

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

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Comments on the Current United States Income Tax System

By an Individual

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The United States Income Tax System is unfair, far too complex, and is a burden on the American People and the United States Economy. The tax, which started as a flat tax, has grown to a complex systems of laws and regulations that nobody can understand or keep track of. People have great difficulty understanding the wording of and must go through a series of publications in order to complete tax forms which should have otherwise have been simple to complete. The Internal Revenue Service will not take responsibility for any erroneous directions or information given by their own employees. If a person follows this erroneous information or makes a mistake, they are subjected to penalties and interest which can bring financial ruin to them, as a small errors mushroom into insurmountable debts. No person or business should have to pay hundreds of dollars in tax preparation costs in order to finance the operations of government, which this confusing system of laws and regulations requires.

People should not have to pay a greater tax rate on their income because they have worked hard and made more money. Everyone should pay the same tax rate. Adding greater tax rates only has a negative effect on a person's desire to earn more and creates a system by which people attempt to hide and not report earnings.

Much has been made of adding greater taxes to corporations and businesses. But companies and suppliers of goods and services do not pay taxes or tax preparation costs. They pass these onto persons, rich and poor alike, in higher prices charged for their goods and services and must do so in order to make a profit and to survive as a business. For a small business that cannot afford to add the increased taxes to their costs of goods and services, it means that they will likely not expand their business and may reduce their number of employees creating job losses.

The many yearly changes to the tax laws are not in the interest of the People. It has been widely publicized that members of congress have not read the changes to the tax laws that they voted for. Special interest groups have written these tax change bills and the tax burden has been more and more been shifted to the middle income individual. The alternative minimum tax is a penalty on persons with large families and the elderly with large medical bills. These people who have a great need for money to live adequately are forced to pay more taxes.

The local economies suffer when money is taken from the People's pay checks and sent to Washington D.C. This money is never seen by the local economy and the economy suffers the loss of the spending and investment that would otherwise occur.

The IRS quota system for collections by their employees leads to taxpayer abuse and corruption. I have heard about and read accounts where the IRS was abusive to individuals and organizations. A \$10,000.00 fine imposed because a return was in the wrong type size. A \$10,000.00 fine imposed because a tiny school withheld a few dollars too much from the paycheck of their single employee. Annual detailed audits of organizations are made as punishment because they hold views differing from the administration or certain politicians. IRS agents have made threats against and harassed an attorney representing clients in cases against the IRS and made contact with his other clients designed to ruin his legal practice. The Atlanta IRS Office opened mail delivered to their office took out checks, altered the payee to the IRS and deposited them into the IRS Bank Account. IRS employees deny legitimate deductions and send out fraudulent tax due notices to generate income. The Panel should investigate these reports. If they

are substantiated, should this agency and system of taxation be allowed to continue in existence?

The Panel should replace the income tax with a simple tax system that will generate revenue without the costs, corruption and complexity of the current system and which will benefit the economy. The Retail Consumption Sales Tax will solve the problems listed above and others that have not been listed. The People's earnings stay in the local economy where the People can spend and invest them. The local economy benefits by this increased spending and investment as it creates more jobs and investment. All Persons pay the same tax rate. The tax rate charged to everyone will be visible to everyone on the sales receipts. If the tax rate is too high, then it should be reduced for all. The People's savings and investment income are not taxed, which will help them provide for their future. The People only pay taxes when they spend money to purchase consumption items. The costs of the items that they purchase will be reduced by the costs of taxes and tax preparation costs which are no longer necessary. There will no longer be taxes and tax preparation costs added to our goods and services offered here and in other countries. Those with more money will spend more money and pay more taxes. It will not be possible for individuals to hide their income as they will pay taxes as they spend their income.