Ms. Sally Cowan
[redacted]
March 19, 2015

RE: Suggestions to Overhaul the Federal Tax Code

I am pleased to hear someone is serious about overhauling the federal tax code and am writing to you with my suggestions for a vastly simpler tax code.

a. Everyone pays something starting with 1% and for each increasing " income segment", increasing the marginal rate by 5% until a maximum marginal rate of 35% is reached. The "income segment" shown below is based on $25,000 but it could be tied to the Federal poverty rate or some other formula to account for inflation periodically. See the sample table below:

Income range		Tax Rate	Marginal Max Tax	Cumulative Max Tax	Cumulative Effective Tax Rate
$ -	$ 25,000	1%	$ 250	$ 250	1%
$ 25,001	$ 50,000	5%	$ 1,250	$ 1,500	3%
$ 50,001	$ 75,000	10%	$ 2,500	$ 4,000	5%
$ 75,001	$ 100,000	15%	$ 3,750	$ 7,750	8%
$ 100,001	$ 125,000	20%	$ 5,000	$ 12,750	10%
$ 125,001	$ 150,000	25%	$ 6,250	$ 18,999	13%
$ 150,001	$ 175,000	30%	$ 7,500	$ 26,499	15%
$ 175,001	$ 200,000	35%	$ 8,750	$ 35,249	18%
$ 200,001	$ 225,000	35%	$ 8,750	$ 43,998	20%
$ 225,001	$ 250,000	35%	$ 8,750	$ 52,748	21%
$ 250,001	$ 275,000	35%	$ 8,750	$ 61,498	22%
$ 275,001	$ 300,000	35%	$ 8,750	$ 70,247	23%
$ 300,001	$ 325,000	35%	$ 8,750	$ 78,997	24%
$ 325,001	$ 350,000	35%	$ 8,750	$ 87,747	25%
$ 350,001	$ 375,000	35%	$ 8,750	$ 96,496	26%
$ 375,001	$ 400,000	35%	$ 8,750	$ 105,246	26%
$ 400,001	$ 425,000	35%	$ 8,750	$ 113,995	27%

Etc.....

b. There are no personal exemptions.

c. There are no deductions from "income" for tax purposes.

d. Businesses (all forms included) and individuals pay the same rates.

e. Tax exempt entities and muni bonds could continue to be tax exempt.

f. Dividends would be considered a business expense, same as interest expense for businesses and taxable to recipients.

g. Taxes would be based on “income” and for businesses this would be defined as gross receipts (as it is for individuals) less allowable expenses with limits. For example, to determine business “income”, limits on individual compensation whether deferred or not, or depreciation limited to straight line only, no expense allowed for contributions etc.

Sincerely,

Ms. Sally Cowan