



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

**WRITTEN TESTIMONY OF ANNETTE NELLEN
ON BEHALF OF THE
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS**

**BEFORE THE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES**

**HEARING ON
HOW THE TAX CODE'S BURDENS ON INDIVIDUALS AND FAMILIES
DEMONSTRATE THE NEED FOR COMPREHENSIVE TAX REFORM**

APRIL 13, 2011

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FAMILIES DEMONSTRATE THE NEED FOR COMPREHENSIVE TAX
REFORM**

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Good morning Chairman Camp, Ranking Member Levin and Members of the Committee. My name is Annette Nellen. I am a professor in and director of San Jose State University's graduate tax program. I am a CPA, a member of the American Institute of Certified Public Accountants ("AICPA"), a former member of the AICPA Tax Executive Committee and the current chair of the AICPA Individual Income Taxation Technical Resource Panel. I am also an attorney and a member of the Executive Committee of the Tax Section of the California Bar. Prior to joining San Jose State University, I was a tax practitioner with Ernst & Young and worked at the IRS as a revenue agent and lead instructor. My testimony today is based on my 20 years of experience working on tax reform and simplification.

I would like to thank this Committee for the opportunity to appear at today's hearing which focuses on the special burdens that the Internal Revenue Code (Code) imposes on individuals and families.

Current tax law is often incomprehensible. Both taxpayers and tax practitioners are interested in and need tax simplification. Compliance burdens for individual taxpayers are too heavy, both in terms of time required and out-of-pocket cost. Likewise, complexity increases the "Tax Gap" and may impair the efficiency of tax administration. We understand the challenges Congress faces as it tackles the complex issues inherent in drafting tax legislation and appreciate your diligence in trying to do the right thing for taxpayers.

In 2002, the AICPA released a tax policy report – "Guiding Principles for Tax Simplification." Based on the AICPA's prior decades of long work on simplification, we noted the following potential impacts of tax law complexity:

- Lower levels of voluntary compliance
- Inadvertent tax overpayments or deficiencies
- Increased perceptions that the tax system is unfair
- Higher costs for both tax administration and tax compliance
- Poorer quality of tax administration and tax assistance
- Inefficient economic decisions, driven primarily by tax considerations
- Unintended tax "traps" for certain taxpayers

The AICPA suggests that tax system design and reform follow principles of good tax policy. One significant tax policy is simplicity. The tax law should be simple so that taxpayers can understand the rules and comply with them correctly and in a cost-efficient manner.

There are a number of areas in the Code affecting individuals where the simplicity principle is not followed. These areas warrant your attention in order to help reduce the complexity individuals and families face in tax compliance and planning. For example, simplification is needed in areas such as education, the Kiddie Tax, mileage rates, due dates on reporting requirements for foreign accounts, alternative minimum tax ("AMT"), phase-outs, and the earned income tax credit ("EITC"). In addition, changing the filing due dates for partnership and trust returns would reduce the compliance burden on many individuals because partners and other pass-through owners and beneficiaries must wait for a Schedule K-1 in order to file their personal income tax return. Finally, the avoidance of temporary provisions would also reduce complexity in the tax law.

I will begin by summarizing a few of the many areas of where simplification is needed.

Harmonize and Simplify Education-Related Tax Provisions

Tax incentives are meant to encourage certain types of economic behavior, but taxpayers will only respond if they are aware of and understand those incentives. Few, if any, taxpayers are both aware of all the education tax incentives and familiar with their details. Fewer still can perform the analysis to determine which incentive is most advantageous to them.

The Code contains at least 14 complex incentives to encourage saving for and spending on education.¹ Requirements, eligibility rules, definitions, and income phase-outs vary from incentive to incentive. For example, eligibility for one of the two education credits depends on numerous factors including the academic year in which the child is in school, the timing of tuition payments, the nature and timing of other eligible expenditures, and

¹ The 14 education tax incentives are (1) non-itemized tuition deduction; (2) non-itemized college loan interest; (3) itemized deduction for work related education; (4) HOPE (American Opportunity Tax) Credit; (5) Lifetime Learning Credit; (6) tax-free treatment of student loans canceled; (7) tax-free student loan repayment assistance; (8) tax exemption for scholarships used for tuition, fees, and books; (9) Coverdell Education Savings Accounts; (10) penalty-free withdrawal from IRAs to pay for education; (11) interest exclusion for savings bonds used to finance college education; (12) Section 529 qualified tuition plans; (13) tax-free education benefits provided by employer plans; and (14) additional dependent exemption for students age 19–23. There is also one disincentive for saving outside these programs: full-time students age 19–23 can be taxed at their parents' marginal tax rate. There are also a few tax incentives outside of the income tax rules, such as the gift tax exclusion for gifts made directly to an educational institution on a beneficiary's behalf.

the adjusted gross income ("AGI") level of the parents (or possibly the student). Further, in a given year a parent may be entitled to different credits for different children, while in subsequent years credits may be available for one child but not another. Further complicating the statutory scheme, the Code precludes use of the Lifetime or Hope (American Opportunity Tax) Credit if the child also receives tax benefits from a Coverdell Education Savings Account. Although the child can elect out of such benefits, this decision also entails additional analysis. The IRS publication to explain the income tax rules on education incentives (Publication 970) is 86 pages long.

In an effort to harmonize and simplify education-related provisions, the AICPA proposes the following changes:

1. Replace tax incentives (i.e., Hope Credit, American Opportunity Tax Credit, Lifetime Learning Credit and the tuition and fees deduction) intended to help taxpayers meet current higher education expenses with one new or revised credit. Combining features of these incentives into one credit would simplify the tax benefits and remove duplicative provisions relating to higher education expenses.
2. Create a uniform definition of qualified higher education expenses ("QHEE") for all education-related tax provisions. Specifically, QHEE should include tuition, books, fees, supplies and equipment.
3. Coordinate the phase-out amounts for the student loan interest deduction, the educational savings bonds and Coverdell Education Savings Accounts exclusions with the new or revised tax credit intended to help taxpayers meet current higher education expenses. All education-related tax provisions should have the same AGI limitations.

For many taxpayers, analysis and application of the intended incentives are too cumbersome to deal with compared with the benefits received. The U.S. Government Accountability Office ("GAO") estimated that for tax year 2005, 19 percent of eligible tax filers did not claim either a tuition deduction or a tax credit that could have reduced their tax liability by an average of \$219, probably due to the complexity of the tax provisions.² Further, according to GAO research, although the number of taxpayers using the educational tax credits is growing quickly, the complexity of the tax provisions prevents hundreds of thousands of taxpayers from claiming tax benefits to which they are

² U.S. Government Accountability Office, Testimony Before the Subcommittee on Select Revenue Measures, Committee on Ways and Means, House of Representatives, *Higher Education – Multiple Higher Education Tax Incentives Create Opportunities for Taxpayers to Make Costly Mistakes*, May 1, 2008, GAO-08-717T.

entitled or which would be most advantageous to them.³ Finally, there is evidence that the regressive nature of the provisions prevents low-income taxpayers from getting the tax benefit that Congress envisioned.⁴

Furthermore, there is evidence from government studies that erroneous application of the Hope Credit contributes to the "Tax Gap." A 2009 U.S. Treasury Inspector General for Tax Administration ("TIGTA") report identified approximately 203,000 taxpayers who claimed the Hope Credit for the same student for the three consecutive years ending in Tax Year (TY) 2006 (TYs 2004, 2005, and 2006).⁵ The TIGTA report explained that the amounts of the credits inappropriately claimed in TY 2006 averaged close to \$1,500 and totaled just over \$300 million.⁶ Further, over 58,000 of these taxpayers claimed the credit for the same student for four consecutive tax years (TYs 2004 through 2007).⁷ The amounts of the credits inappropriately claimed for a fourth year totaled almost \$80 million.⁸ In a separate report, more than 169,000 taxpayers were identified who claimed the Hope Credit for the same student for the three consecutive tax years ending in TY 2007 (TYs 2005, 2006, and 2007).⁹ The amounts of the credits inappropriately claimed averaged close to \$1,400 and totaled just over \$232 million.¹⁰

Simplify the Kiddie Tax

For tax years beginning after May 25, 2007, section 1(g) of the Code taxes a portion of the unearned income of children under the age of 18 or full-time students under the age of 24 at the parents' marginal tax rate. Specifically, the provision applies in cases where: (1) the child's earned income does not exceed one-half of the child's support; (2) either parent of the child is alive at the close of the year; and (3) the child does not file a joint return for the taxable year.

In the case of parents who are not married, the marginal tax rate of the custodial parent is used to determine the tax liability on net unearned income (that is, in 2010 or 2011, the amount above \$950 plus the greater of \$950 or itemized deductions directly connected to

³ *Ibid.*

⁴ *Ibid.*

⁵ Treasury Inspector General for Tax Administration, (2009). *Improvements Are Needed in the Administration of Education Credits and Reporting Requirements for Educational Institutions*, September 30, 2009, Ref. No. 2009-30-141.

⁶ *Ibid.*

⁷ *Ibid.*

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ *Ibid.*

producing unearned income). The marginal tax rate of the individual with the greater taxable income is used in the case of parents filing separately. When the provisions of section 1(g) apply to more than one child in the family, each child's share of the parental tax is apportioned ratably based on the ratio of the child's net unearned income to the total net unearned income of all children.

Under certain limited circumstances, parents can elect to include their children's income on their return. However, the election is not available for parents of a child with any earned income, unearned income in excess of \$9,500, capital gains, withholding or estimated tax payments.

The Kiddie Tax adds such significant complexity to the computation of tax liability that the Internal Revenue Service ("IRS") has issued Publication 929, a 38-page booklet which provides worksheets to assist the taxpayer, or the return preparer, with calculating the child's taxable income and tax liability. Nonetheless, there are several challenges related to the Kiddie Tax:

1. Difficulty in obtaining information about the applicable tax rate: Parents may either refuse to provide the tax rate or, if divorced, one parent may refuse to cooperate with the other in providing the information. Without this information, the tax preparer is required to calculate the child's tax unfairly at the highest rate.
2. Qualified dividends or capital gain distributions: The IRS requires qualified dividends and capital gain distributions to be allocated between the first \$1,900 (in 2010) of unearned income and the portion of the child's unearned income in excess of \$1,900, thus making the computation burdensome.
3. Interrelationship with parents'/siblings' returns: If either the parents or siblings file amended returns, the child must also file an amended return.
4. AMT: The Kiddie Tax provision only considers the regular tax of section 1 and not the AMT of section 55. Therefore, under the current rules, if a parent must pay AMT, the children's income is still taxed at the parent's regular marginal tax rate, while the parent is taxed at the AMT rate without taking into account the child's income or the child's regular tax liability. This provision results in the payment of more tax than if the parent and children's income are both included in the parent's AMT calculation.

The AICPA has recommended repeal of the requirement to link a child's taxable income to his/her parents' and siblings' taxable income. A separate rate schedule could apply to income (other than capital gains) which is subject to the Kiddie Tax. The child's capital gains would be taxed at the capital gains rates. Taxing the child's income at a separate rate (rather than a rate linked to that of family members) would eliminate a significant amount of complexity, while still accomplishing the original intent of the Kiddie Tax.

Standardize the Mileage Rates for Business, Medical and Charitable Purposes

A standard mileage allowance, generally determined annually, is allowed to taxpayers in determining their expenses related to employment (50 cents per mile beginning January 1, 2010, 51 cents per mile beginning January 1, 2011). Further, a standard mileage allowance, also generally determined annually, is allowed to taxpayers for purposes of medical and moving expense deductions (16.5 cents per mile beginning January 1, 2010, 19 cents per mile beginning January 1, 2011). When necessary, the IRS has the authority to adjust these rates at any time (as it did in mid-year 2008 to reflect the extraordinary rise in gasoline prices). In contrast, the mileage rate allowed for charitable contribution deduction purposes has been permanently set by law at 14 cents a mile. Prior to 1984, the IRS had the authority to set this rate as well.

In the interest of tax simplification, the AICPA has recommended the allowance of two mileage rates: one for business expenses and another for all non-business purposes (charitable, medical and moving expense). The IRS should set the non-business rate at a percentage (at least 50% and as high as 70%) of the business rate, rounded to the nearest half cent. Congress should also allow the IRS to once again set the charitable contribution deduction mileage rate and standardize the rate with the amount allowed for other non-business purposes (i.e., medical and moving expenses). Finally, the IRS should continue to adjust all mileage rates on an annual basis and possibly semi-annually in certain circumstances.

Currently, taxpayers often need to apply at least two and sometimes three different mileage rates on a single return. The AICPA's proposal would reduce these numbers to one and occasionally two rates per return. Linking all mileage rate allowances to a single standard and adjusting those rates at least annually would bring fairness and equity to the process.

Revise the Due Date of the Reporting Requirements for Foreign Accounts

Treasury Regulations 31 CFR sections 103.24 and 103.27 require that if any U.S. person has a financial interest in or signature or other authority over any foreign financial account (including bank, securities or other types of financial accounts in a foreign country) and if the aggregate value of all of the person's financial accounts exceeds \$10,000 at any time during the calendar year, that person must report that relationship for the calendar year by filing Form TD F 90-22.1 on or before June 30 of the succeeding year.

The AICPA has recommended changing the reporting due date from June 30 to October 15. Many, if not most, taxpayers with the financial resources to have offshore investments or business interest are very likely to file for an extension of time to file their

income tax returns. Complete filing information from foreign sources is rarely available until mid-summer or later. To conserve time and minimize fees, preparers usually wait until all the required return information is available before beginning work on a return. Thus, the amount and details of offshore accounts are often not known until after June 30.

Further, few individuals understand the full scope of the phrase "foreign financial account" or the concept of indirect (constructive) ownership. Thus, individuals are unlikely to tell the preparer of the need to file the report by June 30. To increase voluntary compliance and reduce the cost of oversight, the due date for the report should be changed to October 15.

Repeal Alternative Minimum Tax

The AMT was created to ensure that all taxpayers pay a minimum amount of tax on their economic income. However, the AMT is one of the tax law's most complex components. In fact, the AMT is a separate and distinct tax regime from the "regular" income tax. Code sections 56 and 57 create AMT adjustments and preferences that require taxpayers to make a second, separate computation of their income, expenses, allowable deductions and credits.

Although most sophisticated taxpayers are aware of AMT, many middle-class taxpayers have never heard of AMT and are unaware that it may apply to them. Unfortunately, the number of taxpayers facing potential AMT liability is expanding due to: (1) "bracket creep"; (2) classifying as "tax preferences" the commonly used personal and dependency exemptions, standard deductions, and itemized deductions for taxes paid, some medical costs, and miscellaneous expenses; and (3) the inability to use many tax credits to offset AMT.

Due to the increasing AMT complexity, the AMT's impact on unintended taxpayers, and AMT compliance problems, the AICPA supports repealing the individual AMT. However, we recognize that simply eliminating the AMT would generate a new set of problems given the large loss of tax revenue that would accompany such a move. Consequently, the AICPA urges Congress to consider alternative solutions that would reduce or eliminate most of the complexity and unfair impact of the AMT as currently imposed.

The AICPA has urged Congress to consider the following alternative solutions, which we believe would reduce or eliminate most of the complexity and unfair impact of the AMT as currently imposed:

1. Increase and index for inflation the AMT brackets and exemption amounts, and eliminate phase-outs.

2. Eliminate the standard deduction and personal and dependency exemptions as adjustments to regular taxable income in calculating AMT.
3. Eliminate miscellaneous itemized deductions as an adjustment to regular income tax so that middle income taxpayers are able to deduct such items as employee business expenses for AMT.
4. Eliminate the AMT medical expense adjustment so that middle income taxpayers are allowed the same amount of medical expenses for both regular tax and AMT.
5. Eliminate state, local, and other taxes as an adjustment.
6. Allow tax credits enacted to promote important public goals – such as the low-income tax credit, tuition tax credits, etc. – to be credited against AMT liabilities.
7. Exempt all taxpayers with regular tax AGIs under \$100,000 from AMT.
8. Have only one AMT tax rate and set that rate to below the third lowest regular tax rate of 25 percent.
9. Require the impact of AMT on future tax legislation, i.e., whether the intended tax benefits of any change are negated by the AMT regime, to be reported with the revenue impact of proposed legislation.
10. Allow a minimum tax credit for *all* AMT, not just AMT attributable to deferral preferences, in order to place the individual AMT on parity with the corporate AMT.
11. Liberalize the capital loss limitation rules when calculating AMT associated with incentive stock option (ISO) transactions (e.g., specifically allow a negative basis adjustment for ISO differences to be ordinary rather than capital loss).
12. Eliminate the definition of “qualified housing interest” and allow all deductible residence interest as a deduction for AMT.
13. Exclude AMT from the estimated tax penalty.

Eliminate or Rationalize Phase-Outs

The Code includes many exclusions, exemptions, deductions, and credits aimed at benefiting low- and middle-income taxpayers. Already complex, these benefits are

further complicated by phasing out benefits for individuals or families whose incomes exceed certain levels.

Unfortunately, there is no consistency across these phase-outs in how income is measured, the income range over which the phase-out applies, or the method of applying the phase-outs. Phase-outs become hidden tax increases that (1) create irrational marginal income tax rates, (2) make tax returns longer and more complicated, (3) increase errors, (4) are difficult to understand, and (5) impair taxpayer ability to know whether the intended benefits will ultimately be available. Affected taxpayers are understandably frustrated when they discover that they have lost, either wholly or partially, itemized deductions, personal exemptions, or credits.

Simplify the Earned Income Tax Credit

According to the Treasury Inspector General for Tax Administration, the number of taxpayers claiming the EITC grew from 6.2 million in 1975 to 22.4 million in 2006. During this period, amounts claimed rose from \$1.2 billion to \$43.7 billion.¹¹ Since its inception in 1975, the EITC has lifted millions of families above the poverty level, and it is now the largest means-tested, antipoverty program in the United States.

However, the program has experienced a high rate of noncompliance. The IRS estimates that EITC over-claim rates for 2005 were between 23 percent and 28 percent of dollars claimed, or between \$9.6 and \$11.4 billion.¹² On the other hand, eligible taxpayers are not claiming all the benefits to which they are entitled. For example, the National Taxpayer Advocate's 2004 study indicated that after audit reconsideration, 43 percent of taxpayers received additional EITC benefits that had been initially disallowed.¹³

The EITC is complex due to the numerous definitions and special rules, as well as the computation itself. This complexity, coupled with a lack of financial sophistication of many eligible families, present a major challenge for taxpayers, tax practitioners and the IRS. Congress somewhat reduced EITC complexity by adopting a uniform definition of a qualifying child in the *Working Families Tax Relief Act of 2004*.¹⁴ As a result of significant steps the IRS has taken to address many EITC compliance problems, the

¹¹ Treasury Inspector General for Tax Administration, (2008). *The Earned Income Tax Credit Program Has Made Advances; However, Alternatives to Traditional Compliance Methods Are Needed to Stop Billions of Dollars in Erroneous Payments*, December 31, 2008, Ref. No. 2009-40-024.1.

¹² *Ibid.*

¹³ National Taxpayer Advocate, *2004 Annual Report to Congress, Volume II – Earned Income Tax Credit (EITC) Audit Reconsideration Study*, Publication 2104 (Rev. 12-2004) and National Taxpayer Advocate, *2008 Report to Congress*, vol. 1, p. 8.

¹⁴ H.R. 1308, Pub. L. No. 108-311.

National Taxpayer Advocate has removed the EITC from its "most serious" list. Nonetheless, any federal tax reform effort should take into account the difficulties of administering this significant program and further reducing its complexity.

Change Tax Return Due Dates Affecting Individuals' Returns

The filing of many individuals' Form 1040 would be more accurate and simpler if Schedules K-1 were received in advance of the due date. The original due date for a partnership Form 1065 is due April 15, the same due date as the Form 1040. While the extended due date for partnership returns was recently moved to September 15 to assist individuals, many Form 1040 extensions could be avoided if taxpayers received their Schedules K-1 prior to April 15.

To rectify these and other administrative problems for both taxpayers and the government, the AICPA has proposed a change to the due dates of partnership, corporate, trust and other returns.

Avoid Temporary Provisions, Especially Last-Minute Provisions

The use of temporary provisions in the tax law creates uncertainty and confusion. While some measures, such as those designed for economic stimulus, are appropriate for temporary and sporadic use, longstanding, continually renewed, temporary tax provisions, including many incentive provisions, have become far too common. In its January 2011 report on expiring tax provisions (affecting individuals and other taxpayers), the Joint Committee on Taxation lists 65 tax provisions that expire in 2011, and 37 in 2012.¹⁵

Many temporary provisions are routinely allowed to expire for a period of time, with subsequent debate and legislative action to extend them for some additional temporary period, thus causing confusion and frustration to many Americans, and often filing complications as well. For example, when the "AMT patch" is not in place at the start of a tax year, many individuals must include AMT in their quarterly estimated tax payments. Or, when the exclusion for employer-provided education has expired, employers might not offer the benefit or employees may opt out due to the tax consequences as they cannot rely on the provision being retroactively reinstated. Or, perhaps a teacher will defer purchasing books and other supplies for their classroom until the above-the-line deduction is extended. From a pure tax policy perspective, it is both inefficient and ineffective to utilize temporary provisions.

¹⁵ Joint Committee on Taxation, *List of Expiring Federal Tax Provisions, 2010-2020* (JCX-2-11), January 21, 2011.

In reality, the temporary nature of some provisions has not led to rigorous review of the related incentives before their renewal. Further, the temporary nature of the incentives may have served to blunt their effectiveness in motivating taxpayer behavior.

These ever-changing, often expiring, short-term changes to the tax laws make it increasingly difficult for individuals to do any long-term cash-flow or financial planning. These planning challenges are further compounded when tax laws are changed after the year has already begun but are slated to take effect that same tax year. When tax laws, new regulations or Treasury guidance are issued late in the year or at the last minute, individuals do their best to comply with no ability to plan for such last-minute provisions, no matter how well-intentioned.

Uncertainty also breeds complexity. The need to extend expiring provisions (e.g., AMT relief) adds confusion and, in many cases, undermines the policy reasons behind these incentives. The on-again-off-again nature of these provisions, coupled with retroactive tax law changes, necessitate filing amended returns, make long-term planning difficult, and significantly increase complexity.

Future tax changes should be enacted with a presumption of permanency, except in rare situations in which there is an overriding and explicit policy reason for making provisions temporary, such as when a new provision requires evaluation after a trial period.

Tax Policy Guidance

We appreciate your efforts in examining some of the difficulties that individuals and families face in navigating the code, including both compliance burdens and challenges faced in making long-term financial decisions when confronted with confusing, overlapping and frequently temporary tax provisions. We suggest in drafting new tax legislation that you review the AICPA's Tax Policy Concept Statement #2: Guiding Principles for Tax Simplification. In brief, our principles are (1) make simplification a priority; (2) seek simplest approaches; (3) minimize compliance burdens; (4) reduce frequency of tax law change; (5) use consistent concepts and definitions; (6) consider administrative burdens; and (7) avoid limited applicability. We also suggest that you review the AICPA's Tax Policy Concept Statement #1: Guiding Principles for Good Tax Policy to assist you in identifying problems in the Code as well as to test any new proposals against the principles of good tax policy.

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The AICPA is the national professional organization of certified public accountants comprised of approximately 370,000 members. 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, tax-exempt organizations, small and medium-sized businesses, as well as America's largest businesses.

Thank you, again, for the opportunity to testify. In addition to my testimony, we encourage you review the AICPA's recent publication on alternatives for tax reform, our report on penalty reform, our guiding principles for good tax policy and simplification, our compendium of simplification and technical proposals, and our recent proposal to change the original and extended due dates for several returns, all of which are available online, as follows:

Tax Reform Alternatives for the 21st Century, is available at:

<http://www.aicpa.org/InterestAreas/Tax/Resources/TaxLegislationPolicy/TaxReformStudies/DownloadableDocuments/Tax%20Reform%20Alternatives%202009.pdf>

Report on Civil Tax Penalties: The Need for Reform, is available at:

http://www.aicpa.org/InterestAreas/Tax/Resources/IRSPracticeProcedure/Advocacy/DownloadableDocuments/AICPA_report_civiltax_penalty_reform1.pdf

AICPA's Tax Policy Concept Statement #1: Guiding Principles for Good Tax Policy, is available at:

http://www.aicpa.org/InterestAreas/Tax/Resources/TaxLegislationPolicy/Advocacy/DownloadableDocuments/Tax_Policy_Concept_Statement_No.1.doc

AICPA's Tax Policy Concept Statement #2: Guiding Principles for Tax Simplification, is available at:

<http://www.aicpa.org/InterestAreas/Tax/Resources/TaxLegislationPolicy/Advocacy/DownloadableDocuments/TPCS%20%20-%20principles%20for%20tax%20simplification.pdf>

AICPA Compendium of Legislative Proposals – Simplification and Technical Proposals, dated November 2010, is available at:

http://www.aicpa.org/InterestAreas/Tax/Resources/TaxLegislationPolicy/Advocacy/DownloadableDocuments/AICPA%20_010_Compndium_of_Legislative_Proposals_-_Simplification_and_Technical.doc

AICPA's Letter to Chairmen Baucus and Levin, and Ranking Members Grassley and Camp dated October 8, 2010 on a proposal to change the original and extended due dates for several returns, is available at:

<http://www.aicpa.org/InterestAreas/Tax/Resources/Partnerships/Advocacy/DownloadableDocuments/Due%20Date%20Letter%20and%20Bill%20-%20Final.pdf>

AICPA's Written Testimony for the Record
Committee on Ways and Means
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Need for Comprehensive Tax Reform
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We hope you will find this testimony and additional publications useful in your continued work on tax reform for individuals. The AICPA welcomes the opportunity to discuss this information with you informally or in any future public hearing.