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## Terra Classic Tax Burn: LUNC is Expected to Destroy 10 Billion LUNC

Original:

<https://www.btcc.com/en-US/academy/research-analysis/terra-classic-tax-burn-lunc-is-expected-to-destroy-10-billion-lunc>

### Abstract:

- [Tax burn](#) has been voted down from 1.2% to 0.2% by the LUNC community.
- The community as a whole embraced the decision with open arms and praised the huge turnout.
- But at this rate, it is expected that [LUNC](#) would reach its target of 10 billion in supply in more than 28 years.

After a vote, the Terra Classic community opted to lower the LUNC tax burn rate from 1.2% to 0.2%, potentially extending the time it takes to retire 10 billion tokens from circulation by over 29 years.

Proposal 5234 was approved by the [Terra Classic](#) community in order to lower the LUNC tax burn rate for on-chain transactions from 1.2% to 0.2%.

It is expected that the tax burn process, which involves the destruction of 10 billion LUNC, will increase the value of cryptocurrencies. This modification will go into effect on October 19 at 12:50 UTC.

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## New Terra Classic Tax Burn

The people of Terra Classic were quite supportive of the move to alter the LUNC tax burn rate. The grassroots movement that led to the proposition was widely praised.

Following the initiative's approval by Terra Classic's leadership, Twitter user Akujiro brought

attention to the fact that it had been proposed by members of the community. Akujiro stated that 82% of the community voted in favor of the idea, and that KuCoin, a cryptocurrency exchange, participated for the first time.

“We are decentralized, I encourage everyone to start discussions and take action,” Akujiro said.

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](#)

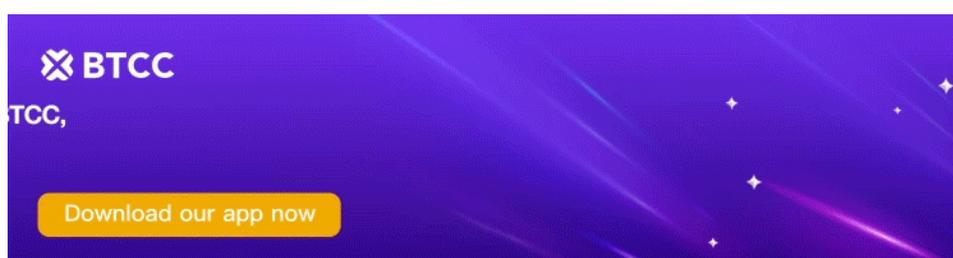
At the same time, Twitter user 4lex 4sh4w TR highlighted the “great community engagement,” noting that 83 percent of people took part. This success came about despite the fact that almost a quarter of validators didn’t cast ballots. Their calculations indicate that close to 92% of voters (those who did not abstain) chose the affirmative.

Binance, a cryptocurrency exchange, said it would alter its platform after the vote passed in the community. The LUNC tax burn method will affect the fees charged to make deposits and withdrawals.

If you deposit LUNC or USTC into Binance, the consolidation charge will drop from 1.2% to 0.2%. Deposits of LUNC and USTC to Binance are still subject to the withdrawal fees paid by other exchanges or platforms. The 0.2% tax burn and Binance’s withdrawal fee will be deducted from the total withdrawal amount users get, the notification states.

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## **Almost 30 Years to Burn 10 Billion LUNC**

With the new, slower rate of reduction, the LUNC tax burn mechanism is expected to take substantially longer to achieve its ultimate aim. The LUNC Burner calculator predicts that it will take Terra Classic about 28 years and 9 months to destroy 10 billion LUNC at a LUNC tax burn rate of 0.2%.

According to the statistics presented on the site, a total of about 22,428,000,000 LUNC, or about 0.325756% of the total supply, have been burned as of the time of writing. We deduct the amount of LUNC that has been burned from the on-chain supply to get the overall supply. CoinGecko puts it at \$6,907,072,876,045 right now.

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## **Price Movement in LUNC**

Since October 1st, the price of LUNC has dropped by about 29%. On the daily price chart for Terra Classic, the Tom DeMark (TD) Sequential indicator flashed a buy signal. If the LUNC price can stay above \$0.00024, the bullish structure indicates that it will likely increase to \$0.00026 or possibly \$0.00028.

The bullish formation may be nullified if the LUNC price falls below the \$0.00024 support level. A drop to \$0.00021 is possible as a result of this.

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