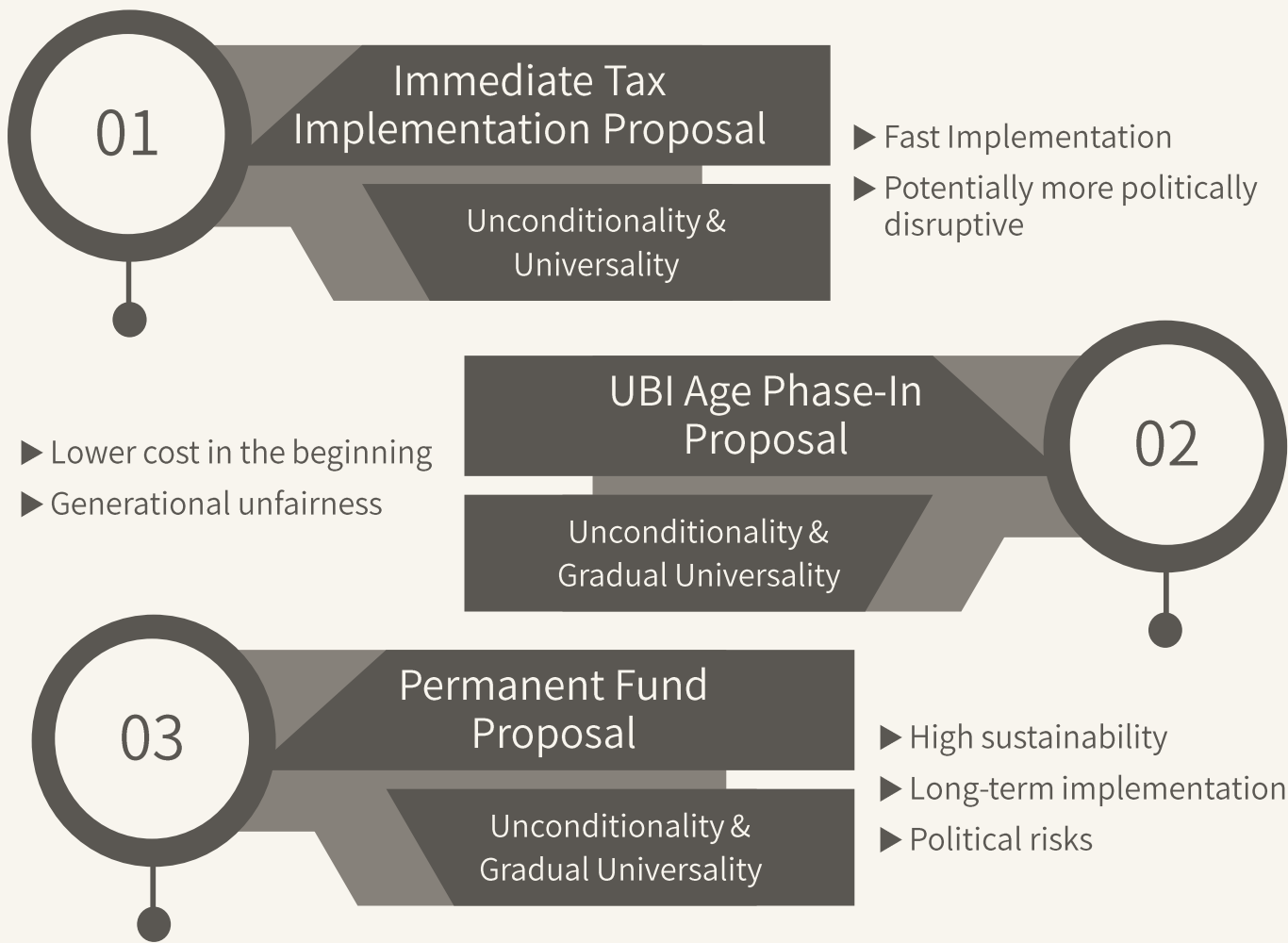


Unconditional Basic Income

Unconditional Basic Income (UBI) is a periodical cash payment delivered by government for every individual without means-test work requirement. UBI entitles all people, even those who are unable to earn a living, to meet their basic needs by providing a minimum livelihood guarantee. This ensures that the workers displaced by automation can go to school, start a new business, volunteer, prepare for financial emergencies, or care for their family. UBI is a significant strengthening and improvement to Taiwan's leaky social welfare system.

3 Main Proposals



01 Immediate Tax Implementation Proposal

UBI is completely funded by taxation and sent to every citizen. The advantage of this proposal is that UBI could be implemented sooner with sufficient taxation. Such an implementation would require dramatic tax reforms to take place immediately, which could be politically and economically disruptive. This proposal would require up to 15 percent increase in taxes (of Taiwan's GDP)



02 UBI Age Phase-In Proposal

First, UBI will be sent to people born in the UBI launch year. Each subsequent year would expand the birthdates eligible for basic income, gradually becoming universal. The benefit of this proposal is lower spending at the early stage, providing time to finance the UBI. The defect would be generational unfairness, in which only the young will be eligible for the benefit at the beginning.



03 Permanent Fund Proposal

This proposal models the Alaska Permanent Fund. It creates a Taiwan Permanent Fund (TPF) in which tax revenue will be split between savings and investment; the investment dividends will be sent as a basic income once it reaches a sufficient size, also gradually phasing in based on age. Such a proposal would only require a five to nine percent increase in taxes (of Taiwan's GDP), but it will take longer to implement.



Unconditional Basic Income

Unconditional Basic Income (UBI) is a periodical cash payment delivered by government for every individual without means-test work requirement. UBI entitles all people, even those who are unable to earn a living, to meet their basic needs by providing a minimum livelihood guarantee. This ensures that the workers displaced by automation can go to school, start a new business, volunteer, prepare for financial emergencies, or care for their family. UBI is a significant strengthening and improvement to Taiwan's leaky social welfare system.

Why does Taiwan need UBI?

Taiwan is facing crises such as increasing wealth inequality, high housing costs, stagnant income, poverty traps, high youth unemployment, automation, aging society, low birth rate, and weak economic development. Recently, many countries are considering how to secure precarious workers through a new system: Universal Basic Income. Past basic income and cash transfer research around the world have demonstrated that UBI can help alleviate many of the challenges Taiwan faces.



The cost of UBI

If every adult (above age 20) receives 10,000 NTD per month, while youth (0-20) receive 5,000 NTD per month, Taiwan will require 2.55 trillions NTD (15% of GDP) to implement UBI. This seemingly high cost is misleading because this money will be sent directly back to the taxpayer through basic income. After adjusting for the taxes to pay for UBI, the net cost of UBI amounts to only 3.2% of Taiwan's GDP.

\$2.55 TN 15% Gross Cost

Net Cost 3.2% **\$0.55 TN**

- ▶ Adult: 10,000 NTD / Month
- ▶ Youth: 5,000 NTD / Month

The Benefits of UBI

UBI would help Taiwanese realize their basic human rights by giving them the right to say no. It would virtually eliminate poverty in Taiwan and substantially lower the wealth gap. The simplicity of the system would ensure no one gets left behind, especially as automation displaces more workers. Basic income's safety net would lower the likelihood of societal instability and crime in Taiwan.

✦ Poverty Alleviation

The percentage of low-income households with an annual income of 700,000 NT in Taiwan would drop from 25% to 8.5%, a margin of 66%.

66% ↓

✦ Lower Income Gap

About 70% Taiwan's citizens will benefit from receiving UBI. Many low-income citizens will rise to the middle-class income bracket.

70% ↑

✦ Low Administrative Cost

In Alaska, each citizen received a \$1,305 USD basic income in 2009, with only \$12 in administrative costs per person, accounting for less than 1% of the program's cost.

1%

Implementation Suggestions

✦ Social Welfare System Reform

Cash benefits such as Social assistance and Social Benefits can be partially or fully replaced by UBI. UBI can serve as part of the foundation of senior citizens' pensions, and thus greatly lower the seniority payment ratio and income replacement ratio of pension programs in Social Insurance. In-kind benefits should remain unless determined to be no longer needed after UBI is implemented.

Social Insurance	Social Assistance	Social Benefits	Welfare Service
Partially Replaced	Partially or Fully Replaced	Partially or Fully Replaced	Remains

✦ Taxation Reform

Under UBI Progressive Proposal, carbon tax and integrated income tax system can first be imposed; then land appreciation tax and stock/financial transactions tax, contributing a tax revenue of 0.3 trillion NT a year. After thorough taxation reforms, there will be estimated 0.9 trillion NT available for basic income

- Carbon Tax
- + Integrated Income Tax System
- + Land Appreciation Tax
- + Stock Transactions Tax
- + Others

\$0.9 TN

✦ Implementation Schedule

It takes approximately 38 years to fully implement UBI under Permanent Fund Proposal with only a 5% increase in taxes (of Taiwan's GDP). In the first 13 years of preparation, each year's profit from the fund investment will be put into the principle. The 14th to 38th year is would send a partial UBI, where half of the revenue and dividends will first be provided to Taiwan's youth. UBI will be given universally by the 38th year, assuming 5% growth, and the same absolute amount of tax revenue is collected into the Permanent Fund every year.

