



American Institute of CPAs  
1455 Pennsylvania Avenue, NW  
Washington, DC 20004-1081

March 23, 2015

The Honorable Orrin G. Hatch, Chairman  
Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Paul D. Ryan, Chairman  
House Committee on Ways & Means  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Ronald L. Wyden  
Ranking Member  
Senate Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Sander M. Levin  
Ranking Member  
House Committee on Ways & Means  
1236 Longworth House Office Building  
Washington, DC 20515

**RE: Tax Reform in the 114<sup>th</sup> Congress**

Dear Chairmen Hatch and Ryan, and Ranking Members Wyden and Levin:

**AICPA Welcomes being a Resource on Tax Reform in the 114<sup>th</sup> Congress**

The American Institute of Certified Public Accountants (AICPA) looks forward to working with the 114<sup>th</sup> Congress and the tax-writing committees as you consider tax reform. The proliferation of new income tax provisions since the 1986 tax reform effort has led to compliance hurdles for taxpayers, administrative complexity, and enforcement challenges for the Internal Revenue Service. We encourage you to examine all aspects of the tax code to improve the current rules. We stand for a code that is simple, practical, and administrable. The AICPA has consistently [supported](#) tax reform simplification efforts because we are convinced such actions will significantly reduce taxpayers' compliance costs and encourage voluntary compliance through an understanding of the rules.

We are available to Members of Congress and staff as a resource. For example, we are available to:

- Offer suggestions from an administrative and practical standpoint;
- Identify potential pitfalls of a particular provision;
- Discuss the “small business” perspective;
- Provide informal feedback on legislative language; and
- Support legislative provisions that are officially approved by our Tax Executive Committee.

The Honorable Orrin G. Hatch  
The Honorable Ronald L. Wyden  
The Honorable Paul D. Ryan  
The Honorable Sander M. Levin  
March 23, 2015  
Page 2 of 4

## **AICPA Positions on Tax Reform Issues**

The AICPA actively is pursuing or has published [positions](#) on a number of tax reform issues, has developed a [10-principle framework](#) for analyzing proposals, and is available as a [resource](#) to assist you as you consider various proposals and options.

Specifically, we would like to highlight some of our tax reform proposals and resources for your consideration:

- A. AICPA [Compendium of Tax Legislative Proposals](#) (“Compendium”) <sup>1</sup> – These recommendations promote simplification, efficient and effective administration, and fairness; are technical in nature; and are relatively noncontroversial.
  
- B. The AICPA has developed [10 guiding principles of good tax policy](#)<sup>2</sup> – Congress should consider these principles to analyze and compare proposals to change a tax rule. Proposals for changes to the tax law should strive to incorporate all 10 principles to yield a simpler, more equitable, and transparent tax system. The AICPA guiding principles for good tax policy are:
  1. *Equity and Fairness.* Similarly situated taxpayers should be taxed similarly.
  2. *Certainty.* The tax rules should clearly specify when the tax is to be paid, how it is to be paid, and how the amount to be paid is to be determined.
  3. *Convenience of Payment.* A tax should be due at a time or in a manner that is most likely to be convenient for the taxpayer.

---

<sup>1</sup> AICPA’s Compendium of Tax Legislative Proposals is available at:

[http://www.aicpa.org/Advocacy/Tax/DownloadableDocuments/AICPA\\_Compndium\\_of\\_Legislative\\_Proposals-2015.pdf](http://www.aicpa.org/Advocacy/Tax/DownloadableDocuments/AICPA_Compndium_of_Legislative_Proposals-2015.pdf).

<sup>2</sup> AICPA’s [Tax Policy Concept Statement No. 1: Guiding Principles for Good Tax Policy: Framework for Evaluating Tax Proposals](#), issued March 2001, is available at: [http://www.aicpa.org/InterestAreas/Tax/Resources/TaxLegislationPolicy/Advocacy/DownloadableDocuments/Tax\\_Policy\\_Concept\\_Statement\\_No.1.doc](http://www.aicpa.org/InterestAreas/Tax/Resources/TaxLegislationPolicy/Advocacy/DownloadableDocuments/Tax_Policy_Concept_Statement_No.1.doc). Note that the AICPA principles of good tax policy are equal in importance; the numbered order of the principles is for reference only and should not be taken as an indication of the order of importance of these principles. A more detailed explanation of each of the 10 principles is provided in the AICPA’s [Tax Policy Concept Statement No. 1](#). The statement also notes some of the challenges that exist in achieving each of the 10 principles.

The Honorable Orrin G. Hatch  
The Honorable Ronald L. Wyden  
The Honorable Paul D. Ryan  
The Honorable Sander M. Levin  
March 23, 2015  
Page 3 of 4

4. *Economy in Collection.* The costs to collect a tax should be kept to a minimum for both the government and taxpayers.
5. *Simplicity.* The tax law should be simple so that taxpayers understand the rules and can comply with them correctly and in a cost-efficient manner.
6. *Neutrality.* The effect of the tax law on a taxpayer's decisions as to how to carry out a particular transaction or whether to engage in a transaction should be kept to a minimum.
7. *Economic Growth and Efficiency.* The tax system should not impede or reduce the productive capacity of the economy.
8. *Transparency and Visibility.* Taxpayers should know that a tax exists and how and when it is imposed upon them and others.
9. *Minimum Tax Gap.* A tax should be structured to minimize noncompliance.
10. *Appropriate Government Revenues.* The tax system should enable the government to determine how much tax revenue will likely be collected and when.

C. The AICPA has developed a number of proposals that we have shared with the tax-writing committees regarding such important matters as:

- [Due dates of tax returns](#);
- [9100 relief for missed elections](#);
- [Simplification of the Kiddie Tax](#);
- [Disaster relief legislation](#);
- [Consolidation and simplification of retirement plans](#); and
- [Harmonization of education incentives](#).

The AICPA also has testified and commented on legislative proposals concerning:

- [The 113<sup>th</sup> Congress House Ways and Means Chairman Camp's February 2014 discussion draft tax reform proposals](#);
- [The continued availability of the cash method of accounting](#);
- [Tax return identity theft](#);
- [Repeal of the alternative minimum tax \(AMT\)](#);
- [Penalty reform](#);
- [Small business tax reform](#); and
- [Retirement savings for small employers](#).

\* \* \* \* \*

The AICPA is the world's largest member association representing the accounting profession, with more than 400,000 members in 128 countries and a history of serving the public interest

The Honorable Orrin G. Hatch  
The Honorable Ronald L. Wyden  
The Honorable Paul D. Ryan  
The Honorable Sander M. Levin  
March 23, 2015  
Page 4 of 4

since 1877. Our members advise clients on federal, state and international tax matters, and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized business, as well as America's largest businesses.

If you would like to discuss any of our legislative proposals or principles of good tax policy in more depth or have any questions or would like more information, please contact me at (801) 523-1051, or [tlewis@sisna.com](mailto:tlewis@sisna.com); Jeffrey Porter, Chair of the AICPA Tax Reform Task Force, at (304) 522-2553, or [jporter@portercpa.com](mailto:jporter@portercpa.com); or Melissa Labant, AICPA Director of Tax Advocacy, at (202) 434-9234, or [mlabant@aicpa.org](mailto:mlabant@aicpa.org).

Sincerely,



Troy K. Lewis, CPA  
Chair, AICPA Tax Executive Committee

cc: Mr. Thomas West, Tax Legislative Counsel, Office of Tax Policy, Department of the Treasury