

## Governing Energy

### The Tax Man Commeth

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For those of us in the United States, April 15<sup>th</sup> is the last day to file and pay your federal income tax for the prior calendar year. This is taxation on income earned regardless of its source. It is not a tax on the *wealth* of an individual—generally perceived to be monetary and real property by nature.

According to one wise unknown prognosticator, “The real measure of your wealth is how much you’d be worth if you lost all your money.”<sup>i</sup> This author posits that this definition of wealth is embodied in a number of definitions of societal culture.<sup>ii</sup> Restated, one’s culture is a major component of his or her wealth!

Politicians routinely seek to tax individual wealth.<sup>iii</sup> One can argue that the estate tax is exactly that! So is precedent set?

As one of my college math professors often stated, “Because XYZ is (insert equation here); therefore, it is intuitively obvious that ...” I must confess, that logic often escaped me at the time.

Culture should be taxed! Say it isn’t so, how can that be? Well it is happening now.

France’s “Culture Tax” on intellectual content hosted by media and ‘smart’ devices is justified as a need to subsidize the “cultural industries” digital transition of French audio visual content providers.<sup>iv</sup> This slippery slope suggests that wealth created by one class of economic actors can be taxed by another faction.

Organizational culture is a major source of competitive advantage. It is one of the major differentiators of stakeholder value. This author has argued in this series and elsewhere that a strong safety culture is valuable and organizational transparency is another source of value.

If this competitive advantage is taxed in an attempt level the playing field, it is likely that firms will not enter and may even exit such environments. Such a cultural tax is effectively an extension of “nationalization.”<sup>v</sup>

Firms must be ever vigilant that their Intellectual Property (IP) is protected. Culture is a major tenet of this IP wealth.

**What is your company doing to defend the value of its culture?**

## About the Author

Dr. [Scott M. Shemwell](#) has over 30 years technical and executive management experience primarily in the energy sector. He is the author of three books and has written extensively about the field of operations management. Shemwell is the Managing Director of The Rapid Response Institute, a firm that focuses on providing its customers with solutions enabling operations excellence and regulatory compliance management. He has studied cultural interactions for more than 30 years--his dissertation; *Cross Cultural Negotiations Between Japanese and American Businessmen: A Systems Analysis (Exploratory Study)* is an early peer reviewed manuscript addressing the systemic structure of social relationships.

## End Notes

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<sup>i</sup> <http://tinybuddha.com/blog/the-real-measure-of-your-wealth/>

<sup>ii</sup> <https://www.tamu.edu/faculty/choudhury/culture.html>

<sup>iii</sup> [http://en.wikipedia.org/wiki/Wealth\\_tax](http://en.wikipedia.org/wiki/Wealth_tax)

<sup>iv</sup> <http://www.businessweek.com/articles/2013-12-26/frances-culture-tax-could-hit-youtube-and-facebook>

<sup>v</sup> <http://www.businessdictionary.com/definition/nationalization.html>