

Tax Reform Study Group Forming to start in Sept – Fact-Based, Non-Partisan

This election season will see the biggest tax fights in a decade. The Bush tax cuts are set to expire at the end of 2012 and reducing the deficit is on politicians' radar. Both parties want tax reform. This study group is for people with no background in taxes, some background, and tax "experts". In other words, anyone. Ignorance of how the tax code works and how it reflects and represents our culture is rampant, even among tax "experts". Our primary reading is:

If Americans Understood the Income Tax: Our Most Expensive Ignorance by John O. Fox.

Goals of the study group:

- Add to our understanding of federal income tax reform
- Encourage critical thinking about tax policy

Background

\$1 trillion a year is collected by the federal government in individual income taxes [this is 40% of all government tax revenue]. Special provisions that allow people to avoid taxes are called "tax expenditures", or "tax breaks", in common parlance. This amounts to \$1 trillion. Tax expenditures are, essentially, government spending, but are not subjected to the same scrutiny that the direct federal budget is. This study group will look at how this system works and examine some major federal individual income tax expenditures and ask critical questions about them, e.g.:

- What was the original purpose for which the tax expenditure was created?
- How much money is the government spending on this tax expenditure?
- Who does the tax expenditure benefit?
- Is the tax expenditure accomplishing what it was supposed to?

One possible process

Each meeting we will focus on one or more chapters from Fox. Individuals are also encouraged to contribute information from additional articles or documents from their own research or from a suggested reading list that will be provided.

First meeting

- The role of tax policy. Where does the government get money? What type of federal tax system the U.S. has. Background on the federal individual income tax.
- What is income?
- What are tax expenditures? What are the major individual tax expenditures?
- What would an ideal tax system look like? What kind of principles, or rules, would underpin it? The tax system reflects our value system [or does it?].

Subsequent meetings

During these meetings we will discuss some of the major tax expenditures. For each session, we will read the appropriate chapter(s) from Fox.

If you may be interested in this group

Please fill out the logistics survey [when you want to meet, how often, etc.] at

<http://www.surveymonkey.com/s/DBVZ6YZ>

You may also contact Donna Cohen, dcohen@dcoheninfo.com