

I agree that the IRC is overly complex, unfair, and as a result makes compliance impossible, audits difficult, and reduces faith in the system. Let us first go to a simple premise; the purpose of taxation is the generation of revenues for which the government needs to operate.

If you follow the above guiding premise, then the IRC should be neutral as to actions and only to raise the needed funds. You know where this is leading, and politically, I do not believe that all of you elected representatives can or will do what is fair and unbiased.

1. Income-wages, tips, settlements (net of legal costs), as well as dividends, interest are all taxable. Let us get rid of short and long-term gains.
2. Eliminate deductions and credits. Instead, let us say an individual gets 10K, spouse 10K, and each child, up to 2-5K each as a deduction. This eliminates the current schedule A. No more special credits for age, disabilities etc. No more child care credits, energy credits, mortgage or state tax deductions. I believe that the amounts reflected would cover over 90% of the filers. Just think of the savings in tax preparation fees!
3. If you note, a family up to 4 would not pay any income tax until earning exceed 30K. Thereafter, the ideal would be a single tax rate of say 15% on the excess. Facing reality, you may want to say have the 15% rate up to 100K and 18% above.
4. No more credits or deductions for solar, mortgage interest, etc. This takes the tax code away from encouraging or steering actions of others. Taxes are to raise funds, not drive actions.
5. Get rid of the AMT. It is a waste of resources.

Compliance would go up, overall I think revenues would rise, and all would be encouraged to find ways to increase income, not how to avoid taxes. It is my estimation that further savings to the government would be achieved because the Treasury/IRS would be significantly reduced in size.

I know this looks very simple, and I think taking away partisan and liberal/progressive/conservative politics, the overall population would be happy. H&R Block and many accountants not so (btw, I am a CPA).

Should you want to talk about this in greater detail, I would be most happy to make myself available.

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