

More than a year ago I wrote a post (see below) about taxing stock transactions. I suggested 10c per share on both sides. [Some of our politicians are suggesting .025pct](#). There really is no reason not to do it either way. Spreads have narrowed in the past several years to pennies from nickels, dimes and quarters. So we know that the market can operate with the wider spreads. Historically spreads are the profit margin of market makers. Well in this era, who is a bigger market maker than the US Treasury ? They are providing liquidity at every corner, so why shouldn't they (we) get paid for it ?

Of course like any other government attempt to raise taxes, how they use the money is where they will absolutely screw it up. In this example they want to use half the money to fund a Job Creation Fund. A government run Job Creation Fund is the ultimate Oxymoron. Let me offer another post of mine that suggests that we open the doors to entrepreneurs and simplify and cheapen their cost to start businesses. The process of creating a company in this country has become so burdensome at the hand of regulation, insurance, taxes and administria, that we are slowing the true job creation engine that this country needs right now. Instead of the Government funding jobs, if the focus is on job creation, which is what it should be today, these funds should be used to remove all friction to those who start, fund and run companies.

This is from an excerpt from a post of mine and it is exactly what a smart politician should propose today in order to stimulate the creation of jobs in this country

[How to Jumpstart the Economy – Tax Free Small Businesses](#)

Jul 28th 2008 10:13AM

What has impacted my decision on whether or not to start a business is the amount of paperwork involved and the local, state and employer taxes involved. Its complicated and expensive to start even the smallest business in the real world. The real world of course is different than the Internet world. The state of business, and in particular, entrepreneurship in the US has devolved into two worlds, the Internet and the real world.

In the Internet world, all you have to do is setup an account with an ad network, put it on your website, generate some traffic and they send you a check. . No licenses, no tax id, no announcements in the newspaper. It took me minutes. Its exactly what millions of people do as well and its created an entire Internet economy that lives off of Google, Yahoo, MlcroSoft, AOL, Ebay and others. Its the entrepreneurs path of least resistance, which is exactly why most take this route.

Compare that with setting up a real world business. This is from the State of Texas: (Which I am proud to say makes it far easier than most states to start a business).

Step 1:[Legal Structure and Registrations](#)

Step 2:[Business Tax Responsibilities](#)

Step 3:[Licenses Permits and Registrations](#) (Note to State of TX, this link was broken, I had to find the destination page)

Step 4:[Business Employer Requirements](#)

As an entrepreneur , I can tell you that working through the requirements of these four steps is scary and intimidating. Why ? Because to merely start your business, you have to deal with lawyers and accountants, which not only costs a lot of money, but more importantly, requires you to trust those lawyers and accountants to make decisions that could have make or break consequences on your business. You may have the best idea with the ability to execute on that idea, but one little snafu by these professionals and your business is down the tubes.

Even worse, if you mess up on any of this, you could get in legal trouble. You could get sued, or find yourself in the middle of some legal nightmare.

Then of course, there is the financial reality of having to pay all of the business and employer taxes and ever increasing insurance premiums.

Which brings us back to How to Jump Start the Economy.

If you want to see an immediate re invigoration of the economy, open the door back up for individual entrepreneurs to enter the real world without fear and without an immediate financial burden that pre empts their ability to be successful.

If we really want to stimulate job creation in this country, take the same approach to small business with 25 or fewer employees that we take to Internet taxes. Outlaw them.

No taxes or license fees of any kind on small businesses with 25 or fewer employees. No employer payroll tax. No state or local taxes. No taxes on earnings. No Payroll taxes. Nada. Use the money from the proposed taxes on the trade of public shares to fund not only this, but healthcare insurance premiums as well. The business owners and their employees will pay income taxes on their personal income , but not corporate earnings

The only taxes they would collect and remit are sales taxes and of course they would still file personal income taxes on their individual earnings.

Make this available exclusively to owner operated companies and only allow the operator to own and operate a single company (to prevent gaming the system).

The impact on the economy would be amazing and immediate. Those without jobs would be able to work for themselves. They would be able to join together and start companies. They would be able to take risks with far less capital and far less fear of failure. Sweat Equity would be all it takes to start a business. In addition, we would see many cash only propreiters go legit.

Not only would we see hundreds of thousands of new businesses started seemingly overnight, with millions of new hires, but from those new businesses would come new ideas that hopefully would give us our next engine for economic growth that super cedes today's ideas.

For Congress, the challenge will be to keep the process simple. A simple no cost, online registration for the businesses, with information about the who, what, where and ownership of the companies so that they can track and help fund them. Which in turn would create the information base from which to fund the state and local revenue that would be lost. Easy ? No. But a far greater reward in job creation and growth for the country than the Government creating Job Funds and public works efforts.

In this economy we should open the door to our country's Intellectual capital and the entrepreneurial energy that separates us from the rest of the world. Make it easy for entrepreneurs to do what entrepreneurs do, and great things happen. Voters and politicians alike seem to have forgotten what has made this country an economic powerhouse. We need to focus on creating a friction free environment for small businesses. That is exactly what will create jobs

[Tax the Hell Out of Wall Street; Give it to Main Street](#)

Sep 30th 2008 9:02AM

Tax every single share of stock that is bought and sold 10 cents per transaction. One dime. If you buy a share of stock, your brokerage pays a 10c tax. If you sell a share, your brokerage pays a 10c tax. 1 share, 100 million shares. Its 10 cents per share.

Of course the tax will be paid for by those of us who are buying and selling stocks. So what. Here is the reality. If you are a true investor. Someone who wants to own a share of stock in a company you believe in, then its an amount that is not going to impact your investment decision making process.

If you are a professional trader or an institutional trader that trades continuously, then it may impact your decision making process, but only to the point of reducing your returns by a minimal amount. Its not going to change your inclination to trade. If you make 9.9pct instead of 10pct, you aren't going to stop trading.

Whats the economic impact ?

If the NYSE, Nasdaq, Amex and OTC are trading 2 Billion shares a day, thats \$ 200 Million Dollars PER DAY. If there are 260 trading days a year. Thats about 52 Billion dollars a year.

Thats real money.

Of course there has to be some fine print. You could reduce the tax per share for stocks under \$5 dollars to 5cents. But i would leave it at 5cents even for stocks priced at pennies per share or less. This tax would act as a protection for investors and traders who get pitched unregulated penny stocks and who are more often than not the victims of rip off artists.

Take this \$52 Billion Dollars and ??????. I will open it to the floor for suggestions and save my conclusion for a later post.