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CHAIRMAN

Congress of the United States

U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS

1102 LONGWORTH HOUSE OFFICE BUILDING
(202) 225-3625

Washington, DC 20515-6348

<http://waysandmeans.house.gov>

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Compliance with Our Tax Laws Shouldn't Require Paying Royalties!

Dear Colleague:

When you filed your taxes this year, did you think that in addition to making a payment to the IRS, you might also owe royalties to someone who holds a patent on a tax planning method?

Sadly, this is not a trick question. In recent years, the Patent and Trademark Office (PTO) has issued more than 50 patents on various tax planning methods. More applications are pending. These awards and applications include ways to plan one's estate, set up a business — even how to save for retirement.

The laws governing taxes and patents have fundamentally different purposes. Both are in the public good. But mixing them raises serious questions:

- Should anyone have a monopoly on how to pay taxes?
- Could obeying the tax law constitute patent infringement?
- Should some taxpayers have to pay a royalty just to fulfill their civic duty?

The American Institute of Certified Public Accountants (AICPA) and numerous bar association tax sections agree — as do we — tax patents are a bad idea. The issue has even garnered the attention of the Treasury Department, which has issued proposed regulations to try to sort out the problems created by tax patents. But Congress itself should act.

That is why we were very pleased to see that during Judiciary Committee consideration of H.R. 1908, the Patent Modernization Act of 2007, the panel unanimously approved an amendment offered by our colleagues, Representatives Rick Boucher and Bob Goodlatte, that would ban the issuance of patents for tax planning methods. The amendment was carefully structured so as not to affect the patenting of tax filing software used by millions of Americans every year.

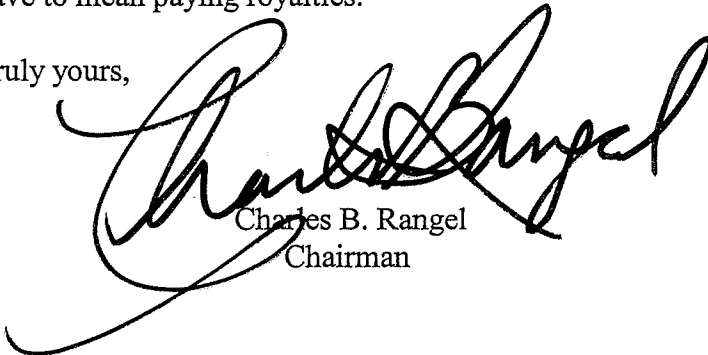
Given the support the ban on tax patents received during Committee consideration, we hope you will join us in opposing any effort to remove this provision from H.R. 1908, scheduled for Floor consideration this week by the House of Representatives.

The tax laws belong to all of us and we all have an obligation to comply with them. We shouldn't have to pay a royalty to do so. We commend Representatives Boucher and Goodlatte, as well as Chairman John Conyers and Ranking Republican Member Lamar Smith, for their work ensuring that paying taxes doesn't also have to mean paying royalties.

Very truly yours,



Jim McCrery
Ranking Republican Member



Charles B. Rangel
Chairman