



THE PUBLIC FINANCE DEBATES:

“It’s time...to tax the internet”

Opponent:

Grant Scobie

Disclaimer!!!!!!

- Neither the author nor his employer believes a single word of what follows.

Just to clarify my credentials as an...



International



Tax



X- SPURT



The case for the affirmative....

- Is economically inefficient
- Is highly regressive
- Reduces productivity and growth
- Is potentially environmentally damaging
- Violates the principles of a good tax system
- Is impractical without huge compliance costs
- Creates a series of perverse incentives

Efficiency



- Theory of the 2nd Best

Equity



Economic growth & productivity



Environmental damage





100% pure!!!

Yeah right.

Tui

A "good" tax system?



- Avoids exemptions

- BBLR



The cost of compliance



**THE REAL
COST OF
COMPLIANCE**

LAW ENFORCEMENT AND PUBLIC SAFETY

**MANUAL TRAINING COMPLIANCE PAPERWORK
COSTS MILLIONS OF DOLLARS PER YEAR!**

OK- so I won't place the order on the internet



Some Kiwi ingenuity



It will take exactly 37 seconds.....

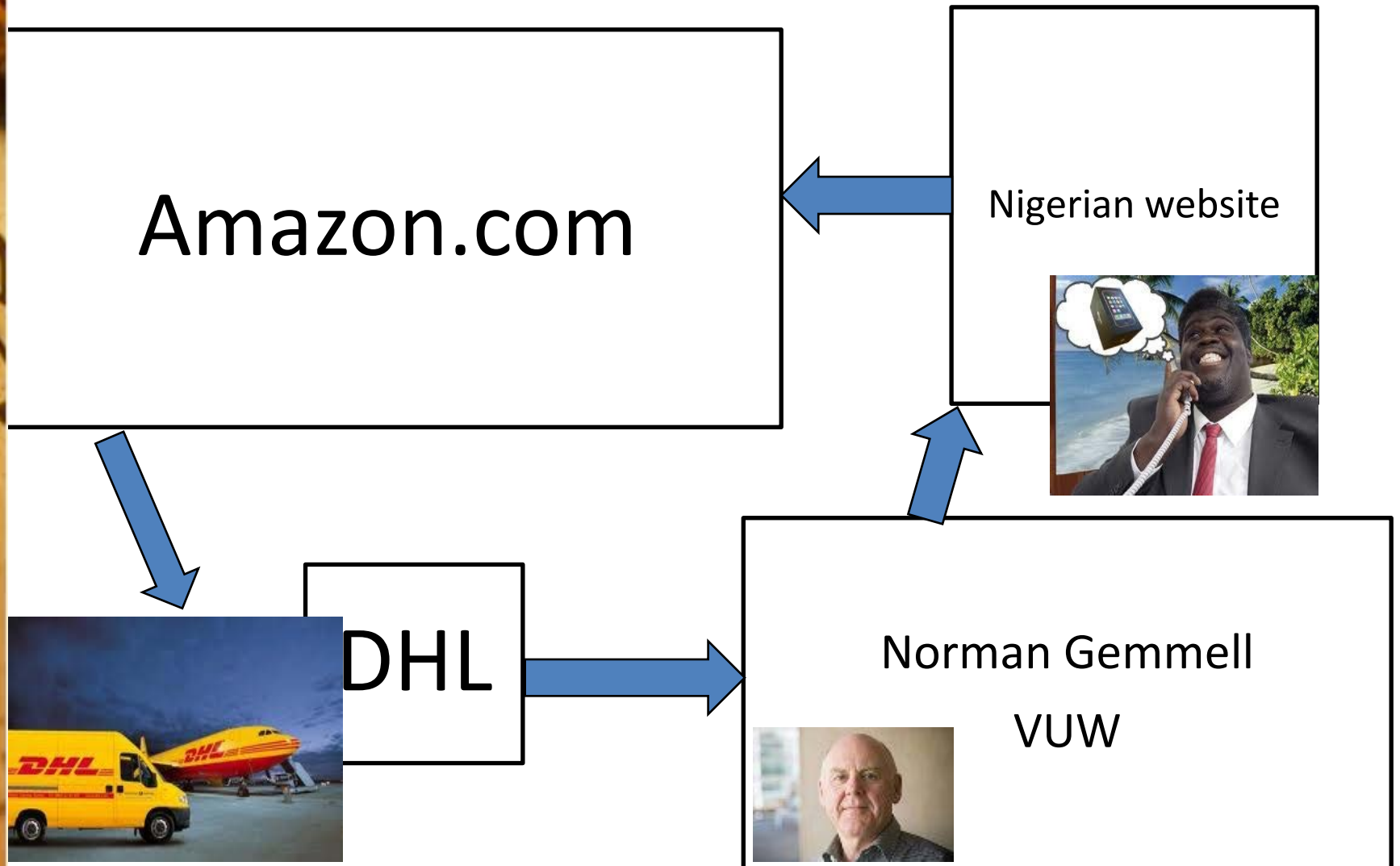


The Newest Nigerian Scam...

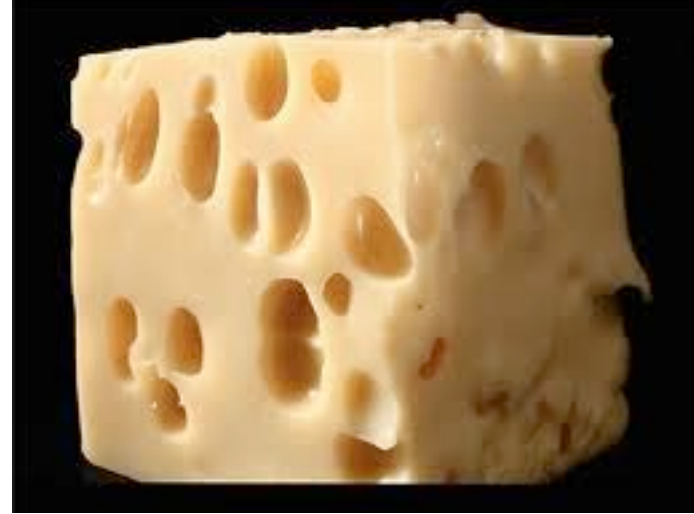


May Be Coming To
A City Near YOU!


Here is how it works.....



To conclude...the proposal to tax the internet...



- Is economically *inefficient*
- Is highly *regressive*
- Reduces *productivity* and *growth*
- Is potentially *environmentally damaging*
- Violates the *principles* of a good tax system
- Is impractical without huge *compliance* costs
- Creates a series of *perverse incentives*

- 
- The proposal to tax the internet is a classic piece of public policy that:
 - Addresses a problem that doesn't exist
 - With instruments that won't work

Thankyou

It's **NOT** time.... to tax the internet

