A PLAN TO PAY OUR TAXES ON A POSTCARD

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When I was a young wife, my husband would bring a big brown envelope of bills, records and receipts when he came home to dinner on the evening of March 15. (In those years, income taxes were due on the Ides of March.) We'd spend a couple of hours making out our federal tax return, and then he would drive down to the post office at 11:30 **P.M.** where cooperative clerks would postmark it before the midnight deadline.

As the years went on, I took over the task of making out our income tax returns. It was a chore, but I was able to cope.

In the 1980s, Congress gave us a series of what was euphemistically called "tax reform." The result was that the ordinary person can't make out his tax return any more; it has become essential to hire accountants or lawyers to do it for us.

If you make more than an average income, chances are that you spend an exorbitant amount of time (or money paid to your accountant) figuring out how to take advantage of every available deduction. It has been estimated that Americans spend nearly 6 million man-hours (person hours, if you choose) filling out income tax forms. Congressman Dick Armey (R-TX), the new House Majority Leader, has presented a radical plan that just might change all this. Armey calls it a Flat Tax, and it has become his mission.

Flat Tax means that we all pay (NOT the same tax) but the same rate of tax, and that nobody gets any deductions at all. Converting to this system would reduce the income tax form to about six lines.

Here's all you would have to do to pay your income taxes. First, add up your income from wages, salaries and pensions. Next, subtract your personal allowance, which is based on how many people are being supported by this income: $13,100 for single workers, $26,200 for married couples, and $5,300 for each child.

Then, multiply the remaining figure by 17 percent. That's all! That's your tax. Sign the postcard and mail it in!

The first objection to this plan is the elimination of separate deductions for such things as mortgage payments, charitable contributions, state and local taxes, etc. However, because the personal allowance is so high, and the tax rate so low, most Americans will still end up paying less taxes, even if they now use a lot of itemized deductions.

The second objection to this plan is that income from savings such as stock investments or money market accounts will not be included in taxable income. Armey

believes that the present taxation of savings serves to discourage savings and investment, "which explains the 'mystery' of why Americans save less than Germans and Japanese."

Under Armey's Flat Tax, savings would be taxed only once. All businesses (whether or not incorporated) would pay a flat 17 percent tax on gross revenue less the cost of goods and services. Armey's plan would eliminate business deductions for fringe benefits, interest, and payments to owners.

A third objection made to Armey's Flat Tax is the soak-the-rich, class-envy argument that the rich "ought" to pay a higher tax rate than those with less income. This is the income tax structure that is called "progressive"; it was popularized by Karl Marx and has been part of U.S. law for decades. At the present time, the top rate is more than 40 percent.

Under Armey's Flat Tax, everybody will pay the same rate, but the rich will, indeed, pay much, much more than those with less income, and millions of low- and middle-income families will be taken off the federal income tax rolls altogether. A family of four, for example, will have to earn more than $36,800 before it pays a penny in federal income taxes.

Under Armey's Flat Tax, the rich would pony up with their 17 percent instead of hiring accountants and lawyers to hide income and high-priced lobbyists to write more deductions into the law. Under Armey's Flat Tax, a family of four earning $50,000 would pay 4 percent of its income in taxes, while a family of four making $500,000 would actually pay 16 percent of its income in taxes.

The big advantages of the Flat Tax for individual taxpayers are that it would eliminate the many economic inefficiencies that are inherent in the present system, it would eliminate tax breaks for politically favored activities, and it would eliminate the evasion and concealment that cannot be avoided in our present immensely complicated system.

For those who might think that Armey's plan is just one more Republican plan to reduce taxes for the "rich," remember that when Jerry Brown ran for President in 1992, he urged that we simplify income tax returns so that they can be filed on a postcard. Maybe Armey's Flat Tax has a broader appeal than we might have guessed.