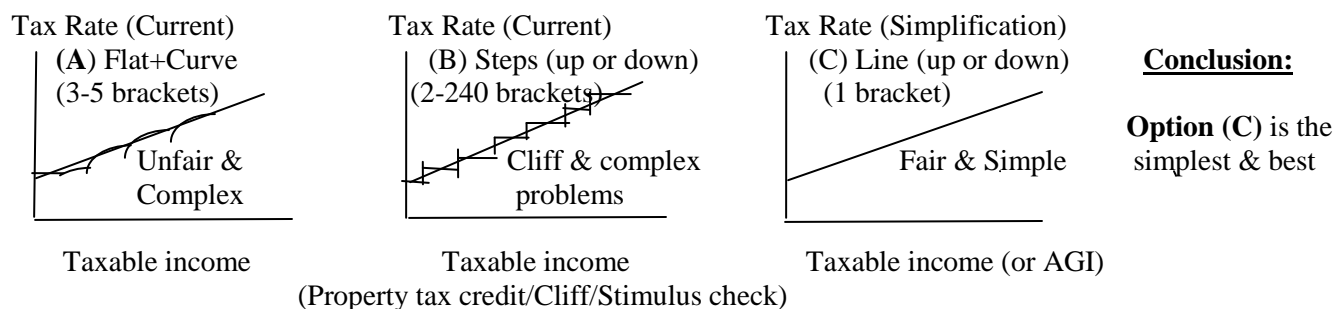# Important Points

1. <u>Basic Question: What Tax Rates Are Fair and Simple?</u> When 2 tax rates are set, **simple effective (linear) tax rates between the two points with a straight line are fair and simple. Existing flat and curve or step tax rates** with less or more tax brackets **are unfair and complex.** (FIG. 1)

2. <u>Tax Simplification, Publication, Benefit and Value:</u> Effective (linear) and gradual (LG) tax simplification has been developed, which is supported by our 12 publications at   http://taxsimplecenter.net/publication.html The LG tax simplification has 15 benefits for lawmakers, companies, taxpayers and department of revenue. Its **value is about $10 billion/year**, which is based on 155 million federal tax returns per year. (Web/Page 2)

3.   FIG. 1   <u>Current Tax Rates (A and B) and Simplification (C)</u>

Tax Rate (Current)   Tax Rate (Current)   Tax Rate (Simplification)
  (**A**) Flat+Curve   (B) Steps (up or down)   (C) Line (up or down)   **<u>Conclusion:</u>**
  (3-5 brackets)   (2-240 brackets)   (1 bracket)
                                                                                        Option (C) is the
            Unfair &   Cliff & complex   Fair & Simple   simplest & best
            Complex   problems

     Taxable income   Taxable income   Taxable income (or AGI)
                              (Property tax credit/Cliff/Stimulus check)

4. <u>Tax Simplification</u>*   Yearly taxable income ÷ S is: Not over $100,000   100,000-300,000   Over $300,000
                              Tax rate is: (YTI÷S÷A)+0.1   (YTI÷S÷A)+0.14   0.37-(B×S÷YTI)

Wherein YTI=yearly taxable income, S=status (1, 2 or 1.5), A=100,000÷ 1-st tax rate difference=1,204,819, B=200,000÷ 2-nd tax rate difference=2,325,581and C=300,000× 3-rd tax rate difference=30,300

(**3 tax rate ranges**: 10-18.3-26.9-37% for 2018, 10-18.17-26.73-37% for 2019 or 10-18.1-26.6-37% for 2020
at taxable income ranges of 0-$100,000-$300,000-)