



How the tax system really works ???

Suppose that every night, ten men go to their favourite bar for beer. The tab for all ten comes to \$100 for ten schooners. If they paid their bill the way we pay our taxes, it would go something like this:

The first four men (the poorest) would pay nothing. The fifth would pay \$1 - the sixth would pay \$3 - the seventh \$7 - the eighth \$12 - the ninth \$18.

The tenth man (the richest) would pay \$59.

The ten men drank in the bar every night and seemed quite happy with the arrangement, until one day, the owner rewarded their loyalty.

"Since you are all such good customers," he said, "I'm going to reduce the cost of your nightly tab by \$20."

So, now drinks for the ten only cost \$80. The group still wanted to pay their tab the way we pay our taxes. So, the first four men were unaffected. They would still drink for free.

But what about the other six, the paying customers? How could they divvy up the \$20 windfall so that everyone would get his 'fair share'?

The six men realised that \$20 divided by six is \$3.33. But if they subtracted that from everybody's share, then the fifth man and the sixth man would each end up being 'PAID' to drink beer!

So, the bar owner suggested that it would be fair to reduce each man's bill by roughly the same amount, and he proceeded to work out the amounts each should pay.

And so:- The fifth man, like the first four, now paid nothing (100% savings).

The sixth now paid \$2 instead of \$3 (33% savings).

The seventh now paid \$5 instead of \$7 (28% savings).

The eighth now paid \$9 instead of \$12 (25% savings).

The ninth now paid \$14 instead of \$18 (22% savings).

The tenth now paid \$49 instead of \$59 (16% savings).

Each of the six was better off than before. And the first four continued to drink for free. But once drunk and outside the bar, the men began to compare their savings.

"I only got a dollar out of the \$20," declared the sixth



man. He pointed to the tenth man "but he got \$10!" "Yeah, that's right," exclaimed the fifth man. "I only saved a dollar, too. It's unfair that he got ten times more than me!" "That's true!!" shouted the seventh man. "Why should he get \$10 back when I got only \$2? The wealthy get all the breaks!"

"Wait a minute," yelled the first four men in unison. "We didn't get anything at all. The system exploits the poor!"

The nine men surrounded the tenth and beat him up. The next night the tenth man didn't show up at the bar, so the nine sat down and drank without him. But when it came time to pay the tab, they discovered something important. They didn't have enough money between all of them for even half of the tab!

And that, boys and girls, journalists and academics, is how our tax system works.

The people who pay the highest taxes get the most benefit from a tax reduction. Tax them too much,

attack them for being wealthy, and they just may not show up to pick up the tab anymore.

After all, there are lots of great restaurants in Monaco and the Caribbean.



The Future Value of Money ???

A motorist driving through the country hit and killed a calf that was crossing the road. The driver went to the owner of the calf and explained what had happened.

He then asked what the animal was worth.

"Oh, about \$200 today, said the farmer, "but in six years it would have been worth \$900. So, \$900 is what I'm out of pocket for."

The motorist sat down and wrote out a cheque and handed it to the farmer.

"Here," he said, "is the cheque for \$900. It's post-dated six years from now.

So, when you hear the Treasurer in his budget speech or economists on The 7.30 Report talk about the net present value of this and that and the need for the Future Fund or the actuarial value of your superannuation - now it will all mean something to you in a different perspective.

As you get older you lose your marbles ???

"The older I get, the more I enjoy Saturday mornings. Perhaps it's the quiet solitude that comes with being the first to rise, or maybe it's the unbounded joy of not having to be at work. Either way, the first few hours of a Saturday morning are most enjoyable."

This was the start of a talk back radio conversation I heard a few weeks ago on a typical Saturday morning - an older sounding fellow expressing his thoughts .

"You see, I sat down one day and did a little arithmetic. The average person lives about seventy-five years. I know, some live more and some live less, but on average,

men live about seventy-five years. So, I multiplied 75 times 52 and I came up with 3900 which is the number of Saturdays that the average person has in their entire lifetime. Now stick with me Tom, I'm getting to the important part."

"It took me until I was fifty-five years old to think about all this in any detail", he went on, "and by that time I had lived through over 2800 Saturdays. I considered that if I lived to be seventy-five, I only had about a thousand of them left to enjoy."

"So I went to a toy store and bought every single marble they had. I ended up having to visit three toy stores to find 1000 marbles. I took them home and put them inside of a large, clear plastic jar that sat on the kitchen bench. Every Saturday since then, I have taken one marble out and thrown it away."

"I found that by watching the marbles diminish, I focused more on the really important things in life. There is nothing like watching your time on this earth run out to help get your priorities straight."

"Now let me tell you one last thing before I hang up and take my lovely wife out for breakfast. This morning, I took the very last marble out of the container. I figure if I make it until next Saturday then I have been given a little extra time. And the one thing we can all use is a little more time."

"It was nice to meet you Tom, I hope you spend more time with your family, and I hope to meet you again here on the radio next week."

What will you be doing next Saturday morning - considering whether to go the office or take your family out to breakfast or on a picnic - or watch the kids play their Saturday morning sport. The Editor is 57 and wishes he had read this story 30 odd years ago.



February 2010 Logic Quiz

1. In a practice football (soccer) match lasting 90 minutes, one team of 11 players alternates 4 reserves equally with each player. This means that all players, including reserves, are on the pitch for the same amount of time, so how long is each player on the pitch?



2. Can you fill in the missing number and say why?

2	9	4
7	?	3
6	1	8

3. A man says to a woman: "Though sons and brothers have I none, your father was my father's son" What is their relationship?

Fax answers to (02)95534077 or email

editor@focusofficesupplies.com.au

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December 2009 Quiz Answers.

1. "Jingle Bells" was originally written by James Lord Pierpont for a Thanksgiving ceremony at a church in Savannah, Georgia, USA, not Christmas
2. In the song "Twelve Days of Christmas" there are 364 gifts given - $1+3+6+10+15+21+28+36+45+55+66+78 = 364$
3. The word Xmas comes from the Greek letter Chi (X), the first letter of the Greek word for Christ.

Congratulations to Carolyn Larsen of Westal Windows the December 2009 Quiz winner. She wins a \$150 Focus Office Supplies Voucher

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