

# Basic Tax Control

## Author

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The submission proposes a crowd funding and investing scheme in which a certain small amount of taxation is retained by each person of a certain age each month. Every person that receives money needs to invest the received money into the projects created by people, companies, or government according to their personal preferences. Companies financed by the investment scheme need to enter a social-public partnership, either as a percent of their profits or providing shares of a company's ownership. Profits are to be returned to the investment/UBI-programme. Depending on the project type projects could be given to public ownership in their entirety. Any company that receives this funding and automates its workforce, needs to gradually relinquish control to public ownership. It is a proposal aiming for an affordable way to institute UBI, as well as providing solutions to catastrophic climate change through innovation. Eradicating extreme global poverty through UBI would address population growth. The investment scheme is to be adapted to local circumstances and be scalable. The population would also be given the opportunity to learn more regarding current developments in order to invest, thus increasing their opportunities for self-governance.





# 1. Abstract

## INTRODUCTION

Basic Tax Control (BTC) is the crowd funding and investing schema in which a certain small amount of money is given from the tax budget to each person of a certain age each month. Every person that receives money needs to invest the received money into the projects created by people, companies, or government — according to their personal preferences. In return a portion of the project's profits are given back to the BTC and Universal Basic Income (UBI or Basic Income) funds, either as a percent of the profit or as a share in company's ownership. Depending on the project type projects could be given to public ownership in their entirety.

## BACKGROUND

BTC is imagined as a system that can solve unfair **wealth distribution** and **technological unemployment** (automation) by giving affordable and feasible path toward Basic Income.

Currently, the main obstacle for Basic Income adoption is the very high cost in range between 50 and 120% of total GDP depending on country — BTC needs far less money to start (0.5 – 5% of GDP).

Basic Tax Control can also solve **global warming** by utilising crowd effort and help with the issues associated with **pyramidal systems** by relying on balanced networks and distributed decision making.

In order to make positive change in political and economical sphere, we are lacking intermediate steps that would help us avoiding sudden disruption (crisis). BTC can be considered as a interlink necessary to push us forward to a society based on shifting responsibilities to wide population (self governance), giving people existential security that would allow them to be more creative, inventive, to risk and educate more.

Before, only direct democracy tool for global decision were referendums. Carrying out referendums is expensive, time-consuming and often impractical. Now, we have online surveys that are cheap, quick and easy. By using properly designed online solution, we could speed up debates by removing repetition of the same arguments.

In the economic sense, crowd-funding platforms have the ability to join the resources of many people, in order to accomplish higher goals. In return, people who fund projects get some kind of reward.

The size disproportion between the government and the populous can create a bottleneck, preventing government from carrying out positive changes, thus creating unintentional issues caused by the system's design and its inner workings.

Basic Tax Control has been design to prevent those issues by combining technological advancements.



## SCALABILITY AND IMPLEMENTATION

BTC schema is very flexible and scalable, from the point of size, governance and the requirements necessary to operate.

In the most **basic form**, BTC does not need any additional laws. It would be possible to run schema by the people for the people on an open source platform. In this form BTC can work as a type of crowd investment fund. Number of people in the group can be as little as 100 people. Although, it is necessary to emphasize that number of people in the system shapes velocity of the growth and the ability of what is possible for one group to do — the more people, the larger investments.

From the perspective of **country implementation** it would be necessary to pass the legislation on how much money should be given to each eligible person. This would need to follow standard parliamentary procedure passage of a bill. Later on, government would only have the monitoring and law enforcing role. Also, governments can set general inclination by rewarding specific projects (setting the mood for clean energy projects for instance or targeting some specific issues).

Basic Tax Control (BTC) can be implemented on the **level of the planet** either by people willingly donating equal amount of money and investing in it in a crowd funding style.

If we would fund schema from a world global fund, by giving each working person in the world (~4,841,000,000), \$5 each month, this schema would cost around ~\$291 billion USD a year.

In all cases initial investment would be necessary to cover building of the platform and the maintenance of software and the hardware necessary to run such a global collaborative social network.

From the software perspective platform could be built within 6 to 12 months, running on cloud (speed and scalability).

Platform will have a mechanism to prevent concentration of all money in one place. Investment, will be possible outside local boundaries but with geometric distribution in relation to distance. Closer the project is to person's location — the more money they could invest and vice versa. Money dispersion principle would mean creation of truly global-planetary Basic Tax Control and Basic Income funds — providing for each person on the planet and **eradicating poverty**. Consequently, according to Hans Rosling (Swedish physician, academic, statistician), that would **reduce population growth**.

Passing schema on the world level would probably need UN ratification and multilateral agreement. Regardless of the benefits, it is possible that certain number of countries would prevent access to their citizens.

Platform, on its own, is envisioned as completely transparent, each money transaction, action, project... all except user credentials would be open and available for anyone to see.

Capitalistic principles are maintained in the system and profit continues to drive businesses, difference is that nature changes and crowd people are becoming shareholders working toward mutual benefits.



### KEY FEATURES

- Tackles the problem of technological unemployment
- Can exercise direct democracy through day-to-day actions
- Can accelerate implementation of Universal Basic Income
- Can solve problems and issues connected with unfair wealth distribution
- Can be an outline for a better economic and political system
- Can be harnessed to help with climate change issues
- Is a collaborative social network
- Is transparent and open
- Has a balanced network structure (in opposition to pyramidal systems)
- Allows people to directly support programs they believe in, rather than asking the government, that may or may not listen
- Can be driven, controlled and optimised by AI and block-chain.

## 2. Description of the model

### WHAT THE BASIC TAX CONTROL STANDS FOR?

**Basic** – stands for a small amount of money given back from taxes. Also, it means a basic form of control of those taxes by the people who receive them.

**Tax** – each person gets small amount of money from the taxes collected, each person has the ability to decide where they want to spend that money on projects that are of public and social interest.

**Control** – each person is controlling their own dedicated tax money. As the amount of money is very small it does not have a large impact on the tax budget.

A person cannot use the BTC funds for personal gains but can decide on their own how and where to “invest” those funds. This is a paradigm change; although it looks small, it can have a massive positive impact on the economy and on the welfare of the overall population.

### HOW DOES BASIC TAX CONTROL WORK?

From the total tax revenue, the government dedicates a small amount of money that will be paid to each eligible citizen (age, cognitive ability...) through Basic Tax Control schema.

For the United Kingdom, the total amount (at £5 per person per month) would be around £3.4 billion or 0.5 % of total tax revenue. All eligible people would have an account on the Basic Tax Control platform.

Some users can create projects and business proposals for which they wish to get investment. Business creators need to describe the project as best as they can, in order to attract interest and get funds. In the process, they would need to specify a realistic amount they are requesting and also how much of the equity they are willing to give in return for that investment.



The quality of the business idea, rationality of funding, and portion of the profit someone is ready to give back will determine whether people (users) will be willing to support the idea.

Not everyone will want to create a project, and not everyone will succeed in securing funding, but some of those who do will one day start generating profit. When they start generating profit, each month, a pledged portion of the profit will be returned to the Basic Tax Control fund.

A certain percent of the “profit” money will be spread across all people inside of the platform, ready to be invested again. One portion will be also transferred to the Universal Basic Income (or Citizen Income) fund, ready to be equally divided among the entire population of that country, according previously-agreed Basic Income rules.

**The goal of the Basic Tax Control scheme is to create enough sustainable, automated businesses, so that these will one day generate enough profit/funds to cover all basic human needs.**

Until we create a fully-automated, AI-driven society, there will be a need for some people to do these jobs; until we get there, Universal Basic Income must be such to cover basic needs: access to clean water, healthy food, basic housing, clothing and heating, decent amount of electricity, secure waste management, and enough education to allow someone to find a job that will cover all other needs someone may have.

#### **WHO RECEIVES BASIC TAX CONTROL FUNDS?**

Almost every person should receive Basic Tax Control funds. Every person who is a citizen of a certain area and is literate enough to know how to read and write, has the basic knowledge of how to use computers and the internet, and has the minimum necessary cognitive abilities — should receive funds.

In other words: every person older than 9 years who does not have any cognitive disorders that would prevent him/her from thinking or using the system.

#### **HOW MUCH MONEY IS NEEDED?**

For a country the size of the United Kingdom (64 million people) dedicating £5 per person per month for the initial phase, would require £285 million per month.

#### **Calculation**

64 million (population) – 3.5 million (under age of 9) – 3.2 million (mentally not capable)

= ~ 57 million people \* £5 for each person = £ 285 million

For one year, that is £ 3.4 billion or 0.13% of UK's GDP. For the year 2014-2015, the projected tax revenue in the UK was £648.1 billion, therefore, for the Basic Tax Control, it would be necessary to set aside 0.5% of total collected taxes (for the comparison: UK's military expenditure for the year 2014 was £60.5 billion, and Tax avoidance in the UK for year 2012/2013 was £34 billion).



Basic Tax Control should be funded from collected taxes. While, for the early implementation and test runs, it would be possible to use personal money that should not be put as a practice. The voluntary approach means that, similar to giving a monthly donation to charities, people can organize in some region and give £5 each month, or more, to jump start the schema.

However, regardless of the fact that the voluntary approach would be a good option for a quick start of the schema, it should not be run indefinitely, as there would be additional costs for processing transactions, and, also, by this voluntary, self-organization, the crucial aspect of schema where citizens have the ability to actually control a small portion of tax expenditures would be lost.

The end goal is to take money from the already-existing means of socially-collected funds (“taxes”) we collect for public purpose and put the control (basic control) over small amount in the hands of common people.

### **SHOULD THE BASIC TAX CONTROL AMOUNT ALWAYS BE THE SAME?**

Every country or community should decide the amount of money they want to dedicate to BTC, but, whatever amount is decided, it must be the same for all members of the group.

The BTC amount per person should not be fixed. Potentially, it should increase over time, until it gets to the proportion that is equally comfortable for the government and for the public. The more direct-democratic society is — the more taxes will be controlled by the people. The idea is to shift/disperse a portion of responsibility from the government to each person in society.

Increasing the funds controlled by the people should happen gradually. Based on the feedback metric (success rate) obtained from the real-world BTC system, the government could (using standard means, such as passing bills or taking a vote on) increase or decrease Basic Tax Control funds. This can be done at the same time budget expenditures are determined or more frequent if required or found fruitful.

For instance, if the trial has been successful after 3 months or so, the amount should be increased, relative to the size and amount of success. Ideally, the increase should be calculated in a way that would achieve optimum efficiency for the next step. Deciding the BTC rate should be one of the major influences of the government on this system, along with providing regulatory framework against fraudulent activities; otherwise, the government should refrain from any other type of control or influence on the system.

Taxes are important, but, also, it is important what we do with them and that is something that should be everyone’s moral decision, not just the burden of our governments.

### **WHY BASIC TAX CONTROL?**

The amount of money necessary to implement Basic Tax Control is significantly smaller than the amount of money needed for full Unconditional Basic Income. Basic Tax Control can be a much easier step forward toward economic change and implementation of Basic Income, especially for those countries which do not have enough money for Basic Income. Although Basic Tax Control is not



personal or unconditional like the Basic Income, Basic Tax Control's purpose is implementation of Universal Basic Income and self governing society.

Basic Tax Control can be implemented gradually, and every country can set its own amount of money controlled by the public. It can be adjusted per GDP or per amount of taxes that are collected.

Basic Tax Control can build entrepreneurship, collaboration, a sense of being a part of and belonging to the community. BTC counters the sense that governments are some ruling entity somewhere above people and that it must do something for you or that you have to do something for your government. Instead, Basic Tax Control gives the sense of being a part of that government, being a part of that society, being part of change — **instead of dreams, wishes, and hopes** — the role is shifted, and everyone has the ability to **decide, create, or take action** in creating a future society.

As platform is transparent for the public and for the companies involved, it builds a sense of trust and decreases the chances of fraudulent activities and manipulations.

BTC is envisioned as online platform, which increases efficiency and our ability to communicate, regardless of distance, and, as the prices of smart phones and computers are constantly dropping, any member of our society could have access to it, unless they deliberately don't want to.

#### **HOW IS BASIC TAX CONTROL A STEP TOWARD SELF GOVERNANCE?**

Government primarily rules by two means: by **managing tax collection resources** and by **creating laws and policies**.

By shifting a small portion of money back to the public, and allowing the public to be more involved in affairs for public welfare, gives a small amount of government responsibility back to the public.

By direct involvement, the public learns how to be more socially and politically active, learning how to think in the sense of the community and what is good for others — not just what is good for single person. Therefore, BTC is a way to allow society to be fairer and more self governed.

Usual argument on “why power cannot be transferred to a wide population” is the mob behavior. However, the reason why some societies become more liberal toward minorities and different races is due to advances in technology, communication, change of generations, shift in thinking, but also because the power was in the hands of a few who were enlightened enough to see the benefit in those changes.

In order to avoid mob behavior, meritocracy in some sense is still necessary. In order to find a solution, society still needs the most skillful people for certain subjects and needs people that have multidisciplinary knowledge. Those most skillful people, top scientists, and experts in their own fields need to present solutions in simple, understandable ways and be open to discussion or scrutiny by peer reviews. From that point onward, the public would decide what is the best solution or approach.



This is similar to daily life: if we need to design a building, we would find an architect; if we need complex calculations, we would find a mathematician; if we need to examine material for certain properties, we would find a chemist — and probably we will try to find a good one. Every field has people with certain knowledge, and each type of knowledge can help in finding solution. No one can deny that science has become an integral part of our lives, and on its own science is neither good nor bad. It is a tool to be used, and way we use it defines its nature. If we have moral questions, we would ask a theologian, philosopher, ethicist, or psychologist, or maybe even a religious monk — point being that every subject has people who have domain knowledge and who can help us when we get stuck with difficult questions.

*Having experts proposing solutions does not mean that society is meritocratic; it only means that we will find solutions faster, and, whatever they find, the final decision will still lie in the hands of the general population ready to invest dedicated money into their ideas.*

#### **WHAT ARE THE BENEFITS OF A BASIC TAX CONTROL SYSTEM?**

Listed here are some of the most important benefits, but along those there will be few as a by product or consequence of the main benefits such better health, longer and happier life, smaller crime rate... I will not write about those as benefits of those can be attributed to Universal Basic Income data than to BTC.

#### **Education**

Through the platform, people learn in practical ways about collaboration, responsibility, what social life means, and that their own actions can impact their own future. They learn how to be responsible — switching from a “vote, hope, and forget” to active involvement in the making of the society we all need.

Basic Tax Control is, in some way, like a driving license for self governance, teaching us that driving is not about ourselves but also about other people in traffic. It also teaches us that, whatever destination we are trying to reach, we will get there only by respecting the rules and those other drivers around us.

Through active involvement inside of the platform, the general population learns how to be open to each other and how to communicate in an open, non-violent way, respecting others and their needs. By using Basic Tax Control platform, self governance and collaboration are not just learned, it is exercised on a daily bases. The person has to think, be involved, and make decisions. Although those decisions may look small and insignificant, because of the small amount of money we need to manage, when combined, those “insignificant” amounts (by the law of large numbers) can make a significant impact on the society.

More prominent and altruistic members will spend more time on the platform. They will read more and learn more about different subjects, in order to help the community by enhancing social entrepreneurship; that will lead to change. Think about it: if we can spend hours inside virtual worlds, why not spend time inside of the “game” that will actually change our own world to become something better.

Involvement does not need to be mandatory, and there should not be any type of fine or punishment for those who miss the opportunity to engage in or support community projects. However, accounts that are dormant for some time could



be temporarily disabled, and their BTC account will be zeroed out, and their dedicated funds can be spread to others members. Before disabling the account, system administrators will try to message the person in different ways in order to find the reason behind the inactivity; if the same habit continues without a valid reason (inadequate projects, disability, illness, etc.) then the account will be disabled, but it could be activated again (with predefined delay period) if the user expresses a wish to activate his/her account again. At the end of the day, money must flow in order to create a change — dormant accounts should not prevent that flow.

Not just adults but children from the early age would learn about society, democracy, investment, and cooperation. By creating projects, people would learn about entrepreneurship and what it takes to make a change in society. Those who pledge their BTC money would get firsthand experience on how each vote matters.

Any member of the platform could voice his or her own opinion, point out the issue, or speak on behalf of those who do not have their own voices, in the same way people may gradually learn to become more solution- than problem-oriented.

### **Economy**

The best way to explain economic benefit would be by giving a few examples:

- The company “West Wind Acme Ltd” needs £200K, in order to start production of a new type of wind electric generators with 10KW capacity. In return, it will give 10% of each year’s profit back to the BTC fund and 5% to the Basic Income fund.
- The company “Veggie Robotics Ltd” needs £500K, in order to produce 5 lines of fully-automated vegetable farms. In return, the company is offering 30% of its shares to the Basic Income public fund.

The Basic Tax Control platform can boost fresh ideas and the economy; also, it could be used to tackle difficult issues as global warming. If the idea is good, it can be funded by the public.

Each person from the crowd has a small amount of money to share across the projects or people they loves and want to support. Those projects should be for the good of the entire society. In return, projects need to satisfy two principles: either they will be made exclusively for the public good (fixing the roads, building public libraries, etc.), or they are companies that are funded to return equal or greater amounts of money into the BTC funds over time, by sharing their equity with the public through Basic Tax Control fund or Universal Basic Income fund.

Basic Tax Control investment in exchange for the business equity share is an alternative approach for one country to achieve Universal Basic Income, which is especially convenient for countries that are less developed and do not have a high GDP. This approach should not be used to undermine implementation of Unconditional Basic Income as a basic right. Bearing in mind increasing automation and technical unemployment, Unconditional Basic Income should be implemented regardless of the path we choose in the near future.

When shares are equally dispersed, instead of giving them back to the BTC “investors,” those shares could work for everyone equally. In order to keep things



interesting, some kind of reward system should be considered for those “investors” who are more successful and more active. By investing in projects and companies, money will circulate more, new jobs will be created, and new solutions will emerge, as a result of that process, creating a generally positive effect on the job market and the economy. That would significantly boost GDP, and, more importantly, it would direct people to work together and form solutions to fight difficult challenges, like climate change, for example.

Additionally, the idea is for any company that achieves a high level of automation is that it has to pledge most of its earnings to the public funds. Once a company is 100% automated, it has to become a public service, giving its owner lifetime benefits, similar to what we do for former presidents.

### **Wealth dispersion**

Basic Tax Control would create and finance companies that give money from profits back to the public. As this system permits big investors in those companies, money would not go to the top 1%. By dispersing wealth, we would avoid the accumulation of wealth and dangers that go with it. When everything becomes owned by the public, we will think twice before investing in technologies that can harm the planet or us.

Also, this type of ownership is neither government nor private ownership — it is “Public” or rather **“Social-private” ownership**.

“Social-private” ownership is not transferable and it is **not** inheritable. Upon death, everything that has been under the control of that person should return to the BTC public fund and dispersed to other members of society.

This type of ownership should not be confused with the government model of ownership usually seen in socialistic countries; the government in this instance should not have any type of ownership or control over those shares.

This is very much like what nature does with the atoms of our bodies when we die, spreading them around. No one complains because he did not get all the atoms of his grandfather when he died. In the same way, we should not complain about where our money goes when we or our relatives die. We should be like the sun, shining equally to all people.

### **Support for the implementation of Universal Basic Income**

Universal Basic Income can be implemented from return on investment in Basic Tax Control projects. Dividends and profits from projects funded by the public through Basic Tax Control can be the foundation for Basic Income. Gradually, more projects and more automation will increase global wealth and bring people out of poverty and beyond what is considered the Basic Income level.

Wealth is nothing more than an amount of commodities we can provide to the population, in order to satisfy their wants or needs. Therefore, using this model to increase the overall wealth of the population would be a natural, evolutionary step in our economic development.



## BASIC TAX CONTROL AND AUTOMATION

Automation is only a problem within the current economic model, as automation means less jobs, and, therefore, a problem for the economy.

Basic Tax Control reverses that image by dedicating ownership of automated companies to “Social-private” ownership by the level of their automation (if 20% automated, 20% will go to funds for Basic Tax Control and Basic Income). Suddenly, what was a problem becomes a goal. Therefore, if machines are working for everyone, of course, we would like more machines and more automation. More automation means less work and less drudgery, especially while doing those repetitive, physically-demanding, boring jobs. Machines can do all that while providing an excessive amount of wealth for any person on the planet.

This will literally liberate our time, so we can pursue higher goals, so we can explore our physical universe, or the universe that resides within us, allowing us to set free our creative nature.

So, while reading this book further on, whenever you come across an industry that will lose jobs because of automation, just try to remember Basic Tax Control and Societal-private ownership — and that, having less jobs, companies which require less material or people will save energy and optimize our business processes — are what we should consider to be our new primary goals.

## BASIC TAX CONTROL VS. UNIVERSAL BASIC INCOME

There are two natures of our being one is **personal** and the other is **social**. Each has its own needs to be satisfied, in order to survive. So, there are physical and social requirements.

**Universal Basic Income (UBI)** in further text) is envisioned as a system that will satisfy our personal needs;

**Basic Tax Control (BTC)** in further text) is there to satisfy the needs of our society and, through those needs, build the path toward satisfying our basic personal needs.

In that context:

- **BTC** is a societal income dedicated to individual people, so they can spend it investing in companies that give back portions of profits into a public fund.
- **UBI** is personal income.
- **BTC** does not exclude the existence of UBI; in fact, BTC makes it possible to implement UBI sooner.
- **Both systems** are funded from taxes (money collected from the public for public purposes).
- **BTC** has rules.
- **UBI** is unconditional, no rules and no strings attached.
- **BTC** includes only people who are literate enough to participate in it.
- **UBI** does not discriminate it is given as a birthright regardless of age, sex, knowledge, race, mental condition.



- **BTC** can be implemented with a very small amount of money (between 0.5% and 2.5% of current UK GDP)
- **UBI** requires enough money to cover basic survival needs of all people (between 40% and 120% current UK GDP).
- **BTC** – everyone invests and works together. However, each person can manage their funds in whatever way they like.
- **UBI** – person manage their own money in whatever way they like.
- **BTC** – funds should not be used for charity. Charity is something you would finance from your personal funds. Basic Tax Control has a well-defined purpose.
- **UBI** – does not limit how person spends its money. They can spend it on charity or alcohol or whatever else their want; it is their choice.
- **BTC** – gives ability to influence positive changes with dedicated funds or by participating in online debates.
- **UBI** – gives you enough time to become whatever you want. You can become an activist or volunteer for causes and help to create a better society. It is completely yours to choose.
- **BTC** – the platform is technologically supported and relies on online and mobile technologies.
- **UBI** – is paid to your bank account; from there, you do with it whatever you want.
- **BTC** – does not require extra fees or taxes per transaction, because funds can be virtually managed until the point they were transferred to the companies.
- **BTC** – can be used as a tool for increasing wealth by investing in sustainable technologies that can help us fix both global and local issues.
- **BTC** – the best way to use it would be investing in the projects and companies that give back the highest guaranteed portion of investment returns.

Lastly, Basic Tax Control can be boosted by wealthy people; they can pledge their companies to public fund like a form of inheritance or legacy. They can also directly donate a portion of their company's shares into the fund.

However, not every company should be allowed to participate. If a public committee decides that the company worked fraudulently or has a previous bad track record showing a detrimental impact on people or the environment, those companies should be banned from any type of participation in the BTC schema.

### **BASIC TAX CONTROL PLATFORM**

Basic Tax Control platform is not significantly different from online platforms Twitter, Facebook, reddit, online banking, IndiGoGo, KickStarter. However, there are some specific features:

#### **The BTC platform must be transparent**

Every person identity, transaction, discussion and comment must be publically visible. Companies seeking investments would need to open their books and show how they do business. They would need to disclose all accounts and everything



that is connected to that investment — every single expenditure and transaction must be visible to their “minority share holders” or “public patrons”.

In this way, every transaction can be a part of public scrutiny and open for discussion. If the “project owner” is spending too much and not accomplishing what he has promised, that should be visible to the public, along with the reason why that happened. This provides security and assurance against future fraudulent attempts from individuals or companies.

Companies must give regular updates reports on progress and how money is spent; all information must be standardized and easy to understand.

Bad money management by the company/project owner or fraudulent activities will impact ratings of the company and people involved. If someone does not fulfill the promises he made for instance, no one will invest in him in the future, as his ratings will be downgraded. Bad ratings will mean an inability to apply for future investments, and, in more severe cases, can have legal implications. If track records and ratings are good, the public will be willing to invest in the same company/people again.

The system is designed to balance itself. Those who are not successful in meeting their funding goals will not be treated as failures, and negative rankings would not be applicable to them. Negative rankings are reserved only for those who get full funding but do not complete what they said they will do or do not execute the project in satisfactory (legal) way.

Both government officials and public investors could check the validity of operations at any moment, since the platform is open. Anyone would have ability to check, monitor, and react, in the case of suspicious activity.

Transparency is one of the key requirements; if someone wants to ask for money, then they have to show how it is being spent.

### **The BTC platform allows anyone to create projects**

Anyone can create a project, but that project must adhere to the existing rules. If a project is good, and it can benefit society, there is no reason why anyone who has a good idea cannot create project.

### **The BTC platform rewards success and talent**

Successful projects and good ideas should be rewarded. A reward system, if done right, could additionally enhance entrepreneurship, innovation, and altruistic spirit, uplifting and empowering people to do more by putting additional effort into learning and doing more.

### **The BTC platform must be publically owned**

The same public that gets BTC funds should also own the platform in equal proportion. The BTC platform, must not wind up in the hands of the government, private owners, or corporations — especially not giant corporations, like Google, Facebook, Apple, etc. Although the public type of ownership does not currently exist legally, it could be created for this purpose. So, “public ownership” would need to be created as a third type of ownership that would be distinct from private and state or government ownership.



This type of **public ownership** should not be confused with the **public domain**, where belongings are available to the public as a whole, especially through not being subject to copyright or other legal restrictions. Although public ownership of the BTC platform should allow anyone to suggest improvements, adding these improvements should be considered within the organization that will be responsible to the public, as the main objective of the BTC organization should be to protect its main purpose. The reason for this is to shield the BTC platform from outside influences, like corporations, government, or government agencies.

In that way, the main characteristic of the systems, like transparency and openness, would be secure from possible attempt of change, and, if those attempts come from within, the public can always decide to replace the board of directors responsible for the BTC platform.

**Government or private entities would not have the ability to control “publicly owned” shares;** only the public, as an entity, with electronic referendum decisions, could decide crucial changes in very rare cases.

#### **The BTC platform should respect the open/close principle**

Open to connect and open to communicate. Closed to outside influence and control. The end goal is to have BTC that has multiple levels: **local, constituency, country, and world.** Levels or nodes can open to each other, but not everyone is connected to everyone. Nodes should be connected as balanced topological networks.

Connections should be either based on the principle of geographical relations or communities similar to those of “twin towns” (“friendship towns”).

#### **The BTC platform must have a discussion section**

This discussion section, if designed properly, should help people discuss and debate, in a constructive way, current and future projects, but not just projects, any matter of public interest can be discussed there. The goal is to reduce clutter but give everyone a chance to speak and express opinions in a non-violent manner. Ideas, discussions, and arguments should not be repeated; they should be brainstormed and then narrowed down to the most optimal ones.

#### **BTC control should be more by design than by people and rules**

Users decide how to use the platform; there should be general rules, but fewer the better.

Rules should be imposed, like in any other online system, more through functionality than through the wider set of regulations one needs to follow.

BTC integral parts are: funding model, reward system, and a discussion platform – and those are good examples of control by design. User can only do actions inside the platform that the platform allows them to do.

The general rules of debating should be applied, in order to avoid inappropriate or spam behavior. The idea is to enhance cooperation, efficiency, and the level of public service needed for the well being of all members of society.



### **The BTC should serve as a knowledge base for success**

Individual success stories of people and companies, and especially stories on how to avoid challenges and overcome the problems, are an important part of the knowledge that should be freely available and shared openly. Those communities that succeeded and became self-sustaining should share their success stories and help others.

It is illusory to talk about real cooperation by excluding some areas, countries, or races; if we really want change, we will bring that change to everyone, regardless of their origin or religious beliefs. The success stories should be there for everyone to learn from and for everyone to share. We live on one finite planet, and the issues we experiencing do not know about borders or differences; therefore, solutions should not know borders, either.

### **BTC ratings**

Both companies and people should have ratings. Individual ratings are reserved for members that support platforms with their expert knowledge or are involved in debates.

All projects will have several types of ratings: efficiency, execution, quality, ethics, impact, and similar. Negative ratings are applied only for deceitful and fraudulent actions.

The ratings for companies are a cumulative sum of not only their projects but also the people involved.

Those who have ideas that can achieve a great impact and can benefit society the most, along with a delivery that was within the boundaries of what was promised, are rated the best.

### **BTC is dynamic**

The core rules must be kept, but the platform will change over time, in order to improve performance, user experience, or functionality. Basic Tax Control can be adjusted to better suit a certain environment, but it must not lose the main purpose and core rules from its sight, and that is moving toward a direct democracy and a society where none of its members need to struggle for survival.

## **3. Motivation**

### **1. CORE VALUES**

Having in mind that the purpose of Basic Tax Control is:

- To gradually implement Universal Basic Income and distribute wealth (eradicating poverty in the process), in order to handle technological unemployment (automation taking human jobs) and by that even out economical cycles which would otherwise (at least in theory) lead to fewer wars.



- To switch from a closed and competitive business mindset to collaborative, open, and highly-transparent mindset, increasing people's ability to self govern and improve their entrepreneurial skills, preparing them for the future, where robots will do most of the jobs.
- To organize people on a large scale, so they can respond quickly to big challenges, giving those with ideas easier access to funds.

The Basic Tax Control schema is envisioned as the system and platform that will do good for all people, regardless of their skin color, gender, sex, religion, race, or age. Providing people with security by covering their basic needs could lift an entire society to a new level and prepare us for the future, where sharing and high empathy will be praised more. Those skills will be necessary to handle the powerful technology we have created and will create in the future—as Edmund Burke said, “The greater the power, the more dangerous the abuse.”

## 2. DECISION-MAKING CAPACITY

The beauty of this system is that it is self-governed, and the behavior in it is self-emergent. For some, that can be frightening, as it looks like control does not exist, but that is far from the truth. Just as our brain does not rely on a single neuron for decision making, Basic Tax Control does not rely on a single person. Instead of relying on a pyramidal structure for decision making, Basic Tax Control, like a brain or the internet, uses a balanced network of a large number of individuals for decision making. Similarly, projects like UNU parts of the Basic Tax Control platform can be made to utilize swarm intelligence.

By using online platforms for debate and projects, creations can come as fast as the creator can make them. Being governed by the principle “put your money where your mouth is”, people “vote” with money (tokens) provided to them. As money is given to them for that single purpose (investment), it is likely they will use the platform, rather than investing and risking their own money. Also, people will be conscious about their moves (investments), knowing that the way they invest can make a difference in how much personal money they are going to get from Universal Basic Income fund—especially knowing that other people could see their actions, which will be permanently recorded in their histories.

The power of “veto” can be exercised only if it is determined that one's decisions or project could cause harm to other people or the environment. Otherwise, a project depends on the speed of fund collection, which is achieved by the amount people are willing to contribute. The more money (and the more people), the faster a project can come to fruition.

## 3. EFFECTIVENESS

Basic Tax Control is a self-governing and self-balancing system, meaning, if certain projects are not showing results, they will quickly lose traction. The message of the platform should be that it is ok to risk and try new ideas, and it is even ok to fail. This is the same with startups: out of 100 startups that are going to fail and waste millions of dollars, one will succeed and create multibillions in value. That single one is enough to cover the attempts and failures of all previous projects.

Ensuring implementation of decisions is reliant on those who create projects asking for money; they can fail or decide to deliberately waste resources. However,



as everything is transparent, their actions will be visible to the public, and, unlike present politicians, if they try fraudulent activities, they will never get a second chance for any other project.

Basic Tax Control uses a systematic approach to all issues, trying to tackle them all at the root. Additionally, the system would have the ability to bind large groups of people, so that they could collaborate toward mutual goals or higher purposes.

#### **4. RESOURCES AND FINANCING**

As explained in the model description, there are two kickstarting ways of financing: self-financing and dedicated money from government taxes.

Each country would need to decide how much money from collected taxes they are willing to put into the hands of the populace. In addition, until the platform becomes self sufficient, certain amounts of money will need to pay for software platform development and the hardware necessary to run the platform.

Later on, the entire system will work as a cyclic pump: those who received money for their projects/startups will give a portion of their shares back to Basic Tax Control; this fund would finance new projects. Each new successful project will give more money to the BTC fund's pile and increase its ability to achieve even more. So, the entire schema would self-finance through the success of those it's financing, very much like startup incubators do, with the exception that a portion of the money is always going to the Basic Income fund, and it works for all people (not just a few at the top, giving them unimaginable power and the ability to misuse it).

An additional way of earning would be advertising. Having in mind that a large portion of people will be on the platform, it is logical to find additional revenue streams that will help the platform to grow even faster.

#### **5. TRUST AND INSIGHT**

As explained in the description, the platform is fully transparent and open: each person's identity, transactions, discussions, and comments are fully transparent and visible. Each user will have the ability to gain deep insight into all activities on the platform, along with metadata information about what information users are watching and how they are being watched in return.

The platform will have a public source code base, which is visible to everyone (similar to Linux OS). All attempts to poison the platform, implement back doors, or corrupt it in any other way would be spotted quickly and fixed promptly—basically a self-healing source code at its base.

Terms & services of posting projects and asking for funds will stipulate that creators have to post regular project updates and that they have to keep all books open. Although the public has an insight into projects through transparency (as an additional monitoring party, along with the government, which is enforcing the law and tackling fraudulent activities), they do not have an influence on strategic decisions, unless they are part of the shareholding majority.

Just as in any business, big decisions are left to the board of directors, comprised of shareholder representatives and major stakeholders.



Trust is welcomed but not a necessary component, as the platform relies on open and transparent data, ratings, scores, and factual states of projects. Trust is needed when people do not have feedback information, if feedback information exists, and they are reliable mistakes can be corrected in due time — before the real issue come to surface.

Blockchain technology can be used as an additional layer of trust and safety for each transaction, serving as ledger technology. In that way, a chain of transitions/messages is very hard to fake or change, making it very good for record keeping and reliability.

From a security perspective, the platform will need to be secure against attacks and identity thefts at the source; although the platform can be made in the way that is difficult to hack, individual user accounts could be hacked. For attackers, it would be easier to impersonate users and act in malicious way.

In order to be fully trusted, platform developers will need to find a way to reduce those cases to a minimum using all technologies at their disposal, achieving bank transaction levels of security or higher.

## **6. FLEXIBILITY**

As described, the system is dynamic. It changes with software platform updates. Updates can be partially deployed, in order to test run new rules, or it can be applied directly at the local, regional, national or worldwide level, depending on the requirements.

The core principles must be maintained; everything else is subjected to improvement and discussions.

Discussions about changes always must include technical personnel and people who have enough overall knowledge and specific knowledge that they can envision multiple inheritance dependencies, as “fixing” something without having a full picture often can break something else on the other end.

The Basic Tax Control platform has the ability to shape human behavior, the same as using mobile phones teaches people to effortlessly adopt different behavioral skills, which we would otherwise enforce by rules and laws.

This principle has been described in length in the following articles: [Ref. 6,7]

## **7. PROTECTION AGAINST THE ABUSE OF POWER**

If we talk about protection from abusive governments, like North Korea abusing its own citizens, or in case of unjust civil forfeitures in America or greater censorship of China, I am afraid to say there is no system that could achieve that.

Despite of existence of the United Nations, it has not been possible to prevent unilateral decisions of super powers to attack neighbor countries or countries across the sea.

Maybe, in the future—if we all become a collectively-minded society, or if we apply an idea similar to the ‘buffer zone society’—this could be possible, but all those are highly theoretical and highly speculative, and it is questionable how much they would achieve in practice.



However, if we talk about what this system CAN do against rogue project creators or companies that are overstepping their mandate and boundaries, influencing political decisions of countries, this system can do a great deal of things.

Having in mind that the Basic Tax System is driven by profit, ambitions, visions, and dreams, as well as by their needs for security, comfort and self benefit, we have to consider that people will judge as to what is in their best interests.

The system has several layers of protections against abuse. By being self governed, transparent, and having a cooperating community as guiding principle, people can effectively decide to stop using products or services from companies that abuse their power, or they can even extend their influence on all other connected companies that decide to continue doing business with them.

Inside of the platform, especially in discussions or in arguments where one group is misusing its power over another, the principle of meritocracy would be used. Highly-educated people would have prevailing words in resolving difficult matters. Each decision and its reasoning would be fully visible, open to scrutiny and discussion for future times.

For specific projects, agreement to transparency gives a monitoring ability, and states provide laws, policies, and ways to enforce the law.

The BTS system has the ability to protect itself from inside abuse, but it has only a partial ability to do so from the perspective of entities that are outside of the system's boundaries. The NSA easily can give an order to hijack social networks, implementing backdoors.

It would be difficult to stop rogue governments from putting bans and firewalls in place, preventing their people from accessing platform by implementing severe punishments, but, again, BTC could enable people to organize quicker uprisings and also to provide historical evidence on government/government officials' actions when the next elections come around.

On a worldwide level, it would be possible to put all the hardware in international waters or on globally-owned satellite networks, allowing everyone access without interruption. Being globally owned by all countries would create mutual dependency so any rogue country trying to disrupt the network would face the ire of a united front from all other countries.

From the perspective of favoring, each person has his or her own portion of control and decides what to do with the allocated money and where to invest. But, as everything is transparent, and ratings and scores exist for both companies and people, everyone will be more careful in how money is invested and how they carry out their business. For instance, if someone invests in a company that has been identified as dumping poisons into the river, that company will lose its rating, but being identified as supporters—people who invested money in those companies—will mean losing a portion of the user's ratings.

It is important to add that BTC is not a typical social network where people are allow to goof around exchanging funny kitten videos — BTC is the governance system. Similarly as one would not post funny image on his bank site as bank



would not allow it, equally BTC platform would not allow that kind of behavior. This platform lowers the user's ratings ratings for trolling, any type of rude or abusive behavior toward any other person in the system penalizing such behavior. Knowing that your personal finances could be jeopardized would force people to reevaluate before posting.

## **8. ACCOUNTABILITY**

When we speak about accountability, it is achieved through transparency, constant monitoring, ratings, and mutual collaboration of all people in the platform. By setting milestones, each project is visible to the public and is accountable for delivering on what was promised.

The best way is to give an example:

Imagine that a group of people from Uganda came together and decided to put forward a project asking for money to build 5 small hydropower plants on slow moving rivers and streams. Now, the local community will have ability to verify each step and also how the group is spending funds. If they try to trick people, and just make fake or cheap models, and spend the rest of the money on themselves, firstly, local people would have the ability to post pictures, videos, and also organize, sending people out to do regular inspections. If the "project makers" refuse regular inspections, that would be a signal for government officials and law enforcement to interfere, prosecuting the perpetrators.

On the other hand, projects can have real issues and could go astray. In those situations, people would decide whether they are going to place their trust in the founders or not—are they willing to sponsor additional pushes, or would they rather abandon the entire project and cut their support short?

If we talk about accountability through political decisions, the discussion/ collaborative part of the platform can serve as a consulting party for politicians and the members of parliament. Also, it is important to note that members of parliament are within the platform as eligible users, and they will have records and ratings, as well. As public personalities, this verifiable data would hold them accountable for the things they say or do outside of the platform.

Any type of trolling or verbal abuse will also be visible and public; when everything is transparent, visible, and recorded, people will start thinking before they react, give promises, do, or say something.

The transparency of the system and keeping a secure history gives leverage, so that each person is accountable for his or her actions.



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