

Earmarking



Earmarking restricts the set of products that can be purchased with VIP\$, but is not a feature of the VIP\$ itself. In actuality, it is a feature of an account holding VIP\$. The producer of an earmarked account can add or remove VIP\$. The consumer of an earmarked account can only spend the VIP\$ according to the terms of the earmark.

An earmark can include or exclude any number of products or product categories. Products are [classified by manufacturers to capture as much intellectual property](#) as possible from their products. Within each included product category, an earmark can include or exclude any number of products or product categories.

The [Earth Dividend](#) distribution can only be moved to earmarked accounts. These earmarks are set by the entire [Federation](#) adult population through [quadratic voting](#).

Funds are earmarked for food, housing, [self-insured HMO](#) premiums, and revenue accounts for various public services. [Citizen investor](#) loans are earmarked for inventory, rent, tools, and machines.

A person with a drinking problem might agree to a contract where their salary is placed in an earmarked account that excludes the purchase of alcoholic beverages. It's not foolproof, but it could help. Any holder of VIP\$ can create an arbitrarily complex earmarked account and grant spending access to any group of one or more people.

[VIP-enforced budgets](#) earmark every budget item in a project. They are required for sunsetted [consumption taxes](#) for infrastructure projects passed by a 2/3 plurality of the dominion. Earmarked budgets can include individual salaries, but [not general salaries](#) or miscellaneous accounts.

Earmarking follows the [Lockean principle](#) that only the owner of VIP\$ can move them into an earmarked account. Usually, this account will give one or more others spending rights. In the case of the Earth Dividend, the community owns the land, the rents, and the Earth Dividend and it can allocate how it is spent through quadratic voting.

Earmarks can be used for gifts, promotions, trusts, or even on wages if all parties agree. Earmarked VIP\$ used as consideration without full [VOS disclosure](#) will be prosecuted as fraud.

The creator of the earmark can specify an expiration date and disposition on expiration. He or she can:

- Return the non-earmarked VIP\$ to the creator.
- Delete the earmarking but keep the VIP\$ with the recipient.
- Adopt a new earmark and expiration date.

There are several possible attribute settings for shopping with earmarked VIP\$:

- Automatically switch to normal spending accounts when the earmarked account is exhausted.
- Withdraw purchase if the earmarked account is exhausted.
- Automatically switch to normal spending accounts if the product isn't covered by earmarks.
- Withdraw purchase if the product isn't covered by earmark.
- Query if the earmark account is exhausted or product is not covered by the earmark.

Earmarking and Spending Accounts

Earmarking funds for certain products and classifications of products must be implemented using product codes prefaced by a 3-character scheme name, such as:

- FDA for product codes of the U.S. Food and Drug Administration.
- PIE for codes of the auto industries Product Information Exchange Standard.
- SAG for registered service agents such as banks, landlords, and utility companies that are authorized to receive automated distributions.
- AFF for product codes and classifications required for VIP-enforced budgets, that are missing from well-known schemes currently in use and are agreed to by merchants. This capability is essential for the effective operation of Phase II and beyond.

Typically, an earmarked account is a spending account. The spending account attribute has important implications for taxation. There is generally no taxation in

a [land-based capitalist](#) economy. However, the [constitution](#) gives [dominions](#) the right to pass a [fully budgeted, sunsetted consumption tax](#) by a 2/3 super plurality of dominion residents.

A [spending account](#) is an account where consumption taxes have already been paid. Generally, when a purchase is made, any consumption taxes levied in the consumer's dominions are automatically transferred at the point of sale. The same is true when money is moved to a spending account.

The spending account is a way to avoid expected consumption taxes. The downside is that VIP\$ in a spending account cannot be saved, invested, used to pay for services, or given as a gift.

While the VIP\$ in a spending account cannot be given as a gift, it would be typical to create an earmarked spending account in another person's space as a gift. Consumption taxes, if any, are automatically paid by the giver in the dominion of the giftee.

Most business spending is subject to the set of consumption taxes in the dominion. However, earmarked spending accounts can be created to purchase goods with an n:m relationship with sales (the good to be purchased is a physical part of a product that will be sold) that can be VIP verified. Thus, there is no consumption tax on inventory and parts, but there is one on office furniture, machinery, and tools.