

PRESIDENT'S ADVISORY  
PANEL  
ON FEDERAL TAX REFORM

President's advisory panel on tax reform

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Input from individuals

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Suggestions for simplification:

Eliminate the AMT – both Individual and corporate This is a quagmire for taxpayers and preparers. Let the credits and carryovers expire or another quagmire will be created.

Do away with the Uniform Capitalization rules (Sec 263A)

Suggestions for more fairness

Eliminate the AMT

Permit the deduction of Bad Debt Reserves for accrual basis taxpayers

Permit gambling losses to offset gambling winnings in determining AGI

Permit legal fees to be offset on taxable recoveries in determining AGI

Permit a basis recovery of a percentage of Social Security Tax paid by retirees. 60 to 75% would be fair due to the disability and survivor benefits inherent in the program.

Do away with percentage depletion

Permit a waiver of penalty for underpayment of taxes when prior year tax is zero.

Credits create an imbalance in the system. Most should be done away with.

The reduced dividend tax should be limited by an AGI test. It is unfair that wealthy people are given such a large gift. Bill Gates saved over \$400,000 in tax on the Microsoft dividend alone in 2003.

Another issue is the Estate tax. An exemption of 3 to 5 million would be fair. To eliminate it will cause a great loss in tax revenue and will create an aristocracy of the super rich.

Growth

When the system is perceived to be fair, growth will occur.

Thank you for the opportunity to contribute some thoughts to  
this panel.