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Terra Classic Burn: LUNC Community Lowers Tax Burn to 0.2%

Original:

<https://www.btcc.com/en-US/academy/research-analysis/terra-classic-burn-lunc-community-lowers-tax-burn-to-0-2>

In order to lower the tax burn from 1.2% to 0.2%, the LUNC community voted for Proposal 5234.

The residents of [Terra Classic](#) voted in favor of proposal 5234, which reserves 10% of tax revenue for ecosystem infrastructure and contributors and reduces the annual tax burn from 1.2% to 0.2%.

A LUNC architect claims that 83% of the neighborhood voted on the project and that 82% of those who voted approved it. By my calculations, the new tax rate will kick in at 12:50 UTC on October 19th, when epoch 98 is reached.

Akujiro, a community member, broke the news on his personal Twitter account.

Proposal 5234 just passed! 🎉👍

This was a community proposal brought forward by community members which passed governance!

👍 [@kucoincom](#) voted for the first time

👍 Had an 82% vote rate

We are decentralized, I encourage everyone to start discussions and take action!❤️👍

— Akujiro | Ginkou👍 (@Akujiro2) [October 17, 2022](#)

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Proposal 5234

The original 1.2% tax burn plan authors also supported the revised 0.8% tax burn proposal. KuCoin, Alex Forshaw, and community influencer Classy Crypto were among those who voted in favor of Proposal 5234.

As one of the original authors of the 1.2% tax burn proposal, Edward Kim has written an article on his medium account outlining the advantages of lowering the tax burn to 0.2% and the importance of collecting the 10% tax revenue for the ecosystem.

He elaborated on the origin of the ten percent tax, calling it “Seigniorage,” which is derived by subtracting the cost of acquiring collateral from the newly minted currency.

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Does Binance Have Influence on This?

Discussion starter Binance struggled to make up its mind on whether or not to perform the initial 1.2% tax burn. Initially, it stated that no tax fires would be permitted.

Binance CEO Changpeng Zhao (CZ) chose to implement an opt-in option for the LUNC community so that those who wish to apply the burn can do so following an AMA session on September 23. CZ soon recognized the opt-in proposal was too comprehensive to imply and instead declared that all trades on Binance would be subject to a 1.2% tax burn.

Since Binance has burned about 11 billion LUNC tokens on its own since it decided to apply the 1.2% tax burn, CZ recently held another AMA session asking the LUNC community to reduce the tax burn.

Once proposal 5234 was approved, Akujiro tweeted again, this time mentioning Binance and CZ, to express his gratitude that the community had taken his comments to heart.

[@kucoincom](#) [@binance](#) [@cz_binance](#) the proposal 5234 passed and will go live soon!

We listened to CZs AMA and took his advice to heart!
The community followed and now we need an answer:

Will you burn? [#kucoinburnlunc](#) pic.twitter.com/p64USxaGcl

— Akujiro | Ginkou [@Akujiro2](#) [October 17, 2022](#)

In response, Binance informed its community that, beginning with epoch 98, a 0.2% LUNC tax burn would be implicit.

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