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### **1) How can we help the lower income taxpayers?**

The largest income-type of tax paid by the lower income people in the U.S. is the payroll tax.

My suggestion to help poor people save some tax would be to exempt the first \$10,000 of wages or self-employment income from both FICA & Medicare taxes. This would also help those who are younger, with summer jobs, or a first time job. They typically don't have any income tax, and would be thrilled to be able to keep more of what they earn.

My proposal would not allow the same "exemption" for employers, they could still pay the FICA and Medicare on 100% of their employees' wages (up to the limits set for FICA), so that the payroll taxes paid by employers are not reduced. And, in order to make up for the loss to the treasury, the FICA limit could be increased by \$10,000 on the back end, which would mean that the higher income earners would still be paying as much as they do now, or almost as much for those who just barely exceed the FICA limits before this proposed \$10,000 increase.

What if someone has more than one job during the year? The "savings" from a second employer (or more) would have to be paid back on the individual's income tax return, so that only each lower income taxpayer actually gets one \$765.00 savings ( $\$10,000 \times 7.65\%$  combined FICA and Medicare tax rates).

#### **Why should this proposal be considered?**

The lower income earners who earn less than \$10,000 in a year are often the younger people who have most of their higher earning years ahead of them and will most likely have a lot of opportunity to earn more later in their lives and pay into the system for many years to come.

Increasing the FICA limit on earnings by \$10,000 will bring in more FICA taxes from the employer side, since employers can be required to pay their share on the full amount of wages up to the current limits plus the new \$10,000 increase.

### **2) The complexity of "haircuts" to personal exemptions and itemized deductions makes little sense, and is complicated to calculate (by hand) and explain.**

I understand the logic behind reducing the benefit of itemized deductions and exemptions to higher income taxpayers, but here is something else to consider, which seems to be fairer: first, because of the graduated tax rates, someone who is in the 33% bracket benefits more from a \$10,000 itemized deduction than someone who has the same \$10,000 itemized deduction but is in the 15% bracket (disregarding the rule of reducing the itemized deductions because of high income).

Why not make all itemized deductions and exemptions reduce tax by the same amount or percent for all taxpayers, regardless of their tax bracket? Say, 25%. Then the tax credit saves people in all tax brackets the same amount of tax, and any excess credit would not be refundable.

Thank you for this opportunity to comment on US tax simplification