

PRESIDENT'S ADVISORY  
PANEL  
ON FEDERAL TAX REFORM

2005 APR 29 P 2:47

337 W. 3<sup>rd</sup> St.  
Corning, NY 14830  
April 15, 2005

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

Subject: Tax System Overhaul

Dear Members,

Thank God you and the other members of your panel are reviewing our tax system. May I suggest that the motto or goal of this effort be summed up with these words, "When we finish this study, the tax system we propose will allow every individual taxpayer the ability to prepare their own tax returns with the assurance that they will not pay one dollar more in taxes than they should."

I believe one way to accomplish this is to devise a tax system comprised of four tax codes namely:

- A: Corporations.
- B: Small Businesses
- C: Individuals where 98% of their income is from a paycheck, social security check or pension check.
- D: Individuals other than "C".

Certainly you have the resources to get the exact number, but I believe the above tax code "C" represents the vast majority of our citizens. This being the case, then this code should be the simplest, requiring no assistance from any "tax expert".

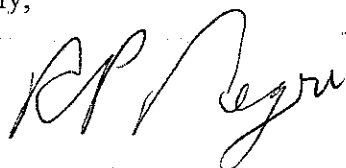
In this case the flat tax should apply. In other words, a one-page form could be devised which takes the gross income right off of the checks. A set amount, based on the size of the family, subtracted from that income and the remainder used to calculate the taxes. The percent used to multiply the remainder should be the same percentage in all cases. This percentage could be determined by ensuring that the amount of taxes received from this group remains the same when using this flat tax system compared to our current system. In this new system no deductions are used. In this new system no reporting of any income other than the 98% would be required. In other words, if 2% or less of an individual's income were from interest & dividends, they would not be required to report it.

This system would still leave a place for our tax accountants and other tax experts to service those that fall into the area of tax codes A, B and D.

There should be separate taxpayer instructions for each of the above four tax codes. In fact, I would go so far as to have these instructions bound in different colored jackets or binders, with the first page clearly stating which group these instructions apply to.

It is not necessary for most Americans to be subjected to complicated tax laws that they, not only, don't understand, but also don't even apply to their situation. I am a well-educated retired individual that has held many management positions in several companies. I use TurboTax to prepare my tax returns. I can truthfully tell you that I don't even understand some of the questions TurboTax asks me, let alone the answers. There is something wrong with a system like that. Please, please, keep it simple

Sincerely,

A handwritten signature in black ink, appearing to read "RP Negri". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Richard P. Negri

CC: Connie Mack III  
John Breaux  
William Eldridge Frenzel  
Elizabeth Garrett  
Edward P. Lazear

Timothy J. Muris  
James Michael Poterba  
Charles O. Rossotti  
Liz Ann Sonders