

Estate/Gift Tax:

This tax is necessary from a revenue standpoint and from a social standpoint. Frequently the larger wealth concentrations have never been subjected to other forms of tax. Examples- (1) Real estate may appreciate in value and be transferred from generation to generation, (2) Publicly held securities started by founder and passed to subsequent generations. Both have never been taxed to the extent of wealth earned via salaries, partnerships, s corps etc.

One point about estate tax, the person whose intellect and sweat created the wealth by definition can never pay estate tax so this minimizes to some extent the disincentive nature of taxes.

Finally from a societal standpoint, the compiling of wealth over generations so that entire families never have to exert any mental or physical effort to sustain a noble lifestyle is not a desirable outcome in the upwardly mobile society that has been enjoyed here in the U. S.

As an aside, the current repeal of estate and generation skipping tax for 2010 with its "carryover basis" provision will end up costing 60,000 heirs of persons dying in 2010 more taxes while the heirs of only 7,000 will pay less tax in the long run. I don't believe that the public understands this....An example of the popular misconceptions surrounding the "death tax".

Flat Tax/ Consumption Tax:

As a nation let's seriously consider a national sales tax or a value added tax. This will hopefully tweak the incentives to building our national wealth – infrastructure, education, research, production capability etc. For the past few decades our leading political economists have leaned to consumption incentives. These provide popular "quick fixes" to a sagging economy but are long-run detrimental to our national well being because it encourages the neglect to the national wealth structure discussed above. Services should be fully subjected to these taxes. These are not added taxes but replace existing income and possibly payroll taxes.

Payroll Taxes:

These are taxes. Social security is not a retirement plan. Medicare is a tax that helps fund medical services. The emphasis here is "helps fund". Medicare is in no sense a self sustaining fund. Both plans are fixable. Included in the "fix" should be a comprehensive look at our health care delivery and consumption. Our medical system for over 65's is socialized and to some extent for under 65's through Medicaid. My point here is that the tax system needs to incorporate these as taxes rather than the allusions that they are self sustaining funds.

These are tough issues requiring the nation's best minds. However, solutions can be reached on these issues. We need to reexamine the bifurcation of our medical system between private and Government controlled. Most solutions proposed today, if any really are proposed, come from an

individual or group that wants the solution to exempt any cost to themselves and to spread the cost to other elements of society. Every element must participate to reach a workable solution.

Tax Base:

Everyone should pay some tax. Period. It could be very modest at low income levels but everyone should contribute and understand that they are not exempt from the responsibility to perpetuate our great country and to spread greater prosperity to the poorer economies around the world.

John W. Sanderson, CPA/PFS, CFP®

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