Purpose: stimulate thrift, investment, enterprise, growth
Desiderata: consumption base, simplicity, progressive rates like Bradford X tax
Conditions: can be calculated without audit; annual filing, no burden on sellers

Gross income base:
- Wages
- Dividends
- Interest
- Capital gains (realized)
- Gifts & Bequests
- Social Security payments
- Pension payments
- IRA, 401k distributions
- Unemployment insurance
- Royalties
- Prizes
- Rents
- Bank CD distributions
- Money borrowed

Unlimited deductions (for savings)
- Vermont Enterprise Account
- Debt repayment
- Medical care (net of insurance)
- Subject to transfer tax* (credited against VT estate tax upon death) on amount >$1 m
- IRA, 401k contributions
- Health Savings Accounts
- Bank CD purchase
- Managed investment account
- Real Estate investment
- Residential purchase
- Interest on mortgages
- Charitable contributions

\[ \text{Tax} = \text{Gross income base less deductions} \times \text{graduated rate*}, \text{plus transfer tax*} \]

*Not possible to estimate rate without detailed economic data

State sales tax is retained – but sales taxes paid on purchases within state using state affinity credit card (available only to residents) are credited against consumption tax liability.