How Do You Spell R-E-L-I-E-F?

To the Editor:

I applaud the article by William Stevenson, “AMT: Unintended Consequences,” Tax Notes, May 14, 2001, p. 1171. Mr. Stevenson has added his voice to the veritable roar about repealing the AMT altogether. I am particularly pleased that Mr. Stevenson begins his list of why the AMT is terrible with an example arising out of a discrimination case and contingent legal fees in which, as he states it, the AMT “robbed her of most of the [legal fee] deduction” (p. 1171).

What is most striking about Mr. Stevenson’s brief article is the relatively low income level at which the AMT has become an enormous problem. As he correctly points out, Mr. Archer, when he was Chairman of the House Ways & Means Committee, called eliminating the AMT one of his highest priorities. I fear now that eliminating (or even scaling back) the AMT is lost in the political shuffle of major tax legislation. Since I believe most on the taxwriting staffs concur that the AMT should be repealed, tinkering with the AMT (such as the recently introduced bill to eliminate the AMT preference for incentive stock options) is simply not enough.

In my practice, the legal fee deduction is of enormous (and virtually daily) significance. Given the current split in the circuits on this question (and the U.S. Supreme Court’s puzzling denial of cert. in Coady v. Commissioner, 213 F.2d 1187 (9th Cir. 2000)), something clearly must be done.

Maybe Tax Analysts should have a special “I hate the AMT” issue of Tax Notes as a way of further highlighting this enormous problem? I find the latest bill’s ridiculous moniker, the “Restoring Earnings to Lift Individuals and Empower Families Act of 2001,” all the more offensive given its failure to adequately address what is arguably the most unfair tax of all. [See Tax Notes, May 21, 2001, p. 1189.]

Very truly yours,

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