CONCORD MONITOR

How to make tax code fairer

By Donald Johnson, March 4, 2013

Earlier this year House Speaker John Boehner suggested that our government could raise new revenue by eliminating a number of federal tax loopholes. President Obama in his State of the Union address and more recently has also strongly supported closing these loopholes.

Our government spends more money on corporate welfare subsidies than it spends on all our social welfare programs such as food stamps and aid to dependent children. Social welfare programs cost about $59 billion per year, while, according to the conservative Cato Institute, corporate welfare programs cost our government $100 billion in 2012.

We could avoid the tragic consequences of the imminent sequester, if Congress would agree to close the following loopholes:

■ The deferred income clause that applies only to those fortunate wealthy folk that can ask that a healthy bonus be deferred until January or can ask clients to delay payment until the following year.

■ The carried interest clause that defines income as capital gains. This loophole allowed Mitt Romney to pay only 14 percent taxes on his yearly income.

■ The second home mortgage deduction that largely benefits the rich.

■ Tax breaks for corporations that ship businesses overseas. It seems unconscionable that corporations that close factories in the United States and move their operations to cheap labor countries should be able to avoid paying income taxes.

■ Raise the capital gains rate to 20 percent. The current rate of 15 percent applies only to investors and discriminates against average people. This tax break for the wealthy will cost the U.S. Treasury around $457 billion between 2011 and 2015.

Ending these unfair loopholes and subsidies would restore basic fairness to our unwieldy and grossly unfair tax codes that largely benefit the very rich and large corporations.