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# The Coming Tax Tsunami

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April 15 is a day which already strikes dread into the hearts of most Americans who pay taxes. But following 16 months of one-party control of the House, Senate, and White House, taxpayers are now facing a federal tax tsunami as the full \$670 billion in Obama Administration tax increases come into effect.

The House Ways and Means Committee today released the list of \$670.341 billion in tax increases that have thus far been signed into law by President Obama, equating to a staggering \$2,100 per year in additional federal taxes for every man, woman, and child in America. Those new taxes include at minimum 14 violations of President Obama's campaign pledge not to increase taxes on middle-income Americans, which he defined as families making less than \$250,000.

Here are just some of the new taxes that have been loaded on the backs of taxpayers in only a little over a year of one-party control of Washington:

- Tax on individuals who do not purchase government-approved health insurance
- Tax on employers who fail to buy government approved health insurance
- 40% tax on high cost health plans, but with an exemption for union members
- .9% increase in Medicare tax on wages and self-employment income
- A new 3.8% surtax on certain investment income
- Increase from 7.5% to 10% of income the threshold for deducting medical expenses
- A new \$2,500 annual cap on Flexible Spending Account contributions
- Excise taxes on brand name pharmaceuticals
- Excise taxes on medical devices including wheelchairs
- A 10% federal tax on indoor UV tanning services
- New tax on insured and self-insured health plans
- Double the penalty for non-qualified HSA distributions
- Tobacco tax increase

But that's not all. Unless Congress takes action, here is a sample of additional tax increases that are scheduled to kick in automatically in the immediate future:

## **2010:**

- The Alternative Minimum Tax (AMT) will decrease from \$46,700 to \$33,750 for single filers and from \$70,950 to \$45,000 for married couples filing jointly.
- Taxpayers will not be allowed to deduct their state and local general sales taxes from their federal income tax.
- Businesses will not be able to claim a tax credit for research, experimentation, and development activities.
- Taxpayers will not be able to claim a deduction for qualified tuition and expenses.
- School teachers will no longer be able to write off books, supplies and other equipment

- Five year depreciation of farm machinery and equipment will expire.
- Donations of books to public schools (K-12) will no longer be eligible for an enhanced charitable deduction.

## **2011:**

- The 35% income tax bracket will increase to 39.6%
- --33% bracket will increase to 36%
- --28% bracket will increase to 31%
- --25% bracket will increase to 28%
- --10% and 15% brackets will condense to 15%
- The child tax credit will decrease from \$1,000 to \$500.
- The marriage penalty tax will be restored, charging married couples a higher tax rate than individuals on the same total income
- The “death” tax returns with a 55% maximum rate and a \$1 million exemption, after years of decreasing “death” tax rates,
- The dependent care tax credit will decrease from \$3,000 to \$2,400.
- The energy efficient home appliance tax credit will expire
- The tax credit to hire unemployed veterans and disconnected youth will expire.
- The Work Opportunity Tax Credit, which allows employers to credit up to 40% of the first-year wages of a new employee, will expire.
- The \$400 “Making Work Pay” Tax Credit will expire.

## **2012:**

- The adoption tax credit will decrease from \$13,170 to \$5,000.
- The credit for electric drive motorcycles, three-wheeled vehicles, and low-speed vehicles will expire.
- The conversion credit for plug-in electric vehicles will expire.

## **2013:**

- The tax credit for cellulosic biofuel producers will expire.

The last thing taxpayers and our national economy need in the middle of the worst recession in a generation are back-breaking tax increases that siphon trillions more dollars out of the free market economy.

We need jobs to get out of this recession – not new taxes. And those jobs need to be good-paying, permanent, private-sector jobs, not the temporary census-counting jobs the President attempted to crow over this month.

Every dollar going to government deficit spending is a dollar taken from private-sector jobs, and one that we cannot afford to lose if we hope to restore a vibrant economy and future for our children and grandchildren. That is the primary reason we have seen unemployment soar to record highs over 2009-2010.

Let’s hope that by next April 15, voters will have made the changes in Congress to reverse these crippling new taxes, and start repairing the damage to our economy from reckless fiscal policies.

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