



Grover G. Norquist

President

July 20, 2004

Dear Representative:

On behalf of Americans for Tax Reform (ATR), I urge you to co-sponsor and vote for H.R. 4841, the Tax Simplification for Americans Act. This legislation provides the first step toward much needed tax simplification and overdue changes to the tax code. Given the importance of this legislation, ATR may rate this vote in our annual congressional ratings.

As you may know the tax code has become increasingly complex over the past decade. The Tax Foundation reports the cost to comply with the tax code in dollar terms last year was \$203 billion, which was greater than the revenues of America's second largest company ExxonMobil. And this burden is growing. Since the Tax Relief Act of 1997, the cost of tax compliance has increased more than 25 percent.

With the accelerating tax compliance burden, taxpayers are now spending 35 percent more time filling out their tax form than in 1995 when the Paperwork Reduction Act was passed seeking to reduce this burden. In 1988, the IRS reported the average paperwork burden was 17 hours, today that same burden is 28 hours. Even the EZ file time requirements are significantly increasing.

These astonishing numbers demonstrate the need for H.R. 4841. In specific this legislation does the following:

- **Expands access to the 1040 EZ and 1040 A Forms.** Currently, the IRS does not permit taxpayers with more than \$50,000 in taxable income, or more than \$1,500 in taxable interest, to use the EZ. Allows taxpayers with up to \$100,000 in taxable income (including taxable interest) to use the EZ Form and indexes that amount for inflation.
- **Clarifies "Head of Household" filing status.** Some married taxpayers mistakenly file as Heads of Household even though the "Head of Household" filing status is reserved for single taxpayers with dependents. The bill changes the title of this filing status to "Single Head of Household" to eliminate confusion.
- **Adopts the "birthday rule" to determine an individual's age for tax purposes,** as recommended by National Taxpayer Advocate. Last year, the IRS caused confusion by applying the common law rule for certain tax provisions. Under this counterintuitive common law rule, an individual turns one year older on the day before his or her birthday.
- **Repeals unneeded language and other provisions in the tax code.**

The reforms put forth in H.R. 4841 are a much needed first step towards simplifying the tax code. I urge you to support these reforms when they are voted on this week.

Sincerely,

Grover G. Norquist