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Trump Backs Crew Cut For Taxes And IRS

Donald Trump seems unscathed after his <u>Megyn Kelly rant</u> and has now gone on the tax offensive. He has stated that simplifying the tax code would be one of his domestic priorities as president. He may not be exaggerating when he says his tax documents "would literally probably be 10 feet high if I put them together, it is so complicated and so terrible." On Fox & Friends, Trump said that he wants to cut taxes. When asked about his tax plan, Trump said:

Frankly, what we should do is...start it off by simplifying our current system, put H&R Block out of business, knock them out, put them out of business. A simple return, people have to go out and pay a lot of money to get help, to fill out their tax returns. And I'm talking about a simple return. We have to simplify our code, we have to bring down taxes, but we have to simplify our code, Steve, it's too complicated. You can't do it. You have to go — in my case, I have lawyers all over the place. I have accounting firms all over the place, everybody. You have to simplify this tax code. And from that point on, you can maybe do something else. But before we do anything, simplify it. Make it nice and easy for people to understand, and reduce taxes."



Real estate tycoon Donald Trump flashes the thumbs-up as he arrives on stage for the start of the prime time Republican presidential debate on August 6, 2015 at the Quicken Loans Arena in Cleveland, Ohio. (Photo credit: MANDEL NGAN/AFP/Getty Images)

Like Warren Buffett and Mitt Romney, <u>Trump says</u>, <u>"I pay as little as</u> <u>possible" in taxes</u>. There is a long tradition of taking advantage of tax breaks when they are offered. Mr. Trump and Mr. Buffett both subscribe to the notion that you should exploit the law to your advantage.

But how Mr. Trump would make a crew cut out of our tax code's Trump comb-over remains to be seen. <u>Trump says he'll release details on</u> <u>his tax plans</u> in September, but there will be talk nevertheless. In 2011, Mr. Trump suggested a 5-part tax plan to restore simplicity and sanity to the income tax. At that time, he said:

- Up to \$30,000, you should pay 1%
- From \$30,000 to \$100,000, you should pay 5%
- From \$100,000 to \$1 million, you should pay 10%
- On \$1 million or above, you should pay 15%

He said then that one advantage would be simplicity, dreaming of a kind of tax return on a postcard. He also advocated killing the death tax; lowering the tax on capital gains and dividends; eliminating corporate taxes; and levying a 20% import tax. Of course, this is not 2011 and Mr. Trump's views may have

changed. But as he reveals his new plan, it is likely that a simpler system will be the key he is selling. And with many Americans, that is likely to resonate.

Mr. Trump may not only want to fire H&R Block. He may want to fire the IRS. The IRS lampooned Mr. Trump in an IRS training video replete with, "You're fired!" All that can be saidof the IRS effort was that the \$10,000 the IRS reportedly spent on the video for a poor Trump Apprentice parody was better than \$60,000 the IRS spent on its <u>Star Trek</u>, Gilligan's Island and <u>line dancing videos</u>. A shake-em-up reformer like Mr. Trump could probably shake up the IRS and the tax system. Some people might be willing to vote for that even if they do not like Mr. Trump.

For alerts to future tax articles, email me at <u>Wood@WoodLLP.com</u>. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.