A tax-day miscellany

By <u>Steve Thorngate</u> April 17, 2012

Have you filed your tax return yet? If you prepared it yourself, congratulations on navigating that complex web of forms and instructions, an ongoing complexity <u>brought to you by a strange lobby comprised of tax-preparation companies and</u> <u>antitax activists</u>.

Senate Republicans <u>blocked the Buffett Rule yesterday</u>, a sad moved surpassed in sadness perhaps only by the smallness of the proposed minimum tax itself. The Buffett Rule is <u>neither as simple nor as bold</u> as the president's summary of it suggests. Instead of simplifying the tax code to get rid of loopholes that favor the wealthy, it would try to counteract them somewhat by *adding* to the layers of rules. And as Patrick Caldwell <u>argues</u>, it would "set \$1 million as the de facto cutoff for who qualifies as wealthy"--it would implicitly reinforce the people who claim with a straight face that their \$400,000 income doesn't buy what it used to, that they're just struggling middle-class folks, too.

Better than nothing? Sure, if those are the options. But the Buffett Rule raises all the old questions about whether doing something small and symbollic will make it harder to do something substantive later. As a supporter of tax reform aimed at more progressive real tax rates, I'm not convinced that the policy makes this thing worth passing.

Of course, that wasn't really the point. Here's Paul Waldman:

Why has the administration settled on the Buffett Rule as its main tax proposal? I'm guessing part of the reason is that they got so enthralled with the fact that America's most successful investor is on their side that they believed they had to use him in the most direct way possible. The basic story underlying their case—Warren Buffett pays a lower tax rate than his secretary—is a compelling concrete example of the problem they want to rectify. They could have just proposed taxing all income the same and called that "the Buffett Rule," but maybe that never occurred to anyone. And it just happens that Mitt Romney is another large beneficiary of the current system, which means they can personalize this argument during the campaign. It will be a tale of two men, the rich guy who pointed out how unfair the system is, and the rich guy running for president so he can keep his own taxes low.

We want tax reform! As long as it comes in a package capable of smearing Mitt Romney in 30 seconds of fifth-grade-comprehension-level campaign junk. MoveOn's PAC obliges:

It's an ad that checks all the right boxes: rhetoric ripped from Occupy, dead-horse web meme, just factual enough. (Of course, Rosie Gray's <u>right</u> that chubby cats are, in problematic fact, super cute. Not to mention that I'd appreciate a hat tip whenever <u>political ads involving cats are involved</u>.)

Meanwhile, Romney <u>offered this unassailable idea</u>: maybe second (and third, etc.) homes shouldn't come with massive tax deductions. Good for him, though not for his campaign, which quickly backpedaled. (That obviously right, can-we-at-least-agree-on-*this* thing our guy said when he thought no reporters could hear him? He was just spouting off some nonsense.)

Now Daniel Levine--there's a rich guy with some big-time ideas about taxes.

Think you can improve on the current tax code? <u>Give it a try</u>. (I already <u>solved the</u> <u>national debt crisis</u>; it's your turn to step up.) What's coolest about this tax-code simulator is how quickly it shows you the effects different changes would have. It makes clear the case for restoring higher tax rates on the large group of people who make a good bit more than they need to live comfortably, not just the much smaller group of those who earn ridiculous sums that most of us can't even fathom. Of course, these days this is a position being pushed by neither major party.

This despite the fact that paying taxes gives you a warm glow.