The topic of perpetual on-chain taxes was brought up two weeks ago during a governance call, after an initial brainstorm the discussion continued in a more structured fashion in this week's governance call. During that call several different strategies were discussed with regards to perpetual taxes. In this forum thread these strategies are summarized and the discussion can continue asynchronously and in an orderly, constructive, and friendly manner to reach a wider part of the community.

Strategies discussed so far:

- Allow perpetual taxes without further requirements. This would be a continuation of how on-chain taxes are handled currently, a tax is instituted and can be changed through governance thereafter. Each change requires a separate proposal to increase or decrease the tax.
- Allow perpetual taxes but require regular updates (for example yearly). This would be similar to how on-chain taxes are handled currently with the change being that regular updates are expected. This could take the form of a yearly proposal by the entity receiving the tax (or a representative thereof) to decrease/maintain/increase the tax-rate and present a budget for the upcoming year. There are two ways to implement this: it can be added to the Secret Network Charter & Code of Conduct as a guideline, or, the tax modules could be changed to include a timeout property. The first option would be easy and could be implemented quickly, the second option would require more time to implement. This would of course not prevent additional proposals throughout the year to adjust the tax as needed.
- Disallow perpetual taxes. This would be a change to how taxes currently work. The community pool tax would become the only perpetual tax and would require at least a yearly review of the past period and an estimation of the period ahead. Other taxes would either need to inherently specify a timeout, or submit spend proposals to the community pool. Looking at the current on-chain taxes, the Luna Dev Fund would not be affected since it inherently specifies a time period for which it will run (one year). The Secret Foundation tax is a perpetual tax however and would thus have to transition to community pool funding. Clearly such a transition could not happen overnight and should this strategy be preferred by the SCRT community a plan would need to be conceived for an orderly transition.

During the past two governance calls the 2nd and 3rd options above seemed most popular. These would likely both require some additional administrative tasks with regards to the Community Pool, this could be assigned to the governance committee. Both would also affect the Secret Foundation, their response to proposal #103

is expected in a few weeks in their upcoming 2022-Q2 Transparency Report and will be important in this discussion. None of these options should (significantly) increase administrative load on entities receiving perpetual taxes as a budget is required for any entity to be effective.

This thread is intended to collect the community's thoughts on the topic of perpetual taxes and could lead to inclusion as a section in the Secret Network Charter & Code of Conduct, or a separate signal proposal.