

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

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FOR:

THE PRESIDENT'S ADVISORY PANEL ON FEDERAL TAX REFORM
1440 NEW YORK AVENUE NW
SUITE 2100
WASHINGTON, DC 20220

PURPOSE: SUBMIT COMMENTS

ON

“PRESIDENT’S TAX PANEL SEEKS PUBLIC COMMENTS”

SUBMITTED BY:

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Note: Pages 2-5: Personal response to Panel's questions.
Pages 6: Additional, relevant comments within the overall purview of the
questions posed by the President's Tax Panel.

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7 March 2005

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Subject: President's Tax Panel Seeks Public Comments

Topics follow the sequence as provided on the Panel's February 26, 2005 email announcement to the public.

1. Headaches, unnecessary complexity and burdens that taxpayers – both individuals and businesses – face because of the existing system.

- An individual cannot maneuver, interpret, or begin to understand the enormous and ever-expanding tax code. It is a system out-of-control. The current tax code is unfair, biased, and prejudicial! The tax code for the middle class, Senior Citizen, and single people is extremely biased.
- The system does not allow consideration for all other taxes paid for every conceivable service charged by State, County and City.
- It is truly taxation without representation.

2. Aspects of the tax system that are unfair.

- The "middle" class has the highest and most unrealistic ratio of all taxes paid.
- Personal deductions given are not realized when required by the IRS Tax Code to be offset by annual taxes on mortgage and other deductions. The offset wipes out any personal deduction given, and thus, a false deduction.

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- The tax code is extremely biased against Single people who are charged higher taxes than either Head of Household or Married people, but who must absorb ALL costs required for running a household on a single salary. Each group has a mortgage (or rent), transportation, cost of utilities, maintenance, etc., yet must pay more in taxes. This is prejudicial and extremely biased.
- The Tax Codes are especially onerous to Senior citizens. Seniors over 65 should not be taxed at a rate equal to a fully employed person, e.g., COLAs are not realized due to the ever-increasing health benefits and Medicaid costs, and property and school taxes. Income is basically static, becoming negative income by continued increases in property taxes, utilities, gasoline, and food, and other amenities of life.

Congressional funding of "Pork", wars, farm and other subsidies, tax breaks for corporate-world and businesses, and multi-faceted aid dispersed under various guises to other countries, leaves behind American health care, Social Security, Senior Citizens, and young children. We can support a "war" that costs billions of dollars, build other nations with our tax dollars, but ignore those citizens who throughout their lives have entrusted these funds for the benefit of our country. Our taxes are used to support wars and foreign aid, while congressional leaders blame seniors for the failing Social System and Medicaid programs, and indicate That "seniors" are a burden on the "system" that has never been repaid by congressional borrowing.

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3. Specific examples of how the tax code distorts important or personal decisions.

- As a Government OFFSET retiree, I receive a pension offset by Social Security. If I were to work, the government would take \$1.00 for every \$3.00 of Social Security. From potential earnings, eliminating any incentive to work. This ruling is extremely prejudicial and biased toward senior citizens living on a fixed income, or who receive minimal increases based on COLAs.
- My mortgage payments and other tax deductions are just barely larger than that IRS tax deduction "allowed" me because I am over 65 years of age. To receive any significant benefit, I must take the larger of the two deductions, which differs by approximately two thousand dollars. But in reality, taking the deduction for my mortgage and other smaller deductions actually all but cancels out my government "deduction" as a senior citizen. This results in a false personal "tax" deduction by the government. This is a negative and false tactic, and one that is grossly unfair!

4. Goals that the Panel should try to achieve as it evaluates the existing tax system and recommends options for reform.

- Establish one tax for all people, instead of taking a percentage or dollar amount based on income.
- Stop taxing seniors at the same rate as wage earners.

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The IRS is a bloated organization that is a bureaucratic nightmare that needs to be downsized or preferably, dismantled. Short of that, put in place a single tax code that is fair to all Americans.

- Close ALL Tax "loop-holes".
- Create a tax system that is fair for all Americans without the influence of big business led by their lobbyists.
- Stop the exodus of American companies taking their business overseas where little or no taxes are paid back into the system.

America is paying an enormous price for the loss of jobs companies who defect to and support foreign economies over the American economy.

- Fully tax all offshore companies and accounts.
- Tax every business equally, prorated on size and revenue.
- Stop the exodus of money out of the US to foreign countries by illegal immigrants who earn money and send it "home". This is lost revenue to the economy and contributes to increased taxes. Perhaps not humanitarian, but a necessity for our economy.
- Create laws to stop lobbyists from pandering elected congressional representatives, and for congress to actually work for the taxpayer, doing what is right for America.

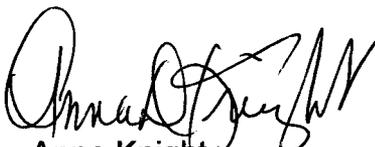

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Cont on page 6: Additional comments relevant to all questions.

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Comment. As a Government Off-Set retiree, my combined pension and social security is \$51,000 annually, and taxed at more than \$9,000 annually under the current tax code, which continues to soar, off-setting any small COLA received. Taxes levied by the State, County, and City, for telephone, cable, Internet, utility and other services, which further drastically reduces realized income. There is no relief given under the current Tax Code. And these taxes continue to soar.

b. [I believe that] the single main reason the IRS Tax Codes have not been changed, or the IRS dismantled in the past, is because it is the single largest Government office, employing the largest number of people in the US Government, and to eliminate the current tax code would displace hundreds of thousands of employees. Such action would be likened to those people who have lost their jobs due to large and small businesses and manufacturers taking American relocating overseas. Such action, if taken, might "awaken" congressional leaders to the need to take immediate action to stop the mass exodus of American companies abandoning America for a larger profit. While humanitarian in act, it denies millions of Americans jobs, and allows for no accountability or responsibility when things go "wrong". American taxes should first make America a "well" country. Cutting the IRS bureaucracy would drastically cut government spending.


Anna Knight