

One-Page Simplification for Payroll, W-2 Report and Federal/State Tax Returns

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Abstract

Taxpayers and companies need simple and efficient national and state income tax systems. Existing federal tax system is complex and unstable with 7 tax brackets, 21-page Withholding Tables, 224 (7×4×8) formulas, 28 taxable income ranges and 12-page Tax Table, which is unstable and changed yearly. Many states also have complex and unstable tax systems. This research uses 1 existing formula and 2 or 1 linear formula to design one-page simplification for payroll, W-2 report and federal/state tax returns together, which is simple and stable. One checking tool is provided to reduce calculation mistakes. Linear and gradual (LG) tax simplification can eliminate the 21-page Withholding Tables, 224 formulas and 28 taxable income ranges. The 7 tax brackets and 224 formulas can be matched and reduced with 3 brackets/formulas, which can simplify federal tax system by 98% (1-3/224). One existing formula and 1 linear formula can be used to match and simplify state tax systems. Another design is half-page or postcard format as a federal or state tax return form. The tax simplification can reduce tax processing time and costs (billions (or millions) of dollars per year) with 15 benefits for federal (or state) government, businesses and people. Income deductions and tax credits may be standard or itemized. Easy and fair tax and tax analysis are good for economic development.

References:

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