



Common Cents
Economic and Market Perspective
By Gary Premer, CPA CFP and Josh Miller, CFP
Colorado Financial Management, Inc.
www.colofin.com

Tax Simplification

April 2010

The IRS estimates that each year Americans spend 6.6 billion hours and \$194 billion on tax compliance. The US also has the second highest corporate tax rate in the industrialized world. We believe that most Americans and Corporations would like to have some of the time, taxes and money spent back.

A recent proposal by two US Senators, Ron Wyden, Democrat from Oregon, and Judd Gregg, Republican from New Hampshire, proposed to actually simplify the outdated tax code. The proposal would allow most of us to prepare a revised one page 1040 IRS form to file federal income taxes. The tax brackets would be reduced to three from six, 15%, 25% and 35%. The key to their proposal is the elimination of special interest tax breaks by replacing them with uniform tax policies for all.

The second key component of their plan is to reduce the corporate tax rate by 30% to a flat corporate tax rate of 24%. The reduction would give US Corporations a more competitive tax environment and could stimulate job creation and stop job losses to foreign lands.

A revised tax code would not reduce the vital role that CPAs and tax preparers play. The simplification of the code would allow CPAs to focus on tax planning, financial reporting and eliminate their three months of "pain" incurred each year. It would be great in this era of political bickering if both sides of the political spectrum could come together to simplify the tax code as in our mind it is Common Cents.

Colorado Financial Management Inc. is a fee only registered investment advisory firm providing tactical and strategic investment management for institutional and individual clients.