receive \$5,200 in net NIT benefits during the two years of zero income: its net receipts from government over the three-year period would thus be \$4,086.

Moreover, there will doubtless be some instances in which the use of an annual accounting period for negative income tax purposes will provide benefits to persons who are not "poor" by most standards. Consider, for example, an individual who spends all his income when he earns it, with violently fluctuating annual income. Most people would not regard it as proper to provide negative income tax payments in one year to an individual who earned \$25,000 in the year before.

In spite of these inequities and anomalies, it does not seem desirable to try to enforce income-averaging by NIT allowance recipients. Most eligible people, the real poor, gear their outlays closely to their incomes. They would suffer real hardships if their current NIT benefits were cut back because of their past income, or if in their more prosperous years they had to repay NIT benefits received in the past. The rich man who by design or misfortune turns up with no income in one particular year will usually be disqualified by the offsetting capital levy already discussed. If not, the best protection is simply to deny him the privilege of averaging for regular income tax purposes if he has received negative income tax benefits in any of the four preceding years. A rule of this sort would require any individual with wide income fluctuations to weigh the advantage of receiving negative income tax against the disadvantage of losing the benefits of income averaging. It has the obvious attraction that it is entirely self-administering and does not complicate the negative or positive income taxes.[3]

IV. Methods of Payment

Although the calendar year should be the basic accounting period, there is every reason to adopt a short payment period. Benefits should be paid weekly or twice monthly to prevent real distress among those who have little capital or credit. Such an arrangement would be analogous to the positive income tax, which is withheld weekly or twice monthly for most wage earners and is then subject to a final reconciliation for the entire year when the final tax return is filed.

Government welfare and other agencies have substantial experience

3. A statement of the rule might be included with the averaging form. It is doubtful that this refinement needs to be mentioned on the form filed by the negative income tax recipient.