

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

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2005 APR 29 P 2:44

April 15, 2005

Senator Connie Mack
Presidents Advisory Panel of Federal Tax Reform
1440 New York Ave. N/W Suite 2100
Washington, DC 20220

Dear Senator Mack:

We are delighted that President Bush has appointed a panel to explore alternatives to the present income tax system, and that you were chosen to lead this effort. It has long been our opinion that a huge amount of revenue is slipping through our fingers due to the so-called "work for cash" society. This practice of course is illegal and puts an unfair burden on those that must make up for the taxes that they avoid. We understand the size of the uncollected revenue is expanding, and have heard from several sources believed to be credible that the yearly amount is estimated at one trillion plus.

Collecting this untapped resource could be the solution to our current deficit problems, and a chance to reduce our national debt.

We strongly urge the panel to recommend total elimination of the present IRS system in favor of a national sales tax. One authority has mentioned 23% on purchases. The present waste of resources dealing with the IRS code is mind boggling, and in many cases unfair. Many opposed to a VAT sight that it would be unfair to low income families. We suggest items such as food and fuel might not be taxed, and that other necessities could be taxed at various rates.

It has been said that retailers would object to collecting the tax. Since most states collect sales tax, and with the use of computerized cash registers, this would'nt seem to be a problem.

One of the major hurdles might be dealing with home mortgage interest deduction, but surely there must be a solution to that.

Critics of the VAT claim that transition from the present system to a VAT would create unexceptable chaos. Perhaps the new system could be phased in over a four year period, for example cut reported income on wages, interest, dividends, etc. by 25% the first year, and start the VAT tax at 25% of the anticipated final rate, in other words about 6%.

The second year reduce the reported income by another 25% and increase the VAT to 12%. This gradual approach could allow for mid-course corrections to be made if necessary.

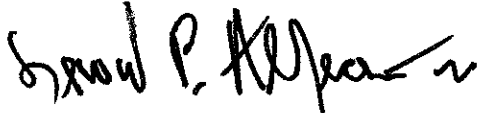
Lewis P. Albrecht, Jr.

Of course we must be prepared for the hue and cry from lawyers and CPA's who feed off the present system. Surely this group could concentrate on other pursuits within their realm.

I would appreciate being put on your mailing list to receive any material explaining the various tax options.

Thank you, and very best wishes to you and your associates.

Sincerely,

A handwritten signature in black ink, appearing to read "Lewis P. Albrecht, Jr.", with a stylized flourish at the end.

Lewis P. Albrecht, Jr.
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