

PRESS RELEASE

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CPA advice to tax panel: ‘Eliminate alternative minimum tax’

San Antonio, TX—The alternative minimum tax should be eliminated. That was the resounding response of CPAs surveyed for recommended measures to reform and simplify the United States tax system.

Sol Schwartz & Associates, P.C. is a member of the CPAmerica International network, the country’s largest network of independent CPA firms. Douglas H. Thompson, Jr., president and CEO of CPAmerica, asked leading partners and tax liaisons at CPAmerica member firms for their opinions on tax reform. Of the 20 respondents, all agreed the alternative minimum tax should be repealed.

Thompson sent the responses to former senator Connie Mack (R-Fla.), who is joint chair of the Presidential Advisory Panel on Federal Tax Reform. The panel is scheduled to present their findings to President Bush on July 31.

The alternative minimum tax (AMT) was enacted to ensure that wealthy taxpayers who had numerous deductible expenses paid a fair amount of income tax.

Over the years, however, the AMT has not been adjusted for inflation, as has the standard income tax. This year, 4 million taxpayers were affected by the AMT, and it is anticipated that by next year the number affected may rise to 20 million.

“It is a tax system that runs parallel with the regular tax system,” said Steven J. Banks, CPA, partner with *Good Swartz Brown and Berns LLP*, a CPAmerica affiliate in Sherman Oaks, Calif. “It makes the task of intuitively estimating tax obligations almost impossible. In any given year, a taxpayer could be subject to either system depending on the facts for that year.”

Other CPAs commented that the AMT is especially unfair to taxpayers who live in states with high real estate or state income taxes. It also affects those who have numerous deductions or who receive a portion of their employment compensation in company stock.

Other tax recommendations from the survey included:

- Eliminating taxes that have “phase-in” or “phase-out” provisions, i.e., taxes that apply to only a few taxpayers or for only a limited period of time
- Increasing the limits on IRAs and simplifying the distribution rules
- Simplifying the tax table and reducing the number of progressive tax rates
- Increasing the credit for estate and gift taxes

CPAmerica International is an exclusive of network full-service, independent CPA firms founded in 1978 to provide continuing education, marketing, practice management support and other services for the betterment of its firms. **Sol Schwartz & Associates** has been a member of CPAmerica since 2001.

CPAmerica has affiliate members in more than 400 offices in 85 countries through its strategic alliance with Horwath International. The CPAmerica/Horwath alliance creates one of the world's largest networks of CPA and consulting firms, with annual combined revenues approaching \$2 billion.

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