



YOUR VOICE AT THE IRS



## Tax Reform Suggestion Box: Selected Comments

*The National Taxpayer Advocate established the tax reform suggestion box in January 2011 to allow taxpayers to share their thoughts about [tax reform](#). We are asking taxpayers to tell us what provisions they would give up if doing so would make taxes simpler, and what provisions they think most unfair. The National Taxpayer Advocate believes true tax reform will not take place until the taxpayers themselves demand it.*

*This selection of comments is not meant to be statistically representative of the larger group of comments we've received. The suggestions below represent a range of comments that illustrate the diversity of thought and the seriousness with which taxpayers responded. We thank everyone who has left comments, and encourage others to [join this dialogue](#).*

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When IRS sends a letter of adjustment for a correspondence exam, it is essential that the exact items disallowed be disclosed so that the taxpayer/CPA can understand the proposed adjustment. Otherwise, it is necessary for the taxpayer/CPA to call and request that information, which adds to the time involved to resolve the issues. This is especially true for correspondence exams on medical and other miscellaneous itemized deductions. I recently represented a client on these issues and the adjustment explanation said I hadn't verified \$8,000 out of \$28,000 in medical expenses. No other explanation was given. I had to call twice. The first time they couldn't find the power of attorney, although the letter was addressed to me under the power. Very frustrating experience. Not an efficient use of anyone's time.

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Remove requirement to file tax returns for citizens permanently residing abroad.

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Earned income needs to be reformed. Why doesn't the IRS ask the tax profession? I also have issues with the tax preparer requirements. If they are trying to stop fraud this is not the way. We had a tax person in our area that was convicted of a crime and she was doing taxes. Just because you are a CPA or Lawyer why can you do taxes?

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At present only 9% of the 6 million US citizens who live outside of the US make enough to actually owe tax. However the IRS demands complex filing requirements of all. If Americans abroad were treated like non-resident aliens they would no longer be required to submit the extensive paperwork, moreover the IRS would no longer need to expend resources investigating and enforcing these taxes which almost certainly is in excess of the amount collected. In exchange any dividends on stock held in the US by these individuals will be charged a 30% withholding tax as is currently the case for non-resident aliens. Capital gains from the sale of stock could be treated in the same way. Overall this would shift the

cost of administration to dividend paying corporations; eliminate virtually all the paperwork for 91% of US citizens abroad and potentially increase revenue; all while ensuring that billionaires abroad aren't able to get away without paying their fair share.

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10% flat income tax for everybody and 10% wealth tax for people with assets over 10 Million.

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Over the past several years our culture has changed considerably to where divorces have increased and people are choosing not to get married but maintain lots of friends. Recently, there was an article about Quebec, Canada in regards to the possibility it might become illegal to get married. (Check this one out on line and you and your staff will be shocked, or maybe not). Also, for the most part, a spouse will prepare the joint return. Should the tax preparing spouse pass away, the survivor may not have a clue on how to fill out the joint tax return form. Of course, they can always go to a tax preparer. Therefore, I'm not sure if this is a suggestion or a prediction, but I believe everyone should complete their own tax form instead of filing jointly. They would start when federal income tax is withheld from their first pay check; regardless of age. Of course the tax tables would have to be changed when declaring dependents and other tax deductible deductions, but this could be worked out with the experts at IRS. At this point I'm not sure about any tax administrative savings that could result; however, I do believe there would be fewer errors and more consistency in reporting taxable income. There might even be less IRS lawsuits having to be filed resulting from "he reported, she reported" since each individual will be signing their own return. Who knows, it could also help immigrants, legal or illegal, get their refunds and maybe eliminate all the deductions they take for family members living in other countries.

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I have a couple of very simple suggestions for tax reform:

1. Tax everyone at the same rate -- no exceptions for income level, social category, or position held -- yes, tax the super-rich and the sycophant "elected" or appointed officials at the same rate as the guy who works as a system administrator in a technology company -- say 15% flat rate.
2. Treat all income, whether it's wages/salary or sale of stocks/bonds/real estate or interest on investments, etc. as income and tax it as soon as it is realized -- when a check is cut, or proceeds are allocated, or ... Eliminate the loopholes and opportunities for people to off-shore their accounts and investments. If they want to keep their accounts and/or investments in a foreign country, then give them a one-way ticket to that country.
3. Enforce the collection of corporate taxes -- energy and finance sector corporations, especially, get away with figurative murder with regards to taxes. Why should individual, working-class tax-payers have to bear the tax burden of the whole nation, when corporations bring in a whole lot more income and are not required to pay their fair share. Part of the cost of doing business in this country should include the responsibility to pay one's fair share of taxes. Eliminate the ability of the House and/or the Senate to interfere on the behalf of corporations in return for campaign contributions or other forms of kick-backs.
4. Another potential wind-fall is to impose (much) higher taxes on businesses that are primarily or wholly owned by foreign entities (individuals, corporations, governments, etc.). If they want to do business in a America, then pay America for the privilege of doing so. America is for Americans, not for foreigners who want to subvert our economy.

Those are my suggestions, for whatever their worth.

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Please make it simpler in general, and more clear cut. There are so many regulations, it is impossible for well-meaning citizens to comply. For overseas taxpayers, it's really a problem. There is no representation for them in congress, and rules are passed without considering the burden for the taxpayer (FATCA). We are embarrassing ourselves globally with this. We make it too hard for banks service Americans, and for what?

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Very high costs which we will have to pay (if we get service at all).

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A HUGE problem is programs like Turbo Tax (example) preparing taxes for people who have difficulty understanding completing long forms and multiple, complex tax situations like stocks, bonds, etc, and Turbo Tax then fails to download a financial doc for you and then several yrs. later you receive a bill from IRS for \$5k (YIKES!!) and then of course Turbo Tax is no longer of any assistance to you. What can you do??? You are stuck!!!! This is a huge problem!!!

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Flat tax rate. Every citizen and alien pays a flat percentage tax rate of 13% on income tax. No loopholes for individuals, businesses, or corporations. Everyone pays, everyone benefits.

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I am for a flat tax so everyone pays same rate. I am tired of spending days and days preparing my taxes to give to an accountant that then charges me to complete them and submit them  
I want to know why the IRS can come after me for ten years but I cannot go after them for ten years for misfiling? Change the law.

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My income should be what it is after my medical deductions.

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I don't mind paying my whole family's way, but not everyone elses. My children get teased as school because they don't get free lunch. What's wrong with that picture? The government is what's wrong with it. I support a simple tax system. 9-9-9 for instance or 10-10-10 would be fine. It's too bad that criminals lead our elected officials around by the pocketbook. The IRS is hounding me to do a 2nd audit of my 2009 taxes because their employee quit and didn't finish their report. Can they do that? This will be 2 vacation days used on the IRS in less than a year. It sure is a drag to have a job these days.            May 13-19, 2012

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Hello Nina, Thank you first of all for taxpayer representation. I am writing about FBAR and the terrible consequences it is causing all over the world for people who have small accounts and find out by filing the requested paperwork OVDI they are facing losing everything. The saddest

blog I read was from the daughter of an 80 year old man in England who shot himself in the head. PLEASE, PLEASE STOP DESTROYING THE LIVES OF SO MANY ELDERLY, INNOCENT PEOPLE.

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Graduating as a physician has been a lifelong dream- I didn't receive help from my family and grew up with very little, at the age of 30 I now have >\$250K in debt. While my colleges who have started working in their early twenties and have worked less than half the total time when you add up the hours, have had the benefit of starting a retirement plan already, and have had (much) less to pay back I start my career at 30 years old with 250K in debt at an interest rate of >5% (more than I pay on my mortgage. Because my husband recently started working as a physician with our combined income I don't qualify for the interest rate reduction. Even more upsetting is the fact that he also just started making an income at the age of 37. People in this country shouldn't be punished for hard work. Especially because education in most other developed nations is free. Two suggestions: 1.) interest on student loans should be tax deductible regardless of income. (why not?- home loans are...) 2.) individuals who do not produce an income until later in life should be able to double their contribution to their retirement accounts until they are caught up (Possible formula; age started career-21= number of years you can double your contribution) Thanks for listening PS I also like the flat tax for everyone rule...

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First, higher income individuals should not be able to get so many deductions. Secondly, if a person gets any government assistance, such as, payment for a out of wedlock child, they should have to claim it on their taxes. I don't understand why people who make almost as much as I do, gets a refund. They get free insurance, or cheap anyway. Free education from the 21st Century Scholarship programs. I'm going to paying until I die.

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Please have the IRS stop taxing Social Security benefits based on tax-free municipal bond fund dividends.

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I would really like to see some changes affecting the hardworking citizens, retirees and senior citizens who worked hard to support ourselves, hoping to be able to support ourselves with our daily life, foregoing some pleasure just to be able to save for retirement, and when retirement comes, Uncle Sam takes a really big bite of your hard work of putting aside( money) for later years when we finally decides to retire. Rich people didn't worry about retirement, didn't have to forego pleasure, but yet they get the full protection. Where is the fairness on that? Why not have this rich people pay more, or at least the hardworking citizens and retirees gets a free tax with their income and retirement investment.

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An allowance needs to be provided in the medical deductions category for those people who have to maintain a gluten free diet to treat a medical condition as prescribed by a doctor. There are a couple of memos that allow for deductions for Celiac, but this is only one condition that requires a gluten free diet. There are others. The code should be written such that any special diet prescribed by a physician which is very costly above the normal type of food is deductible on taxes. Currently the code only allows for weight loss diets prescribed by a physician. There are other medical reasons for a special costly diet.

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Why not tax every person on everything they purchase down to eggs and bread that would even up the odds and probably bring more money into the IRS. If your not paying taxes and getting paid under the table you still will be purchasing items and food, also the middle class and upper class will pay for all they buy tax on every purchase even bottle water that should get some money into the coffers  
I think there should be tax breaks for single parents/grandparents who work two jobs to help their children/grandchildren. Just like married couples get tax breaks, people that work two jobs should not be penalized for their hard work. I unfortunately am in this situation right now.

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If we continue to allow itemized deductions (charity, mortgage, student loan interest, EIC, etc.), then they should be capped either at a certain amount or a percentage of the overall taxes due/paid.

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No organization should be tax-exempt; this includes 501(c)(3), 501(c)(4), churches, PACs and the like - all utilize the infrastructure that taxes pay for and should be responsible for contributing.

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Although it will be personally painful, I think its time to eliminate the mortgage interest deduction. I understand the argument that it encourages home ownership, but I think we've seen that that benefit can be taken too far. How can it be a good thing to encourage taxpayers to take out larger loans?

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Dear Ms. Olson, Your 2011 Report to Congress on the systemic problems with international tax reporting and the Offshore Voluntary Disclosure Program rang true for many "benign actors" who entered the program with all good intentions. We appreciate your position and advocacy. However, the level of fear is still high in the immigrant and expatriate US person community. Benign actors would benefit from a clearly defined and predictable opt out policy. The following link provides testimonies intended for Congress and the IRS on the damage the current administration of the program continues to cause. If you are not already aware of the blog and its comments, please read them. The Taxpayer Advocate Service is mentioned several times. You will also read some very personal and heartbreaking statements which I hope will motivate you to continue in your quest to remedy this unnecessary and resource wasting situation for both the benign actor taxpayer and the IRS.  
<http://federaltaxcrimes.blogspot.com/2012/04/open-forum-comments-to-congress-and-irs.html?showComment=1335336513060#comment-c7849511974698714869> Thank you for your attention

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I am a former business owner; we were in a portion of the housing construction industry. When the collapse came, we struggled along trying to keep our 13 year old family business afloat, we failed, as did many in this industry. During this time, our payments for withholding became sporadic. When the business failed, not only did we lose our business, we had to file personal bankruptcy. We are now faced with trying to pay off a considerable debt to the IRS. I'm sure there are many in our situation. We are in our mid 50's, we will never be able to retire, we lost it all. During the economic downturn the Feds did a lot to bolster industries to prevent failure, the executives still made millions, and now many of those industries are successful again. Our industry received no such help, what would they have done? I get it. But, those of us now in this predicament are being punished for something beyond our control. The IRS doesn't care, there job is to collect, I understand that as well. My question is, where is my relief??? There should be something available to those in our situation. Thank you

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Not simple- simple and fair. You want me to give up my mortgage tax break, show me that the football star with a \$20M dollar a year contract or a movie star that gets \$6M for one movie is actually paying at least the same rate I am and I might be interested. You want to convince me it's my deductions that are the problem, publish de-identified tax returns from those people, then show me what they will be like if using a 'simple' system.

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No more itemizing tax form, the only deductible would be \$3000 a person household and social security work sheet that is already in place. 5 to 20 % rate for all. Small rate increase in medicare and social security in payroll taxes. Shrink gov't to what we bring in or less (2.6 trillion \$). Lower corporate tax rate to 20% or lower.

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An easy helping hand to the 23 million unemployed and under-employed Americans - Waive the 10% IRS penalty on the use of retirement funds. Everyone agrees that Congress needs to do something to help our US unemployment and under-employment. Here is an easy helping hand they can do without further cost to the government. Simply waive the IRS 10% early withdrawal penalty on the use of retirement account funds for those who are unemployed or underemployed due to the recession. Why penalize those struggling to survive? During the good times Americans worked hard and saved for retirement. Then in 2008 the world economy fell off a cliff and they are still struggling with unemployment or under-employment. The monthly bills do not go away. Many no longer have unemployment benefits. Many more never had unemployment benefits. Approximately 23 million Americans fit this profile. Please help to waive the IRS 10% penalty on early withdrawal of retirement funds. Here is a possible model for the Waiver: <http://humanitas4u.wordpress.com/2011/12/13/humanitas4u/> Thank you for your help [Name removed]

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Get rid of all those "special" breaks on home mortgage deduction, marriage penalty, employer health insurance deductions (a lot of employers don't even offer adequate health insurance anymore anyway) capital gains special treatment, etc. Be glad to simplify, simplify, simplify. Also, clarify the rules for self-employment and deducting health care premiums for the family. It is too confusing. Make it simple and get rid of all the extra tax service "professionals". Why does an individual have to use a "service" just to file a tax return? It's all just too complicated and we are sick to death of it.

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The reporting requirements for foreign bank accounts were not well-known when we first began working and living outside of the US. We were already a few years behind when we first heard of them. By then, we were vulnerable to huge penalties. There is no way to come clean with the reporting requirements without exposing ourselves to these large fines. We want to do the right thing, but an innocent error has left us on the wrong side of the law, and we can't make it right. We have reported all interest from the account, and paid taxes on it, and have openly wired money home from our account. But we are still treated as if we were laundering money for terrorism. Please help us!

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Get rid of use of Form 4555 for annual reporting on Keough retirement plans for S-Corporation owners who have no other employees. No such reporting is required for a SEP IRA, only for Keoughs. This makes no sense. The penalties for missing a 4555 filing are very steep. The owner(s) of an S-Corp would then be paying a penalty for not having sent in paper work for their own retirement plan, even though it affected nobody else. An exception should be made when the only employees are the owners themselves. It is just needless paperwork and has nothing to do with the purpose for the 4555.

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There would not be anything I would give up to have an honest with integrity, simple code of Tax Codes. The present codes and the Agents that follow them are the source of all tax deficits. Clean out the house, you would be amazed what the real "foundation" is made to hold up.

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Two words, with clarifications: FLAT TAX A 10% to 12% tax on ALL income above \$30,000 per year, with NO (read: 0) Exceptions, exclusions, deductions, credits, or off-sets of any kind, for any reason. This will increase our country's income by aprox. 128% by including all earned and passive income, and will be a simple, easily calculated way for CITIZENS to figure out what to pay without needing accountants and attorneys. This option is also fair and, more importantly, constitutional. The current, ridiculously complex, tax code violates the equal protection clauses of the Constitution in at least 20 different places.

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I pay back child support. In addition I am penalized (pay extra) 7.5% on my weekly payment. I am penalized another 7.5 % on my balance. My suggestion is have child support, and interest deductible on my year-end filing. This HAS TO CHANGE. People are "under water" with these outrageous penalties and compound interest money grabs by the government.

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I must take issue with the early withdrawal penalty for retirement accounts. Here in this economic age, after my retirement account has already been raided by wall street and reduced to a fraction of its original value, I must pay the government extra to access it. I understand the intention, as the monies were placed in retirement savings pre-tax. But they are taken out and taxed, at the top of my income bracket, so the IRS gets much more than they would have if the monies were taxed as income originally. And it was the government that encouraged me to place my monies there in the first place with the tax structure. So my monies were placed in a market that the government did not protect. After losing a large value there, I remove the funds and am taxed as income at the top of the graduated income bracket. (All this would not have been necessary if the overall economic landscape had been at all protected by the government. As it is I was forced to relocate to acquire work after a layoff, to a more expensive city for same pay (luckily).) On top of that the government gets a 10% cut. This is my money in the first place. The current IRS and IRA structure is that I am encouraged to be the bag-holder for the financial industry, propping up the market values they have manipulated and continue to manipulate. When my economic standing fails at no fault of my own I am penalized over and again to try and survive.

The biggest issue I've faced is the self-employment tax. While I understand FICA and all that, the additional tax levied on me simply because I'm a freelancer seems unfair, especially given the nature of our economy and the movement towards a fluid workforce. I had to incorporate my business for no reason other than to get a better tax treatment.

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We would save so much money, wasted government salaries and overburden tax collection on the hard working American people if we do away the entire system and flatten the tax, so all Americans pays and not the select few which is our middle class who is going poor because of this tax system. No more deductions for corporate and individual taxes. No more game playing, no subsidies, no earned income credit, no housing credit, nothing. We all pay flat tax 10 percent and that's it. The IRS can collect 10 percent of the salary and the rest stays with us. We shouldn't have to pay alot of poeple to do that. We would save billions of dollars and it's fair. No winners and losers everyone pays to live here. That's the American dream without worrying about liens, and negative credit reports, losing your house, all these tactics is opposite to what our framers

fought the good fight against taxation. And won not to burden with an over zealous form of tyranny against the taxpayer. Americans have to change this system to protect our families in the future.

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I suggest a relatively simple system that would apply to earned and unearned income: For earned income up to 25K not taxed; from 25K-50K tax at 10%; 50K to 250K tax at 20% and 250K+ tax at 30%. For unearned income, 0-50K tax at 10%; 50K-250K tax at 20% and 250K+ tax at 30%. Index all income brackets to inflation at \$500 increments. End AMT and SS tax income cap (would consider lower SS% if no cap). Only deductions to keep would be mortgage interest on first home capped at 10K; investment loss capped at 10K; exemptions at 2K per person capped at 10K. No credits kept. Index these deduction limits to inflation at \$500 increments. To me this appears to help the low wage earner and small investor while making sure that high earners of unearned income pay reasonable rates on those returns. Wealthy investors with large losses are more likely to be able to absorb the losses. For myself, I think that this would be really close to tax burden(revenue)-neutral and a lot less cumbersome.

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do a flat tax and eliminate all deductions and credits and anything too complex for average person to understand.

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Don't tax student loan forgiveness due to disability.

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Eliminate Corporate Taxes. All taxes paid by Corporations and expenses associated with complying with IRS laws are added to the purchase price of everything they sell. It is the PURCHASER who bears the financial burden for running our government and paying down the National Debt. Elimination of Corporate Taxes will reduce this "COST OF DOING BUSINESS" that is added to the purchase price. So, AT THE END OF THE DAY, Corporations DO NOT PAY TAXES.. their consumers do. Benefits: 1) Lower Prices for Consumers = More discretionary money for them to spend on goods and services. 2) Corporate Tax Deductions aimed at improving the health and further growth investment of Corporations would be eliminated.. however, the costs saved by not needing to comply to IRS regulations would improve their bottom line for growth investment. Immense savings would be gotten by eliminating all tax accountants, tax lawyers, and associated facility expenses which could be used for GROWTH. The people displaced by this move have the skills and abilities to provide Corporations with cost saving budgets and processes. Another GROWTH activity... Lean and Mean. 3) Less government expense managing Corporate Taxes = more money for the government to use in more productive endeavors. 4) A more simplified system that would free up an immense amount of time for Corporations and individuals to create new technology, provide better services, and SPEND MONEY, It is only when money is spent that all taxes are actually paid to the governments: Federal, State, and Local. 5) Happier, less stressed citizens at all levels = better health, lower Medicare Costs.

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Nina- I am starting a shelf project to simplify and expand withholding. Can we do a joint project to come out in the same place and make each other stronger? I can do a draft, and I think we are in accord on the core. Current law is 20 factor test filled with "semantic vapors" that do not resolve anything. And on top of that is an amnesty (Rev Act of 1978, s530) if you can make even a weak case under the vague rules that you have independent contractors. UPS has employees and FedEx has ICs and so the tax puts a thumb on the scale of fair competition. Core of my idea for the project will be that all salaries, wages, "and other fixed or determinable annual or periodical payments" (sec 871(a)(1)(A)) for services are subject to withholding, with a few exceptions where we can trust the recipient to keep good books. "Control" over agents conduct in detail is a



read herring. It might be relevant for respondent superior responsibility in torts, but withholding is an issue of easiest compliance and collection. Principals with duty to withhold from foreign persons do not necessarily control them. I would be willing to allow a few statutory ICs but not FedEx drivers, to get the thing passed. With my best wishes [Name and email removed]

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Deduct federal taxes from social security disability payments. My husband was finally awarded social security disability and received a lump sum for back payments. No taxes were deducted so we owe quite a bit of federal taxes. This should not happen. Better question is why is disability considered taxable income at all?

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Hi, now that irs requires mfs filers to report income for both taxpayers as community property they should issue separate checks evenly for both taxpayers for returns receiving refunds

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I think a flat tax of 3.5% with no deductions, credits, exceptions, etc. to be placed upon all individuals and corporations. This would generate a huge revenue, plus it would end the calls for taxing the rich, or too much heat on the (non-existent) middle class. Everyone pays the same, no need for annual updates. Every citizen and corporation would still file a report/return that would tie their increase to the 3.5% tax would also help weed out the cheats. Penalties for cheating should be harsh, discouraging people/business entities from stepping across the line

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Flat tax. What we buy is what we pay tax on. That way the hookers, drug dealers, people in our country illegally help with the tax bill, and everyone receiving government assistance will have to pay back into the system just like the rest of us, and maybe understand sacrifice of their income in which they were given in the first place. The rich will pay more because they spend more. The poor will pay less because they buy less.

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My wife an I have filed our tax returns for 55 years as a couple filing 'Jointly', now since she passed away in 2010 my filing status has changed to 'single' no dependents but still maintain household as before her death. Seems as if it would be fair to me to be considered in filing category of 'head of household' since I still have all responsibility in maintaining a living household for myself. Expenses for upkeep remain the seem but I am forced to pay a much higher tax rate on a reduced level of income because I do not have her social security contribution to our survival. Suggest that when an over age 65 person loses their spouse through death that their future income tax filing status be considered as 'head of household' rather than reverting to 'single' status.

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As a taxpayer, one of the most helpless feelings I have at payday and tax time is where does the money go and who does it go to. As a taxpayer I have no control over the tax money that is being collected. My suggestion would be to allow a certain percent of the monies being paid by the tax payer to be directed by that taxpayer. Say 15% of the monies being collected the taxpayer gets to decide where their money goes. The government can make a list of accounts that the 15% can go to even down to saving the "spotted frog" for example. Or the taxpayer could put some in one account and some in others. Just let the tax payer direct some of his/her money to where they want. This would put the driving force

of the money into an arena where the taxpayer can be heard and the politicians will have to listen. Our politicians are not listening this will turn up their hearing aides.

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Hello. I read your report to congress for 2011. I agree with what was said about Americans living abroad. Forms 3520s and 3520 are extremely difficult to complete by an ordinary citizen. I do not owe any income tax in the US, but have to pay over \$1000 to have an accountant in Canada prepare my US income tax. It puts a heavy financial burden on my family. The cost of filing these forms is much more than the interest earned. This is ludicrous as I am trying to save for my children's education. I am fine with filing but it has to be easier for ordinary citizens.

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Individual Income Tax Reform 1. Index personal exemptions to inflation. 2. Abolish ALL tax deductions and credits. 3. Abolish taxes on capital gains and dividends. 4. Have only one single tax rate. 5. Tie the tax rate to federal spending.

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I propose a sales tax on interstate retail sales not taxable by the states; this would bring interstate sales closer in line to local sales, promoting local businesses, and at the same time increase revenue in a manner to which the public is already accustomed. The provisions of the proposal are as follows: 1. There is hereby imposed a 4% tax on income from retail sales not taxable by the states because they occur in interstate or foreign commerce. 2. The Secretary of the Treasury shall have authority to promulgate regulations regarding the means of collection of this tax, which may include compensation to sellers or purchasers for administering the tax. 3. The Secretary of the Treasury shall have authority to promulgate regulations to exempt or reduce this tax by category of goods sold where such sales are already subject to a federal excise or similar tax or to export duties. 4. The Secretary of the Treasury shall have authority to promulgate regulations to exempt or reduce taxes on sales in foreign commerce by category of goods sold or country of destination where in his opinion such sales would be in violation of any treaty or agreement with a foreign country or would have a serious adverse effect on the competitiveness of US-produced goods. 5. The Secretary of the Treasury shall have authority to promulgate regulations to exempt from this tax sales which are de minimus or made by tax-exempt organizations in furtherance of their tax-exempt purpose.

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We need to reduce the complexity of our tax system. Replace the current system with a national retail sales tax. This would reduce the number of filers by 90%. It would replace the income, payroll, corporate, gift, estate, capital gains, self-employment, and alternative minimum taxes. We have 80 legislators signed on to the Fair Tax. Join them please.

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It is my understanding that the IRS will not accept electronic returns until January 28. I say they should not until Feb 15 as all corporations that are required to produce w2's and 1099's the forms should be into the IRS for Comparison purposes prior to ANY electronic return being filed. I also feel that brokerage houses should have an earlier deadline for the 1099R's and the like so they don't have the taxpayers waiting on necessary documents while crooks file false returns.

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Eliminate all existing deductions and credits, and then provide a 2-rate income tax system (15% and 28%). Do not tax income below the poverty threshold. For seniors, do not tax social security benefits. But on the other hand, do not provide social security benefits to those individuals that

have amassed other wealth and don't need these benefits. Even though they paid into the system, they are not automatically entitled to social security benefits. This should be only a safety net - not a guarantee.

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Allow 100% of medical costs out of pocket to be deducted as a page 1 deduction. Not an itemized deduction and not subject to AGI limitations. With the ever increasing burden of medical costs, this would be a much needed change to deductions. It might even encourage taxpayers to pay medical bills in full or timelier to healthcare providers. Find a way to close the gap on cash receipts & payments for self-employed taxpayers. This is a huge problem!

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The phase out for taking rental losses has been \$125K to 150K for over 20years. How about raising the limits to promote real estate investment. Might be a boost to the housing market.

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Every American should pay a flat tax on all income (including disability income, SSI, unemployment, interest income, dividends) with a "minimum" number of deductions allowed - like maybe allowing student loan deductions, for instance. I think Americans would feel like the government is more fair if we all pay the same flat rate and all share the same stakes in making sure the government uses our money more efficiently.

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I believe the EIC rules are strict and unfair because they penalize taxpayers who take care of children who qualify as their dependents but not for the etc. One example a taxpayer makes approx. 15k a yr. their household consists of their biological child, their boyfriend who doesn't work and his child by a different woman even though this child lives and is in every way part of the family unit all year the IRS examiners will not allow the boyfriend's child to be claimed for EIC. In America is one child more deserving than another? Do all taxpayers have to formally adopt or marry to get the same benefits as other taxpayers who are biologically related to their loved ones. This is a travesty. Another example of the spirit of a law being broken.

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The AMT needs to be revised to account for inflation. Many US household are getting penalized because the US Government is basing out AMT in income amounts which have not been adjusted in over 50 years.

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The K-1 form, originally designed for partners in MLP/LLS companies has also been designated for investors who buy stock in these type companies. This is a very sophisticated and complicated form that 99% of individual buyers of MLP/LLC stock cannot interpret correctly at tax time. To require the small investor to use and interpret a form that is designed for large corporations with all of their accounting talent is, in my opinion, a burden that should be eliminated as soon as possible. I would suggest that a new form be designed specifically for the buyers and holders of MLP/LLC stock with simplified instructions that apply only to them. There are tens of thousands of small investors that invest in these types of stocks each year. They should not have to bear the burden of interpreting the tax instructions that were designed to be interpreted by corporate CPA's. I hope you will give this your urgent attention. Thank you,

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I believe the EIC should go to taxpayers who care for family members who can not care for themselves including the elderly. The country should be aware that poor families continue to have children in order to get this credit. It should not be given to families that choose to have children and then have healthy children who do not need any special care.

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I have many clients getting hammered with late filing penalties. They come about in a number of ways - No extension on file (even when we've filed it on their behalf), short final year resulting in shortened filing due date, confusion between 9/15 and 10/15 due dates, confusion in e-filed vs. not e-filed returns. The average penalty seems to be about \$2500 but I've received them for over \$19,000. These are small businesses. \$2500-\$19000 is an excessive burden. Most if not all file their individual returns on time with the income from the pass-through entity reported correctly. It takes up a large amount of my time to respond to these notices which I do not like to bill the client for because there is no value added to the service I'm providing other than abating a useless penalty. I really hope there is some reform to repeal this penalty and alleviate this excessive burden on small business taxpayers

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Probably the most urgent issue in tax reform relates to foreign income. US citizens living abroad shouldn't even have to file forms or pay tax to the US on their foreign income. The only other country in the world that requires this of its nonresident citizens is Eritrea, and even in this case it only requires a very simple one-page form and a flat tax of 2%. 91% of Americans abroad end up owing no tax to the US anyway, but they still have to file tens of forms every year. Moreover, the complex rules about passive foreign investment corporation, controlled foreign corporation, the intricate calculation of the foreign tax credit, the reports of foreign trusts, the reports of foreign gifts and inheritance, which are not even taxable, and the repetitive reports of financial accounts on multiple forms, at the risk of draconian penalties for simply not filing or filing late, do not seem to have any useful purpose. The estate and gift taxes can be completely avoided through the use of trusts, so in the end they only create paperwork burden and not tax revenue. They represent are a tiny 0.3% of the entire federal tax revenue. These taxes should be abolished and replaced with the system used during 2010, where the basis for capital gains on the inherited assets is not reset. The alternative minimum tax does not seem to achieve the purpose for which it was designed, and it creates more compliance burden unnecessarily. There are cases where form 6251 must be filed even if it does not add any tax. I would be willing to give up the deduction on my health savings account if I didn't have to file form 8889 every year, and if the overall tax system was also simplified. I like the account mostly because my health plan makes a deposit on it every month, allowing me to choose how I spend part of my premium on health care. The tax-free status is not as important for me, so I would trade it for simplifications in the areas described in the above paragraphs. I rent an apartment, so I can't use the deduction on mortgage interest or property tax. My health expenses, charitable contributions and state taxes are much less than the standard deduction so I don't deduct them either. For me, it wouldn't matter if these deductions no longer existed, but I don't think that they add too much complexity as they are now.

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**STOP THE NON-PAYMENT OF TAXES BY BUSINESSES!!** 1. Business Entities that owe Federal and/or State withholding taxes at the end of a tax year should not be permitted to withhold payroll taxes for its employees. All employees of that business entity should be given their full payroll check and be responsible to pay their own taxes. Benefit: The Business entity will not incur more new withholding tax debt. This would allow the business entity to work out an installment agreement for its existing debt. Individuals are more responsible to pay taxes. The government collects more money in taxes from individuals than it does from business entities. The government is more effective in collecting taxes from individuals than business entities. Therefore, tax compliance would benefit Service if individuals paid their taxes instead of employers.

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This all really is annoying. I owe around \$2,000 and will probably face garnishment if not paid, while still making a minimal salary. This nonsense is just not fair to hardworking Americans. My daughter has not been able to find a job and I support her. She is (32) years old and I know she could not survive without me. I am not awarded anything for this. I pay for all her necessities and receive no break. Yet, I still have to pay the government. Why? She cannot collect any benefits because of my salary. Even food stamps would give us both an opportunity. I am taking care of an adult without taking anything from the state or government.. Why are there not allowances made for this gesture? Age should be no factor. It feels that the hard working Americans are being punished. Very hurtful and hard to understand why I have worked for over 40 years and this is the end result. When do we enjoy retirement age? In the ground????? Subject: Unpaid personal federal income taxes.

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BUSINESSES AND CUSTOMER MEET THE TAX DEADLINES AND NOT CHEATING ON THEIR RETURNS SHOULD BE CASH AWARDED WITH A PROMOTION OR INCREASE IN OPENING MORE BUSINESSES. FIRST CHOICE.DONE

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I believe that we should do away with the current tax structure and incorporate a flat 9% tax for all. No tax breaks, no tax forms, no more cheating, no more harassing phone calls and letters...etc. Everyone should get treated equally no matter what your income is.

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Instead of having children claimed on taxes for the amount of time they have spent, how about changing it to the amount of money spent on the children. Right now tax law states 50% or more physical instead of 50% or more monetary contribution towards children, since taxes are revolved around finances, not child custody and time spent with children. Many parents can't claim kids because court orders make them pay most of the money, but they don't get to see their children that often, and that's a real tax disadvantage towards the one paying and great advantage to the one claiming the children. It's not a fair system and needs to be looked at further. Thank you!

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My husband and I work like dogs. He works about 60 hrs a week and the same for me. Now that my son graduated from High School, he does not qualify for Pell Grants and all his expenses that we paid out of pocket are not tax deductible. That is very unfair, as it is he basically lived without seeing his parents and on top of that not getting any financial assistance. If both husband and wife work even though they have to file jointly it should not be taxed the way it is. The second income (the wife's) should not be taxed at all or at a very low rate. That shows the sacrifice of the American family. I have friends that rather live together and not get married so the taxes do not eat all their income.

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Allow residents of foreign countries to treat tax-free retirement and education savings accounts as tax free in the US: for example, stop taxing Canadian TFSA's and RESPs.

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Tax reform ideas: With or without a major tax reform, one simple thing the IRS could do to relieve many taxpayers and help the economy during any difficult time is to drop all the late filing and late payment penalties during the April 15 to October 15 period. This would also be a correspondence relief for the IRS and taxpayers as only interest would need to be collected if the taxes are unpaid at 4/15, but paid by 10/15.

Many of these penalties eventually get abated anyway by the IRS, if there is some reasonable explanation for late filing or penalty. But it does feel like much begging is required many times to get the IRS to understand a taxpayers' plight. There are many reasons that it is often not possible for the taxpayer to know exactly how much he owes at 4/15 and it is often a surprise when he does find out. Why should the IRS immediately compound the problem that these taxpayer's who are short on cash have? Another simplification that could work well with penalty relief is to also make extensions automatic without filing a form as it really only helps the late filers that owe tax anyway. The extension form could become merely a payment voucher if the taxpayer was paying their tax at 4/15. These would be quite dramatic relief to many taxpayers that have to push to find out their liability and try to make adequate tax payments on 4/15. It would essentially move the main deadline to 10/15. It would improve the image of the IRS as kinder and gentler in not slapping penalties on people that are already down on their luck. It would save the IRS money in operations cost. It may help the IRS politically from becoming a favorite target of politicians. It could help some more dramatic reform proposals that would drop income tax from coming to fruition, or otherwise try to eliminate the IRS. This would make the time period around April 15 much more relaxed and have a dramatic effect on the income tax preparation community, which has much of its business in a compressed 2-3 month period of time. Moving the IRA contribution deadline out to August 15 or so would also be a relief. [Name removed]

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EITC: Drop the age limits, we now have many 16 to much older (70's, even 80's) that are currently working for a living (including serving in our military) making within the poverty level (or close to it) income. Why are they punished because they are not 25 yet or because they are over 65. They are still working. Also, allowing single parents within the age limits to claim it only promotes single parenthood (moral issue). Why are they allowed the extra income merely because they made the choice to have a child out of wedlock when they couldn't afford it? Recommend re-vamping the EITC (especially for our military persons) who are out there working 2 or 3 jobs to make ends meet and still are making under \$50k and can barely buy food or pay rent, etc. The laws just don't make sense for the lower income single person (my son being one of them). He worked 3 jobs in 2011 and made less than \$25K. Not being 25, he ending up with a "Bal Due" which he couldn't afford to pay. It just doesn't make sense!

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I suggest that any "Amount Due" form letter from the IRS be mandated by law to include an explanation/calculation of the supposed due amount. I just received another of these today (not the first time)and it stated that I owed a certain dollar amount and would be under penalty if I didn't pay. Problem is, there is no explanation at all. No prior letter explained the amount. This system tends to put 100% of the ownership on the taxpayer (meaning, now I have to attempt to contact the IRS without having any inkling on how they figure I owe them money) otherwise, I am automatically penalized and have already received a threat. This is just not right.

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The thing that would help small businesses and real estate investors the most in their battle with the complex interactions of passive losses, capital gains, at-risk limitations, recapture, and loan forgiveness would be to switch to a simple rule of "deduct it when you pay for it." The guy who buys a truck to start a landscaping business or a house to rent should be able to deduct his loan payments or if he pays cash, deduct the purchase price subject to a limitation of his business income. Any excess deduction would carry forward until there is sufficient income to absorb it. This rule could apply to all closely held businesses without the mind-numbing complexity currently in the code and without the tax disaster that happens when depreciation deductions reduce the basis of an asset that is eventually foreclosed or sold at a loss.

I'd also recommend allowing home-based businesses to deduct a fixed amount from their income for the use of their home for business similar to the mileage allowance or meal and lodging per diems. It could be based on commercial rents including utilities and would not include property taxes and interest, which would be allocated separately.

I am speaking against my personal interest as a tax preparer. Anyone who knows how much he or she made should be able to fill out his or her own Schedule C or E without a specialist.

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I have large stock holdings that earn capital gains and dividends. I also own oil and gas investments. Both types of investments allow deductions I consider excessive. For example, I have never understood why the capital gains and dividend taxes were reduced about 10 years ago. This reduction was a gift to the wealthy, such as myself, who could get by without it.

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I would be willing to give up the child tax credit and mortgage interest deduction. I have a child, but other people do not. Why should I get a tax break for a decision I made? I think having the child tax credit and EITC encourages people to have more kids (along with state welfare systems), as you are rewarded a tax break for adding to the population. Adults who want children should know the cost before they have one and determine if they can afford it.

I also think the mortgage interest deduction should be eliminated or greatly reduced (maybe to \$200,000 instead of \$1 million) and only allowed on your primary residence. If people can afford to buy a \$1 million dollar home, then they do not need a tax break for taking out a large mortgage. Some banks also encourage people to take out loans larger than they probably should by hyping up the "tax deduction" benefit. I feel we should leave alone all tax benefits related to saving for retirement. With deep concern over our social security system, I think it is important to encourage people to save in employer plans, IRAs, and Roth IRAs. Tax credits and deductions for saving are fiscally responsible as the people who save will be less likely to require federal or state programs later in life because they can support themselves. I think removing the charitable contribution deduction would hurt non-profits, and we do have caps on the amount a taxpayer can deduct based on his or her AGI, so I would leave that as it helps others. However, this is a very time-consuming deduction for the taxpayer and paid preparer (gathering receipts, verifying dates, adding up numerous amounts). I do not think people should be able to deduct gambling losses, as that is personal recreation and if you lose money, that is the risk you take gambling. This deduction does not benefit anyone but the taxpayer, unlike charitable contributions and retirement savings. I think the deduction for real estate taxes should be limited to your primary residence, because if you can afford to have a vacation home, then you do not need a tax break on the taxes.

I think we should get rid of residential energy credits, vehicle tax deductions, and vehicle credits as those are constantly changing and are confusing as to what qualifies. I am an Enrolled Agent and have had many clients tell me they qualify for the credit, but then when I look up the model number of the furnace or window, I find out it does not qualify. They end up being frustrated with the installer who told them it qualified, and I end up spending an hour or more researching something that they don't qualify for or that might save them a few dollars, which is offset by my hourly rate.

I really like the FSA options at work as it has save me money on medical expenses and daycare. The administration of these plans may be expensive and outweigh the benefit. Another option might be to lower the 7.5% of AGI limit on medical expenses; however, this might become a record-keeping nightmare as now the majority of people do qualify. The daycare and child care credits could go away as once again that is a

credit focusing on a specific group of people who have young children. The state and local tax deduction would greatly affect some taxpayers with high income in high-tax states. Since many of those same individuals pay AMT, they lose the deduction, so we could eliminate the deduction and maybe eliminate AMT with some other changes.

I think the lower capital gain and dividend rates should stay in place as dividends are distributions from companies who have already paid tax on the income (double taxation) and having people invest and then sell at a profit encourages investing in America, and usually people use those gains to reinvest in the market or other property. If the tax takes away half of your profits, it will be less enticing to want to invest to try to make money. The other deductions that are time-consuming are the Form 2106 deductions, safe deposit box, and investment fees. Once again, if you have enough money to invest and pay portfolio managers, then you do not need a deduction. This also is removed in the AMT calculation, which angers taxpayers when they cannot get a benefit for a deduction they thought they were entitled to. Thank you for the opportunity to share!

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I think moving from an "Income Tax" to a national sales tax would generate greater revenue as illegal venues as drug dealers and gamblers would actually pay taxes when they purchased goods (as of now the Federal Government gets zero from them). I also believe that it would be a "fairer" system, as if the rate were 10%, for example, then a person who could afford a \$20,000 car would pay 10%, and the person who could afford a \$50,000 car would pay 10%. The actual tax would be different, BUT they are both paying 10%. Thanks for the opportunity.

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Get rid of all deductions, all special tax rates, all credits, and all special breaks for entity driven dodges like using the S corp/LLC to avoid payroll taxes. The process should be so simple no one needs a tax preparer. I am a tax preparer and benefit from the current system, but it is still BAD BAD BAD for the country. It is a massive burden on the economy! I dare you to take away my livelihood! PLEASE!

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I think we must be careful not to "throw out the baby with the bath water" in tax law simplification. I agree with the Advocate that the "special interest groups" are really the average taxpayer. However, we as a society have chosen to do some "social engineering" through tax law, which has often had the effect of made our society stronger and more fair, I believe. Incentives do work. Ask anyone who has attended after-Christmas sales! Best example: Mortgage interest and real estate tax deductions encourage home ownership. Home ownership has a steadying effect on the American family. Because families put down roots, schools, houses of worship, and whole communities are stronger and more stable. Children grow up waking up in "their room," not a room in someone else's rental property. They attend the same school their siblings attended. Merchants have a steady base of customers so they feel confident enough to hire more workers. Those workers spend their earnings in the community, making it stronger still. Neighbors of similar incomes get to know each other despite ethnic and religious differences. Prejudice recedes. Everyone is safer because neighbors look out for each other.

Without the tax break of the mortgage interest and real estate tax deductions, especially since families can no longer count on a home to be an investment which increases in value, families would be much more likely to just move somewhere else when their yearly lease is up. Child Care Credit, Child Tax Credit, Education Credits – Children are our future. Their safety after school in day care and their being educated to the highest level possible is the only hope the United States has to remain competitive in the world economy. Today's children will be earning the wages which will pay the social security taxes needed to pay social security benefits for the aging Baby Boomers. Working couples who are confident that their children are safe can be more productive workers. We all know that the most dreaded call a parent can receive is the one saying his/her child is sick or hurt. Do we really want a nation of latchkey kids? Do we really want to give up the positive effects of these tax breaks and



the many others which we have chosen to include in our tax law? Do we want to give up the influence tax breaks have on the buying decisions individuals in our country make? I believe in balancing the budget, that each tax break should be paid for with an offsetting tax revenue raiser.

However, I also believe that tax breaks can create positive behavior and have great results. I also think that the American public's perception is that of "I can get my share of tax breaks if I decide to ..." I often tell my tax clients "you can have simple or you can have fair, but you can't have both."

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The best tax reform would be to have a flat tax rate and exclude individuals making less than \$25,000 and families that make less than \$40,000. For everyone else, charge income tax at a reasonable percentage, such as 5-10% on all income (regular, tips, bonuses, etc.). No write-offs, no exceptions. It seems like a low percentage, but it would actually bring in more money if there were no tax write offs or credits. And most importantly, make sure it applies to every working adult including Senators and Congressmen. Thank you for asking for our thoughts.

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Is there really a need for a filing status? Each individual person should file his or her own tax return, and his or her tax rates should not be compromised by being or not being married or having a dependant child(ren). Lower the tax rates and get rid of the personal exemptions and the child tax credits.

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Why can't we eliminate federal withholding and pay a flat rate tax on what we spend? Then those who have the money to spend pay more than those who don't.

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I think it is totally unfair the unemployment benefits are taxed. Talk about kicking somebody when they are down!

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Repeal all COBRA and COBRA-related laws that affect the employer; replace it with a simple rule that the discharged employee be allowed to buy insurance directly from the insurance company as long as he or she pays the premium directly to the insurance company. Get the employer completely out of it. The intent of the law was originally good, but it is just a place for regulators and lawyers to run wild. Employers are required to send out several notices to comply with this law. Lawyers love to find loopholes to go after business. Employers should notify the insurance company that they are stopping coverage for the employee and then the insurance company should work with that employee directly. They should also make sure that there is protection for insurance company, so they cannot be sued for reasons that some lawyer dreamed up. Better yet, just make the employee go directly to a pool, but allow him or her to get insurance. Our company has about 18 employees, and this is one of the reasons we do not want to get any bigger. We cover our employees and their families 100%, so we believe in health care, just not the regulations that it brings.

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1. Social security should not be taxed since it was contributed with dollars which were already taxed. 2. Dependent exemptions should be abolished. Gone are the days when a large family to help in the fields has to be encouraged. The decision to have children is one individuals make and one for which they should be financially responsible. Same argument for abolishing the child tax credits. 3. Lower tax rates and

gradually abolish all Schedule A deductions and adjustments to income such as educator expenses, tuition and fees deduction (the opportunity credit serves this function, moving expenses, and penalty on early withdrawal of savings, to mention a few.

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Personal income tax pay by the month. I favor a graduated income tax with 1 percent up to the federal poverty level, 5 percent up to the 2x federal poverty level, 10 percent up to the 3x federal poverty level, 15 percent up to the 4x federal poverty level, 20 percent up to the 5x federal poverty level, 25 percent up to the 6x federal poverty level above that the rate is determined by whatever it takes to balance the budget plus reduce the national debt by 10 percent. No deductions. No exclusions. Businesses pay by the quarter, privately owned businesses pay 1 percent of gross. Corporations pay 2 percent of gross plus 50 percent of profit not paid to shareholders. All foreign shareholders are taxed at the 25 percent rate. Consumption tax on anything costing over \$1,000 of 25 percent. I favor a simple tax system. The law should be under 10,000 words. No need for a lawyer to explain it. We should also make all drugs legal so that we can tax them at the same rate as above.

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I would be in favor (and I am a tax professional) of eliminating all the "tax breaks" and go to a "flat tax" or some variation of that which would not require taxpayers to keep such unreasonable records. Most of my clients do not keep log books, although I tell them every year that in order to take a deduction for mileage, they must have a record of their business mileage. They usually find it on the ceiling in my office. People just don't remember to write down where they are going every time they get in the car for business. The same is even truer for medical and charitable mileage. In fact, truth be known, most business people are not good record keepers, and it is unreasonable to expect someone who is a good carpenter to also be a good bookkeeper, and it is a waste of time that could be spent actually doing something for which he or she gets paid! I realize that business people must know whether they are making a profit or loss, but if they buy equipment, to them, it is an immediate expense and cuts into that profit or creates a loss. To the IRS (and really Congress), it is expensed over a period of years. This really distorts the income/loss that the business person has. I could add lots of other examples, but I am sure that this is a good start.

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Tax consumption, not income, with social policy provided in the form of reduced or eliminated rates for items consumed. This increases compliance and collection since all transactions are visible. Modern electronic checkouts can handle the complexities.

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Eliminate itemized deductions. Give everyone a standard deduction. Tax rates could then be lower. Eliminate credits except as necessary. Necessary credits are for education, non-polluting initiatives, donations to non-profits, and the like. Things that will benefit society in general as opposed to individuals in particular. Collect a uniform percent of tax, at least 5 or 6 percent, on internet sales and disburse to the states on a per capita basis. Eliminate or sharply curtail the earned income credit. Eliminate the child tax credit. Eliminate the dependent care credit. Eliminate any credits or deductions that favor one marital status over another or that favor having children. This would eliminate the whole definition of a dependent, parents fighting over who claims a child, etc. The kiddie tax should be continued. Tax ALL income at the appropriate bracket level whether it is investment income, self-employed, wages, capital gains, etc. Eliminate double taxation of dividends as personal income and also corporate income. I can think of more, but this is a good start. Feel free to contact me for more detail if desired.

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To make this site more meaningful, you might want to list the individual and business tax breaks you are talking about. In order to get a lower tax rate, I would be willing to give up all my itemized deductions and take a standard deduction. Also, I would be willing to give up all my education

and 401K and IRA tax breaks if they were included in one overall credit of some lesser amount. For wage earners like myself, you should be able to withhold the right amount of tax so that no return is necessary.

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Thank you for this forum. I find it unfair that businesses have to pay credit card possessing fees for sales tax collected. I feel it is unfair to brick and mortar businesses to have the sales tax collecting burden, when internet, whom have a much wider audience, have no tax responsibility. Thank you for trying to make our taxes easier to calculate. Why are we tortured each year to try to figure out what we owe and the least we owe. Highly paid lawyers help the rich, but what about us?

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I find asking citizens to think about what they would give up misses a far more important point. A simpler tax code is not necessarily a fairer tax code. Complexity, I can live with. But after decades of taxing the middle class and wealth disparity higher than it's been since 1929, rethinking the paperwork seems like remodeling a burning house. Tax reform should involve raising taxes on unearned income to reasonable levels and easing wage taxation. We must also stop allowing very large companies, such as the banks that we ourselves rescued, to operate under offshore shell companies, thus avoiding taxes. As a citizen and owner of a one-person company, I understand taxes are a necessary mechanism for a functioning society. I don't mind paying my share, but I do find it infuriating to learn that many of our largest corporations, with quarterly profits in the tens of millions of dollars are paying a lower effective tax rate than I am on my five-figure annual income. I don't care if you make it easier. Make it equitable. Thanks for the opportunity to share my thoughts.

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I would be willing to give up all tax breaks if there were a low flat tax implemented across the board on all new (previously untaxed) income. Couple that with a value-added tax on non-essential items, that is, do not tax food and other life necessities. Increase the value added tax with "luxury" items, such as high-end vehicles, leisure boats, high-end electronics.

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I think we need a very simple flat tax that is collected at the source of all income. Eliminate deductions, credits, tax forms, everything. Make a flat percent for all salary income, perhaps a slightly higher percent for interest and dividends and then have it collected directly off of a person's payroll or from the earnings source. This would eliminate the need for record keeping, tax returns, and loopholes. For those employees paid in cash (such as tips and gratuities), they would need to submit a weekly amount to their employer for the employer to file with their payroll tax. A random check of the business receipts would allow officials the see if the tips being claimed closely match the income generated.

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Now that I'm a "senior citizen" on a fixed income, I need to look for ways to save a dime every minute of every day. I always worked...45 years full-time and still work part-time. It's getting harder and harder for me to get by, and tax time is getting rougher and rougher for me. I've prepared a preliminary 2010 return which prompted this message. I'm now on Medicare with AARP United Healthcare Secure Horizons Advantage Plan (PPO). I am unable to afford supplemental medical insurance so in 2010 I had to pay out-of-pocket around \$5,000.00 for co-insurance, prescriptions, etc., and I cannot deduct any of it because of the 7.5% medical deduction limit. This would be a good place to add additional healthcare reform by allowing those most in need to deduct ALL of their out-of-pocket medical expenses. Please consider reforming this area of the current tax code.

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To get a simpler system with lower rates, I would be willing to give up the home mortgage tax deduction. I can't think of any deduction I wouldn't be willing to give up, really, but getting rid of the home mortgage tax deduction is essential to real tax reform.

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To reduce complexity, eliminate the Alternative Minimum Tax. The goal of the AMT was to prevent wealthy individuals from escaping paying income taxes by using deductions, credits, exclusions, and lower capital gains rates and/or loss offsets to significantly reduce or eliminate their income taxes. This same goal is achievable by either eliminating or phasing out those deductions, exclusions, etc. for the highest income levels. Depending upon the policy goal (for example, revenue neutrality or increased revenue), the highest rates could be lowered or remain the same. I have been using Turbo Tax to prepare my tax return for over 10 years, and frankly I have no idea if it is computing the AMT correctly. I read the instructions closely. I do extra research to aid me in answering the questions Turbo Tax poses. But I honestly am not certain I do answer every question correctly, and I am a college graduate with an MA! I would certainly give up the angst of going thru this AMT gyration every year even for a few extra dollars in my tax bill.

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Let's really simplify the tax code by implementing a flat 10 percent tax rate, regardless of income level and then do away with all deductions. The deductions only favor one group of taxpayers over another and are subject to all kinds of loopholes and scams.

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My biggest complaint is that the tax codes change so often. First, make the codes good for a longer period of time, more stability. Then have a family know exactly how much it will have to pay each year for the amount it makes (that way if the family/person wants, they can have exactly the right amount taken out). No matter how hard we try each year, I have to pay more taxes because we can never get the amount we owe right. Second, if a person owes, he or she should be allowed to pay in payments without being in trouble. It is going to happen sometimes, and the IRS should allow families to pay a small amount extra per month instead of the sticker shock that happens each year. At a minimum though, the richer people need to pay more money. They should be taxed at a higher rate and not allowed as many deductions. It is time the rich started to pay their share instead of the middle class paying in more because we have fewer deductions. I don't want a fair tax; taxes should just be a little easier to understand and should not change as often. I am tired of being at the whim of each new administration. Thanks for listening!

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Hi Nina, I would be willing to give up any of the tax breaks that are offered in exchange for a simpler tax code that minimizes the amount of tax paid while still fulfilling the government obligations. If my taxes were to go down in roughly the same amount as the value of my current tax breaks I would not have a problem. These ideas may be too simplistic for Washington, but I would challenge you to do a couple things that may be interesting. Could you set up some sort of survey that would show how well the average American truly understands the current tax system? I have a feeling that the results would show how little our nation truly understands our current system. The other interesting thing would be to somehow figure out how many dollars are spent by Americans on lawyers and accountants each year in our attempt to navigate the tax laws. The number would be astounding. If you are looking to win a PR war, which tax reform certainly will be, lawyers and accountants would be good targets as nobody likes dealing with them. No offense personally to those groups; they serve a very important role in our current system. OK, sorry for the rambling. Good luck in this venture.

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Unfair...that I am only allowed to claim \$3,000 in daycare expenses. I live in the Northeast in one of the most expensive states in the Union. I spend \$3,000 on daycare for HALF of the year. Please institute a sliding scale for daycare expenses based on the part of the country in which the taxpayer lives. And if you are wondering, I'm in the military, and RI was not my first choice of residency, but I go where the AF sends me, even if it means that my family struggles to make ends meet. Thanks for listening.

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My idea of reform is simplicity. To me the fairest tax is a flat tax on gross income. Relative to individual returns, a graduated scale should be employed. Low income, middle class, high net worth individuals. Likewise with business and corporations.

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I don't see why we should have to fill out forms and do all the computations in the first place. Taxes are taken out of our paychecks already. Why aren't those deductions correct to begin with? At most, I should have to go on the IRS website and check some boxes and enter some numbers, ONLY if I need to report additional income or claim specific deductions that aren't part of the payroll process.

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Eliminate all "phase out" provisions. For instance, phase out of the benefit of itemized deductions, Roth IRA deductions, taxation of Social Security, and (in many years) personal exemptions. All those "phase out" calculations make understanding the tax process nearly impossible.

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Perhaps we could try adding an option to the Federal and/or state tax forms to "donate" \$1, \$5, \$10, etc to the budget deficits before raising taxes any higher. I know I would be more willing to donate \$10 or \$20 each year to pay down the deficit rather than to keep paying higher taxes. I can barely live on my \$30,000/year ... actually I can't, as I work two or three other part-time jobs when they come along. And since I work for the State of Illinois, I will not see a raise for who knows how many years. The other matter that concerns me is the fact I am a widow (was six years in September) and for two or three years, I could file as widow status. After that, I am now required to file as "head of household." Why? I'm still a widow and still suffer the loss of my husband and his salary. Now as "head of household," I am paying higher taxes than at the "widow" status. This seems to be a double punch to the ol' gut ... losing my spouse and then having to pay higher taxes with less income. Why can't a person continue as "widow" or "widower" status until he or she remarries? Thank you for listening, and any serious consideration to this would be greatly appreciated.

Either get rid of deductions completely and have a flat income tax rate or have taxpayers allocate their tax dollars to predetermined buckets. That way taxpayers have a say in what they pay for. Of course, we would have to have a certain percentage pre-allocated for defense and entitlements, or keep social security and Medicare as a separate income tax.

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Two big suggestions that simply make sense. 1) The government needs to do a much, much better part in showing taxpayers where their tax money goes. People hate paying taxes and evidently try to pay as little as possible because they know the government is wasting it. Waste is such a tremendous problem, and I would be GLAD to pay taxes if I knew my money was going to actual programs like highways, education, consumer protection, etc. But most Americans, correctly, assume their tax money goes to fill no-bid contracts, unusually high government salaries, a \$50 million bridge in Wyoming that connects two trees together, and so on. 2) Eliminating the income tax entirely and replacing it with a national sales tax is a much smarter method of taxation. If someone makes \$500/wk and every penny goes to their mortgage, they wouldn't

have to pay taxes – and they shouldn't because they are not using disposable income. They are not living the high life. On the other hand if I go and buy a new car, I can obviously afford to pay the tax on it. This system allows people to purchase necessities (under a certain threshold...for example, a \$5,000/mo mortgage should have some type of tax) tax-free while also ensuring that if they have extra money, the country gets its share. How many ridiculous loopholes does this system eliminate? Most of them.

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This is a little involved so here goes. Generally simplify and flatten.

1. Impose over a 2-4 year period a gasoline surtax of up to \$2. Coincidentally remove from income tax, starting from the bottom threshold, corresponding income taxes. This effectively reduces incomes taxes and establishes a gas consumption tax. The goal is to encourage less consumption and reduce our \$1.2 billion dollar per day purchase of foreign oil.
  2. Introduce more "use taxes" – toll roads, national park fees, for example. Concept here is you pay for it only if you use it.
  3. Extend income tax closer to the poverty level, but reduce the rate at all levels. ALSO - remove the upper limit on the payroll tax and offset with reduced payroll rates at all levels (or apply to the SS problem).
  4. Remove all commercial and industrial subsidies, agriculture, mining, oil, manufacturing, shipping, etc., and remove all private tax breaks except charity and mortgage deductions. Strong consideration for phasing out food stamps and other individual subsidies. Couple this with corresponding reduction in overall rates.
  5. Reduce corporate tax rates and offset by closing foreign tax credits etc.
  6. Establish training and re-education programs for the tax attorneys and tax preparers. Alternatively, export them.
  7. Exempt tax on interest rates – offset with income tax rate increases. This shifts bias to savings. Also, consider first \$20,000 dividends and capital gains; this encourages savings and thrift
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Remove the AMT immediately. It is outdated and unfairly targets middle class households. Make top earners pay a more proportionate amount of income taxes. Bring back deductions for small businesses. Eliminate state and federal sales taxes and create a flat VAT tax. I do not know a whole lot about the tax codes. What I do know is that it has become antiquated and lopsided. It needs to be corrected before a middle class is taxed out of existence.

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There should not be one person in the U.S. who doesn't pay Federal tax. NOT ONE! I don't care if they make \$50 a week, they can afford to pay, even if it's only five cents. Those who don't pay taxes because they are in "poverty" have unlimited resources available to them through their local community, state, or the Federal Government, but they don't have to contribute something, anything? If this means a 15 percent flat tax for everyone, then so be it. I'm tired of paying, and paying, and paying, only to be told I have to pay more! I would absolutely give up all my tax breaks if everyone paid their fair share, no matter how rich or poor.

1. As Warren Buffett has said in the past, the majority of us that earn a living primarily through wages pay a far greater tax rate than do investment bankers, hedge funds, and the like that realize all income as long-term capital gain. While I can understand that a retiree, disabled individual, or similar might not be working and get their income from investments, it is WRONG for such working investment professionals to be legally evading their societal support obligation via taxes. This, like most tax issues, is complex and will probably not be fair in the end (as is life), but to make it a bit more equitable, the first \$100,000 or so of taxable investment income should be taxed as

regular income if one does not have wage income AND is not retired, disabled, etc. Essentially, the rich fat cats are not special and need to pay the same rates I do.

2. Death taxes: These are effectively long-term capital gains and should be taxed as such under paragraph #1 above. This might be one of the exceptions to rule #1 above as this is not income from a job as a hedge fund or investment banking is.
  3. AMT: Needs to be indexed somehow. \$200,000 is not a lot in New York City if spending it on housing, etc., but is a lot in a rural area. While this would be a mess to enforce fairly, I'll just point out that from a fairness stance someone in New York City should be able to make the same home deductions just like someone in a cornfield in the Midwest. Or such deductions should be eliminated all together.
  4. Trickle down economics ONLY works when folks spend the extra money saved from taxes. Thus it is wrong to just lower taxes, but rather the right thing is giving tax credits to ensure the money was spent one way or another (either taxes or other goods/services) to get the money circulating, which is the core of the matter.
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Double taxation: 1. Taxing social security retirement benefits. I paid tax on earned income when I was working which included the amount paid to social security. Now I pay tax on 85 percent of retirement benefits received. 2. Taxing dividend income. Corporations pay tax on earnings, then distribute dividends from after tax amounts. I pay tax when dividends received. As a middle-class DINK, the only deductions we have are the mortgage interest (and that includes a home credit line) and charity. Fortunately, we can afford to pay. I don't begrudge the poor their meager deductions, but I sure get aggravated when business and the wealthy hide their incomes so I think the best solution would be to exchange the income tax with a type of national sales tax. There would be no tax on food items, diapers, medical supplies, or clothing bought from a retail store, but a luxury tax on fine jewelry or designer clothing (not sure how that would work).

There should be a graduated increase rate for expensive cars and boats and RVs. There should also be a higher rate of sales tax for guns, bullets, cigarettes, and alcohol since these things increase the medical costs of everyone. Of course, this is quite simplistic and would require much consideration before implementation, but it would take away any opportunity to cheat from both individual and businesses because if you buy something, you pay tax and yet it is still a progressive tax as those who make more naturally spend more and will therefore spend more in taxes. It also adds "luxury and sin" taxes for those who choose to spend their money that way, making it a little more fair in that those who choose to do something that involves the rest of us will also have to pay for it. This I feel is the only way to keep it fair. It also would save a ton of money because most states already have a sales tax recovery program in place, and we would be able to do away with the IRS.

As you stated, we all want tax breaks so by taking away all of them...it is fair. I am concerned that a flat tax would be very regressive in nature because those at the lower end absolutely cannot afford to live off their tiny checks while those like me could easily afford to drop back to a flat 10 percent. I do think there should be some provision to tax corporations that send jobs overseas to save money – that hurts all of us. Not sure how that would fit in to this structure at all, but I'd still like to see it happen.

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I say we do away with income taxes altogether and replace it with a consumption tax like a value-added tax (VAT) or a national sales tax. Exemptions could be made to certain essentials like food, but otherwise the consumption tax would apply across the board. Estate taxes would continue, but with exemptions high enough to keep small businesses and farms from being broken up. A consumption tax is the fairest tax because the more money and assets you have, the more a person or family is likely to spend, so it is naturally progressive.

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I think the whole idea of taxing people's income is wrong and unfair. Instead I think the tax system should lean more toward use taxes like gas taxes or licensing fees where applicable and for just running the government, we should switch to sales taxes. This would encourage saving and tax those people who spend the most. Plus the taxes could be collected by the states through their current sales tax systems, and it could be phased in over a number of years so that people wouldn't be hit with a big shift in prices all in one year. Really low income folks would just need to have their food stamp money increased or given some sort of tax-free ID for food and necessities. Or they could file tax forms to get some of the money back. But most people would no longer have to fill out any tax paperwork, and the IRS itself could be greatly reduced. That would be a much fairer and simpler tax system to me. Thank you.

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We need to go to a system where the locality has the most say in where and how the tax money is spent. So I think we should have a two-tiered system. 20 percent across the board tax rate. 12 percent goes to local government, 5 percent goes to state government, 3 percent goes to Federal government. Then there should be a sales tax of 5 percent across the board – 2 percent to local government, 2 percent goes to state government, 1 percent goes to federal government.

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A married should count as two full individuals especially when calculating Social Security taxable income limits. Currently, single taxpayers can exempt the first \$25,000 of income. Married couples can only exempt the first \$32,000. The exemption limit for married couples should be \$50,000, not \$32,000. It harkens back to the Dredd Scott Decision when blacks were 3/5 of a person. This is but one example of the random and arbitrary exemption limits seen throughout various tax forms as seen on the Education Credit income limits to the interest deduction for student loans.

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Any changes to tax law and/or rules should not take effect until the next tax year. No retroactive changes. How can anyone do any tax planning if the rules change during the year? Thank you.

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Simplify, simplify, simplify. I'm not necessarily saying flat rate for everybody but eliminate most deductions (both private and corporate) and just lower the tax rate(s). If I pay 15 percent initially but through deductions I only pay 10 percent, why not reduce my rate to say 11 percent? (I support deductions for dependents and charitable giving). The tax code is entirely too complicated, which has spawned a huge community of accountants, tax attorneys, and the IRS.

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While I believe that everyone should pay the same percentage for taxes, that may not be viable. However, a flat tax, based on brackets, is preferable. With that in mind, I would like to see the following:

1. No deductions, and by this, I do mean absolutely none, including getting rid or reducing your income by your investment loss.
2. If you make less than the federal poverty level, you do not pay Federal Tax. Social Security taxes would still be paid.
3. Social Security tax is paid on non-investment income with three "brackets". For example, 6 percent on \$0 to to \$100k, 4 percent from \$100K to \$250K and 2 percent above \$250K. Since there aren't any deductions, including for investment loss, don't add additional taxes to the investment income.
4. Have three tax brackets (not counting the "0 percent" bracket for those that make less than the poverty level) based on total income. Since there aren't any deductions, each bracket is a "flat" tax for that bracket.
5. All non-salary/wage income is considered as investment income, taxed at a single rate, perhaps 15 percent. Since you are not allowed to reduce your taxable income even by an investment loss, a lower tax rate is used for investment income.

Obviously there would need to be rules to ensure that income that should be considered salary is not treated as investment income, but other than that, the above is the tax code for individuals (with slight modified brackets for married couples).

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I believe the best way to fix the tax code is to go to a sales tax system. Anyone on welfare would have a special card that would allow the business not to charge the sales tax. You would need to exclude food and utilities from this tax. In doing this you would collect money from all persons buying in the U.S. That would include the illegal immigrants, drug dealers, etc. But you would have to enact at the same time a law banning the current tax system, if just fixing the tax system we have still allows anyone not paying taxes not to contribute. I went through a two-year tax audit, and my attorney to represent me cost more than what I owed with penalties and interest. 99.9 percent of Americans pay their taxes. Most like I are overwhelmed by trying to do the correct thing that things are missed.

I would have a two-bracket tax system with no deductions of any kind. Income subject to social security tax would be taxed at one rate and all other income would be taxed at a rate that is 6.2 percent higher. Taxation would begin at an income level twice the national poverty rate for the size of the taxpayer's family. One concession to deductions I might make: Because many people have borrowed to buy a home, counting on the availability of the mortgage interest deduction, I would phase out that deduction over a period of five to 10 years, and allow the two rate brackets to drop as the interest deduction is phased out. I think the most unfair aspect of our tax system is the multiplicity of deductions.

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A tax refund should be limited to the actual amount of taxes paid. Tax refunds shouldn't be for more than you actually paid in the first place. Now some people get back extra on their return because they are low-wage earners or have a lot of dependents. They make money off their tax return but aren't taxed on that extra money.

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Eliminate mortgage interest as a tax deduction. For sure on second or more homes. If you can afford more than one house, you don't need the deduction!

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Establish a required income tax percentage (flat tax) and a required threshold for charitable giving based upon income levels. If income earner doesn't meet the required threshold for charitable giving, the difference will be collected as additional income tax at a scaled rate. The reduced income tax revenue will cover only the essential government functions and programs. All entitlement and social programs must operate off of the charitable giving.

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What doesn't seem fair to me about the current tax code is that someone that makes \$50,000 per year with a couple of kids can in effect pay zero income taxes after deductions. Also, according to all the media reports, approximately 48% of the working Americans pay zero income tax and in a lot of cases get refunds even if they had zero tax liability. I would prefer a tax burden where everybody paid. Since that will not occur with the current system and with all of the lobbyists getting their deductions into the system, it only seems fair that we would drop the current system entirely, have a VAT, and no deductions.

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For personal tax returns, I would start by eliminating all tax breaks and then deciding which ones should be added (perhaps adding tax breaks for electric cars or solar panels on houses). For business tax returns, allow one year depreciation of all assets less than \$25K. Keep deductions for things like employer-provided healthcare and other employer-provided benefits. There needs to be more tax brackets. Why is the marginal tax rate the same for \$1 million as it is for \$10 million? I would also favor a return of a zero tax bracket for perhaps incomes of 200 percent of the poverty level. I would also have tax brackets for businesses and for capital gains as well. A flat rate pushes benefits to the higher income levels.

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End this current crazy, complicated mess of a personal income tax system. Replace it with a graduated flat tax rate. The poorest would pay the least and the richest would pay the most. No loopholes, no nothing. We could save billions in payroll taxes alone by not needing thousands of IRS employees to go through personal income tax returns with a fine toothed comb.

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I would be willing to give up all credits and reimbursements for a clear, straightforward tax system with lower rates. I'm a self-employed person whose compliance is near 100 percent because I am quite aware of the many things I get from the government, and because I see representative democracy working for me. I do my own tax forms, but would be unable to do this with confidence if I had not taken the 60-hour H&R Block tax preparer's course. I currently benefit slightly from the low capital gains rate, get an IRA credit, one year I qualified for the EIC, and my wife gets the student loan deduction. You point out that employees pay over \$2,200 a year to subsidize noncompliance by the self-employed; you also note that the employees receive \$650 billion/year in employer paid medical subsidies, which are unavailable to the self-employed. I suspect they are getting the better deal.

Taxes reflect a basic conflict between two concepts: 1) A democratic nation is a collective enterprise, and we should all help each other. 2) I shouldn't have to pay for some total stranger's benefit. I think that people in general are leaning towards #2 right now. While all tax expenditures have their logic, they often have larger consequences. The mortgage interest deduction doesn't just encourage home ownership; it also encourages purchase of bigger homes. The capital gains rate doesn't just encourage investment, it also encourages speculation. Student loan guarantees don't just encourage access to higher education; they also encourage proliferation of for-profit trade schools and pressure to raise tuition at public schools. And so on.

I make a greater effort to put money in my IRA each year because I can deduct that amount from my AGI. That's a public benefit. But I pay 14 percent of my gross profit in FICA taxes. If those were lower, I would have more money to save. I agree that compliance would be higher if people understood better where the money is going. One aspect of tax reform should be to leave money at the local level. States and the federal government have increasingly taken tax revenues, then doled it back with conditions to localities. This is hugely inefficient and undemocratic.

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Start phasing out the home mortgage deduction. 2012 - only 90 percent allowed. 2013 - only 80 percent allowed. 2014 - only 70 percent allowed and so on until it is gone.

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Get rid of income tax entirely. Enact higher sales taxes. This allows taxation on monies that are not reported as income and provides for a more even taxation of the population. The rich are taxed more because they buy more while the poor pay less because they buy less.

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Off the top of my head, I'd give up most, if not all tax credits, or deductions for a simple, fair, and moderate flat tax that everyone in the country paid equally, same for my business. Having said that, I realize that some tax deductions and credits stimulate purchases (housing, retirement, business investment, etc.) and investment, so those may have to be factored in to any flat tax rate. I also understand that deductions can be used as tools by the government to stimulate the economy or certain sectors like green technology, so that would probably have to stay, but somewhere there is a flat tax rate that would work.

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Parents with children with disabilities, including adult children who still live with their parents, should be able to take substantial tax deductions for the care they provide by keeping their children out of state institutions funded by Medicaid and saving the state and federal government enormous amount of money. The savings and care these parents provide are far and away above what social services and SSI provide.

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I honestly believe that all taxpayers would be better off using a significantly simplified tax code, based on the following principles:

1. Taxes are levied against each working individual, not families or households. Thus, each working person in a household would be taxed on their own incomes and not the combined household income.
2. Taxes are levied against each income above the poverty line, with no deductions/exemptions/upper limits. The taxes, based a flat percentage applicable to all income levels, should be based on assessments by both the CBO and an independent, non-government consultant.
3. Taxes should be keyed against the inflation rate, including if the rate is negative (deflation). Thus, if a year with a 10 percent tax rate has inflation of 3 percent, then the next year would have a 10.03% tax rate (tax rates rounded to the nearest hundredth of a percent).
4. The tax rate can be changed by Congress, but should require an impact analysis by both the CBO and an independent, non-government consultant.
5. Social Security and Medicare taxes should have the upper limit removed, with a mandatory rate re-assessment every five years to ensure viability of the programs. The re-assessment should be based on assessments by both the CBO and an independent, non-government consultant.
6. There should be a federal sales tax (percentage) on all non-food, non-prescription consumer goods sold within the U.S, similar to state and local sales taxes. A European-style VAT should be explicitly prohibited.
7. There should be a federal fuel tax (percentage) on all gasoline, diesel, ethanol, hydrogen, electricity, etc., used to fuel transportation vehicles. All tax dollars generated through this vehicle cannot be used for any non-transportation projects.
8. Estate taxes should be considered a form of income and taxed at the income rate.
9. Business should be taxed at a separate percentage rate, based on positive net income, with no deductions/exemptions/upper limit.
10. Taxpayers who do not have payroll deductions would be required to file income statements, for all income sources, and pay their taxes by April 15, as normal.
11. Taxpayers who do have payroll deductions would be required to file income statements, including all income sources, by April 15. If any income sources were untaxed, then the individual would need to send the remaining taxes owed by April 15 as well.
12. Tax refunds would be eliminated. Instead, any surplus in tax revenue must be applied to the national debt, without increasing spending.
13. If the national debt is paid off, then surplus tax revenue must be placed in a "rainy day fund", similar to what many states are required to do.

The benefits of a system based on the above principles are as follows:

1. The tax code is greatly simplified, which will likely increase compliance with tax payments.
2. The overall tax rate would be reduced for all workers, increasing the amount of disposable income that can be injected into the economy.
3. Consumption would be taxed, adding a new revenue stream.
4. A fuel tax (on all fuel sources) would add dedicated funding to the nation's crumbling transportation infrastructure.
5. The federal debt would be reduced, as surpluses would be mandated to be applied to the debt. After the debt is paid off, the "rainy day fund" would provide for disasters, dips in revenue, etc., without incurring additional debt.
6. Medicare and Social Security would become viable again, with mandatory rate re-assessments ensuring longevity.

Overall, I believe this would better spread the tax burden around those paying into the system, eliminating loopholes that businesses and individuals use to virtually eliminate the taxes that they pay. This should reduce the average tax load anyone may expect to pay, allowing them to spend more money in the U.S. economy. Additionally, it would take a few minutes to compile an individual income statement (detailing what and how much each income stream was), a significant reduction of the hours (or days) that the average person (or CPA) is required to put in for the current tax system.

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Policy should be to not use tax codes for social and personal interest policy. It should collect reasonable taxes. My quick suggestions are two that will cost many people including myself: 1] Eliminate open-ended personal deductions. For example, health insurance premiums may be deducted to an arbitrary and not adjusted amount (for example, \$12,000 per year) to encourage but not fully compensate all and any health plans. 2] Home mortgage deduction – interest deduction should be capped at not more than \$10,000 per year. This encourages home ownership without endlessly rewarding home-related borrowing. This would approximately allow deduction of a 5 percent \$200,000 mortgage for its first year, and less as interest rates increase, declining over time.

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First, tax reform cannot be like in 1985 when the tax simplification turned into a massive tax increase for middle America. My husband and I had our taxes double that time on a 3 percent income increase. We need to stop punishing dual income families. My sister makes about the same amount of money as my husband and I do combined. But since she works and her husband does not, we pay more total taxes. Having an irresponsibly large family should not be rewarded in the tax code. Get rid of the deduction for the number of members of your family. People who choose to have small families or have medical issues that prevent them from having children should not be punished in the tax code. I do not think it is good to have a total flat tax. Home ownership could be hurt without the mortgage interest deduction, and charities could be hurt without that deduction.

However, there should be some limits to the deductions. Real estate agents are constantly pushing people into larger homes than they can afford under the principle that you get a bigger house, you pay less taxes. I'm old enough that my house is paid for, so this does not affect me anymore either way, but I think there should be some deduction for this. Charities – perhaps make it deductible up to the level of tithing (10 percent of gross income to any charity) and then not deductible after that. In that way, everyone gets the same ceiling. Medical expenses – with all the people against health care reform, no one is questioning that people can take a large deduction for health expenses. The government has been subsidizing health care for years with this deduction. I'd rather have Obamacare and get rid of this turkey. These are random thoughts, but they are my starting point. My family makes more money than most, and I do not mind paying my fair share. However, it does make me mad

when people who are at the same or larger income than my family pay much less because of the single v. dual income or family size. Those are the two most unfair parts of the code.

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I would give up all deductions for a simple rate system for taxes that does not entail anything more than a computer and an online form to complete and e file.

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Obviously, tax reform is a very complex subject and any serious discussion of it would go on for at least tens or hundreds of pages. But I would like to outline two ideas here. If I had a magic wand that could eliminate just one economic law in America, it would be the mortgage interest deduction; I sincerely think it is the most destructive and unjust economic law on the books today. It is highly regressive, benefiting mainly the wealthy while excluding those with more limited incomes. It artificially raises housing prices, making homes less affordable for new buyers while cruelly wrenching money from renters, whose very livelihoods depend on affordable prices. It promotes debt, rewarding people who lie on their mortgage applications to buy homes they can't afford, while punishing responsible homeowners who live within their means and pay off their debts quickly; and has helped turn our society into a tyranny of borrowers, where debtors (especially mortgage debtors) are pandered to without end while savers are begrudged every measly penny of interest they earn. But worst of all, worse than all the other considerations put together, it violates the fundamental American principle of justice for all.

Simply put, the mortgage deduction discriminates against renters, and discrimination is morally unacceptable. Now I know some may say that preferences based on housing are different from preferences based on say race or gender. But the reality is that for large segments of the population, such as the vast majority of adults under 30, the "choice" between homeownership and renting isn't a serious choice at all; renting is the only option that makes personal or financial sense, even with all the tax breaks for owning.

The mortgage deduction should absolutely be repealed entirely. Secondly, current personal income tax policy is very unfair towards young adults with no children and has become even more unfair with the recent tax compromise. The deal has eliminated the Making Work Pay tax credit, the only federal tax break for many of us. As you know, the loss of MWP was supposedly offset by a 2 percent cut in the Social Security tax, but for people who make less than 50 times the amount of the tax credit (in most cases, \$20K/year for singles and \$40K/year for couples), this is still a tax increase. To correct this regressivity, the tax deal also increased tax breaks for low-income families; unfortunately, these expanded breaks exclude most childless adults. The new numbers are astounding.

Since full figures for 2010 and 2011 are not yet available, let's consider the 2009 tax year. Had MWP not been in effect, a typical 23-year old single with no children may never receive any federal tax breaks and would start owing federal income tax at \$9350/year, more than 13% below the federal poverty line. This is especially hard to justify, considering how comparatively little the government does for us and how many of its programs (such as supporting housing prices) actually harm us. Now I know some may think forcing childless adults to carry a heavier burden, while sparing families, is more humane. But the reality is the exact opposite. When our lives take an unfortunate turn, we have much further to fall.

Service organizations, both public and private, almost universally place us at the lowest priority; many programs (such as Medicaid) exclude us entirely. Hunger, cold, and other forms of suffering that would be considered unacceptably cruel for families are often shrugged off when young singles are the victims. Look around you, and ask yourself this: If you will not be a voice for humanity and justice towards singles without kids,

who will? I support replacing the child care tax credit with an expanded earned income tax credit that applies to childless adults as much as it does to families. Thank you for reading my suggestions

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It's time for a flat tax or a national sales tax. Our tax code should be simple, easy for the average human to understand, and there should be no exemptions or favorites for special interest groups. Do not tax unprepared food, medicine, or clothing at a certain level.

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I am in favor of scrapping the entire tax system as it exists for personal income tax. I would like to see a flat tax or possibly a graduated flat tax based on income alone. No exemptions for being married, no different tax rates because you are married or not. Just a simple tax like our sales tax is in New York or the Medicare tax.

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I would like to see the definition of small business redefined. We're a small business \$68K a year and a business along with a business that makes under \$5 million. Most of the tax breaks for small business do not apply to us. There should be a reclassification so that when we get a tax break we get one that would apply to those in our scenario. Not sure if you're the right agency to comment on this, but it's just so ridiculous how many forms we need to fill out that could be simplified for those of us who only make under \$100K.

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My wife and I both work for companies and receive W-2s. We have contributions to various charities and some minor interest and dividend income. It is just not right that we have to pay a tax preparer to calculate our return. There should be no deductions other than perhaps a standard deduction for dependents, elderly, etc. The withholding from taxes should be it and no return to file unless interest or dividend income exceeds a predetermined amount. The alternative would be to do away with personal income tax altogether and impose a consumption/VAT tax that would be revenue neutral or increase revenue to the government slightly to help decrease the current deficit. Increase social security maximum to \$250,000 with no change in benefits

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As a retired IRS employee, I would love to see tax reform in my lifetime. GIVE UP - I would be willing to give up all exemptions, deductions, and credits if I only paid 10 percent tax on my gross income. However, this would not be fair to taxpayers like myself who don't have offshore accounts and hide money in other various ways, which is what you will experience (just like the present) with people and companies who make very, very large amounts of money. BURDENSOME - Frankly, my tax return is very easy to prepare as I don't make much money. UNFAIR - I don't think it is fair to punish those who are billionaires, those who are great capitalists. If somehow we could arrive to a system that was fair to EVERYONE, I like to think companies and billionaires would be willing to pay "their fair share." Honesty is no longer the great virtue it once was. What would happen to tax preparers, accountants, and CPAs????

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Understanding and education is the key. My brother is a CPA and has to go to classes every year to understand the changes to the tax code. I also feel that is the reason for the complaints of people. If some of this education were available online, with a registration process of course, I feel a lot of people would take a look. I spend \$250 a year for tax prep. I would be willing to save that money versus the time I could spend to educate myself.

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Make the documentation to support the requirements for completing the form simpler. For example, instead of saying you can deduct a cell phone for business in accordance with publication 503, but when you go to publication 503, it doesn't say anything, and you are supposed to guess, which may lead to the deduction being allowed or not depending on the compliance agent. Allow for electronic documentation to be considered. Many small businesses now rely on bill payment systems, which means that you don't get to write on the bill that it was paid by check number xys, because the online bill payment system at the bank that sends the check to pay the bill doesn't provide a check number, just a debit amount on your bank statement; allow that combination to be shown as proof of payment.

There has to be a better way for the required documentation to accommodate this new way of payments. If the documentation is required to be in a certain format for the agents to accept it, then give an example so that it is the same across the board. Too many times the code and the instructions are not clear; they are confusing and misleading. Clear examples, simple language would be a great start. Small businesses contribute a lot to the economy and have the least amount of time or money to spend trying to figure out the code, make it easier for us. Thank you for allowing us to provide input.

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The AMT must be abolished. Both my wife and I work and bring home under \$200,000 a year. Yet it appears that because we have five kids we are penalized as not paying our fair share of taxes. Between the two of us we take five deductions on our W4 (even though we are entitled to seven) and end up owing around \$6,000 a year. Also, if a single person can earn \$200,000 (as an example) before a threshold is passed, then the threshold for a couple should be \$400,000, not \$250,000. You're penalizing us for being married.

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Please for the love of all humankind in the United States, go to a flat tax. My husband and I are business owners and spend a lot of money to have perfect corporate (and married) tax returns. We claim every penny of income and take the deductions our accountant says we can take. I would forego any deduction for the ease and simplicity of a flat tax. No more deductions! None, not even the mortgage tax deduction. No deductions for kids or illness or anything. ZERO deductions. Everyone and I do mean everyone (including corporations) pays a flat 10 percent tax. Returns should be completed in less than 15 minutes. Except for creating a public insurance option plan, this would be the #1 improvement to every American's life. We all have to pay our fair share. This would do it.

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Dear Ms Olson, My suggestion is about due dates. I believe that all due dates for filing and paying taxes should be changed from the 15th to the third Wednesday of the month. Likewise, that the last day of the month be changed to the third Wednesday of the next month. This would greatly simplify the work scheduling for taxpayers and the government and, I believe, improve compliance. There are no holidays on the third Wednesday of any month and studies have shown that Tuesday is the most productive day of the work week. I know that this sounds simplistic, and I usually get some rolling eyes and smirks when I discuss this with others as if this is just unthinkable!!! No one has been able to give me a good reason why this would not work. I do not think that the government could not adjust to the loss of cash flow by at most six days on occasion. My social security check comes on the fourth Wednesday (because of my birthday) instead of the 1st of the month, and I am sure that the government gained some cash flow and work efficiency by making this change. Your careful consideration and reply will be greatly appreciated.

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I would like to see the option of paying for student loans pre-tax and removing the student loan interest deduction. If this were the case, then removing the credit for tuition and expenses would also be reasonable.

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Still allow parents the ability to claim their child after age 16. That is when it gets expensive for them in high school and college. With the cost of tuition, room and board, books (too high), and other associated costs continuing to rise, it is hard being in middle class to afford everything. Also costs with student loans make it an unacceptable option due to the ridiculous amounts needed to pay for college. I would like to see our country provide means for students to get a free education in exchange for government service, etc., which would help lower our deficit possibly by utilizing students for certain jobs which would reduce costs.

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I should be able to control where a small portion of my tax dollars go, \$100 or so. If I think we need greener energy, I pick that. If I think the FDA needs it, I pick that. If I like war in Afghanistan, I pick that. Or if I like bankers (fat chance), I pick to send my \$100 to Wall Street. Let different programs vie for my tax dollars and give me some (although very small) control over it.