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### [Norquist on Value Added Tax \(VAT\)](#)

Posted by [Brian Darling \(Profile\)](#)

Friday, April 23rd at 4:15PM EDT

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Grover Norquist of Americans for Tax Reform has an excellent Op Ed, [Don't Give Obama a VAT](#), on the Value Added Tax (VAT), also known as [Obama's National Sales Tax](#), in Human Events today. Grover, like other pundits, believe that the actions of this Administration point to the fact that President Obama is seriously considering imposing a VAT on the already over taxed citizens of the United States. Conservatives should be wary of this development, because President Obama needs new revenues to feed his addiction to spending and a VAT is the most efficient means to raise hundreds of billions of revenues for our growing federal government.

Norquist explains the VAT as:

Put simply, a VAT is a European-style sales tax. It's assessed on the profits generated at every stage of production (raw material, manufacturer, wholesaler, retailer, etc.), so there is constant reporting and payment. As such, it's an extremely efficient money machine for big government. The VAT is embedded inside the price of a good (as opposed to the U.S., where sales tax is transparent and on top of the price). As such, people forget they pay it, and European governments have found it too easy to raise the tax repeatedly over time.

Don't believe any claims that a VAT will lower your income taxes or otherwise decrease the money you give to Uncle Sam. Just look at the European example.

At the same time as the VAT grew and grew in Europe, the tax burden also grew. According to Dan Mitchell of the Cato Institute, the U.S. and Europe each collected about 27 cents in taxes for every \$1.00 of economic output in the 1960s. The U.S. still does. Europe, however, has seen its tax burden jump from an average of 27% then to an average of 40% today. Other taxes grew, not shrank.

Not only has the President refused to take the VAT off the table, his agents are vetting it right now to the American public.

In February, Erskine Bowles, co-chairman of Obama's deficit-reduction commission, [said](#), "*A value-added tax—I've looked at lots of them—ought to be something that's on the table.*" In April, Obama advisor Paul Volcker [said](#) a VAT is "not as toxic an idea" as it has been in the past and said, "*If at the end of the day we need to raise taxes, we should raise taxes.*"

In my Human Events piece next week (embargoed until Monday) I cite the fact that Americans don't want increased taxes and the Senate went on record to denounce any form of a VAT on Tax Day, April 15th.

The Obama administration's consideration of a VAT runs against the desire of the country and our elected officials. As evidence, Senator John McCain (R-AZ) offered a Sense of the Senate Amendment for the proposition that the VAT would "cripple families" and "push back America's economic recovery." [The Senate voted 84-13](#) for the McCain Amendment.

The next big fight after the debate over the President's legislative efforts to set up a permanent fund to bailout Wall Street will be a long war against the VAT. Conservatives need to educate themselves on the VAT and keep a close eye on other means for Washington to raise taxes.

**Category:** [Grover Norquist](#), [Human Events](#), [Tax](#), [VAT](#)

## 4 Comments

### One of the biggest dangers of the VAT

[Praying](#) Friday, April 23rd at 4:56PM EDT ([link](#))

is that it will be spun as a "fair tax" or "flat tax." Nothing could be further from the truth. The VAT is a National Sales Tax on TOP OF, not instead of, the already burdensome and progressive income tax. The flat tax and fair tax, both ideas that conservatives are starting to embrace, REPLACE the existing progressive income tax with a simple consumption tax. They encourage saving and investing, taxing only what Americans purchase (above and beyond the basic necessities of food, clothing and shelter in the case of at least the fair tax). I'm not fully enough familiar with either to explain the difference between the two here, but my point is that we need to inform EVERYONE that the VAT being considered by our statist government is NOT a flat tax or a fair tax!!



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### Norway has a VAT, and they raised

[Jonbontx](#) Friday, April 23rd at 5:11PM EDT ([link](#))

income taxes again. My in-laws, who are retired, have had to go back to work for a few weeks just to pay for their increased tax burden.

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### VAT would be a huge debacle

[reddog53](#) Friday, April 23rd at 5:13PM EDT ([link](#))

I agree it would be neither 'flat' nor 'fair' and would in fact lead to further bureaucratic invasion in our lives: the VAT would be adjusted for social status, 'green-ness', other social purposes, and would eventually lead to reporting requirements on businesses and citizens that make the 1040 look easy. Slapping a 20% tax on goods is

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the surest way to encourage a black market or bartering system to arise—once that becomes too large to ignore, we'll be asked to supply proof that the 50" plasma or the new Cuisinart stove really was purchased.

We need to ensure that this idea doesn't take root.

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## **With a VAT, wouldn't the states' sales taxes**

*[The Rebel](#) Friday, April 23rd at 5:15PM EDT ([link](#))*

in effect be taxing a tax on every product sold. That being the case, it would seem to me that this would be one of our "talking points" in educating the public that this is a very bad idea.

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