



August 14, 2010

Why Bush Tax Cuts Should be allowed to Expire

Nobody likes to pay taxes yet we all know that paying taxes is part of modern life. As such, everyone generally rejoiced when tax cuts were implemented during the Bush era starting from the early 2000s. The tax cuts at that time were enforced to give a semblance of a balanced budget. But these tax cuts were only good through 2010. Thus, on December 31 this year, the tax cuts will expire and Congress will deliberate what to do thereafter – should these tax cuts be maintained for future budgets or should they be allowed to expire.

Back in 2001, the then-President Bush advocated tax cuts to return to the taxpayers of part of their contributions to the annual budget surplus at the time. In fact, the tax cuts became more generous as the years went by. One prime example is the complete nonexistent estate tax for this year 2010. This makes the tax cuts even more unsustainable in the long run.

In addition, no one can deny that things are completely different almost 10 years later. The United States has undergone two major wars, passed a drug benefit for senior citizens that wasn't fully funded and most significantly, been experiencing the worst economic recession since the Great Depression. No matter how you look at it, the tax rates cannot cope with the amount of spending in the US that we have seen, neither can it reduce the amount of national debt to a more bearable level.

All these are reasons to let the Bush tax cuts expire, at least some if not all of them. The only ones who should be spared from paying additional taxes are those from the lower income group who live from hand to mouth. For the rest of the American taxpaying public, we got along just fine in the pre-Bush era where then-President Clinton imposed taxes to offset the deficit budget he inherited.

Another consideration is the fact that the Baby Boomer generation is about to retire and they will be due to receive their retirement benefits. This wave of retirements will have a snowball effect as a huge source of borrowing suddenly disappears and then has to be repaid.

Under this scenario, it is not difficult to see why Congress should allow most or all of the tax cuts to expire without renewing them.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys, CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.