TAXES in AMERICA

A Background & Issue Primer

CONGRESSMAN J. RANDY FORBES

SERVING VIRGINIA'S FOURTH DISTRICT

An Introduction by

CONGRESSMAN J. RANDY FORBES

"Am I taking advantage of the right deductions?"

"Am I paying too much in taxes?"

"Do secretaries really pay a higher percentage of their income in taxes than millionaires?"

"What are loopholes and how are corporations able to get away with them?"

"Will new policy changes in Washington make my business taxes go up?"

These are just a few questions that ring through the ears of Americans when they think of our federal tax system. Few of us hear the word "taxes" without automatically thinking of **complexity, confusion, and frustration**. Our federal tax code is a vast system of numbers, equations, deductions, credits, loopholes, forms, and publications. Beyond the federal tax code itself, there are complicated policy issues regarding taxes that need to be addressed.

I have put together this background and issue primer on taxes in America to help break down our current federal tax code and shed light on some current issues surrounding our tax system. This document does not touch on every complexity of our tax system; there are volumes of works published with the purpose of providing detailed explanations of any one of the topics addressed in this primer. However, it is my hope that this background and issue primer will provide helpful information and begin a discussion about taxes in America.

In this document, you will find:

AN OVERVIEW *of the* **FEDERAL TAX CODE**

STATE *and* **LOCAL TAXES EXPLAINED**

FEDERAL TAXES *in* **PERSPECTIVE**

WHERE I STAND

LEGISLATION I SUPPORT

RECOMMENDED READING

An Overview *of the* Federal Tax Code

The federal tax code is complex. There are over 2,000 forms and publications listed on the Internal Revenue Service (IRS) website. There are 14 changes in the 2011 tax code to the standard Form 1040 alone, not considering changes that affect any of the other forms used for filing taxes.

The following provides a basic overview of the types of federal taxes for individuals and families that make up the federal tax code.

THE FEDERAL INCOME TAX

Federal income taxes are assessed on a taxpayer's taxable income. **Gross income** means all receipts and gains from all sources, including - but not limited to - compensation for services, business income, property gains, interest, rent payments, alimony payments, pensions, and others. **Taxable income** is calculated by using the **adjusted gross income** reduced by either the standard deductions or itemized deductions and personal and dependent exemptions.

Tax Deductions

Tax deductions adjust your AGI to create your taxable income.

"Above the line" adjustments reduce your total income and affect your AGI. These are available to all taxpayers and could include:

- interest on student loans
- higher education expenses
- contributions to health savings accounts
- alimony payments

Standard or itemized deductions include home mortgage interest payments, state and local income taxes, state and local property taxes, charitable contributions, medical expenses in excess of 7.5% of AGI, and a variety of other items.

Adjusted Gross Income

Your adjusted gross income is your **income minus deductions.** It is the basic measure of income under the federal income tax. It determines your tax bracket, which credits you quality for, and how much you're able to contribute to tax-deferred retirement accounts.

Personal and dependent exemptions are a fixed amount to be subtracted from AGI. Exemptions are allowed for the taxpayer, the taxpayer's spouse, and each dependent. In 2011, the exemption amount per person is $3,700. For taxpayers with high levels of AGI, the personal and dependent exemptions are phased out.

The computation of a taxpayer's tax liability depends on their filing status. There are four main filing categories:

- married filing jointly
- married filing separately
- head of household
- single individual

Income "Tax Brackets"

The individual income tax system has six marginal income tax rates, often known as "tax brackets." These marginal income tax rates are applied against taxable income to arrive at a taxpayer's gross **income tax liability.**

Tax Bracket	Single	Married Filing Jointly	Married Filing Separately	Head of Household
10%	$0 – $8,500	$0 to $17,000	$0 to $8,500	$0 to $12,150
15%	8,500 - 34,500	$17,000 to $69,000	$8,500 to $34,500	$12,150 to $46,250
25%	34,500 - 83,600	$69,000 to $139,350	$34,500 to $69,675	$46,250 to $119,400
28%	83,600 - 174,000	$139,350 to $212,300	$69,675 to $106,150	$119,400 to $193,350
33%	174,000 - 379,150	$212,300 to $379,150	$106,150 to $189,575	$193,350 to $379,150
35%	Over 379,150	Over $379,150	Over $189,575	Over $379,150

Given the complexities of the tax code, most taxpayers do not pay the marginal tax rates associated with their tax bracket. Various tax provisions are available to individuals depending on their level of income. For example, the earned income tax credit (EITC) phases in as income increases, reducing a taxpayer's marginal tax rate. At higher income levels, as the credit phases out, the taxpayer faces a higher marginal tax rate during that phase out range.

Tax Credits

After a taxpayer's tax liability has been calculated, tax credits are subtracted from gross tax liability to arrive at a final tax liability. Major tax credits include:

- the earned income tax credit
- the child tax credit
- education tax credits
- the credit for child and dependent care expenses

The Alternative Minimum Tax (AMT)

The stated purpose of the alternative minimum tax (AMT) is to keep taxpayers with high incomes from paying little or no income tax by taking advantage of various preferences in the tax code. It does this by requiring people to recalculate their taxes under alternative rules that include certain forms of income exempt from regular tax and that do not allow specific exemptions, deductions, and other preferences.

Technically, the AMT is not an "alternative" tax. It is defined as the addition to regular income taxes, equal to the amount, if any, by which AMT liability exceeds regular tax liability (after applying appropriate credits). Taxpayers effectively calculate their taxes under two systems and pay the higher of the two liabilities.

Tax Credit *vs.* Tax Deduction

A **tax credit** is something that directly reduces how much tax you *owe*.

A **tax deduction** is something that reduces how much taxable income you *claim*.

Which is better?

While you don't have a choice in what a particular expense is (tax deductions cannot also be tax credits), there are circumstances where individuals might benefit from a deduction over a credit, or vice versa. For example, ROTH IRA retirement accounts are only available to those who make under a certain income level. If an individual makes over that threshold, using qualifying deductions can open up his or her eligibility for a ROTH IRA because it lowers his or her taxable income.

THE PAYROLL TAX DEBATE

Payroll tax breaks were created to help stimulate the economy and were set to expire at the end of 2011. At that time, Congress sought to resolve differences between House and Senate proposals to extend the payroll tax break and unemployment benefits while averting avert a 27% cut in Medicare physician payments.

Extending the payroll tax cut for a full year would have ensured that taxes would not be increased for the nearly 170 million Americans who pay payroll taxes, with the average working family saving $1,000 in 2012. The House's measure would have extended these benefits **for a full year** while the Senate's plan would have only provided a **two-month extension**. A short-term extension was passed, extending the payroll tax breaks until February 29, 2012.

On February 22, 2012, President Obama signed into law an extension of the payroll tax deduction through the end of the year, December 31, 2012.

PAYROLL TAXES

Payroll taxes are used to fund specific programs, largely Social Security and Medicare. Social Security and Medicare taxes make up the largest share of federal payroll taxes by a wide margin. Social Security and Medicare taxes are generally paid at a combined rate of 15.3% of wages, with 7.65% being paid by the employee and employer alike.

In 2012, the Social Security part of the tax is only levied on the first $110,000 of wages, with the cap adjusted annually for increases in average wages in the economy. Percentages are as follows for the Social Security portion of the tax:

- Self-employed- 10.4%, with the maximum taxable earnings at $110,100.
- Employees- 4.2%, with the maximum taxable earnings at $110,100.
- Employers- 6.2%, with the maximum taxable earnings at $110,100

The Medicare portion (2.9%) is applied to all wages.

FEDERAL EXCISE TAXES

Excise taxes are a form of consumption tax—levied on the consumption of goods and services rather than income. Unlike sales taxes, they apply to particular commodities, rather than to broad categories. For example, excise taxes may be levied on gasoline, diesel, domestic air passengers, beer, cigarettes, and others.

ESTATE AND GIFT TAXES

The *federal estate tax* is imposed when property is transferred at death. The taxable estate was subject to a flat 45% rate in 2009 and will be subject to a flat 35% rate in 2011-2012. There are some deductions allowed on this tax, including a marital deduction for property transferred to a spouse, transfers to charity, and estate administration expenses.

The *federal gift tax* operates alongside the estate tax to prevent individuals from avoiding the estate tax by transferring property to heirs before dying. The same tax rates apply to an estate "gift" as it does to an estate transferred at death.

CAPITAL GAINS TAXES

Under current income tax law, a capital gain or loss can result from the sale or exchange of a capital asset, like non-tax-deferred investment accounts. If the asset is sold for a higher price than its acquisition price, then the sale produces a *capital gain*. If the asset is sold for a lower price than its acquisition price, then the sale produces a *capital loss*.

An example of a capital gain might look like this:

George bought 10 shares of ABC stock at $100 per share (for a $1,000 purchase price). George also paid a stock broker $25 in commission. George then sold his shares at $120 each. He again paid a stock broker a commission of $25. Capital gains would be calculated in this way:

Selling price: $1,200
Minus Selling commission: -$25
Minus Buying commission: -$25
Minus Purchase price: -$1,000
= Capital Gain of $150

Capital gains tax is 0% for those in the 10% and 15% tax brackets. It is currently 15% for taxpayers in tax brackets exceeding 15%. (These are reduced rates that have been extended through 2012 as a part of the Tax Relief, Unemployment Reauthorization, and Job Creation Act of 2010).

Those in favor of lowering capital gains taxes say it will spur more investment in the U.S. economy. According to the Heritage Foundation, higher capital gains taxes would “indisputably …harm the economy. The debate is only over the extent of the harm and whether the proposed tax rate increases would really increase net revenue for the federal government.”

MARRIAGE TAX PENALTY

The marriage tax penalty is the difference between what you pay in taxes as a married couple and what you would pay in taxes as two unmarried people. Essentially, higher taxes are levied on married couples who earn the same as two single individuals, regardless of whether the married couple files jointly or separately. 2003 tax laws reduced the impact of the marriage penalty in some instances, but the penalty still exists for some couples depending on their tax brackets.

Generally, the more evenly divided the earned income of the two spouses, the more likely they are to have a structural marriage tax penalty. For example, married couples in which each spouse earns 50% of the total earned income have the largest marriage tax penalties. Specifically, two individuals having $80,000 each in taxable income would be in the 25% marginal tax bracket when being taxed as individuals. Their federal income tax liability would be $16,181.25 each (or $32,362.50 jointly). However, were these same persons taxed as a married couple, they would be in the 28% marginal tax bracket and have a joint federal income tax liability of $33,043.50. The marriage tax penalty for this couple would be $681.

Sources: Information for this section taken from the Congressional Research Service "Overview of the Federal Tax System" and the Congressional Budget Office.

THE CORPORATE INCOME TAX

Like individuals, corporations in the U.S. must file tax returns every year, and the corporate income tax is a tax based on the income made by the corporation.

Corporations follow a different system of marginal corporate tax rates. All firms, no matter what their level of taxable income, pay a 15% income tax rate on their first $50,000 of taxable income. The following chart provides a breakdown of the various tax rates for corporations.

Table 3. Corporate Tax Rate Schedule, 2010

Taxable Corporate Income	Corporate Tax Rate
$0-$49,999	15%
$50,000-$74,999	25%
$75,000-$99,999	34%
$100,000-$334,999	39%
$335,000-$9,999,999	34%
$10,000,000-$14,999,999	35%
$15,000,000-$18,333,332	38%
$18,333,333 and over	35%

Source: IRS
Notes: Like the individual income tax, the corporate tax schedule contains marginal tax rates. All firms, no matter what their level of taxable income, pay a 15% income tax rate on the first $50,000 of taxable income.

State *and* Local Taxes

Most federal revenue comes from income taxes. State and local revenue, however, comes from a greater combination of taxes like transaction taxes, income taxes, and property taxes. The type and amount of state and local taxes vary from state to state and between local communities.

STATE TAXES

Personal Income Tax

Many states and some localities require individuals who received taxable income in that state or locality to file personal income taxes. Each state has its own marginal tax rates. In Virginia, the Virginia Adjusted Gross Income is an individual's federal adjusted gross income (from a federal income tax return) plus any Virginia additions, minus the Age Deduction and any Virginia subtractions. More detailed information on that calculation available here.

Property Taxes

A property tax is levied by the governing authority of the jurisdiction in which the property is located, like a state or locality. Homeowners pay property tax, but renters may contribute to their landlord's property tax with each rental payment. It is important to note that multiple jurisdictions can tax the same property.

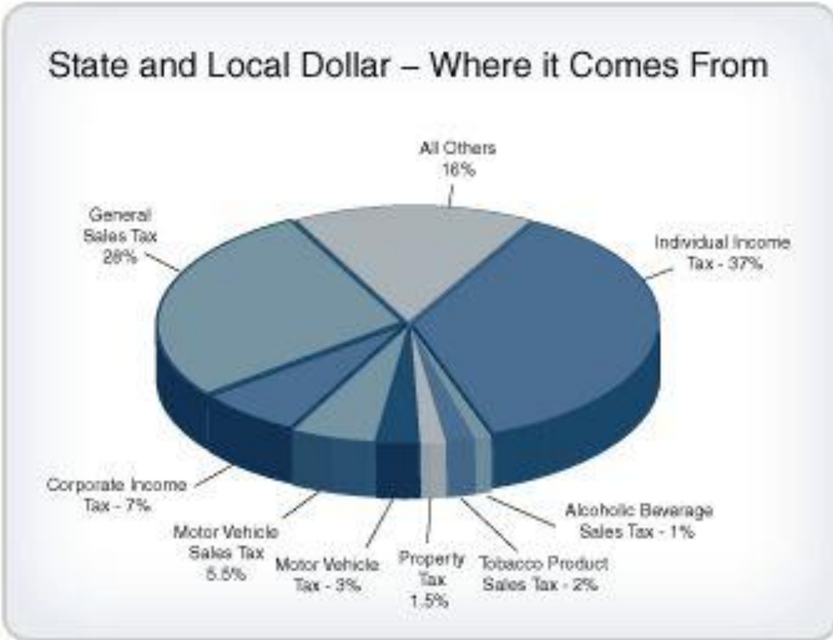
Sales and Other Transaction Taxes

A common source of revenue for states is a sales tax, which is levied when a good or service is purchased. These are the taxes you pay at the grocery store, when you eat at a restaurant, and when you purchase household goods. There are a host of other taxes that can be levied, from fuel tax to wireless service tax to tire recycling tax, depending on the individual state. A list of sales and transaction taxes in Virginia is available here.

LOCAL TAXES

While some localities have income or sales taxes, the largest example of a local tax is property tax. The Virginia Department of Taxation provides a list of selected local tax rates here.

This chart provides an example of how state and local government may receive revenue based on various taxes (note: these percentages are for illustrative purposes only).



Source: Internal Revenue Service

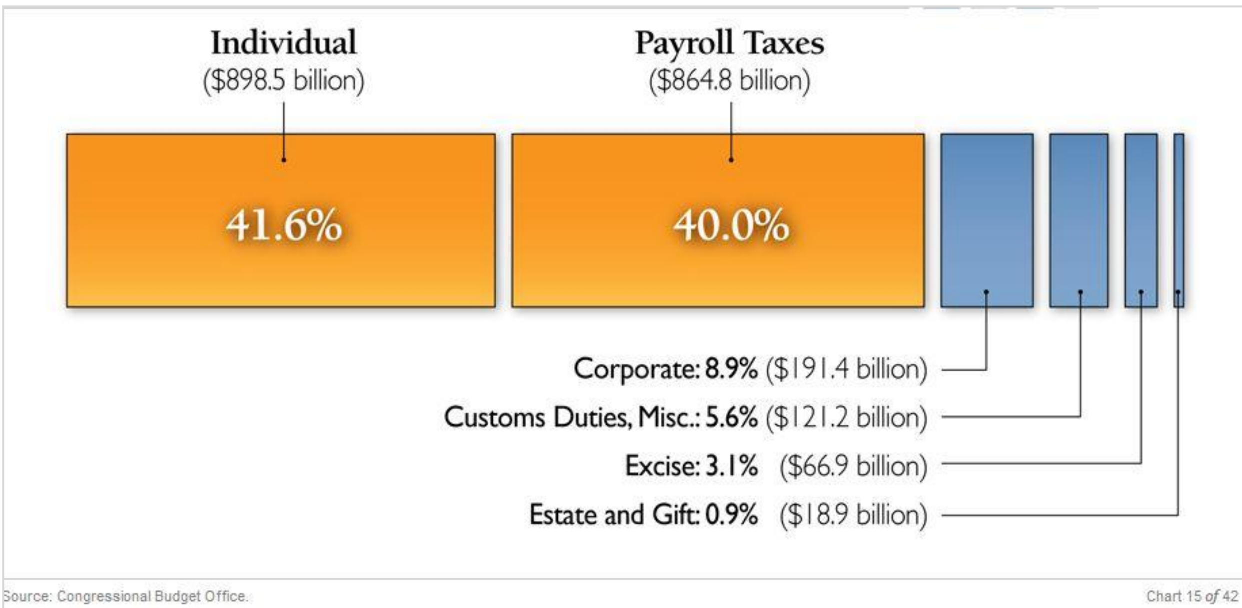
HOW VIRGINIA'S TAX BURDEN STACKS UP

According to the Tax Foundation, Virginia's state and local tax burden is currently estimated at 9.1% of income (33rd nationally), **below the national average** of 9.8%. Compared to the 1977 data, Virginia had a tax burden of 9.8% (25th nationally), decreasing 0.7% overall. Currently Virginia taxpayers pay $4,392 per capita in state and local taxes.

Federal Taxes *in* Perspective

…FROM A REVENUE PERSPECTIVE

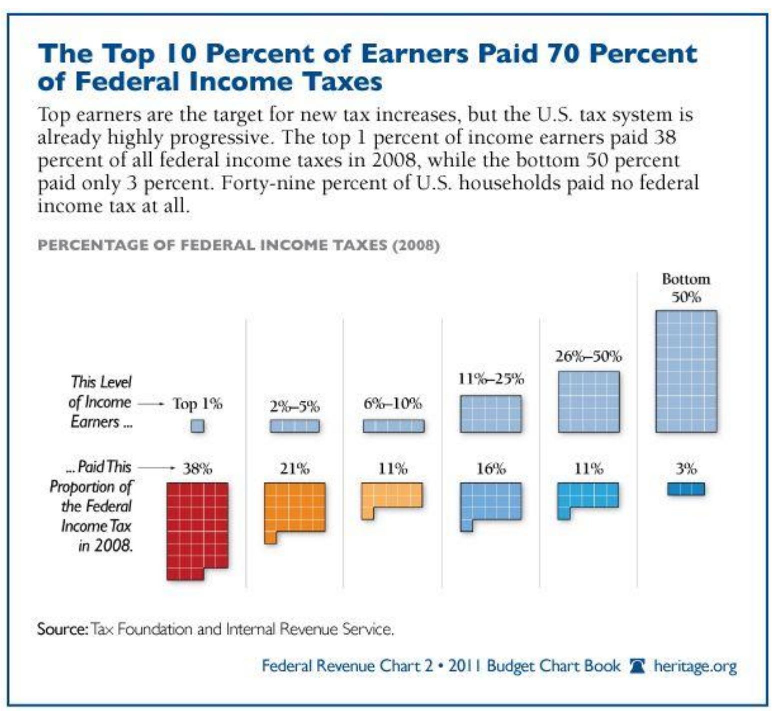
Most federal revenues come from individuals. Personal income taxes provide the largest portion of total tax revenues, though some of this is small-business income. Social Security and Medicare payroll taxes are the second-largest source. This chart from the Heritage Foundation shows a breakdown of where federal revenues come from.



….FROM A CITIZEN'S PERSPECTIVE

The United States has a *progressive* tax system, meaning that more taxes are levied against individuals who earn more income. For example, the top 1 percent earners in the United States paid 38 percent of all federal income taxes, where the bottom 50 percent paid 3 percent of all federal income taxes.

This chart shows the portion of all federal income taxes paid by each level of income earners.



Tax Freedom Day

Tax Freedom Day is the day when Americans finally have earned enough money to pay off their total tax bill for the year. In 2011, Virginia taxpayers work until April 12 to pay their total tax bill (ranked

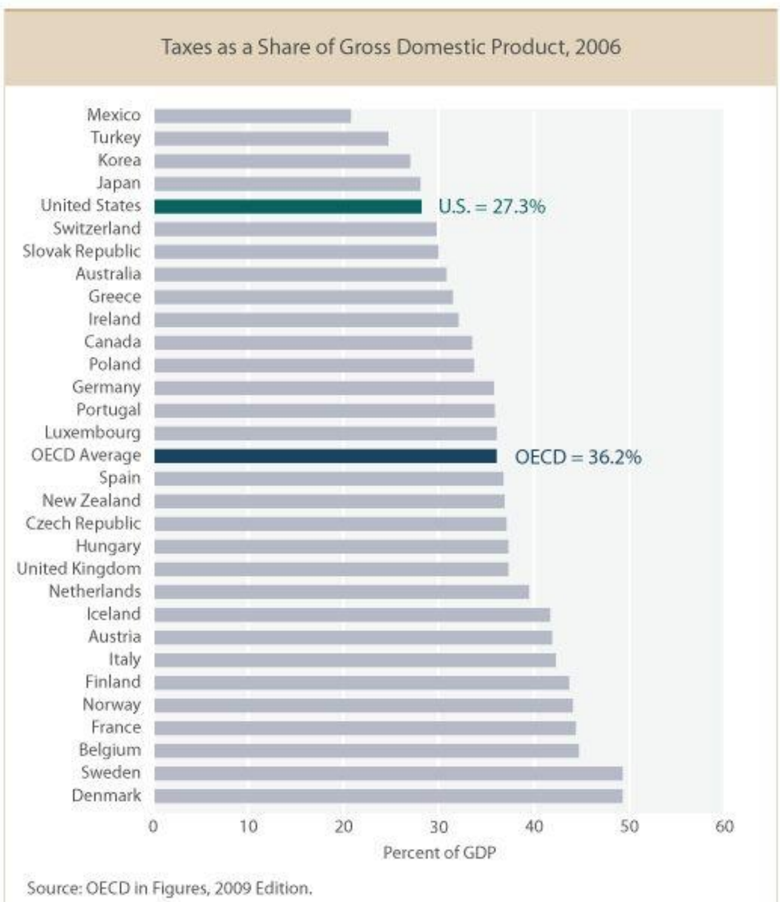
14th highest nationally). That's the same date as national Tax Freedom Day.

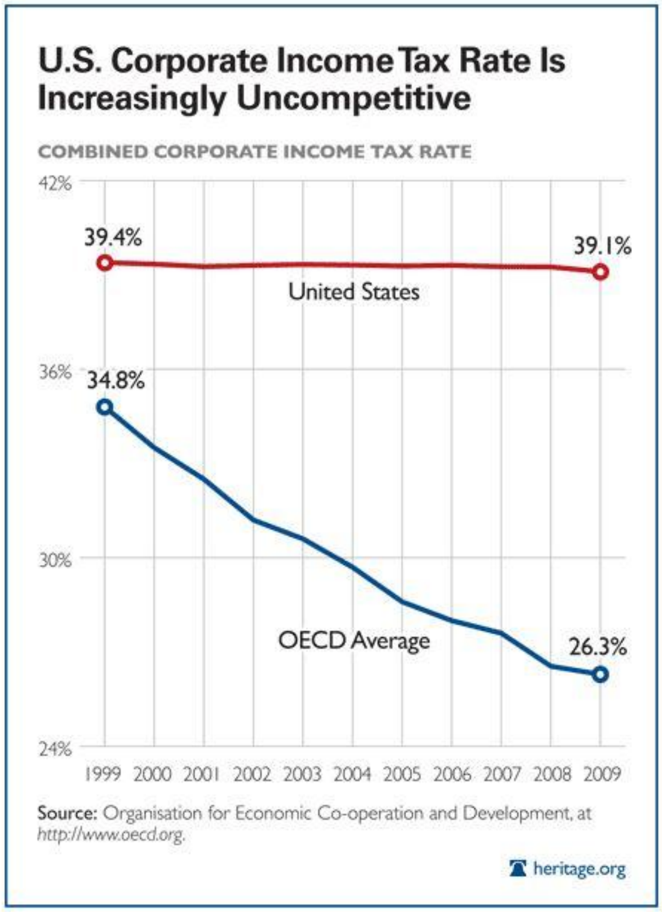
…FROM AN INTERNATIONAL PERSPECTIVE

According to the Tax Policy Center, U.S. taxes are low relative to those in other developed countries. In 2006 U.S. taxes at all levels of government claimed 28 percent of Gross Domestic Product (GDP), compared with an average of 36 percent of GDP for the 30 member countries of the Organization for Economic Co-operation and Development (OECD).

However, at a combined statutory rate of roughly 39% (including an average effective state and local combined rate of 4.2 percent in addition to the federal rate of 35 percent), the U.S. has the second highest corporate income tax rate in the world, which makes America unappealing in the competition for businesses and jobs.

The following chart shows where the U.S. ranks in terms of taxes as a share of GDP.



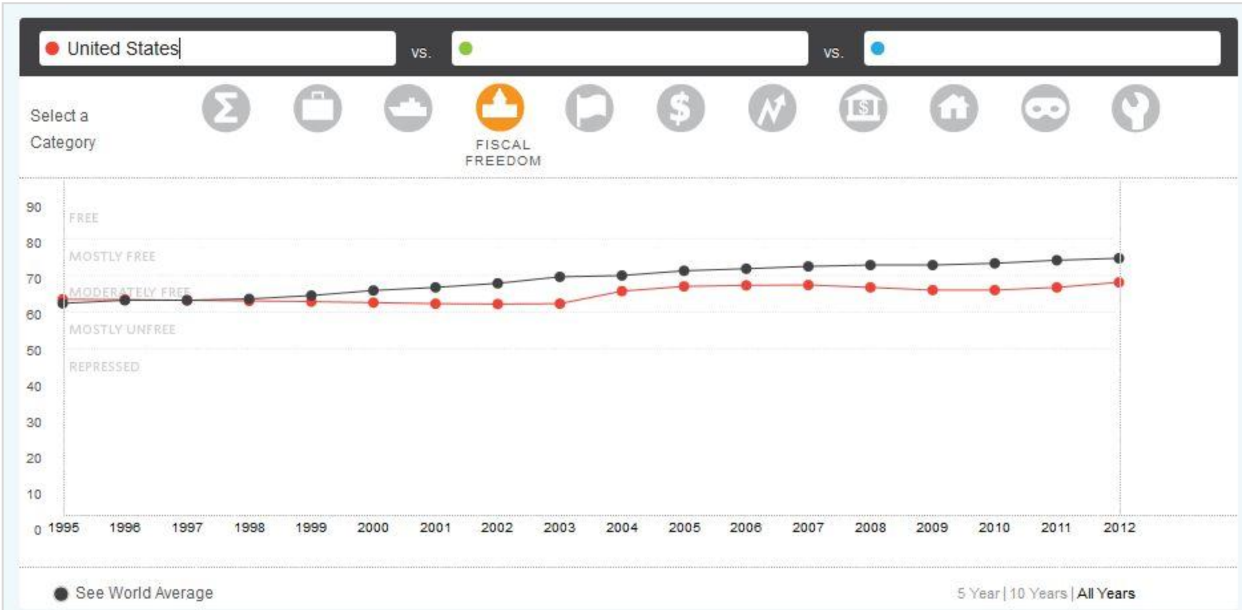


Fiscal Freedom

The Heritage Foundation has released the annual Index of Economic Freedom, which looks at various areas including fiscal freedom. Fiscal freedom is a measure of the tax burden imposed by the government. It includes both the direct tax burden in terms of the top tax rates on individual and corporate incomes and the overall amount of tax revenue as a percentage of GDP. Thus, the fiscal freedom component is composed of three quantitative factors:

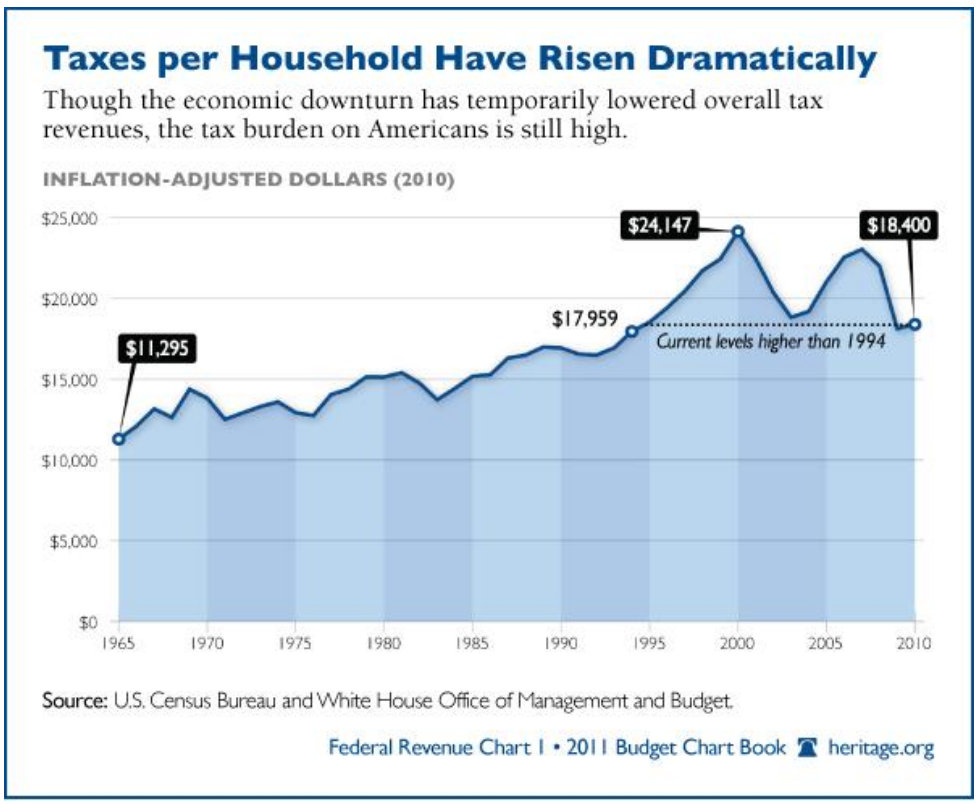
- The top tax rate on individual income,
- The top tax rate on corporate income, and
- The total tax burden as a percentage of GDP.

This graph shows how the U.S. compares to the world average in terms of fiscal freedom.



…FROM A HISTORICAL PERSPECTIVE

While the economic downturn has lowered tax revenues, the tax burden on American families is high. The chart to the right shows how taxes per household have risen from 1965 to today.



Tax Reform

Congress has not attempted to fully reform the tax code since 1986 when it last completed an overhaul. Many believe that the United States is in dire need of tax reform once again to lessen the damage the tax code is having on our economy, including job creation and growth. However, there is a lot of confusion and disagreement about what tax reform will entail.

In late 2010, President Barack Obama and Congress struck a deal on the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act, which extended the 2001 and 2003 tax cuts through 2012. The bill staved off tax hikes, but also extended policies that many believe should have been eliminated a long time ago.

The 2001 and 2003 Tax Cuts

A series of tax cuts was enacted early in the Bush Administration in 2001 and 2003. These tax cuts, which are collectively known as the *Bush tax cuts*, were originally scheduled to expire at the end of 2010. The tax cuts included several provisions:

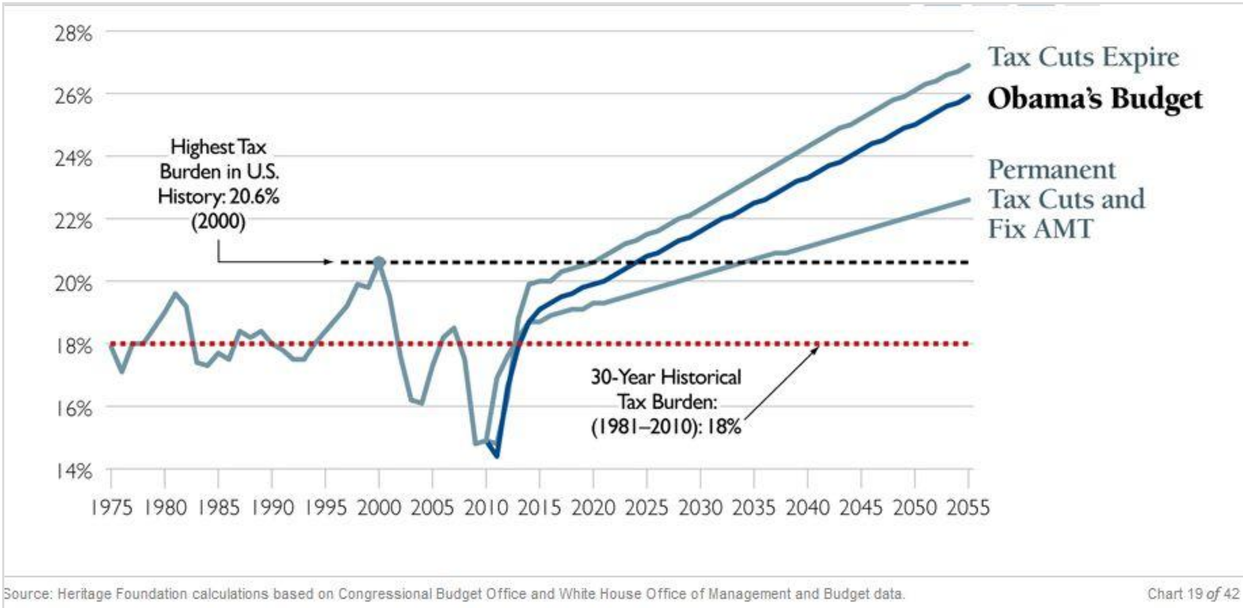
- the 10%, 25%, and 28% tax rates—the 10% tax rate was introduced and the 28% and 31% tax rates were reduced to 25% and 28%, respectively;
- the 33% and 35% tax rates—the 36% and 39.6% tax rates were reduced to 33% and 35%, respectively;
- the reduced marriage penalty—expanded the 15% tax bracket and increased the standard deduction for couples;
- the repeal of the personal exemption phase out (PEP) and the limitation on itemized deduction (Pease)—both PEP and Pease were gradually phased out and eliminated in 2010;
- the reduced long-term capital gains tax rate—tax rate was reduced from 10% and 20% to 0% and 15%;
- the reduced tax rate on qualified dividends—qualified dividends are taxed at long-term capital gains tax rates rather than at the same tax rates as ordinary income; and
- the expanded tax credits—the child tax credit, the earned income tax credit (EITC), and education incentives were expanded.

These tax provisions were extended until the end of 2012 at an estimated cost of $408 billion. Beginning in 2013, many of the individual income tax parameters (such as tax rates) will revert back to 2000 levels.

The Congressional Research Service notes there are several options that Congress may consider regarding the Bush tax cuts, with each of the options striking a different balance between fostering economic growth and restoring fiscal sustainability.

- Allowing the Bush tax cuts to expire as scheduled will somewhat improve the fiscal condition by increasing tax revenue, but could retard the economic recovery.
- At the other extreme, permanently extending all of the Bush tax cuts would not undercut the economic recovery, but would somewhat worsen the longer-term fiscal outlook and possibly signal a lack of progress in dealing with the long-term fiscal situation.
- Permanently extending the Bush tax cuts could increase federal debt by almost $3 trillion over the next 10 years if no other action is taken to address government spending.
- Another option is extending the Bush tax cuts, so long as spending cuts be proposed to offset the cost of the tax cuts.

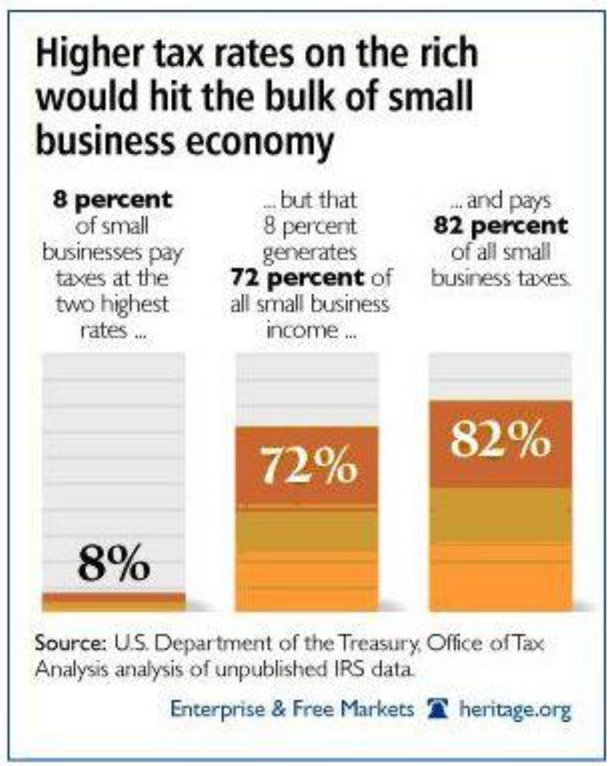
According to the Heritage Foundation, "If the 2001 and 2003 tax cuts expire and more middle-class Americans are required to pay the alternative minimum tax (AMT), taxes will reach unprecedented levels. The tax burden will climb even if those tax breaks are extended. President Obama's budget, which cuts some taxes and raises others, also increases the overall tax burden."



…FROM A BUSINESS PERSPECTIVE

Each year, taxpayers and small businesses spend nearly 2.5 billion hours preparing their tax forms. Even the commissioner of the Internal Revenue Service, Douglas Shulman, has said, "I find the tax code complex, so I use a preparer."

The complexity of the current tax system heavily burdens small businesses, impacting their effectiveness and productivity. Many small businesses cannot afford to hire accounting firms so they are forced to navigate the code alone.



Many have called for a simplified tax code in order to encourage the growth of small businesses that would allow companies to dedicate their time and resources to expanding their business and creating new employment opportunities rather than wasting valuable time and energy decoding the tax code.

The Impact of Tax Hikes on Businesses

According to the National Federation of Independent Business (NFIB), at least 75 percent of small businesses file taxes on business income at the individual rate, and reinvest those earnings to grow the business and hire workers. For small businesses still struggling to recover and grow, tax hikes would send a bad message to job creators.

Corporate Loopholes

While some deduction and credits for business are valid, there are unintended “loopholes” and special carve-outs in the federal tax code that need to be closed. Some companies can avoid paying taxes by taking advantage of certain inadvertent loopholes. Dollars hidden in loopholes don't get taxed, so politicians must make up for this lost revenue by increasing overall tax rates. Corporations and large businesses that have lobbying power end up benefiting from the tax system while individuals and families get penalized with higher tax rates.

Some examples of loopholes include:

- Avoid Miscellaneous Itemized Deduction
- Avoid AMT Limitations on Deductibility
- Avoid the Taxable Mortgage Pool Rules
- Avoid Cancellation of Indebtedness Income
- Avoid the 3.8% Medicare Tax
- Avoid [Limits on] Itemized Deductions
- Avoid State Law Limitations of Deductions
- State Tax Deferral
- Using the Earnings & Profits Rules
- Avoid FBAR filings
- Avoid Unrelated Business Taxable Income
- Permit Regulated Investment Companies to Trade Commodities

Most agree loopholes need to be closed. However, simply closing the loopholes doesn’t address our federal corporate tax rate, which remains at 35 percent. When state and local taxes are added, the rate reaches 39.2 percent, making it the second highest tax rate among developed countries. On top of that, these job-creators must also pay investment taxes, payroll taxes, and a handful of other taxes our government requires them to pay.

Closing loopholes must be a part of a larger effort to make our tax code fair.

The Health Care Law

The new health care law will impose new compliance regulations, employer mandate taxes, and numerous indirect costs on small- and medium-size companies. According to the Heritage Foundation, $52 billion in new taxes will be imposed on businesses by mandating that employers provide health insurance.

The health care law creates an 8% payroll tax on employers who fail to offer “acceptable coverage” to employees, as defined by a committee of bureaucrats in Washington. According to U.S. Census Data, this payroll tax would negatively impact the employers of 64% of Virginia’s small business employees.

Even if a small business does offer healthcare coverage, it is likely that it will not meet the “acceptable coverage” requirement. For example, the bill requires that employers pay a minimum of 72.5% of insurance premiums for an individual and 65% for families. According to a 2008 Kaiser Family Foundation survey, 61% of small firms fail the test for family coverage and 21% fail the test for individual coverage.

Where I Stand

In order for the future of America to be stable and secure, we must address fundamental tax reform. So what does that look like? I adhere to the following **simple truths** when it comes to tax reform:

Our Tax Code Should Be FAIR

No American should be able to game the system to pay less than they should. We should remove lobbyist loopholes, lower rates, and promote economic growth.

Our Tax Code Should be SIMPLE

Together, individuals and businesses spend over six billion hours and 160 billion dollars every year just trying to understand and comply with the tax code. Our tax code should be clear, easy and simple.

Our Tax Code Should be COMPETITIVE

Raising taxes on job-creators and small businesses would prevent them from hiring new workers or investing at a time when we need more economic growth. Likewise, provisions in our tax system - like the death tax - discourage the American principle of working hard and passing something on to your children. Our tax code should allow businesses to compete fairly in the marketplace and reward those who play by the rules.

Legislation I Support

Tax Code Termination Act (H.R. 462)

The bill would abolish the Internal Revenue Code by December 31, 2015 and call on Congress to approve a new federal tax system by July of the same year. The bill would help create a system that is fair for businesses in order to foster job growth.
Read more.

Eliminating Penalties and Creating an Optional Flat Tax (H.R. 1040)

Creating an optional flat tax allows an individual or businessperson to opt out of the current tax system for a flat tax rate of 19% for the first two years and 17% after. The bill abolishes the marriage penalty, capital gains taxes, the Alternative Minimum Tax, and the death tax, and allows for immediate expensing of business equipment, removing hurdles that prevent businesses from growing and hiring.
Read more.

Closing Tax Loopholes and Making Corporate Tax Rate Competitive (H.Con.Res.34)

The budget proposed by Chairman Paul Ryan encourages economic growth and job creation by lowering the corporate tax rate from 35%, which is the highest in the developed world, to a much more competitive 25%. High U.S. federal and state corporate tax rates make it difficult for businesses to compete internationally.
Read more.

Death Tax Repeal Act (H.R. 177)

H.R. 177, the Death Tax Repeal Act, would permanently eliminate the recently restored death tax. The Death Tax is a double tax and it is wrong. American citizens pay taxes on their savings and income while they are alive, and there is simply no justification for an additional tax at death.
Read more.

Prevent Child Tax Credits for Illegal Immigrants (H.R. 3444)

Millions of Americans across the nation take advantage of the child tax credit. As it stands now, millions of undocumented workers are currently able to take advantage of this credit too. Under current law, the IRS allows individuals filing with an Individual Tax Identification Number (ITIN) to access the child tax credit, allowing those in the country illegally to receive the credits. The Child Tax Credit Integrity Preservation Act of 2011 would require tax filers to provide a valid Social Security number to claim tax credits, such as child tax credits, when filing their tax returns. This bill would effectively prevent illegal immigrants from claiming tax credits intended for law-abiding American taxpayers. A similar requirement is already in place for the earned income credit.
Read more.

Prevent Dramatic Expansion in Size and Authority of IRS (H.R. 5054)

I introduced the Prevent IRS Overreach Act, which is intended to overturn those provisions of the health care law that expand government's control and authority in the lives of American citizens. The bill would prohibit a drastic expansion of the Internal Revenue Service (IRS) necessary to enforce provisions of the new health care law. The Prevent IRS Overreach Act would prohibit the IRS from hiring additional auditors, agents, and employees to enforce federally mandated healthcare plans on American families and small businesses.
Read more.

Provide free online individual tax preparation and filing (H.R.2569)

The Free File Program provides eligible taxpayers with free online individual income tax preparation and electronic filing services. This year, those making less than $58,000 qualified. Under the current program, 70% of taxpayers are eligible for the free preparation services, including lower income and underserved populations. Since the inception of the Free File Program, 30 million taxpayers have used it to prepare and file their taxes. Importantly, the IRS Free File Program doesn't cost taxpayers anything. It is a partnership with nearly 20 private sector companies that offer free tax preparation options.
Read more.

Share Your Thoughts

As a representative in Congress, one of the most valuable resources available to me is the voice of those I represent. As you consider the information provided in this document, where I stand on these issues, and the legislation I support, please take a moment to share thoughts, ideas and comments with me on my blog.

CLICK TO SHARE
YOUR COMMENTS >

Recommended Reading

Understanding the Alternative Minimum Tax - CNN Money

Issue Brief: The Individual Alternative Minimum Tax - Congressional Budget Office

Understanding Taxes: Federal, State, and Local Taxes - What is Taxed and Why - IRS

Virginia taxpayer bill of rights - Virginia Department of Taxation

Tax Freedom Day - Tax Foundation

Marginal Tax Rates - Congressional Budget Office

Determining your tax rate - CNN Money

Average Tax Dollar Burden - Tax Foundation

Tax reform - An Overview of Proposals in the 112th Congress - Congressional Research Service

Capital Gains Tax Cuts: Myths and Facts - The Heritage Foundation