HR.B. 412

Comprehensive Tax Reform Act

Recognizing that the economic affairs of this great nation, and all the vast workings inherent therein, are compromised to an intolerable degree by the complexity of our tax code, it is thus imperative that we as a legislative body move to address this issue, and lay at last to rest the root cause of so much confusion that wracks our citizens. Tax exemptions, deductions, and other such deviations from the usual brackets that constitute our system of raising revenue, are at heart attempts to steer the economic activities in which the American people engage. They are primarily designed to incentivize certain activities and give aid to certain groups of people, mostly the less fortunate. Yet because of these policies our tax system has become so ludicrously complex only a team of lawyers can interpret it. Thus only the rich may take advantage of our tax policies, and even the most tightly-written laws allow for gaps to appear in the fabric. The United States tax code changes by the hour and the IRS is incapable of enforcing it.

Whereas our tax code was intended as a progressive policy, it has by its very complexity become highly regressive. Tax expenditures only benefit those who can find them. Of course taxes are too high, and by eliminating the complications inherent in government handling of these funds it is more than possible, it is necessary, to lower these taxes in a progressive manner that will benefit the whole body of our citizens.

Be it enacted by the Senate and the House of Representatives in Congress Assembled,

SECTION I: Definitions

(a). Tax expenditure-- any alteration to the established United States tax code that reduces the revenue that would otherwise be collected by the government of those United States.

(b). Tax Exemption-- any alteration to the established tax code which grants any individual or group a lower tax rate than is usual.

(c). Tax Deduction-- See above.

(d). Capital Gains-- the profits from the sale of property or of an investment.

(e). Gross Profits-- Total Revenue minus the cost of manufacturing. In other words, total revenue before money earned from revenue is spent.

(f). Corporation/Corporate Tax-- A C-Corporation is any company taxed separately from its owner or owners. The United States Corporate Tax refers to these corporations.

(f). Tax Bracket-- A range of incomes taxed at a given rate.

(g). Marginal Rate-- the percentage of income listed on the tax bracket.

(h). Effective Rate-- the actual percentage of income actual taken in taxation.

(i). Long term capital gains-- profits from the sale of assets held for over a year.

(j). Labor Income-- Income from wages, pensions, retirement plans, etc. Does not include capital gains and dividends income.

(k). Self-Employed individual: Individual not employed by another individual or group of individuals, or not the owner of a corporation subject to corporate taxes, a situation in which an employee-employer relationship does not exist.

Section II: Title

(a). This Act shall be known as the Comprehensive Tax Reform Act

SECTION III: Individual and Capital Gains Taxes

(a). All tax expenditures, these including all tax exemptions and deductions, are hereby repealed and abolished save for the following exceptions:

1. The Earned Income Tax Credit shall remain in effect until the passage into law and implementation of the Welfare Reform Act (S.457)

2. The various Departments of the Executive of the United States Government shall have the power to grant certain tax exemptions if it is thusly legislated by Congress, but shall not have the power to exceed the provisions of this act as detailed below:

    a. The Department of Education shall have the power to grant up to $15,000,000,000.00 in tax exemptions, as legislated by Congress, to eligible Colleges, Universities, or other non-profit educational initiatives as determined by Congressional legislation. No legislation, or directive of the Department of Education, shall exceed the amount thusly proscribed.

    b.The Department of Health and Human Services shall have the power to grant up to $10,000,000,000.00 in tax exemptions, as legislated by Congress, for the establishment and/or maintenance of Hospitals and other Health facilities. No legislation, or directive of the Department of Health and Human Services, shall exceed the amount thusly proscribed.

c.No future tax expenditures shall exceed 1% (one percent) or Federal revenue.

d. Self- employed individuals shall be taxed upon the total gross profits of their enterprise.

3. Government Benefits other than Social Security shall be exempted from taxable income.

(b). Citizens of the United States shall be subjected to the following income tax brackets:

1.Married couples and all joint-filers will pay no tax on their first $100,000 of income. All single-filers will pay no tax on their first $50,000 of income.

2.All income above these values respective values, to the sum of $1,000,000 will be taxed at a rate of 15%.

4.All income from $1,000,000 to $10,000,000 will be taxed at a rate of 26%.

5.All income exceeding $10,000,000 will be taxed at a rate of 33%.

(c). Capital Gains shall be considered income and shall be taxed as such-- Capital gains shall be added to labor income and the total amount shall be taxed at the above rates.

1.Capital Gains tax values shall be indexed to inflation by the United States Federal Reserve.

SECTION IV: Corporate Taxes

(a). All corporations, whether incorporated in the United States or incorporated in a foreign country, shall pay a tax of 28% of gross profits earned on United States soil or in United States territories.

(b). All corporations incorporated in the United States or in which the majority of operations, or the headquarters, are located in the United States, shall pay a tax of 19% on all revenue earned abroad.

(c). All corporations incorporated in the United States for which fifty percent of manufacturing occurs within United States and are in compliance with the laws of the United States shall pay a rate of 14% on all gross profits earned abroad and a 23% tax on all gross profits earned within the United States.

(d). All corporations incorporated in the United States for which seventy-five percent of manufacturing occurs within the United States and are in compliance with the laws of the United States, shall pay a tax of 15% on all gross profits earned on United States soil or in United States territories, and shall be exempt from all taxation on gross profits earned abroad.

1.All corporations incorporated abroad for which seventy-five percent of employees are employed within the United States shall pay a tax of 23% on all gross profits earned on United States soil or in United States territories.

(e). All corporate tax expenditures save those described above, these including all exemptions and deductions, are hereby repealed and abolished.

(f). All gross profits must be reported in the country in which they were earned utilizing the following method:

1.Taxes shall be calculated based on the percentage of revenue earned within the relevant territorial zones. The corporation shall thereby pay a tax on their total gross profits, multiplied by the percentage of revenue earned within the relevant territorial zone (this being the United States or, for corporations incorporated within the United States, any applicable foreign income), multiplied by the relevant tax rate.

SECTION V: Enactment

(a). This act shall take effect upon the first day of the new Fiscal Year following its passage into law.

(b). Severability.—The provisions of this act are severable. If any part of this act is declared invalid or unconstitutional, that declaration shall not affect the part which remains.

(c). Implementation-- The Secretary of the Treasury shall be responsible for the necessary regulations to make effective the provisions of this act.

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This bill should be sent to the House Ways and Means Committee