

Repealing and Replacing Tier1 and Tier 2
of the “Senior Citizen Tax” Is a Viable Solution

The GOP Tax Reform: President Trump’s GOP Reform - Did not repeal the **“Senior Citizen Tax”** at this time. When it is repealed the Social Security and Medicare Trust Funds would receive less revenue.

The Replacement: Existing laws provide supplementary income for the Social Security and Medicare Trust Funds, but they appear unconstitutional and at extremely high rates. Why should over 50% of existing retirees receiving Social Security Benefits, starting with a threshold of \$32,000 (12% Tax Bracket) pay up to a 30% Marginal Federal Tax Rate? In 2018, 30% falls in the \$315,000 to \$400,000 Tax Bracket. Looks like Looks like a poor tax to me.

- **Proposed Revisions to Existing Laws** - Keep payroll Tax Rates for **Tier 1** at 6.2 % and **Tier 2** at 1.45%. Provincial Income would no longer be used as a basis but would be replaced with Taxable Income. Rather than taxing just some Social Security Benefit recipients, all employees, retirees and Social Security Exempt employees in the range would be taxed. A combined average tax rate of $((6.2\% + 1.45\%)/2) = 3.825\%$ would be used for the ranges with revenue going 50% to the Social Security Trust Fund and 50% going to the Medicare Trust Fund. Social Security Exempt employees and retirees pay 1.45% going to the Medicare Trust Fund. See the table below.

	Tax Rate	Range		Tax Revenue Goes to
		From	To	
All SS Participants - Single	3.83%	\$75,000	\$175,000	Social Security & Medicare Trust Funds
All SS Participants - Married Filing Jointly	3.83%	\$150,000	\$250,000	Social Security & Medicare Trust Funds
SS Exempt Employee - Single	1.45%	\$75,000	\$175,000	Medicare Trust Fund
SS Exempt Employee - Married Filing Jointly	1.45%	\$150,000	\$250,000	Medicare Trust Fund

- OR -

- **Proposed Sales Tax On Materials** - After repealing the double taxation on Social Security Benefits, a new two group tax would be implemented. **Group A** would be a **0.5% Tax** on made in USA purchases; **Group B** would be a **1% Tax** on made in foreign country purchases. Tax Revenue would be transferred 50% into the Social Security Trust Fund and 50% into the Medicare Trust Fund. The Tax would only apply to new purchases so it would not be considered a value added tax. There would be no tax on prescription Drugs. The Tax would be paid by all USA residents and non-residents. For Example: With a new house purchase, the tax would only apply to house materials purchased by the Building Contractor, not on the labor to build it. If you buy a new car made in the USA the **Group A** Tax would apply to the materials, but if it is a foreign made car **Group B** Tax would apply to the purchase price.

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