



AMERICANS for TAX REFORM

April 11, 2011

The Honorable Dan Coats
United States Senate
Washington, DC 20510

The Honorable Ron Wyden
United States Senate
Washington, DC 20510

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Dear Senators Coats and Wyden:

I write today with regard to S. 727, the “Bipartisan Tax Fairness and Simplification Act of 2011.” I wanted to express Americans for Tax Reform’s strong concerns with Section 116 of the bill (simplified tax return preparation).

The section in question requires the IRS to provide on demand an “Easyfile” (IRS prepared) tax return for any taxpayer who wants one. There are several problems with this idea:

- It creates a conflict of interest. The IRS has an interest in maximizing tax revenues collected. Under current rules, the taxpayer asserts liability, not the IRS. It’s up to the IRS to challenge the voluntary compliance of taxpayers. That is how it should be. Making the IRS the tax collector and the tax determiner is a clear conflict.
- This system will gradually be expanded to more and more taxpayers, and will eventually become mandatory. Income tax filing will be like getting a real property tax statement in the mail—it will become little more than paying a bill, and being told to challenge City Hall (this time, in Washington, D.C.) if you don’t like it.
- The clear goal of this measure is to raise taxes in a way that leaves politicians with clean hands. If the IRS can, through Easyfile, continually rule against taxpayers and ratchet up tax liabilities, taxes can continue to rise without legislated tax hikes. That arrangement is more characteristic of France or Sweden than the United States.

There are many concerns ATR has with S. 727. One of the biggest is IRS preparation of tax returns. However, the second part of Section 116 is commendable. It would give taxpayers an annual record of what portion of their taxes went toward major categories of government spending. This transparency is a laudable step toward more accountable government. However, when combined with IRS-prepared tax returns, the transparency is simply not worth it.

Sincerely,

Grover Norquist