



# **THE HAMMER SCENARIO**

What Exactly are Embedded Taxes?

# THE HAMMER SCENARIO – A PER/UNIT ANALYSIS

APPLIES TO THE SALE OF ANY SERVICE OR PRODUCT BOUGHT IN FINAL PERSONAL CONSUMPTION

Note: 22% of the hardware store's sales price contains the embedded Income Tax/Payroll Tax paid by the materials supplier, the factory distributorship, and the hardware store, **PLUS** all the cost of their **CPA's** and **TAX ATTORNEYS PUSHED FORWARD** to the **Final Retail Buyer**.

Note: The Final Downstream Buyer **TRULY** pays everybody's taxes! All upstream sellers got reimbursed for their paid taxes (theirs & their sellers') when they resold downstream to their buyer.

Why? Because forensically, a business is a tax pass-thru in exchange for a good or service which is provided. Thus, the **ONLY WAY** a pass-thru can truly contribute their working capital to a transaction is by experiencing a loss—but then no Income Tax is owed **BECAUSE** there's no profit. Thus, any seller can **ONLY PAY** his income/payroll taxes with his **BUYER'S** working capital (funds) thru price **BECAUSE** profit is being taxed; and that is why the income/payroll taxes become “cost basis” (cost altitude) to the next owner downstream.



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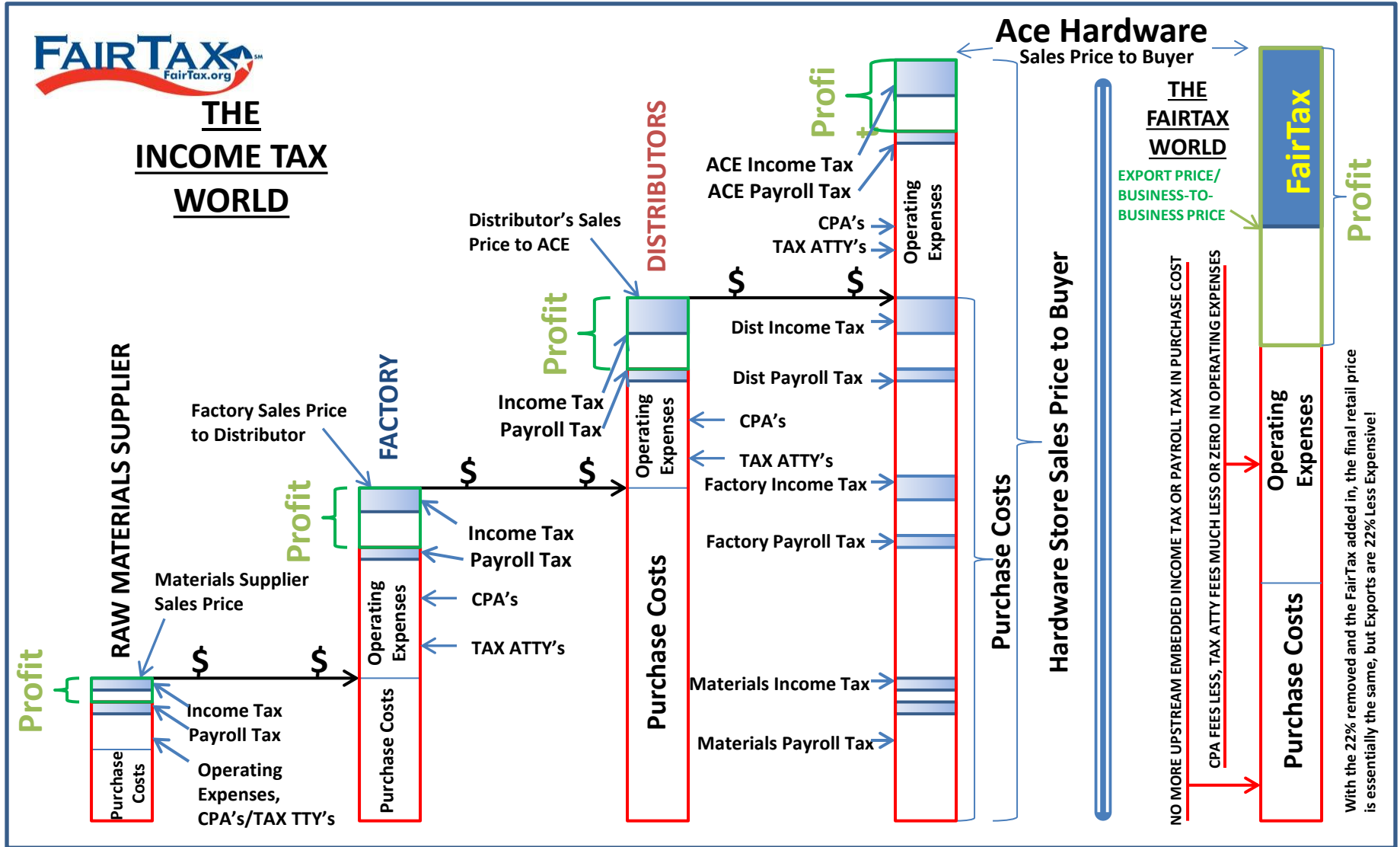


Chart by Dan Borowicz, Realtor, MN