

## Patrick J. Deo

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**From:** Patrick J. Deo  
**Sent:** Wednesday, April 15, 2015 7:59 AM  
**To:** 'Individual@finance.senate.gov'  
**Subject:** Individual Tax Reform Proposals

Thank you for the opportunity to provide input into your consideration of tax reform and simplification. I do think the timing for getting replies from those of us who are most involved with tax compliance and tax preparation may impact on the amount of responses you receive from professionals.

Notwithstanding here are my suggestions:

- 1 – Eliminate multiple code sections dealing with the same issue; i.e., education benefits, retirement provisions, low income assistance, family issues, etc. Why do we need so many sections? If it is desirable to have these provisions, establish one single provision.
- 2 – Why do we need so many adjustments to “gross income”, “adjusted gross income”, “phase out” of deductions, etc. modify tax rates to accomplish what in reality is an adjustment to the tax rates, without Congress saying so.
- 3 – Eliminate the need for millions of taxpayers to deal with complex “itemized deductions” and “tax credits” by increasing the “standard deduction” and “exemption”. Under current law approximately 70% of all individual returns filed use the standard deduction. Increasing the “standard deduction” and “exemption” and eliminate “tax credits” could get this percentage up to 90% or more. The added benefit is avoiding the IRS having to “audit” itemized deductions and tax credits for compliance and facilitate less complex processing time.
- 4 – Create a system for “reverse tax filing”. IRS currently receives millions of pieces of data and over 140 million individual tax returns. Taxpayers receive the same data as well; i.e., W-2, 1099, 1098, K-1s, etc. Taxpayers then use this same information to prepare their tax returns, keeping in mind that 70% currently use the standard deductions without any other tax forms. Why is it necessary for millions of taxpayers to prepare a tax return to provide the IRS with what they have already, and in many case have to pay someone, like me, to prepare the returns for them? I propose that IRS provide a tax report to taxpayers, who choose to use the system. The IRS report would provide the details of their income. Based on utilizing an increased standard deduction and exemption, as proposed in 3) above, advise the taxpayer of their liability, overpayment or underpayment. The Taxpayer’s can accept the IRS report by going to the IRS website or they can then provide the IRS with a completed tax return which they believe is more accurate. If they accept the IRS report the overpayment is directly deposited to their account. If there is an underpayment the amount is debited from their account.
- 5 – Eliminate the distinctions created by marital status; i.e., tax rates, deductions, income reporting, etc. Provide that every Taxpayer should file their own return regardless of marital status using all the same provisions.
- 6 – Eliminate the distinction in tax rate depending on the kind of “income”. Either have the income not subject to tax or tax it the same.

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