

Joint Economic Committee

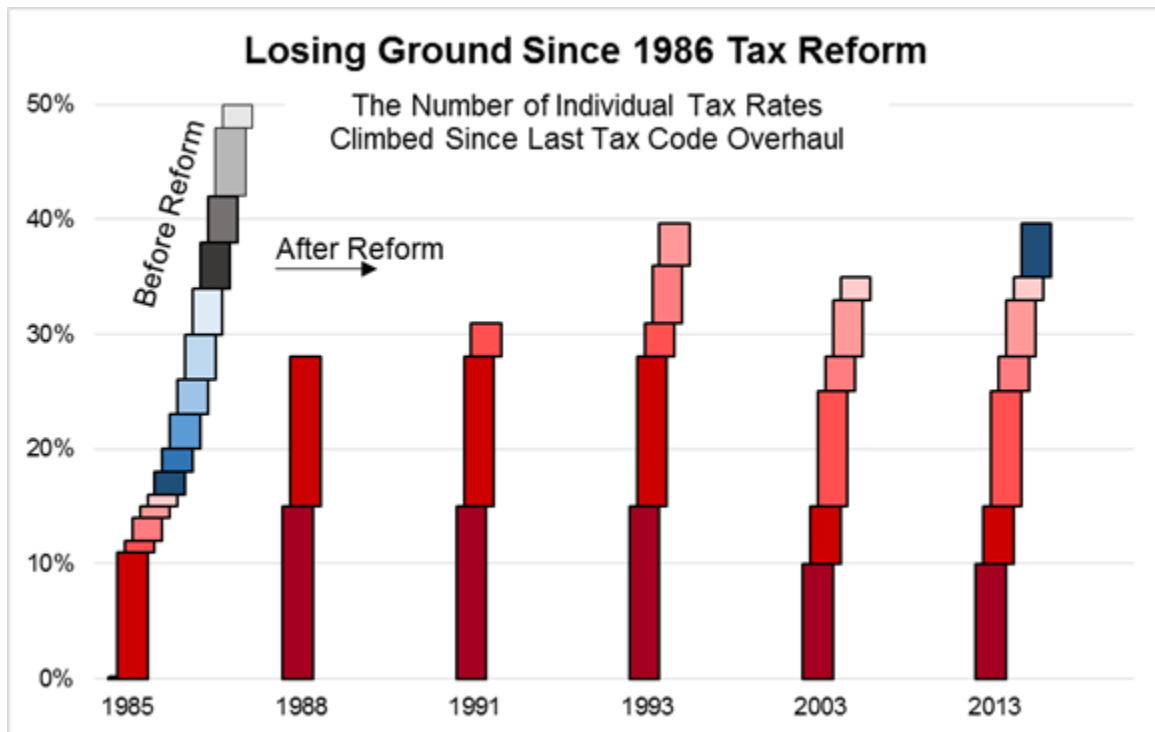
Representative Pat Tiberi, Chairman

Senator Mike Lee, Vice-Chairman

April 6, 2017

Ten Reasons to Reform the Tax Code

REASON #3: We need fewer and flatter individual tax rates.



The opposite of reform. Major tax reform efforts in the Kennedy and Reagan Administrations led to a trend of dramatically [lower and fewer tax rates](#). This continued with the Tax Reform Act of 1986, which consolidated 16 separate tax rates ranging as high as 50 percent into two rates of 15 and 28 percent. Unfortunately, since then policymakers have stacked additional and mostly higher tax rates back into the tax code. Today, we have a top individual tax rate heading back toward the pre-reform level of 50 percent and seven different tax rates.

Small business burdens. Multiple and higher rates can cause burdens for small business owners who must not only pay more taxes but also determine how much of their workers' income to withhold at various tax rates so they can send the proper amount to the Internal Revenue Service without risking penalties.

Family headaches. Taxpayers without an employer that withholds on their behalf face similar complications when paying estimated taxes. Unless they are willing to pay for outside help, taxpayers must wade through [63 pages of instructions](#), including 27 worksheets and various tables and flowcharts.

Fewer and flatter tax rates would reduce burdens for families and small businesses alike.

To be continued...