

I was interested in an article about your organization that I read on the internet, and being a paid tax preparer, would like to comment to you about your undertaking.

Looking over some of the tax breaks the Advisory Panel on Federal Tax Reform was commenting about 04/24/2005, I would like to make some comments and suggestions in this area.

I agree with much of what you are saying, but would like to put into perspective the way the average taxpayer looks at things.

The mortgage interest deduction – this is one that taxpayers almost feel as if it is their right, even if the standard deduction is higher than their mortgage interest. For instance if John & Mary have \$9200.00 in mortgage interest deduction, but have \$9700.00 in the standard deduction, they are very irritated if they can't use their mortgage interest. I have customers that will actually increase their cash and non-cash donations the following year so their mortgage interest will qualify.

And, as you say, some deductions have little or no benefit to a very large percentage of taxpayers. Medical and dental expenses are of those deductions. The higher the AGI is, the higher the amount to qualify to use those expenses is. For example, a couple with an AGI of about \$80,000.00 has to have \$6,000 worth of expenses just to "qualify" and only get to use the medical expenses in excess of that six thousand dollars. On the other end of the scale, if the taxpayer does not meet the criteria to itemize, it does not matter how much they spent on medical expenses – they can't claim any. (A couple, making \$40,000, would have to have \$12,701 in medical expenses in order to itemize, if the only itemized deduction they had was medical expenses.) More often than not, I cannot claim medical expenses for my customers that do itemize.

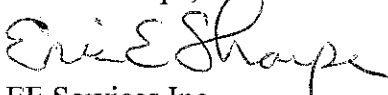
The education credits are a real joke. Often, the people actually paying the bill are not getting the credit. The taxpayer also gets a better break on a two year school than a four year one. (This was to encourage continuing adult education, but it fails miserably.)

For years, you could get a break on investing in an IRA, but not a 401K. Now, however, you can get a Retirement Savings Credit, **IF** your AGI is not more than \$50,000. That AGI limit is the same no matter how you file. This credit benefits just a very few.

You are very right when you say we have lost sight of the fundamental purpose of our tax system is to raise revenue. When I was learning to prepare taxes, we were told that the IRS was not a tax collecting agency *only*, rather it was also a social conscious agency also, that encouraged us to save, buy homes, give to charity, etc., which I believe is a bunch of nonsense – if it were, it would be equal in the way it treated each taxpayer in regard to income, family structure, religious beliefs and possessions.

I know you have many tax law "experts" and economists and such, but if you want some real good advice, get a couple of tax preparers to help you out with your endeavor – you won't be sorry.

Eric E. Sharpe, Owner



EE Services Inc

1237 Sunnymeade Drive

Nashville, TN 37216-2529

(615) 227-4468

[eeservices@comcast.net](mailto:eeservices@comcast.net)

<http://www.1040.com/eeservices>

2005 APR 30 P 1:26

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