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April 17, 2009

Senator Lamar Alexander  
455 Dirksen Senate Office Building  
Washington, DC 20510

**RE: Simplify the U.S. Tax System**

Dear Senator Alexander,

This letter is in reference to your proposal for a one-page flat tax system in order to simplify the tax code for many Americans. I greatly admire your attempts to reform the current tax system; however, I believe the system needs to be completely replaced. My suggestion, along with many other Tennesseans, is to implement the FairTax rather than any type of flat tax system. I am sure that you are aware of the FairTax, but I will list some of its provisions below.

1. The FairTax is a consumption tax and replaces the income tax system entirely.
2. The FairTax eliminates all other federal taxes including: personal income tax, corporate income tax, capital gains tax, FICA/payroll tax, and the estate tax.
3. The FairTax refunds in advance the tax on purchases of basic necessities monthly to ensure low-income Americans are not burdened with new taxes. This makes the FairTax a progressive system.
4. Production will no longer be punished under the FairTax since it taxes consumption rather than income.
5. The FairTax will save an estimated \$400 - \$500 billion per year in compliance costs over the current income tax system. The IRS can be eliminated, businesses will save millions in accounting and legal fees, and individuals will no longer be subject to the complicated tax code. These savings from compliance costs alone will be greater than the tax cuts President Bush passed in 2001 and 2003. The Bush tax cuts gave us about a \$1.6 trillion cut over 10 years if they are not repealed, but the FairTax will cut about \$4 trillion over 10 years in compliance costs alone.
6. Since income and capital gains taxes will be removed, there will be no reason for the trillions of dollars currently held outside of this country to remain there. The United States will again become the perfect arena for capital investments.
7. Businesses that moved jobs and operations outside the U.S. will most likely come back since the corporate income tax would no longer be in effect.
8. Foreign companies would begin to move operations to the U.S. in order to do business in the largest economy in the world with no corporate tax.
9. Since the FairTax taxes consumption, everyone within the U.S. will contribute including undocumented aliens and tourists.
10. All tax loopholes will be closed and even those who participate in black market or illegal activities will be subject to the tax when they purchase new items.
11. Americans will no longer be subject to federal audits since they will not have to track their income and deductions under the FairTax.

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12. Forty-five states already have a sales tax system in place, so implementing the FairTax should not be difficult.

The FairTax bill is currently in the U.S. Senate (S. 296) and the U.S. House of Representatives (H.R. 25). Please support the bill as a co-sponsor and help us create a better federal tax system, bring investment back to the U.S., and make American businesses more competitive. I believe the FairTax will not only simplify the tax system, but it will allow for rapid expansion of the American economy and help fund programs such as Social Security and Medicare. More information about the FairTax can be found at [www.fairtax.org](http://www.fairtax.org) and [www.fairtaxnation.com](http://www.fairtaxnation.com).

While a flat tax would be an improvement to the current tax system, an optional flat tax could even complicate the system. Many citizens would calculate their tax burden on the normal progressive system, the Alternative Minimum Tax system, and then again using the flat tax system. Therefore, it may cause some citizens to calculate their income taxes three different times which would increase the cost of compliance and time required. The FairTax will drastically reduce the cost of compliance and eliminate the time required to prepare an individual tax return completely.

Sincerely,

Cory S. Colquette, CPA