

The Fair and Simple Tax Act

Summary

- The tax code desperately needs simplification. Americans spend far too much time and money preparing their taxes – 6 billion hours at a cost of \$265.1 billion per year. This amounts to a 22-cent tax compliance surcharge for every dollar the income tax system collects. The FAST Act will drastically simplify the process by once again allowing Americans to file their taxes on one page.
- The FAST Act cuts the current 6-bracket tax structure in half and employs three simple rates of 10, 15 and 30 percent. By reducing marginal rates and preserving major deductions, including mortgage interest, charity, state and local taxes, the child tax credit and the personal exemption, the FAST Act will provide working Americans with more money for their needs.
- Repealing the Estate and Gift Tax is a matter of fairness. The FAST Act eliminates both.
- The Alternative Minimum Tax (AMT) has long been a source of confusion and frustration within the U.S. tax code. Working Americans have seen their wages rise, yet AMT has never accounted for this wage growth. As a result, each year, more and more Americans are faced with the reality of paying the AMT. The FAST Act would bring fairness to the AMT by indexing both the individual and corporate AMT to inflation.
- As American corporations continue to compete in the global marketplace, the FAST Act will make domestic employers more competitive by reducing the corporate tax rate from 35 percent to 25 percent, below the average of other industrialized nations.
- The tax code should not penalize success. That is why the FAST Act reduces the individual capital gains tax rate from 15 percent to 10 percent and indexes the tax for inflation.
- As Americans seek to save money for retirement, education and other needs, the FAST Act provides incentives to encourage individuals to save more. The FAST Act creates three new, tax-free savings accounts: the Retirement Savings Account and the Lifetime Savings Account, both providing a \$5,000 tax-free contribution, and the Lifetime Skills Account, which provides a \$1,000 tax-free contribution. Each will provide Americans with additional ways to save money for their future needs.
- Americans should have more control, not less, over their healthcare expenses. That is why the FAST Act provides a \$7,500 tax deduction for individuals and a \$15,000 tax deduction for families who do not receive employer-sponsored health coverage. This expanded deduction will provide individuals and families with additional assistance to purchase healthcare and allows unspent funds to be allocated to a Health Savings Account (HSA)
- America has long been an engine of technology and innovation. Yet the recent expiration of the Research and Development Tax Credit will only hurt innovation and competitiveness. In order to encourage innovation and the entrepreneurs who are responsible for it, the FAST Act provides a permanent extension of the Research and Development Tax Credit.
- At a time when we have seen the tremendous job growth created by the 2001 and 2003 tax relief measures, it is clear that these measures must not be allowed to expire. That is why the FAST Act calls for the permanent extension of the 2001 and 2003 tax relief measures.