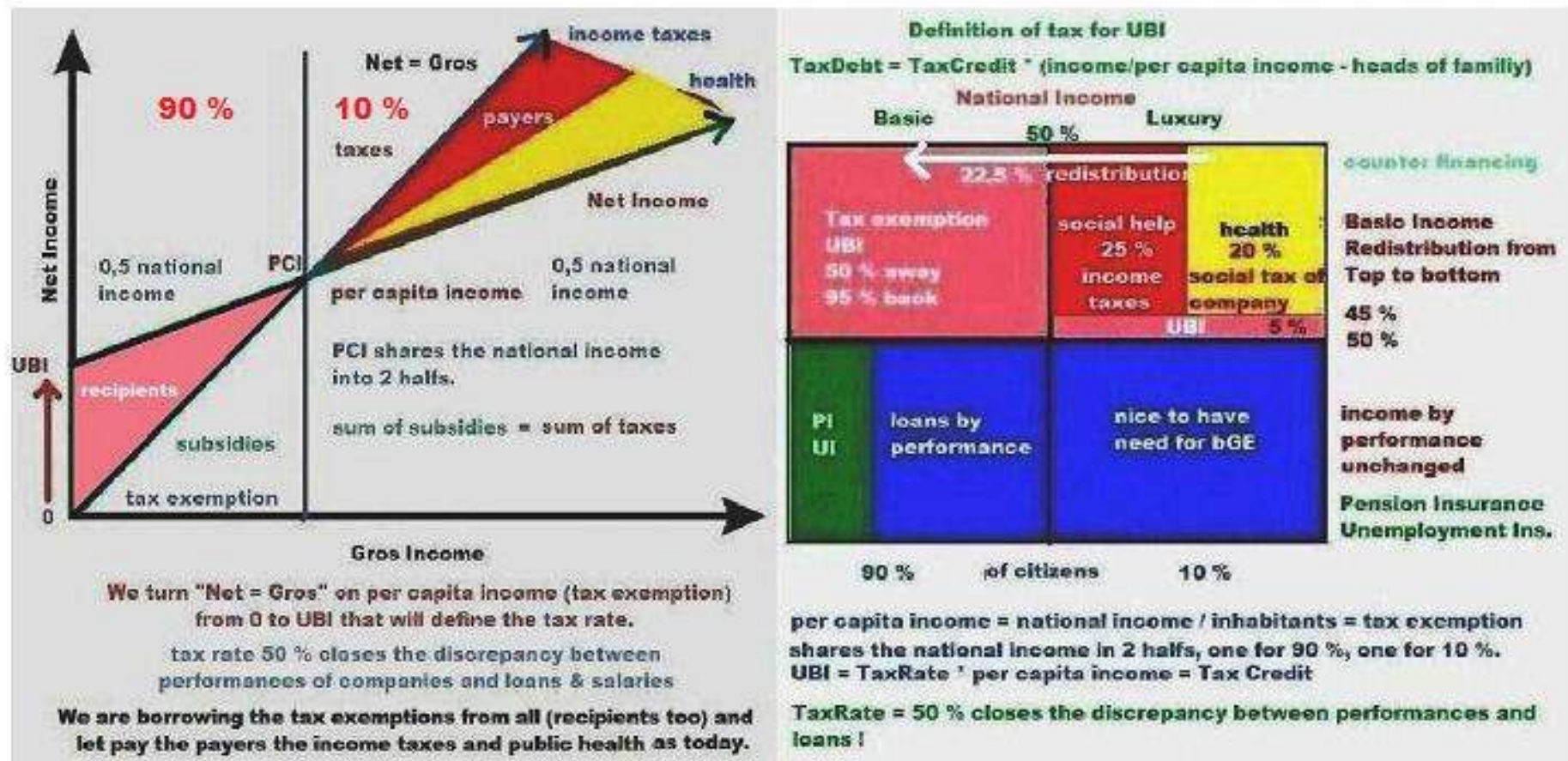
The NAS shows: The UBI and the social insurances (health, retirement and unemployment) doesn't touch as 0-sum of national income neither market and prices nor the budget of states by consumer taxes. It doesn't touch the "Kings Right" of parliaments to distribute the consumer taxes freely. **UBI is only UNCONDITIONAL by income tax.**

The gap between performance of companies and loans & salaries will be closed by a tax rate of 50 % for all incomes.

Then owners, workers and workless people are participating equally on productivity.

Installing an UBI is implementing a second money cycle of money (graphic right, red cycle).

Today we have the green cycle for credits and the blue cycle for taxes. The national reserve bank is the card holder in the card games of money. We doesn't need for each game new cards, the card holder has collect the cards after game, will mix them and give them new and equal back to all. This recycling is necessary, because the basic goods are be eaten by the consumers, but the corresponding money isn't be burned. This money is "naked debenture" and must be burned for stabilizing the value of money ! It's a monetary sense, to transfer the privilege of income taxes for UBI to the reserve bank for exchange the money for basic needs.



- Tri Set of UBI :
1. "Everyone gets an UBI" is $\text{Residents} * \text{UBI} = \text{tax rate} * \text{national income (productivity)}$
 2. Divided by Residents, we have $\text{UBI} = \text{tax rate} * \text{per capita income}$ as definition.
 3. $\text{Tax exemption} = \text{per capita income}$, $\text{tax rate} = \text{UBI} / \text{per capita income}$

$\text{national income} - \text{private consumption} = \text{national income by exports (foreign consumptions)}$
 $= \text{income taxes \& savings}$

Now to the taxes : The NAS (of Germany) shows, the private consumption is only ~75 % of the national income. And of course, the national income is in a common market like EU always higher than the private consumption !

The tax "half of net price" or "double of half net price" is the same consumer tax, but the difference between the base, private consumption or national income, is the foreign consumption.

An "only" consumer tax is the BIG error of Götz Werner according Rudolf Steiner !

It is not unconditional and it touches the prices on market and restricts the "King's right" of parliament to distribute the consumer taxes free !

That is the reason for 2 taxes in the NAS principally, the foreigners should pay taxes for law and order only in their own countries, but they should pay the full incomes for work. It's an international consensus in EU and WTO.

The Basic Income Flat Tax (BIFT) as Negative Income Flat Tax (NIFT) is defined by 2 parameters,

- tax exemption = per capita income and

- tax rate = UBI/tax exemption

for a 0-sum, fulfilling NAS and monthly cash flow without creating new money.

The per capita income shares the national income in exactly 2 halves of money, only the half UBI volume must be counter financed, the other half is only borrow of tax exemptions over one night. And it shares the residents in ~90 % net recipients and ~10 % net payers.

A consumer tax can't redistribute from top to bottom, because it has no tax exemption as midpoint. Therefore it needs the double counter financing.

The left graphic shows the method of least square method for incomes, the right the results as quadratic pie. And the half volume of UBI is financed today by income taxes and health insurances (one quarter of the pie, right above).

Formally all pay their half income and all get the half per capita income as UBI, but effectively only the top 10 % pay taxes, because for 90 % the UBI is bigger than the taxes!

Because the tax is borrowing only the tax exemptions and the costs for health insurance, the UBI doesn't cost more than the income taxes today, now only paid by the upper ten.

That all isn't new, I am explaining only the solution of Milner and Friedman to the requirements of Mill.

The tax collects the input for the pool, residents * UBI = tax rate * national income.

The UBI as pool / residents is the UNCONDITIONAL payment. Conditional payments are possible by rearranging the output according the "King's right" of parliament, but they are not unconditional and not a duty for model developments. It's only a political theme.

Database destatis	Germany	2013	2014	2015
Bruttoinlandsprodukt GDP	GDP	2 820,820	2 915,650	3 026,600
Bruttowertschöpfung GVA	GVA	2 536,860	2 623,090	2 724,977
Volkseinkommen national income	National Income	2 096,608	2 176,188	2 265,117
Arbeitnehmerentgelt salaries & loans	work	1 430,774	1 485,290	1 542,772
Unternehmens- und Vermögenseinkommen performance of company	profit	665,834	690,898	722,345
Private Konsumausgaben private consumption	private consumption	1 562,704	1 592,164	1 632,652

Schaubild 5a

Arbeitnehmerentgelt, Unternehmens- und Vermögenseinkommen in Deutschland
1991 = 100



per capita income = national income / inhabitants

UBI = TaxRate * per capita income = Tax Credit

TaxRate = 50 % closes the discrepancy between Performance and loans !

UBI is financed ONLY by the difference national income - private consumption with Negative Income Flat Tax and increases the disposable national income !

By VAT this difference is flowing into the now tax free profits of companies because the difference are taxfree foreign consumptions.

hidden	differences
302	law & order state
460	economic state
14 = 566,3	welfare state
632,5	taxes & savings

UBI is counter financed because 566,3 < 632,5.

per capita income shares the national income into 2 halves.

Thus we need only a redistribution from top to bottom half.

Thus we need only 25 % of national income to counter finance UBI.

1. Calculation of savings including social insurances

_632,5 Mia. national income – private consumption
-410,2 Mia. 0,5 * (workers - owners)
_222,3 Mia. savings including social insurances

2. Calculation of tax exemption and social transfers

_566,3 Mia. 0,25 * national income
-410,2 Mia. 0,5 * (workers - owners)
_156,1 Mia. Tax on loans for social benefits
+566,3 Mia. tax exemptions
_722,4 Mia. ~ 721 € tax exemptions or social benefits

3. Calculation of added value by UBI for everyone

_156,1 Mia. Tax on loans for social benefits
_254,1 Mia. Subscriptions for health insurance

_410,2 Mia. NEW free disposable national income
-40 Mia. federal grant for public retirements
_370 Mia. Addition of UBI on tax exemption
-361,2 Mia. = 0,5 * income of enterprises (tax)
_9 Mia. for UBI by residents

_370 Mia. Addition of UBI on tax exemption
+721 Mia. Tax exemptions today
1091 Mia. UBI to tomorrow

NO new money

NO new taxes or cuts of public budgets

1. How we do finance it ?

$\text{Net} = \text{family members} * \text{UBI} + (1 - \text{tax rate}) * \text{Gros}$

Summarized over family members we have

$0 = \text{residents} * \text{UBI} - \text{tax rate} * \text{national income}$

and divided by residents we have

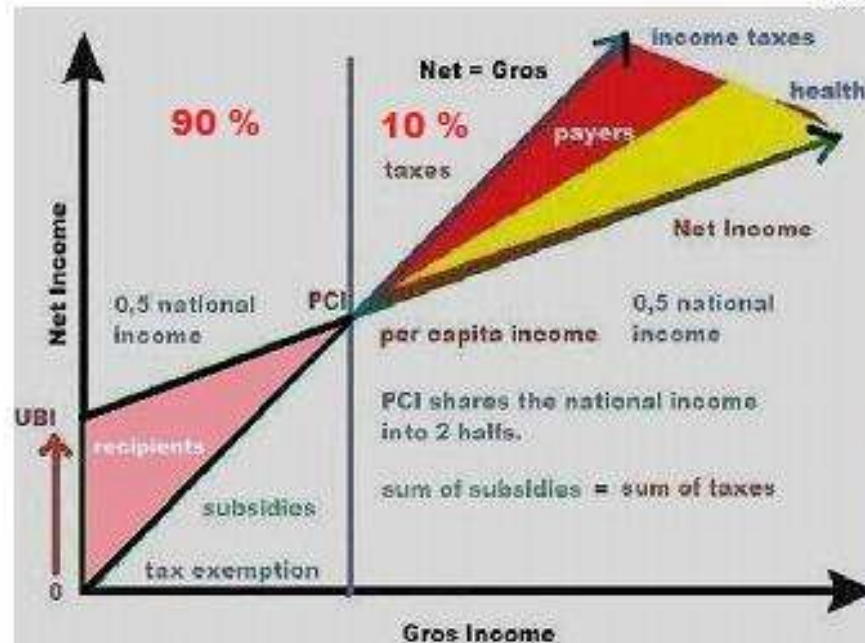
$\text{UBI} = \text{tax rate} * \text{per capita income!}$

2. Who is working then ?

We can control them collectively by the amount of UBI. If not enough people are working and the per capita income could decrease, we can reduce the tax rate and the UBI too.

An UBI is always a compromise between real needs and real per capita income.

Public cash flow



We turn "Net = Gros" on per capita income (tax exemption) from 0 to UBI that will define the tax rate.

tax rate 50 % closes the discrepancy between performances of companies and loans & salaries

We are borrowing the tax exemptions from all (recipients too) and let pay the payers the income taxes and public health as today.

Negative Income Flat Tax for UBI in € per capita

Net UBI	850	health	230	RV
Net Income	1080			

budgets		taxes	
infrastructure	80		
administration	100		
half salaries omitted			
social benefits	80		
80 omitted by UBI			
subventions	100		
	360		

retirement		RV
unemployment	130	grant 40
part of companies omitted		
	270	
health		
	220	390

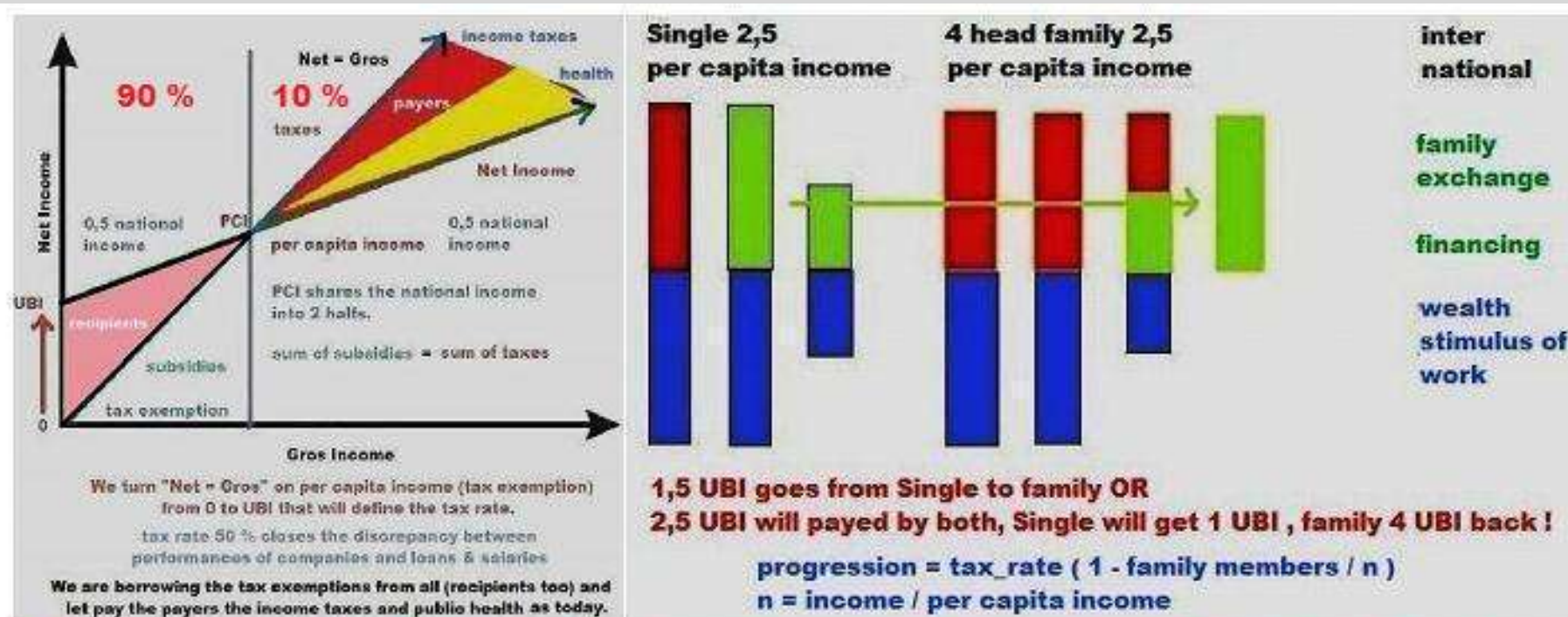
public insurances in Mia. €

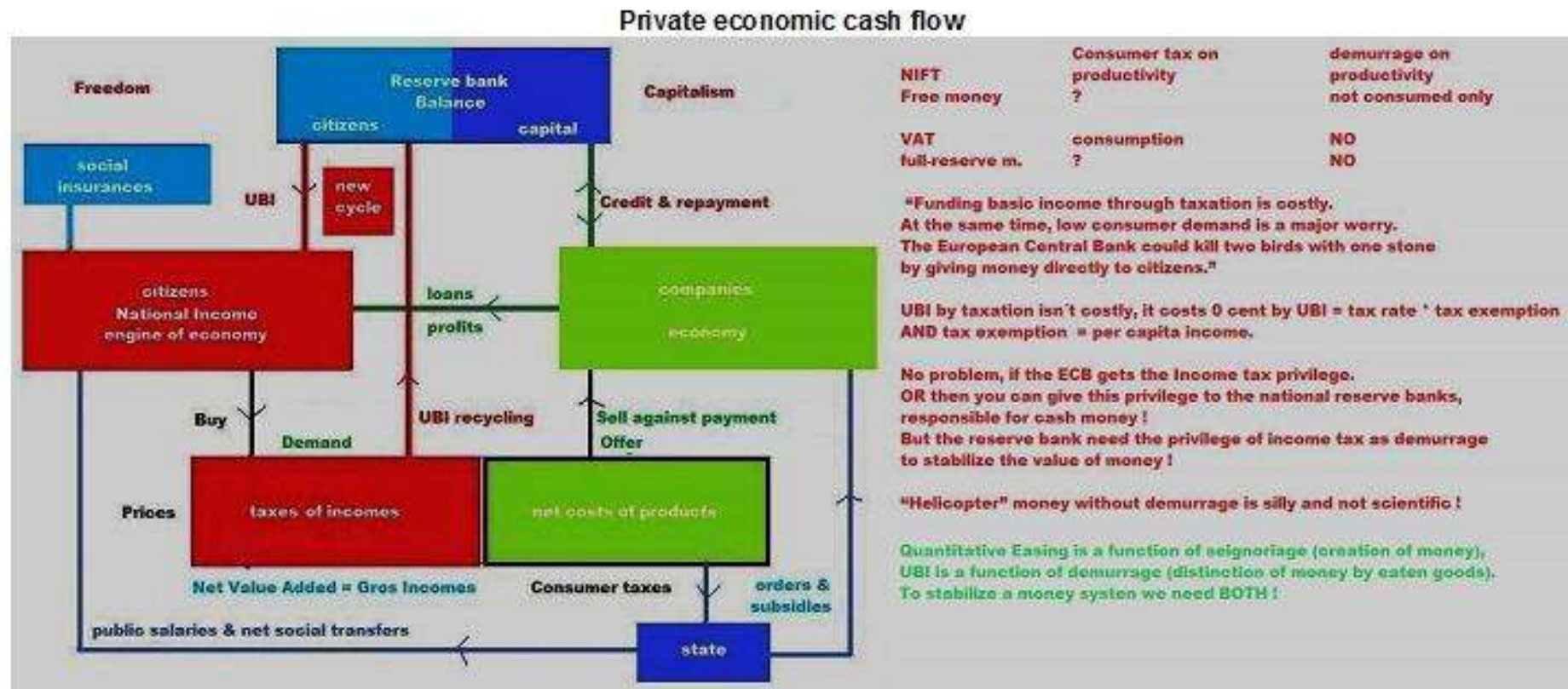
The Negative Income Flat Tax for an UBI is a financial pre-process BEFORE taxes for state budget and subscriptions for social insurances, private or public.

All people should be able to pay their taxes and subscriptions without existential problems.

The political state budgets shouldn't touch the social existence and insurances. This is the reason for modular outsourcing of UBI and social insurances.

Give the people what the people needs, and the state what the state ONLY needs !





Karl Marx has proposed

"Each for need to have, Each for nice to have by performance",

as formula according Dennis Milner

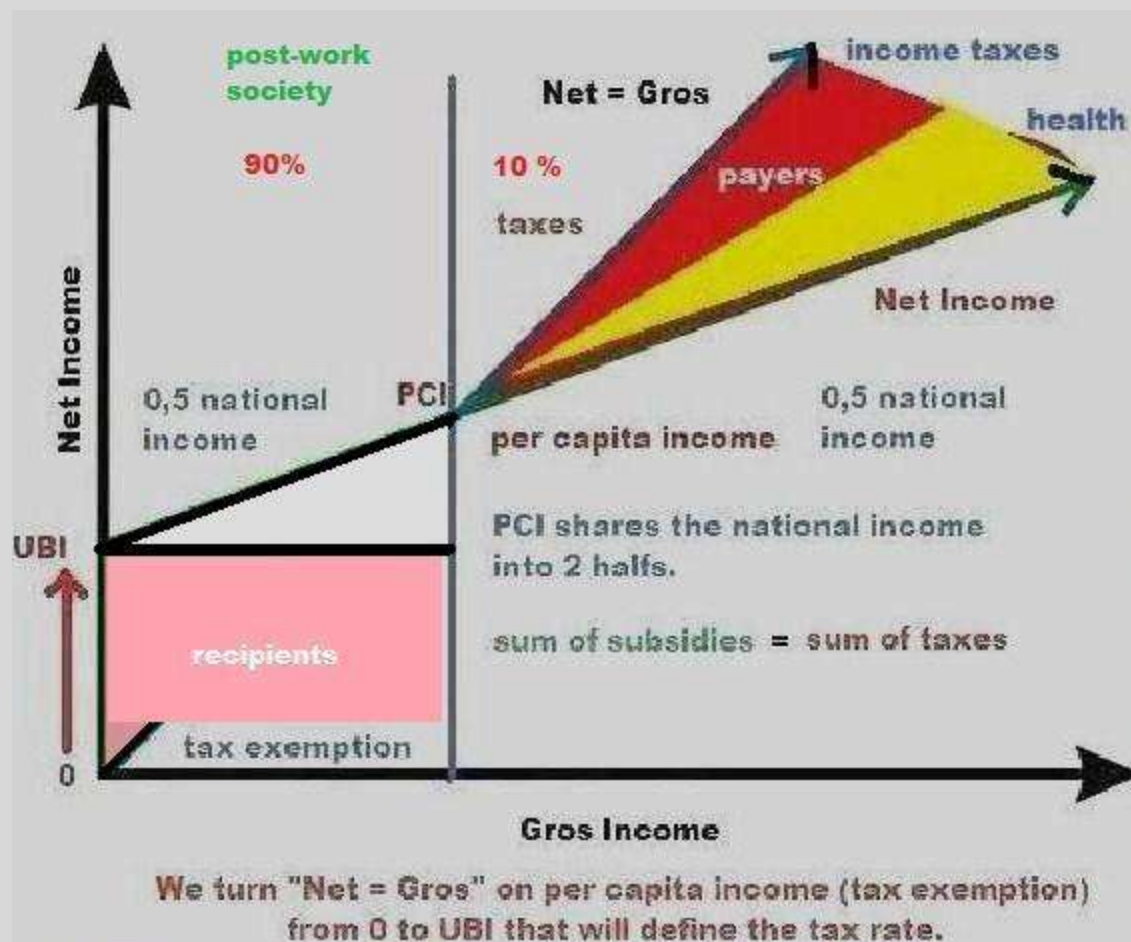
$\text{Net} = \text{family members} \times UBI + (1 - \text{tax rate}) \times \text{Gros.}$

The UBI is payable individually, but the tax burden automatically familial as Flat Tax.

And the stimulus for work is dependent by the tax rate = $UBI / \text{per capita income}$.

Thus there is no reason to debate if people will work. The society is able to control by tax rate and amount of UBI!

The optimum should be 50 %.



**An UBI is always dependent by work, if by people or by machines !
It is a certain part of per capita income.
And in a post-work society 90 % of residents have no chance
to get more money for nice to have, they have only their needs to have.
It will be the victory of capitalism as dictatorship of capitalism !**

UBI and industrial revolution (4.0)

The precariat will be the same, but it will be poorer with increasing of automation, less work.
Then the precariat will have only the money for goods to have, no more money for goods nice to have !
The market will adapt the prices for basic goods corresponding to UBI.

UBI and Labour Party 2016

<https://kittysjones.wordpress.com/2016/02/19/the-labour-party-is-considering-a-universal-basic-income-policy/>

"John McDonnell, the shadow chancellor, has said that the Labour Party will consider universal basic income as a part of its new policy, during a recent talk at the London School of Economics. He said:

"It's an idea we want to look at. Child benefit was a form of basic income so it's not something that I would rule out."
UBI is only the extension of children benefit to all, no more.
And it substitutes the tax exemption for holder of incomes.

I remember Dennis Milner 1920

<http://www.basicincome.qut.edu.au/.../Dennis%20Milner...>

The proposal was rejected by the Labour Congress in Brighton 1921 because to less Marxist.