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Try A Flat-Tax Revolution

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Americans now have fewer than 70 days to file their federal income taxes, and for many taxpayers, this year's filings will likely be as costly and complicated as ever. Yet with Donald Trump now the president, future filings may become a lot simpler. After all, the president promises "across-the-board income tax reduction, especially for middle-income Americans."

High taxes and the endless complexity in the Internal Revenue Service code are problems, but the solution calls for far more than the tax reduction Trump envisions. Instead, Americans deserve a tax revolution — the kind only a flat tax can provide.

I propose cutting individual income taxation to 15 percent for taxpayers with incomes above \$232,425, and 7 percent for those with annual incomes below that but higher than \$40,000. And those with incomes lower than \$40,000 would pay no federal income tax at all. Citizens or permanent residents with incomes below \$30,000 could still expect subsidies or grants.

The flat tax would also apply to businesses. Under a flat tax as I propose, corporate taxation could be reduced to 12 percent — drastically lower than the 35 percent corporate tax that a typical mid-sized business now pays. This would make the United States substantially more attractive for investment from countries with emerging markets, also encouraging U.S. firms overseas to return their business to the United States.

The flat tax would also mean an end to the many loopholes and deductions currently in the IRS code. Instead, taxpayers would benefit from a system where what they see is what they get. Every tax bracket would come with a fixed, stable rate, making it far easier to determine what you owe each April.

Current tax law slows economic growth. It distorts economic incentives, doing more to encourage tax avoidance or create tax shelters than anything else. A more transparent flat tax would eliminate many of those negative incentives.

Experience from other parts of the world shows how these simpler rates can help boost an economy. In particular, Hong Kong's success under a flat-tax system needs little introduction. Its simple and low tax rate made Hong Kong one of the world's most attractive places to work, invest and live.

Trump isn't the first politician to advocate a fundamental reform of the tax code. When current California Gov. Jerry Brown ran for president in 1992, his platform included a proposed 13 percent flat tax for personal income taxes and business taxes. Republican candidate Steve Forbes proposed a similar plan in 1996.

Whereas these earlier initiatives went nowhere, Trump and a Republican-controlled Congress mean that a flat tax such as I propose now has a chance of becoming reality.

Ultimately, a flat tax would be a huge economic boost.