

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

2005 APR 21 A 11: 00

April 8, 2005

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INDIVIDUAL

Proposal for the President's Advisory Panel on Federal Tax Reform

**Randall K. Ierna
Reform proposal**

I support the retiring of the current Income Tax system and replacing it with the FairTax that has been presented in the House as HR 25 and in the Senate as S 25.

I. The FairTax has the largest base, as it taxes the consumption of new goods and services.

The FairTax has no exemptions, deductions credits or exclusions. Every one is taxed equally.

The FairTax has only one tax rate: 23%

The FairTax will protect the poor by providing a "prebate" calculated using the poverty levels established by the Government.

The FairTax will not preclude people from making charitable contributions. However

there will be no income tax to "write off" contributions.

The FairTax will stimulate home ownership by providing people with 100% of their

income. Therefore, people will be able to qualify for loans easier. Also, there are no embedded income taxes in the price of the house. Prices should go down.

The FairTax will be collected by the States and sent to the Federal Government. Many of the States already have a sales tax and their systems are already set up.

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Reform Proposal**

II. Impact of Proposal Relative the The current System .

**The FairTax is simple. New goods and services are taxed at a known rate: 23%.
It is transparent because everyone pays. No exceptions. No deductions. No Shelters.**

**The FairTax is fair. Everyone pays whenever they consume new goods and
services. The poor will be reimbursed an amount determined by the size of the
family and the poverty level set by the Government.**

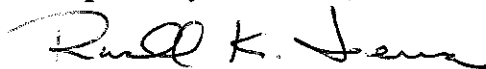
**The FairTax will stimulate economic growth. Without an income tax, people will
be more productive. Corporations will be able to pay higher dividends. Prices of
goods and services will fall because there will be no imbedded income taxes on them.**

**The FairTax will cut compliance and administration costs. The IRS will be
streamlined to collect the tax from the States. The accounting for the tax will be
very simple and should need only a single page stating the price of the goods or
services multiplied by the tax.**

III. Transitions, Tradeoffs and Special Issues.

**The FairTax will take one year to be implemented. Any Tradeoffs and Special
issues are covered in Bills: HR 25 and S 25.**

Respectfully submitted,



Randall K. Ierna