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individual

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

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Dear Members of the President's Tax Reform Panel:

I have a couple of ideas that I hope you will consider in your proposals to reform the tax code.

I. Description of Proposal:

Of the ideas I have heard about via the media, the one I most agree with is that proposed by the Citizens for Tax Justice—suggesting 15% and 28% rates for middle and upper incomes, respectively. Most deductions would be eliminated, except those for mortgage interest and charitable contributions. I would add a caveat to the charitable contributions: only funds that directly go for charity would be deductible, and not funds for charitable administrative costs.

- 1) Citizens should be able to withhold their tax money from being spent on wars, i.e., conscientiously object to economic support for war. I am against war, and should be able to designate that my taxes go to humanitarian-based projects rather than war, the military, etc.
- 2) The poor should pay no taxes, but, unlike the current poverty level, "poverty" must be re-defined every year or every four years.
- 3) The difference between single and married tax filers should be eliminated. If someone shares a home, each party can deduct one half of the mortgage interest.

4) Two major loopholes pertaining to business or corporate taxes (besides that of many corporations paying no taxes whatsoever) should be addressed: a) Deductions for "entertainment" should be eliminated. Although deals may be closed over dinner, these and other entertainment costs should become part of a business's strategy and not a cost to be deducted. b) Deductions for real estate losses should be rethought. A business—or an individual, for that matter—should not be able to deduct an apartment, home, or office space as a loss if the rent is kept so high that it essentially keeps out all but the wealthiest members of society. Real estate holdings should be deducted as a loss **only if** the property is advertised with rent equal to or below the average rent in a given county and the property then goes unrented.

II. Fairness: Most of the above concerns pertain to the category of fairness also. For example, allowing a person to follow his/her conscience in paying taxes and also the fairness to the housing needs of a community is addressed by business proposal 5b. Business proposal 5a seems an obvious attempt to address fairness.

Thank you.