

Top 10 Tax Failures

On April 15, Senate Finance Committee ranking member Ron Wyden (D-OR) published his “top ten” failures for the income tax code. Wyden stated, “As Americans race to meet tonight’s midnight tax filing deadline, we are reminded that it is long-past time to clean up our nightmare tax system. Such a complex code is only dividing taxpayers into two different camps – the fortunate who have extra resources to successfully navigate the system to their benefit and the rest of Americans.” Wyden explained the top ten tax failures that impact Americans.

1. **Unfair Tax Rates** – The average wage earner pays a higher tax rate than better-off Americans who have capital gains from asset sales.
2. **Tax Code Too Complex** – With 74,608 pages in the Internal Revenue Code and references, many Americans fail to understand tax-saving provisions that could benefit them.
3. **Too Much Time** – Americans spent 6.1 billion hours and paid \$168 billion to prepare and file their 2014 tax returns.
4. **Family Business Burden** – Small businesses spend over 80 hours per year preparing their tax returns. They could use this time much more productively to operate their business and hire more employees.
5. **Wrong Retirement Benefits** – Most of the current retirement benefits help upper-income Americans. Only 16% of the total retirement benefits are transferred to the lowest 60% of income-earners.
6. **IRS Busy Signal** – With the cutbacks in IRS customer service, only 4 in 10 taxpayers who call the IRS are actually able to speak to an IRS representative. Wyden noted that “calling the IRS is like shouting into a void.”
7. **Scams and Identity Thefts** – The Federal Trade Commission (FTC) notes that its top complaint is now tax-related identity theft. In addition, the Federal Communications Commission (FCC) reported that tax-related identity theft over the past four years has increased from 15% to 43% of all its identity theft complaints.
8. **Offshore Accounts** – Some wealthy Americans transfer funds offshore into various tax havens. The total cost for this tax avoidance is \$110 billion per year.
9. **Unqualified Tax Preparers** – Because there are no basic standards, some preparers are incompetent, unethical or give incorrect advice.
10. **Financial Product Loopholes** – There are complicated financial products that are designed to lower the taxes paid on investments. These loopholes must be closed because they only benefit a few affluent persons.

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