

PRESIDENT'S ADVISORY  
PANEL  
ON FEDERAL TAX REFORM

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909 Parkview Valley Drive  
Manchester, MO 63011

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The President's Advisory Panel on Federal Tax Reform  
1440 New York Avenue NW  
Suite 2100  
Washington, DC 20220

Dear Sirs:

I have been preparing tax returns for clients for over 25 years. The one provision in the tax code that creates enormous unfairness is taxing people according to marital status. One of the big problems is the marriage penalty which causes some people to pay a much higher tax than if they were single. I recently did a return for a couple that requested I also compute their tax as if they were single. I was shocked at the discrepancy. She said they would be better off if they divorced and lived together than being married. There is something wrong with a tax code that makes this so. There was another case in which the single person earning \$50,000 a year could not have a deductible IRA but two married people each earning \$25,000 a year could each have a deductible IRA resulting in a much lower tax – almost enough to pay for the IRA's. Over the years I have noted other unfair tax assessments because of marital status.

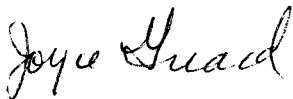
I believe the way to correct these many inequities is to tax people without regard to marital status and have one rate and one set of rules that apply to each individual. Doing this would simplify the tax code. The state of Missouri does this by having married couples file a combined return. The percentage of what each one earns is first made, then their deductions are taken on the combined income and the tax determined on their separate income based on percentage earned. Today's software makes it very easy to mark who earned the money and calculate the tax each one owes. The inequity in Missouri taxes comes from its using the federal adjusted gross as a starting point. When these are unfairly derived, unfairness occurs with the Missouri state tax liability.

I believe that a progressive income tax should be retained and oppose a consumption tax which would fall more heavily on lower income people than does the income tax. Proposals of consumption tax indicate that a sales tax of from 17% to 25% would be needed to replace the income tax. This would hurt local and state governments that rely upon these taxes for their funds. In addition, I believe it would hurt sales of large ticket

items such as automobiles – paying a tax that could equal 30% of the price of a car would discourage many people from buying cars.

Wages except for CEOs have not kept up with the cost of living. There should be a way to increase minimum wage and reduce the overpaying of executives. One way to do this is an extra tax rate from 40% to 70% on salaries over \$1 million dollars. Anyone who can not live on \$1 million dollars a year is a poor manager of money. Most of us manage to live on much less. In addition, increasing the minimum wage puts more money in the Social Security Fund. The additional taxes derived from the millionaires tax should be used to reduce the national debt and for no other purpose. The national debt which is a birth tax on the children, both born and unborn is another form of unfair taxation.

Sincerely,

A handwritten signature in cursive script that reads "Joyce Guard". The signature is written in dark ink and is positioned above the printed name.

Joyce Guard