

## Investors For The Fair Tax Unite

The vast majority of Americans are investors, although many don't realize it. The vast majority of Americans are creative with their 1040 numbers, although most won't admit it. The majority of Americans would agree that investing, retirement planning, and estate preservation would be easier to manage if the Internal Revenue Code was comprehensible. A landslide of American voters would elect any candidate championing IRC replacement surgery. All of us aspire to some degree of economic security and none of us would be so critical of the wealthy if we had a shot at joining their ranks. One side of the legislative mouth encourages savings and investment while the other treats it with totally "unearned" disrespect. One wealthy political party wants us to hate anyone with indoor plumbing while the other (wealthier) one spends most of its time trying to protect its diminishing turf and powerful cronies. All levels of government view businesses small and large as their all-purpose Reserve Accounts and, as a result, both prices and taxes suffer from a terminal case of downward stickiness. Not surprisingly, in a DC crowded with 10,000 combative fiefdoms, nowhere can a PhD in dot connecting be found. We need to change this. It is likely that many of you are more familiar with the controversial Fair Tax Legislation than I am, but what I have found most shocking is just how thoroughly The Act's refreshingly new ideas have been swept under the congressional carpet. Neither political party really wants to change the sacred IRC, and why are our media heroes keeping their heads in the sand on this one? Let's squeeze some meaningful change out of the next administration. From an Investor's point of view, implementation of just three elements of the Fair Tax would be an outstanding starting point, even without the more sweeping changes that the Bill addresses. [The Fair Tax Act of, believe it or not, 2003 was authored by Representative John Lindner and co-sponsored by 54 others. Its purpose is: To promote freedom, fairness, and economic opportunity by repealing the income tax and other taxes, abolishing the Internal Revenue Service, and enacting a national sales tax to be administered primarily by the States.] Now this is pretty heady stuff, for sure, but every bit as easy to implement as real Social Security reform would be. The three changes reviewed briefly below would be an excellent Phase One: 1) Eliminate the Corporate Income Tax, and all other nuisance fees and taxes that businesses must pay just for existing. Whatever any business is charged in fees, taxes, and mandatory assessments is translated into higher prices for goods and services... and at more than a 1/1 ratio. Governments need to look at businesses as employers and wealth generators, not as rateables. Lower expenses should result in lower prices and higher profits, and this would be comparatively easy to monitor for compliance. Corporations would have more incentive to control their general expenses if such savings would actually make it to a bottom line that could be used to grow the business, compensate owners, and reward employees. More, higher paid, employees and more spendable (untaxed) corporate dividends are good for the economy. How many billions in lobbyist fees would be removed from corporate pricing formulae? With no income taxes or mandated charges to fork over, corporations could focus on growth and innovation. Investors would own more viable companies, selling more competitive products, to a more affluent population. Additionally, fewer jobs would be exported, more foreign companies would invest in the US of A, and GNP would rise at a faster pace. Rising profits would increase dividend payouts, stock repurchases, debt retirement, and employment opportunities. 2) Eliminate the Capital Gains Tax: I've often referred to taxes (or tax avoidance decisions) as one of two "Tails" that "Wag the Investment Dog". Every year, millions of people go out of their way (with professional encouragement) to lose money on perfectly good securities. Those who take profits too soon are punished severely and those whose behavior is tax-wise may severely damage their investment portfolios' future. Although it is clear that the Capital Gains Tax was originally designed to pick the pockets of those terrible folk wealthy enough to play the stock market for profit, it now inflicts considerable pain on all of us... particularly those who foolishly subscribe to the archaic Buy 'n Hold investment (mismanagement) strategy. Times have changed, and the average investor is now a pretty average guy indeed, willing to build a future if Uncle will let him. A Government that bemoans the population's low savings and investment rates has only itself to blame, and Wall Street Institutions are happy to exacerbate the problem with their own financial pandemic of products, strategies, and tax deferral/avoidance schemes. Fair Tax advocates estimate that Billions of Dollars, Hours, and Antacids could be allocated more productively every year, just from eliminating this portion of the tax form preparation process... not to mention the trees. 3) Eliminate taxation on all forms of investment and Retirement income: Dividends, Interest, Rents, Royalties, Social Security, Pension, IRA, 401(k), etc. It just makes abundant sense, doesn't it? Without taxation, interest rates, rents, and professional's fees, just to name a few, could fall. Personal disposable income would rise and a much larger number of retirees would be able to live comfortably. Isn't this what periodic IRC tinkering is all about? Wouldn't it be cool if all of those different IRAs and self directed plans could be combined and relabeled: "My Untouchable Retirement Plan"? We would all save more and spend more if we had more to deal with. No one expects a hundred million taxpayers to agree 100% on the final plan. I have problems with taxing education and health care spending, for example, and there is no doubt that displaced IRS bureaucrats will populate new compliance entities that monitor corporate operations. And most would agree that three separate sales taxes would be unacceptable. But real win/win/win change is in sight. We just need a positive leader with some... Here's my proposed 2008 Voting Resolution for anyone with even the smallest start-up IRA account: I promise to never, ever, cast my vote for any politician, at any level of government and from any political party, that has not clearly demonstrated that the repeal and replacement of the existing IRC is at the very top of his or her political agenda." Oh yeah, that super simple Social Security fix is the super-simple, plain-vanilla, deferred fixed annuity... It's time [Insert Hillary, Barack, John, or another] to reinvent this wheel!

## About the Author

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