

# 45 Theses on taxation and related issues: my homage to ...

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Today is the 500th anniversary of Martin Luther [supposedly posting his 95 Theses](#) on the door of Wittenberg's Castle Church. What [precisely happened](#) that day does not matter. Indisputably, and maybe unwittingly, Luther started a revolution by stating what he believed to be true. In the process he proved the power of narrative.

I have no intention of offering 95 Theses this morning. I start with these 45 instead. No doubt others might have suggestions.

- \* All money is created by a promise to pay.
- \* The fiat currency of a government is created by its promise to pay.
- \* The promise made by a government to pay is backed by its willingness to accept that currency in settlement of taxes owing.
- \* As a result all fiat money is backed by the promise that there will be an obligation to pay taxes in the future.
- \* without taxes there would, then, be no fiat money.
- \* Government debt is, in that case, not a sum to be repaid by the government. It does instead represent government spending not yet cancelled by taxes due.
- \* Since all fiat money is created by government spending in advance of tax collection the government's debt is, then, simply the major part of the money supply.
- \* Banks can create money when they lend, but only under government licence.
- \* The licence the government grants to a bank to create money means that the bank is never independent of the government and is responsible to it.
- \* As a consequence the government has a duty to regulate banks to ensure that they use their licence to create money appropriately.
- \* This obligation to regulate banks is universal, and should be reciprocal i.e. nations owe this duty to each other as well as to their own populations.

- \* Since banks can create money in the currency of a country both outside as well as within its jurisdiction the supply of data on the banking activities undertaken in one state to the authorities of another who has the obligation to regulate both monetary and taxation transactions arising within their state is inherent within the nature of the banking system.
- \* Tax is the mechanism most readily available to a government to impose its fiscal and social policies on a country.
- \* Markets have a natural tendency to concentrate wealth because wealth has never been equally distributed.
- \* The concentration of wealth within an economy reduces the well-being of all within it as those with excess resources derive lower marginal utility from their consumption than those with below average resources. Relative poverty always follows, as can absolute poverty.
- \* The redistribution of income and wealth to achieve greater equality in the distribution of both does, therefore, increase well-being.
- \* The legal ownership of land concentrates the ownership of wealth.
- \* Land cannot be owned: it can only be tenanted.
- \* The common ownership of land will therefore reduce wealth concentration.
- \* Markets tend towards monopoly.
- \* Monopoly is contrary to the interests of consumers.
- \* Monopoly results in the generation of excess profits, or rents.
- \* To prevent such profits arising markets must be regulated by governments to ensure the fairest possible outcomes for all, including the rights of new entrants to the market.
- \* The payment of interest is a transfer of wealth, none being created in the process of payment.
- \* The payment of interest concentrates wealth.
- \* It is the job of government to, as a result, regulate the availability of credit and the price that is paid for it so that exploitation should not arise.
- \* The obligation to regulate credit extends to the promotion of activities that induce the extension of credit, including advertising.
- \* The physical resources of the planet are finite.
- \* The second law of thermodynamics holds true.
- \* The use of the minimum possible energy in the process of meeting human need is, therefore, a necessity and not a choice.
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The use of taxation to change behaviour with regard to wealth and income distribution, the ownership of land, the abuse of markets, the payment of interest and the exploitation of natural resources is a necessity.

- \* The process of taxation must be democratically controlled.
- \* It is the job of government to ensure that when a tax has been decided upon it is equitably enforced.
- \* A government must be held accountable for its failure to enforce the payment of taxes legally due because this represents a failure of its social as well as its fiscal obligations to those who elected it.
- \* No government has the right to undermine the right of another government to collect the taxes owing to it.
- \* No government has the right to undermine the tax base or rate of another government.
- \* Governments have the positive obligation to assist each other in the process of collecting taxes lawfully due by those liable to pay them.
- \* Each person must have the right to appeal against any tax liability imposed upon them and have that appeal heard in an independent court.
- \* To be equitable a tax system must take into account the capacity of a person to make payment and maintain their rights as described in [Article 25](#) of the United Nations Universal Declaration of Human Rights.
- \* Companies, corporations, partnerships, trusts, foundations, charities and other legal entities created by common or statute law are agents of those who create, own, manage or benefit from them as the situation requires with regard to taxation and afford no separate or identifiable rights not attributable to those persons when acting in their own beneficial capacity.
- \* Each person has the right to enjoy their after tax income or wealth without hindrance so long as the purpose they pursue with it is itself legal.
- \* A person is an agent of the state acting as a trustee or custodian of the state's funds due in taxation arising as a result of the income, wealth or transactions that they enjoy until such time as that taxation is settled and the funds that they hold in that capacity are not theirs to rightfully enjoy without such obligation having been taken into account.
- \* A person acting in breach of their obligation as an agent of the state to appropriately manage and retain the funds that they owe in taxation shall be liable for penalty for not doing so.
- \* The state shall, in reciprocation of the obligation to pay tax appropriately account for the use made of that taxation in a manner that shall be appropriate to those with

obligation to make payment.

\* Those who, when holding political or public office fail to account for taxation due or paid be held accountable for their failure to do so.

*NB: I did not plan on writing this before I woke up this morning. The 45 were literally written one after each other. I am not pretending that this is a scholarly treatise: it's just a collection of thoughts.*