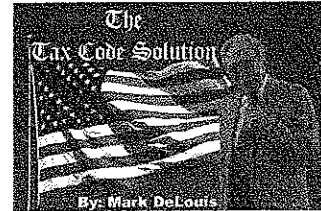


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April 18, 2005

The President's Advisory Panel on Federal Tax Reform
1440 New York Avenue NW
Suite 2100
Washington, DC 20220

Senator Grassley's statement was noted: "Senators are moving ahead with their own study in hope of winning legislation for simpler taxation."

I have already developed a model for a reformed income tax code, scientifically both comprehensive and completely understandable, as evidenced by the enclosed, reformed tax return and tax code.

All that is needed is to interpret it for Congress, at which point enactment into law will, I believe, proceed naturally and smoothly because the benefits and efficiency of this revised code will be self-evident.

In the way of background, I am a retired IRS field agent with half a century of experience and documented success as innovator and manager of projects.

We have the knowledge and ability to deliver this success for the whole economy NOW. Thus it is our duty to do so, with persistence and determination, tenaciously avoiding any and all delays

I am willing and eager to expedite this effort in whatever way I can

I ask for your response as soon as possible, positive I hope or otherwise, so that I may better consider and follow up with further options.

Thank you for your effort

Mark A. DeLouis

Mark A. DeLouis

Developer of the Plan

Enclosures Including:

Model of Reformed Return
" " " Code

"The Bottom Line"

Examples of 2003 Defined Provisions

Proposed Request for Definitions from IRS

Synopsis of the Plan: "Truth in Reforming the Tax Code"

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM
2005 APR 29 P 4: 33

**Sample Return
Same order as Code**

Form

1040

Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return 2000

L A B E L H E R E	Your first name and initial	Last name	Your social security number
	If a joint return, spouse's first name and initials	Last name	Spouse's social security number
	Home address (number and street). If you have a P.O. box, see page 11.		Apt. no.
	City, town or post office, state and ZIP code. If you have a foreign address, see page 11.		

INCOME

DEDUCTION

NET

RATES ()% of 1st \$ ____ or part thereof
 ()% " 2nd \$ ____ " " "
 ()% " amount over \$ ____

TOTAL

ADJUSTMENT

= The **TAX**

**New Code
Symbol of the Solution**

INCOME

101 Wages, salaries, tips, etc.

\$

Other

Total Income

DEDUCTIONS

201 Standard Deduction	\$
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Other	_____

Total Deductions _____

ADJUSTMENTS

401 Earned Income Credit	\$
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Other	_____

Net Adjustment (to tax) _____

**Model of the Tax Code
in the same order as
the Tax Computation:**

Income less **Deductions** X **Rates** +/- **Adjustments** = the Tax

Wherein each code provision

-- corresponds exclusively --

with one line in the return

INCOME SECTION

Tax Provision 101, Wages, salaries, tips, etc.

EXPLANATION:

DEDUCTION SECTION

Provision 201, Standard Deduction

EXPLANATION:

RATES SECTION

Provision 301, Rate Schedule

EXPLANATION:

ADJUSTMENT SECTION

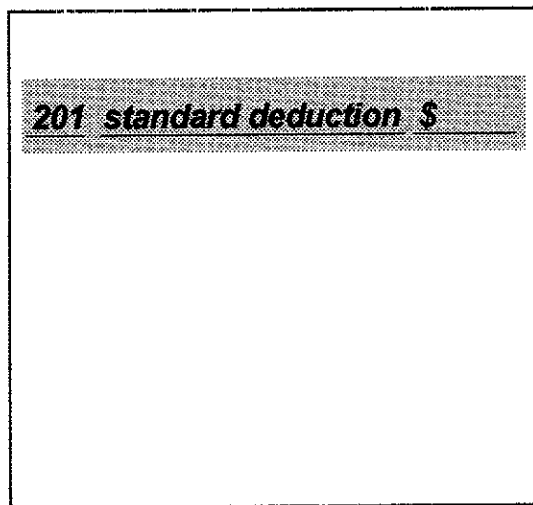
Provision 401, Earned Income Credit

EXPLANATION:

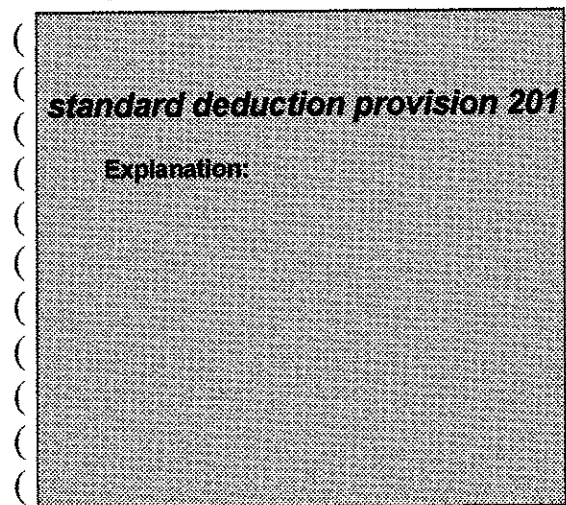
The bottom line is this—The reformed code will permit:

exclusively
**Dealing[↑] with the substance
of A SINGLE PROVISION
in the code at a time**

exclusively
**Corresponding[↑] with
A SINGLE LINE
in the return**



Example:



To understand this as one working unit
is to understand them all
because they all work the same together

Definition of Standard Deduction Provision 201

Example Per Present Code

If filing Status is:	Standard deduction	Extra for age or blindness	Sub total	Plus extra if both	Sub total	Plus extra for spouse for age or blindness	Sub total	Plus extra for spouse for age and blindness	Total
Single	<u>\$4300</u>	\$1050	<u>\$5350</u>	\$1050	<u>\$6400</u>				
Head of household	<u>\$6350</u>	\$1050	<u>\$7400</u>	\$1050	<u>\$8450</u>				
Married filing jointly or qualifying widow(er)	<u>\$7200</u>	\$ 850	<u>\$8050</u>	\$ 850	<u>\$8900</u>	\$ 850	<u>\$9750</u>	\$ 850	<u>\$10600</u>
Married filing separately	<u>\$3600</u>	\$ 850	<u>\$4450</u>	\$ 850	<u>\$5300</u>	\$ 850	<u>\$6150</u>	\$ 850	<u>\$7000</u>

Definition of Standard Deduction Provision 201

Example For Reformed Code

If filing Status is:	Standard deduction	Extra for age	Extra if blind	Extra for spouse for age	Extra for spouse if blind	Total
		<u>\$1100</u>	<u>\$1100</u>	<u>\$1100</u>	<u>\$1100</u>	_____
Single	\$4300					_____
Head of household	\$6350					_____
Married filing jointly or qualifying widow(er)	\$7200					_____
Married filing separately	\$3600					_____

**PROPOSED REQUEST FOR DEFINITIONS FROM IRS
REGARDING ANTICIPATED LEGISLATION**

Please provide a concise, easily understandable definition for all Americans regarding the provisions listed as part of an effort to completely eliminate complexity from the income tax code; by: (1) scientifically arranging it in clear sequential order; and (2) providing a clear definition for each provision to correlate exclusively with its respective line in the return, form 1040 for the year 2004. (Similarly for business return form 1120)

<u>Line Number</u> <u>In Return</u>	<u>Provision Name</u> <u>In Return</u>
7	Wages, salaries, etc.
8a	Taxable interest
b	Tax-exempt interest
9a	Ordinary dividends
10	Taxable refunds credits, or offsets of state and local income taxes
11	Alimony received
13	Capital gain or loss
15a	IRA distributions
16a	Pensions and annuities
19	Unemployment compensation
20a	Social security benefits
23	Educator expenses
25	IRA deductions
26	Student loan interest deduction
27	Tuition and fees deduction
28	Health savings account deduction
32	Self-employed SEP, SIMPLE, and qualified plans
33	Penalty on early withdrawal of savings
39	Standard Deduction
44	Alternative minimum tax
46	Foreign tax credit
47	Credit for child and dependent care expenses
48	Credit for the elderly or the disabled
49	Education expense
50	Retirement savings contributions credit
51	Child tax credit
52	Adoption credit
57	Self employment tax
59	Additional tax on IRA, s other qualified retirement plans
60	Household employment taxes
65a	Earned income credit
b	Nontaxable combat pay election
66	Excess social security and tier 1 RRTA tax withheld

Total number of provisions Listed: 33

The definition for each provision ideally should be all inclusive and in only one place in the code, preferably on only one page or two.

(Theme: Dealing with things based on the TRUTH of the matter—because it is the UNIQUELY SUPREME WAY)

Truth in Reforming the Tax Code Into Four Main Sections

INCOME - DEDUCTIONS - RATES - ADJUSTMENTS

While Reducing Complexity to a FACTOR OF ONE

(Synopsized Here On One Page)

Put all **INCOME** items
(tax provisions)
exclusively
in a **“plus”** section
of the code—

-absolutely
no place else

Likewise,
put all **DEDUCTION** provisions
exclusively
in a **“minus”** section

Put all **RATE**
provisions
exclusively
in a **“times”** section

Note that on this basis the sections of the code are in the same order as the income tax computation:
INCOME less DEDUCTIONS x RATES +/- ADJUSTMENTS = the TAX

Each section would contain within itself approximately 20 tax provisions. But the all-important is that each section stands alone distinctly separate and independent of any other section. Within each section, each provision also stands alone distinctly separate and independent of any other provision.

As an example of the simplicity allowed by this format, when a portion of an income item is to be excluded, the full amount of that income item is placed in the “plus” section and later the excludable portion is placed in the “minus” section.

This method permits concentration on only one operation at a time: first each provision within the income section, second the combination of these provisions into one total income amount, then the same for each of the remaining sections, and finally the combination of all 4 sections. This code will be developed by beginning with a picture of the whole, then establishing the 4 sections, and finally delineating each provision.

Accordingly, complexity is diminished as shown in the formula:

$$80 \text{ Provisions (4 Sections} \times 20) \div 4 = 20 \text{ Provisions (1 Section)} \div 20 = 1 \text{ Provision}$$

THUS COMPLEXITY IS REDUCED TO A FACTOR OF ONE

This code includes four sections each distinctly identified by:

- Name
Example: Income Section
- Math Function
Example: Plus
- Color
Example: Blue
- Page Series
Example: 100-199

Each Provision begins with a new page, as shown--

Income Section (aka Plus Section) (in Blue Pages)	Deduction Section (aka Minus Section) (in Pink Pages)	Rate Section (aka Times Section) (in White Pages)	Adjustment Section (in Yellow Pages)
Tax Provision Name _____	Tax Provision Name _____	Tax Provision Name _____	Tax Provision Name _____
Page Number (101, 102, etc.) _____	Page Number (201, 202, etc.) _____	Page Number (301, 302, etc.) _____	Page Number (401, 402, etc.) _____
Explanation _____	Explanation _____	Explanation _____	Explanation _____

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Of the provisions in the present return several provisions would be assigned to each agent/accountant in order to analyze and provide specific, high-quality recommendations to most effectively help the tax writers implement the above easily a specifying:

1. Which provisions could be adapted to the above format, as is, without change.
2. Which could be adapted with clearly explained changes.
3. Which should be replaced or omitted (clearly explained by the agent/accountants).

On the foregoing basis the code would not only have the right structure it would also have the right substance--the absolute best practice.

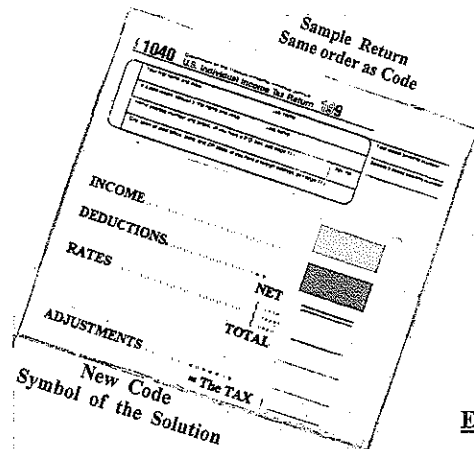
The tremendous savings in overhead due to reduced complexity would more than offset the cost of adapting the provisions to the new format, and would eliminate the need for excessive, counter-productive refinements with their numerous contingencies.



This further illustrates the above:

Being that the conscious mind can concentrate on only one thing at a time, continuity of thought cannot be maintained through the gridlock of cross-references, adjustments and contingencies subject to other cross-references, adjustments and contingencies within the present code.

To eliminate this complexity, the compound cross-references, adjustments and contingencies must be eliminated--or avoided in forming any type of code; flat tax, sales tax, etc.



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