

PRESIDENT'S ADVISORY  
PANEL  
ON FEDERAL TAX REFORM

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Mr. And Mrs. Mark Lucitt

Individuals

March 13, 2005

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Individuals

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

- a. Complex tax forms that only a CPA can understand and fill out.
- b. Volumes of tax law that make no sense to the average person.
- c. Inconsistent tax advice from IRS representatives and professionals.
- d. Volumes of paperwork to prove figures on tax form.
- e. Turbo tax type forms from IRS (government should provide).

2. Aspects of the tax system that are unfair.

- a. Propaganda threats from IRS regarding incorrect filing, incorrect estimations, etc.
- b. Abusive language, threats and behavior by IRS representatives on the telephone.
- c. Close to 50% of our income goes to support a government system that is not a good steward with the money.
- d. Military should not be taxed at Federal Level since military salaries come from tax dollars; this is essentially a tax upon a tax.
- e. Tax on savings interest is unfair. There is a reduced incentive to save; even Mexico does not tax their citizens savings accounts.
- f. Wealthy citizens can afford to put into place legal solutions that help them to reduce tax. Middle and low class citizens may/may not know about the solutions, but do not have the financial means to implement these solutions.

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- g. Individual choices made by individual taxpayers should not be rewarded or punished on their taxes (childcare credits, energy credits, railroad credits, taxed interest on mortgages, taxed interest on investments).
  - h. Illegal immigrants do not have to pay income tax; a National Sales Tax would at least capture a percentage of their purchases.
  - i. Visitors to this country pay no income tax of course, but if their purchases were taxed, it would add substantially to the Treasury Department.
3. Specific examples of how the tax code distorts important business or personal decisions.
- a. Many people hold off on capital expenditures until after their "Tax check" is received.
4. Goals that the panel should try to achieve as it evaluates the existing tax system and recommends options for reform.
- a. A system that is equal for each taxpayer whether they are wealthy, middle class or poor.
  - b. A system that doesn't punish the rich or take away the necessities of life from the poor.
  - c. A system that gives us our freedom to choose to participate and fund our own government.

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- d. A system that doesn't punish us for trying to get ahead, but instead allows us to enjoy wealth and willingly choose to support our government with our increased wealth.
- e. A system that doesn't punish us for gaining wealth and passing it on.

We firmly believe that every American has a right and a responsibility to fully participate in the Federal tax system. As American's we also have the right to expect our government to be wise stewards with the money that is entrusted to them.

We firmly support a system of tax that is based on the following criteria:

1. A National Federal sales tax that applies to all goods sold.
2. Excluded from this tax would be all room and board type items (so as not to further burden our poor)
3. Services would not be taxed.

A system that is based solely on a National Sales tax creates a pay-as-you-go type of system related to consumption instead of income. If the rich can afford an expensive car, boat, etc., then they will pay tax based on the cost of the item. If a middle class person can afford a Saturn or Honda, they will pay tax on the cost of that item. The tax burden would be more fairly distributed.

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We have no problem supporting our government. We do have a problem with a system that has the potential to take up to 50% of our hard earned money and then be poor stewards with it.

With a tax tied to spending choices, it would give incentive for American's to spend their money wisely, move towards wealth that can be retained and passed on to their children, and with that wealth would come increased spending which in turn benefits the Federal Tax System.

Sincerely,

*Mark & Phyllis Lucitt*

Mark and Phyllis Lucitt