

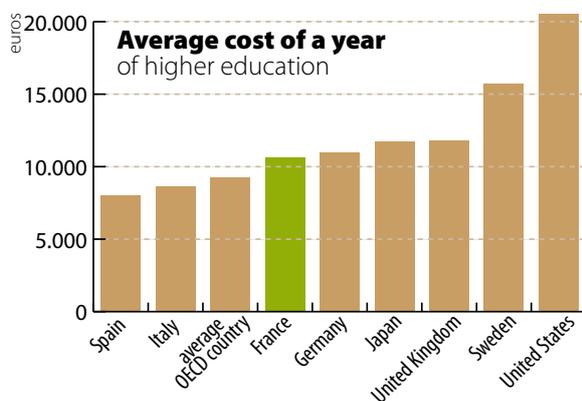
What are taxes for?

You certainly have the feeling of paying too much tax. But are you really interested in bringing your tax burden down? This is not so obvious it may seem.

Taxes help, among others, financing education, health, public transport, roads, research... If we put aside the collective aspect of taxation, which consists of redistributing wealth and thus ensure the cohesion of society, do we really have any personal interest to pay less taxes? Certainly for the minority of the wealthiest French people. But most of us have everything to lose!

Without taxes, it could cost us dearly!

Below is what we need to pay for a year of higher education were it not funded by taxes. We should stress that education costs in France are not so high than they try to make us believe.



Wealthy people kill public spending

The Government is conducting a merciless hunt against public spending.

However, expenses are not training balls but redistributed assets for the benefit of the whole society.

Of course we must ensure that no euro is wasted and that revenues are wisely used for the benefit of many.

Somes figures

136,5 BILLION EUROS

The deficit of France in 2010.

150 BILLION EUROS

The estimated cost of tax shelters by the Court of Auditors.

30 TO 40 BILLION EUROS

The amount of tax evasion in France according to the Council of Compulsory deductions.

2543

The number of jobs to be eliminated in 2011 at the General Directorate of public finances.

2,4 MILLIONS

In years of minimum wage growth (« *Smic – Salaire minimum interprofessionnel de croissance* »), the property of Bernard Arnault, CEO of LVMH, according to Forbes magazine.

1500 EUROS

50% of the French citizens have a lower monthly salary than this amount.

750 EUROS

6.5 million workers in France have a lower monthly salary than this amount.

Moreover, contrary to popular belief, expenditures have not soared in recent years. Therefore, they are no more responsible for the deterioration of public finances.

It's the drop in revenue receipts orchestrated by our leaders and not only a drop due to the crisis that is responsible for the budget deficit of the state. The decrease of these revenues is due to policy choices directed towards to the wealthiest people. Therefore, it is the largest number of people that is penalized!

Ending the tax shelters!

Tax shelter, what is it?

Tax shelters are the whole set of measures that can benefit from tax cuts. For the Court of Auditors, all of these instruments represent a shortfall of 150 billion euros for the State. Yet, nothing could demonstrate the social and economic interest of almost of these tax «incentives».

Who benefits from the crime?

First of all, shelters benefit those who have the financial resources to make investments. Then in the maze of law, we must still be well informed. Again, those who can afford having available tax consultants are the major beneficiaries. We should also be aware tax shelters are mainly oriented towards heritage income

(property income, financial products...) and towards companies.

But what does the Government do?

The reduction and tax credit costs have increased by 142% since 2004! In return, the Government offers only a slight movement on tax niches. Therefore, in 2011 they should fall by 6% only. These figures show that this is only an announcement effect aiming at calming a fair highly critical public opinion against these unfair and inefficient instruments.

The highest-income people may continue to sleep peacefully ; the State looks after their money.

The fabulous story of **Mr. Pognon** ! (*)

Mr. and Mrs. Pognon are a couple with no history. They live in a wealthy suburb of Paris. They have two children and a very good life with high salaries. In 2010, the total of wages received was € 50 000 and € 100 000 of income. Their parents also have lots of money. As they do not really need it, they have decided to give them 300,000 euros. And they can do this every 6 years without paying any tax at all! Not knowing much what to do with this money, Mr. and Mrs.

Pognon chose to buy a new apartment, for rent, as part of a building tax exemption. What a luck! This investment (« Scellier Law ») will allow them to benefit from € 8,333 tax cut every year during 9 years. In addition, their banker friend offered them some useful tips on investments. Unfortunately for them, they will still have to pay € 97 euros in taxes this year!

(*) example of a fictitious French family

NOTICE OF 2011 INCOME TAX (Income in 2010)



DIRECTION GÉNÉRALE
DES FINANCES PUBLIQUES

CDI DE LATHUNE
3 RUE DU FRIC
75000 PARIS

COUPLE: 2 CHILDREN
WAGES: 50 000 €
INVESTMENT INCOME: 100 000 €

M OU MME POGNON ROGER
15 RUE DE L'ÉVASION
92200 NEUILLY / SEINE

PAYABLE TAX

INITIAL AMOUNT :
14 780 €
TOTAL REDUCTION :
14 683 €
OWING NET TAX :
97 €

REDUCTIONS

New rental investment: Scellier Law	8 333 €
Credit care expenses for children under 7 years	1 500 €
Home based self employment credit	3 600 €
Subscriptions for FCP (Common Investment Funds) units in innovation	1 250 €
TOTAL REDUCTIONS	14 683 €

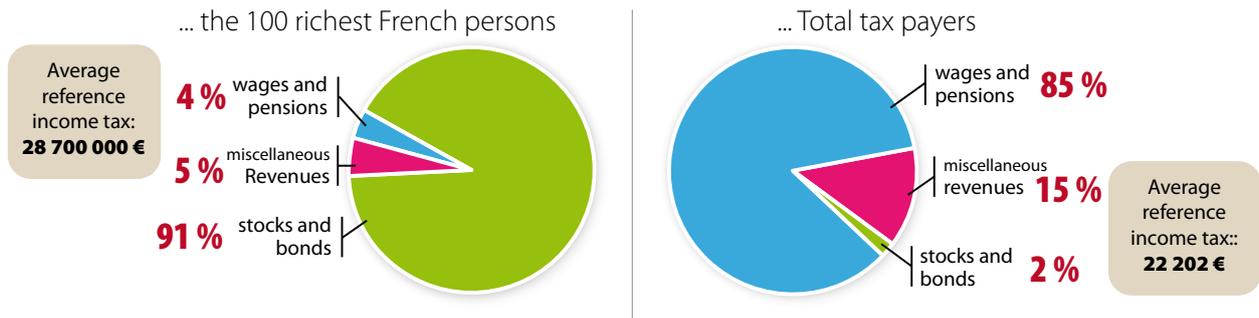
This is a simulation made at: www.impots.gouv.fr

The rich are **getting richer!**

The lowering of tax rates, increasing of tax gifts and a policy favoring income from assets have enabled the richest ones to accumulate more wealth by contributing even less. Today, the major labor income is subject to income taxes while over 80% of income from capital (stocks and bonds) are not.

These policies have thus led to a significant increase in inequality while weakening public finances. Therefore deficits are widening mainly in order to reduce further taxes for the wealthiest. On the other hand, for most of the population, this represents more taxes for fewer public services!

Nature of income...



Who pays more taxes?

We hear too often that half of the French people do not pay taxes. This is ridiculous! A couple with a child, in which each spouse receives a minimum wage, certainly pays no income tax, but can pay € 1 000 of housing tax and more than € 3 000 VAT a year!

progressive taxes are less than a quarter of tax revenues of the state.

Rather than promote the system, the progressive taxes (income taxes, inheritance and gift taxes ...) are weakened to the benefit of statutory contributions and proportional tax rates.

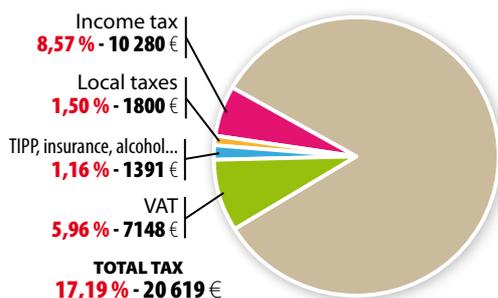
Increase income tax, lower VAT

The progressive tax can contribute up to its capabilities and to redistribute wealth to reduce inequality.

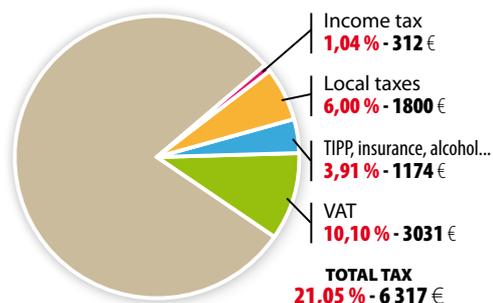
The proportional tax rate is a similar rate for all regardless of income. For instance, all consumers pay the same VAT amount. At a cost of € 500 (VAT at 19.6%), the fee is 82 €. If the person wins € 1 000 per month the VAT will represent 8.2% of his/her salary. But if he/she wins € 5,000, the same VAT will represent only 1.64% of the revenues. This is the reverse logic of the income tax!

In practice, the more income increases the more tax rates also increase. Yet although more fair,

Tax expenditure of a couple with two children
(annual net income of 120 000 €)



Tax expenditure of a couple with two children
(annual net income of 30 000 €)



These figures, calculated on the basis of INSEE sources, show that the percentage of overall tax is not necessarily higher when important income is available. Especially since wealthy households often make investments to reduce their income tax (see example on previous page).

There are **Solutions!**

Current tax policies have always led to impose less and less to the richest ones and more and more to employees. If we wish to have more justice and efficiency, we must reverse this logic!

★ First of all, we should begin by restoring the income tax. It is more accurate, because each one of us contribute according to our resources. It is also more efficient because wealth is redistributed this way.

★ Tax shelters that are used to help wealthy people to escape from their duties as citizens, the economic efficiency of which has not be proved, should be significantly reduced.

★ For 30 years, the number of income tax portions has declined and so the higher rates. On the contrary, there is the need to increase the number of portions and rates.

★ All income should be equally taxed. Capital income is less taxed than wages. When they are not exempt from tax, they are taxed at a fix rate of 19 %. This instrument is therefore not advantageous for those who already have higher tax rates!

★ We should not only reform the income tax, whose weight is only 20% of tax revenue. We must review the entire tax!

★ The VAT is heavy and one of the most unfair taxes. Therefore, we propose to abolish the existing VAT on essential goods and lower the normal rate of 19,6 % to 15 %.

★ Local taxes should also be reformulated. Tax bases are outdated and need revision. We

must integrate the income of occupants in the calculation of housing-tax so that each one contributes according to his/her resources.

★ In companies, it is imperative to reconsider the abolition of business tax that will prevent local governments to fund needed public services to the population. But corporate tax should also be transformed. It may increase for companies that use their profits to fund or pay large dividends and lower for those companies that hire people, increase wages, invest in working tools, research, preservation of environment...

★ At European and International level, financial transactions should be taxed in order to curb speculation, harmonize taxation and end competition among employees.

In a difficult public finance context, all these proposals are perfectly realistic. They provide answers to finance the needs of everyone by getting wealth where it exists. They also boost consumption by giving back to most of the population the purchasing power that had been confiscated to them.

Taxation shapes today and tomorrow's Society. Let's all demand changes!

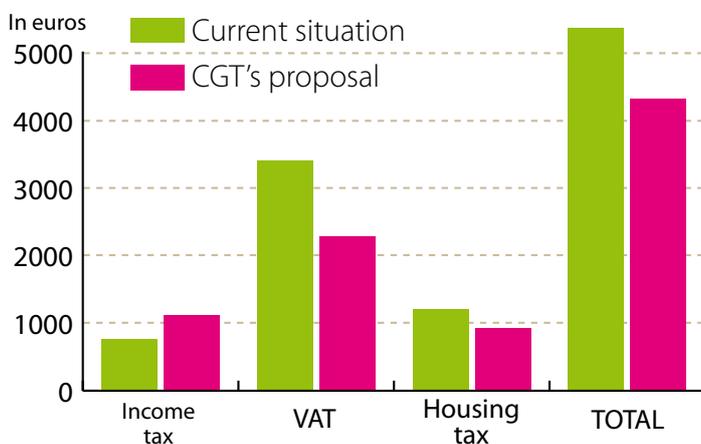
For more information and to test our proposals, join us at:

www.justicefiscal.fr



Consequences of **our proposals**

Couple / 2 children/ 36 000 € annual wage



In billion euros

State's income



We believe we can reduce the amount of tax shelters to 50 billion euros in the first year, the cost of our measures on VAT would amount to 44.2 billion, changing the scale of income tax would yield 16,6 billion euros, that is to say a net gain of over 22 billion.