

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

**RE: Submission of Comments
From: Paul R. Bottis Sr.
Categories: Individual:**

**PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM
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It is a fundamental premise that a tax rate is determined by the size of the tax base.

Therefore a tax system that uses the broadest tax base, resulting in the lowest tax rate should be given preference over the existing tax Code (26 USC) which has a relatively small tax base, it only taxes adjusted gross incomes and profits of business firms. The proposed Retail Sales tax likewise is limited to an even smaller tax base those only taxes consumer goods; the flat tax derives its revenues from income and has numerous deductions that erode its tax base.

There are three categories of taxation regressive, progressive, and proportional. Of these the only one that can meet the criteria for fair and equal are those that are proportional. The TaxFoundation has been in existence for over sixty years "As a nonpartisan educational organization, the Tax Foundation does not represent any particular economic sector's point of view. Through the years the organization has earned a reputation for independence, and credibility. Yet the Foundation is not void of perspective. From its founding day the organization has committed itself to principles which guide its research and public information programs and which should be the touchstone for all tax policy.

- **Well informed Citizenry. People must know who
And what is being taxed and how tax legislation is
enacted.**

Paul Bottis Submission Page 2:

- **Simplicity. Complexity makes accurate tax Compliance needlessly expensive and punitive.**
- **Stability. Frequent change lessens citizens Understanding of the tax code and complicates long Range financial planning.**
- **No retroactivity. Taxpayers must have confidence in The law as it exists entering into a transaction.**
- **Neutrality. The primary purpose of taxes is to raise Revenue, not to micromanage the economy with subsidies and penalties. The tax system should favor neither consumption nor saving and investment.**
- **Promote economic growth. The U.S. tax system Should not impede the free flow of good, services, and Capital domestically or internationally.”**

The proposal I am advocating will meet all of the guidelines of the TaxFoumdation listed above. It will abolish the existing IRS Tax Code (26 USC) and replace it with a transaction tax/user fee on all transactions and movements of money that have a monetary value, debited at the point of origin of the transaction The tax base will include all the transactions that move through the Federal Reserve Banking System and other financial systems that serve as clearinghouses for money transfers Fed Wire, Chips, Swift, etc. The collection will be automatic by the banks that will debit

Paul Bottis Page 3:

each transaction using the existing accounts they already have set up to collect withholding taxes for the treasury. Since the tax is on the money and not on the individual or on a profit or loss statement there will be no need to file any returns the government will save the cost of eliminating the IRS. Businesses will save the cost of hiring tax lawyers and accountants to fill out the requirements of the two million plus tax code now in existence. Individual taxpayers will have a tax liability that will be an insignificant amount. The only exemption will be on cash transactions, due to the low tax rate to be revenue neutral the rate would be only a small fraction of a dollar. Revenues would come from the top of the pyramid not the bottom. It taxes those who use the most money.

Submitted by Paul R. Bottis Sr. 475 Chandler Street, Worcester, MA

pbottissr@aol.com 508-7579893 Categories Individual

Date _____