

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

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I would like to propose that senior citizens over 80 with incomes less than \$50,000 have the option of not filing a tax return. For many seniors filing a tax return is a cruel ritual.

I was a volunteer this year in the AARP/VITA program for seniors and this was my conclusion.

For starters, many elderly seniors are great savers and have several bank and brokerage accounts, CD's, individual stocks and bonds, and pensions in addition to social security. Some have extensive medical expenses, charitable contributions, are homeowners and/or property owners. Many people who have led ordinary lives managed to accumulate a large variety of assets by the time they are elderly, yet most of these people are not in a position to afford a financial manager. Some of these taxpayers are widows who did not participate in their personal financial management when their husbands lived. They do their best to accumulate tax related materials and bring them to those of us who prepare their tax returns and preparers like myself do our best--which includes a lot of guess work.

For example, someone needs to tell me how to arrive at the basis of x number of shares of AT&T Wireless that had a cash buyout last year? When I asked an elderly woman her response was that her husband, now deceased, once worked for SBC and bought shares over the years. Another woman handed me her file of tax documents which were three years old. When I told her that she brought me the wrong file she insisted that that was what she got this year and later complained about my "refusal" to prepare her return. A gentleman gave me a brokerage statement which had 200 stock sales. When I asked what was going on he looked blank and said "I just give them the money and they invest it for me". So I just summarized all transactions into short or long term gains/losses. This may not be the right way to do it but we only get one hour and the alternative--sending him to a professional tax service would cost hundreds of dollars.

There are seniors who really don't need to file but are afraid not to; others insist on mailing returns that have been e-filed. I asked one gentleman to have his wife sign a form for electronic filing. He returned three times totally confused about what he needed to do.

I personally would like to scrap the income tax for a value added tax. The tax code is just too complicated and my observation as a taxpreparer is that it puts the greatest burden on high wage earners. The poor don't pay taxes and the rich certainly do not pay their fair share of taxes. The VAT would tax those with money to spend and would reward the savers.

To summarize: preparing your tax return is not easy for those of us with keen minds but it is too difficult a task for citizens with declining mental ability and that population is increasing rapidly.

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