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Why Americans Want A Buffett Tax

If you believe the latest [poll](#), most Americans want a Buffett tax. Yup, 64% support a minimum tax of 30% if you earn \$1 million or more. With considerable stage savvy, the “Buffett tax” was proposed by President Obama at his [State of the Union](#) address, with Mr. Buffett’s secretary sitting in [First Lady Michelle Obama’s box](#). See [State of the Union’s Taxes: Buffeted Poor](#).



While a Buffett tax has been proposed, the “Paying a Fair Share Act of 2012” ([S.2059](#)), passage seems unlikely. See [Warren Buffett Endorses Whitehouse’s “Buffett Rule” Legislation](#). Yet March 29th it was proposed again by Sen. Tom Harkin (D-Iowa) in his Rebuild America Act. Think alternative minimum tax ([AMT](#)) on steroids.

The U.S. government’s budget deficit is expected to swell to \$1.17 trillion in the 2012 fiscal year. People cry out for change, but how? Without a comprehensive overhaul in 25 years, the tax code is riddled with deductions, exemptions and rules layering complexity and special interests one atop the other. Even Harvard Business School alums think we’re practically third world in taxes. See [Politics, Tax Code Said to Stymie U.S.](#)

A view of history suggests that [Buffett's tax buffet is no smorgasbord](#). Sure, it seems like [Warren Buffett](#) and other billionaires should pay a higher rate than their secretaries. But a minimum tax?

In 1969, the AMT was intended to make sure the wealthy paid a minimum level of tax. Since then, the AMT has grown into the most insidious and counterintuitive tax there is. See [Will Everyone Pay AMT Next Year?](#) The AMT has grown to cover almost everything. You compute regular tax and AMT, and if the AMT is higher, you must pay it.

Given the ingredients that go into the AMT, you can't eyeball it. You must compute your tax both ways to tell. Even IRS Commissioner [Doug Shulman](#) practically begged Congress to fix it. Congress only slapped on a [two-year patch](#) for 2010 and 2011.

A Congressional Research Service Report, "The Alternative Minimum Tax for Individuals" says it's only going to get worse—***even without*** the Buffett Rule. See [CRS Says Inflation, Income Tax Reductions Will Cause More Taxpayers to Be Subjected to AMT](#). In 2008 (the most recent year for which such statistics are available), 27% of the households that paid the AMT had adjusted gross income of \$200,000 or less.

A Buffett tax may ***sound*** good, just like the AMT did in 1969.

For more, see:

['Buffett Rule' Is More Complicated Than Politics Suggest](#)

['Buffett Tax' and Truth in Numbers](#)

[The Warren Buffett Haters Club](#)

[The 2013 Tax Cliff](#)

[Millionaire's Tax To Be Tough Sell](#)

[Buffett's New AMT](#)

[The Bush Tax Cuts—Better By Another Name?](#)

[A Jeremy Lin Tax? Yup, and Better Than Buffett's](#)

[Mitt's Taxes Stoke "Carried Interest" Flames](#)

[Buffett Tax Goes Korean](#)

[New Capital Gain Tax Reporting For 2011 Tax Returns](#)

[Trump's Tax Trump? You're Fired IRS!](#)

[After Iowa Squeaker, Getting Our Mitts on Mitt's Taxes](#)

[Clint Says Manning v. Brady? Think Zuckerberg v. Buffett](#)

[State of the Union's Taxes: Buffeted Poor](#)

[In Taxes, Kim Kardashian is More Buff Than Buffett](#)

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