

Response to request for comments by the Federal Tax Reform Panel on Feb. 16, 2005

Brian Rothfus

Lewiston, Idaho

March 08, 2005

Individual Submission to Federal Tax Reform Panel

DISCOURAGES PRODUCTIVITY: The existing progressive income tax system discourages productivity. Several years ago, I needed some extra money and wanted to learn some new skills so I worked part-time with a friend who had a home repair business. It was discouraging because the extra income earned at the much lower paying part-time job was taxed at the much higher rate of my full-time job. I have also been discouraged from working overtime and from taking higher paying jobs because of the extra income being taxed at a higher rate (more work for proportionately less reward). It has also happened that my spouse (who's job would be at a lower pay grade) has been discouraged from working because she has to work so many hours to pay for the taxes due on income that is taxed at the higher tax rate of my income (we file jointly).

BURDENSOME: The amount of time spent recording data under the current system is burdensome. For example, I use a Form 125 payroll deduction plan at work to exempt my medical expenses. This requires that I obtain and record the tax ID number of each provider, make photo copies of my invoices and receipts and fill out forms for each of my medical expenses. In compiling itemized deduction information, it takes considerable time to keep track of the mileage to and from my medical visits and for my charitable activities. Add to it all the time spent compiling receipt and spending information, as well as figuring out procedures to complete the tax forms each year--this time could be well spent elsewhere.

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INVASION OF PRIVACY: It seems an unnecessary invasion of privacy for me to have to report all the details necessary when submitting charity and medical spending information on my tax forms.

MISSED REVENUE: The current system allows for missed tax collections from under-the-table payroll agreements and criminal activity.

UNFAIR: The existing system provides opportunities for tax-exempt chicanery including the promotion of antithetical political agendas by tax exempt foundations.