

[Back](#)

## VAT Tears It!

(APRIL 12, 2010)



BY BILL CARLINO, EDITOR-IN-CHIEF, ACCOUNTING TODAY

As a resident in one of the most highly taxed counties in the country, I have harbored mixed feelings about attending Tea Party rallies. In fact, the other day, I discovered a sign stapled a nearby telephone pole that urged the local residents to attend a rally scheduled for next weekend.

After all, no one that I'm acquainted with enjoys having their taxes raised on an annual basis as we have for the past seven years. Nor do they want to wait for the inevitable avalanche levies that will undoubtedly cascade upon the citizenry as a result of health care reform and other monstrously expensive legislation.

But in fairness, it is my choice to live there and by proxy, everything that goes along with it, good and bad.

But that may change as a result of a recent groundswell calling for the U.S. to adopt a value-added tax or VAT.

Like active volcanoes, the VAT is something that threatens to erupt periodically, but then appears to calm.

But with the current administration's propensity for spending, many have opined that a VAT or something similar may be the only way to slash a galactic deficit and unbridled spending

For those in need of a refresher course, a VAT, which was first proposed in 1918, is a national sales tax that is levied on the value of each stage of goods production.

Again to be fair, a VAT - if adopted to supplant the 1 million-word IRC - would be far less complex and eliminate many of the current loopholes that have been traditionally a luxury afforded to only those in upper income levels.

Unfortunately, what has been proposed by House and Senate Democrats is adopting a VAT and keeping the IRC. This way, there's an extra tax as well as an avenue the size of Broadway to keep raising taxes.

In Europe the EU mandates its members to have a VAT of 15 percent. But, according to figures from the Cato Institute, the tax burden for EU economies was nearly 28 percent of economic output prior to implementing the VAT in the mid-1960s and by 2006 that figure had swelled to roughly 40 percent.

Nor has it dissuaded the EU from hiking other taxes.

If the administration wants to talk about tax reform, then I'll keep an open mind. But if they want to take the discussion of VAT adoption to the next stage, about all that I see happening prodding those currently on the fence about attending Tea Parties to take the plunge.

### ChapmanGlucksman

Chapman Glucksman Dean Roeb & Barger

At Chapman Glucksman Dean Roeb & Barger, we've built a practice around the needs of accounting firms throughout the United States, offering representation and advice regarding a wide variety of risk management, compliance and regulatory matters successfully defending clients in, among other things, Board of Accountancy, AICPA, SEC, and PCAOB investigations  
[Click here for more information.](#)

ACCOUNTS  
PAYABLE  
and  
SARBANES-  
OXLEY



[ABOUT US](#) | [CONTACT US](#) | [ADVERTISE WITH US](#) | [PRIVACY POLICY](#) | [TERMS OF USE](#) | [SITE MAP](#)

© 2010 Accountants Media Group and SourceMedia, Inc. All rights reserved. SourceMedia is an [Investcorp](#) company.  
Use, duplication, or sale of this service, or data contained herein, is strictly prohibited.