

JOHN A. NOWICKI
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PRESIDENT'S ADVISORY
729A 2934 4824
PANEL
ON FEDERAL TAX REFORM

March 3, 2005

Presidents' Advisory Panel
1440 New York Ave. NW
Suite 2100,
Washington, D.C. 20220

2005 MAR 28 P 5: 00

To Whom It May Concern:

Read your request for comments on tax reform in my local newspaper and provide them hereunder.

PREAMBLE - It is my belief that the existing tax regulations are far too cumbersome and contain too many forms many of which you find are not contained in the Christmas package you received previously and which you discover you need after you begin completing the forms. The taxpayer is also forced to utilize worksheets contained in the instruction booklet which do not provide a direct or simplified method in arriving at the purpose of the calculation, which worksheets were instituted many years ago enabling the IRS to brag falsely, that tax preparation was simplified. Some forms are so ambiguous even to me, formerly a lifelong accountant in senior financial positions with a large oil company formerly headquartered in New York City and a college graduate. I still spend several weeks completing my return. I also feel very strongly that it should not be necessary for the average educated person to be forced to seek a preparer to satisfy his annual commitment to the IRS.

SUGGESTION - My suggestion is for the Advisory Panel to review and recommend an individual's tax liability be based solely on income and not on income less deductions. Eliminate deductions all together, some of which were no doubt included by lobbyist groups in the past. The rate could be "flat" or even graduated as at the present and should cover similar tax receipts which exist now. All income would be included without exception. There will be no difficulty in defining income since it has already been defined in the myriad of forms we now have.

BENEFITS - These are many but would include:

1. A monumental reduction in the cost of paperwork and distributing the forms now in use.
2. A sizeable reduction in the examining staff permitting some of them to concentrate their efforts in other problem areas such as business returns as well as, and particularly, "under the table" compensation, which was in the billions the last time I saw it referenced.
3. The elimination of expenses for most individuals in visiting tax preparers. These preparers can concentrate their efforts on business returns which could be separately reviewed and revised down the road since revising all returns at one time would be a monumental task.
4. Giving the American taxpayers part of their lives back in reducing their time in return preparation and maintaining records. The same rules should be applied, however, in filing estimated returns which are in existence now.

OTHER SOLUTIONS - I was surprised to hear Dr. Greenspan recommending a "Hybrid" tax plan. I believe that the "income" portion of his recommendation would not appear on the surface to be much in the way of reform, when and if finalized, retaining many of the items which are problematical now. No fair agreement will ever be reached on a "consumption" tax by our government as to where the tax should begin on the items that should be taxed and at what level. The latter is the same Pandora's box that we have now and will continue to be debated ad infinitum in the future. I believe our elected officials debates will be better served elsewhere.

I trust that some positive action will take place down the road and hopefully, since I am in my 70's, will see some needed reform in the not too distant future.

Thank you for the opportunity to make a suggestion.

Very truly yours,



JOHN A. NOWICKI

JAN/me

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