

[COMMITTEE PRINT]

SUMMARY OF TESTIMONY ON TAX
TREATMENT OF SINGLE PERSONS AND
MARRIED PERSONS WHERE BOTH
SPOUSES ARE WORKING

AT

PUBLIC HEARINGS
APRIL 10 AND MAY 1, 1972

HELD BY THE
COMMITTEE ON WAYS AND MEANS

PREPARED BY THE STAFF
OF THE
JOINT COMMITTEE ON INTERNAL
REVENUE TAXATION



JUNE 17, 1972

U.S. GOVERNMENT PRINTING OFFICE

79-480

WASHINGTON : 1972

JCS-7-72

**SUMMARY OF TESTIMONY ON TAX TREATMENT OF
SINGLE PERSONS AND MARRIED PERSONS WHERE
BOTH SPOUSES ARE WORKING**

(H.R. 850, H.R. 14193 and Related Bills)

Testimony was received before the Committee on Ways and Means from Members of Congress, the administration, and the general public at public hearings on April 10 and May 1, 1972, on the subject of the tax treatment of single persons and married persons where both spouses are working (on H.R. 850 and H.R. 14193 and related bills). H.R. 850 would permit unmarried individuals to use the tax rate schedule presently used by married individuals filing joint returns. H.R. 14193 (the amended version of H.R. 850) provides for one tax rate schedule for all individuals without regard to marital status. Married individuals would be permitted to file separate returns, but would be required to report as earned income only the income he or she actually earned (without regard to community property laws).

Summarized below are the statements of the witnesses appearing during the public hearings, as well as written statements submitted to the Committee on Ways and Means.

**A. COMMENTS OF THOSE FAVORING H.R. 850/H.R. 14193 (AND RELATED
BILLS)**

Vivien Kellems, East Haddam, Connecticut (April 10)—Supports H.R. 850, as amended, introduced by Congressman Koch. Contends that the tax treatment based upon marital status is unconstitutional, as violating the equal protection of the laws clause of the 14th Amendment. Notes that a recent Supreme Court Case ruled that the State of Massachusetts could not apply a law one way for married people and another way for single persons.

Gloria Swanson, New York City, New York (April 10)—Supports H.R. 850, as amended, to remove the difference in tax treatment of single and married persons.

Henry Couture, President, Single People United (April 10)—Feels that the tax treatment of single persons is unfair and a "flagrant disregard for equality under our Constitution." Maintains that the tax law should not carry a penalty tax burden for either the single or the married persons, solely on their marital status.

Paul Keane, Graduate Student, Kent State University (April 10)—Questions why unmarried persons should pay a tax penalty for being unmarried or why a wife who works should also pay a tax penalty.

Mary E. Frisina, President, Taxpayers' Crusade of Los Angeles County (April 10)—Maintains that single taxpayers are discriminated against through higher taxes, as well as not being able to qualify for certain State welfare supplemental aids.

Polly K. Ruhtenberg, Taxpayers of El Paso County, Inc., Colorado Springs, Colorado (April 10)—Contends that there is a 20-percent tax penalty on single persons.

Adrienne Neumann, Denver Supporters of Vivien Kellems, Denver, Colorado (April 10).

Honorable Robert C. Cline, State Assemblyman, State of California (April 10)—Calls for revision of the personal income tax law to remove the discrimination against single taxpayers.

Shirley M. Corrigan, Single Persons for Tax Equality Association (April 10)—Advocates inclusion of single taxpayers within the split-income provision of the Internal Revenue Code. Considers single taxpayers to be discriminated against through higher tax rates, as much as 20 percent higher. Indicates that income splitting provides the greatest percentage of saving to those with taxable incomes in the \$20,000 to \$50,000 range. Notes that the constitutionality of the 1948 legislation setting up the split-income provision for married persons is being challenged in Minnesota, the plaintiffs of which are members of the Minnesota Single Persons for Tax Equality Association.

Committee of Single Taxpayers, represented by Patty Cavin, Executive Director, Honorable George T. Murphy, former Senator from California, Honorable Eugene McCarthy, former Senator from Minnesota, and Robert K. Gray (April 10)—Object to single persons being discriminated against in the tax law. State that the tax penalty on single taxpayers (including widows, widowers, bachelors, unmarried women, the divorced) can amount to thousands of dollars in a lifetime of earnings. Point out that most other taxes do not attempt to determine marital status before the tax is levied upon the transaction or property of the taxpayer. Feel that the 1969 Tax Act was a step in the right direction, but not the total solution.

Osta Underwood, President, National Federation of Business and Professional Women's Clubs (April 10)—Supports legislation which will extend to all unmarried individuals the full tax benefits of income splitting now enjoyed by married individuals filing joint returns, and which will remove inequities for married persons where both are employed.

Feels that any provable relationships between costs of living as a married couple and tax benefits conferred to offset these expenses can be more equitably translated into deductions and exemptions than they can into tax rate differentials.

Christine Beshar, Attorney, Committee on Sex and Law of the Association of the Bar of the City of New York (April 10)—Feels that the 1969 Act appears to have an unintended result in that the tax liability of two income-earning taxpayers is higher if they are married than if they are not. Maintains that this result is inequitable and socially undesirable by inducing some people to live together without marriage or in some cases to get a divorce.

Suggests that this inequity can be cured by a bill such as H. R. 13745 (Mr. Blanton), which would allow every taxpayer (whether married or not) to file a separate return and to use the tax rates in section 1(b) of the Code applicable now only to unmarried individuals.

Mrs. Kelly Rueck, Vice President, Air Line Pilots Association's Steward and Stewardess Division (April 10)—Maintains that the income tax structure discriminates against single career women. Believes there is no justifiable reason why single people must subsidize others.

Honorable Edward I. Koch, Member of Congress, State of New York (May 1)—Notes that H.R. 850 and/or H.R. 14193 have 157 cosponsors in the House. Maintains that, even with the 1969 Act, the unmarried taxpayer pays up to 20 percent more taxes than a married taxpayer filing a joint return, and that the head of household pays up to 10 percent more. Indicates that these higher tax rates affect some 29 million taxpayers.

Contends that the extra tax paid by working couples as compared to two single persons acts as a surtax on working wives, most of whom are in the lower and middle income families. Asserts that the way to distinguish between taxpayers' different living expenses is through the exemptions for dependents, and suggests that the exemption should be raised to \$1,200.

Honorable Samuel S. Stratton, Member of Congress, State of New York (May 1)—Considers the 1969 Act to have moved in the right direction, but indicates that there still is a possible 20-percent penalty against single taxpayers. Notes that his bill (H.R. 13934) is similar to H.R. 850.

Honorable William F. Ryan, Member of Congress, State of New York (May 1)—Believes that H.R. 850 and H.R. 41493 represent an opportunity to correct a major inequity in tax burdens of single persons as compared to married persons by establishing a uniform rate structure for all persons regardless of marital status. Maintains that the only fair way of distinguishing between taxpayers is through deductions and exemptions. Recommends raising the personal exemption to \$1,000.

Urges immediate action on thorough tax reform before there is a real taxpayers' revolt against the inequities of the various tax preferences.

Honorable Fred Schwengel, Member of Congress, State of Iowa (May 1)—Supports legislation to extend to all unmarried individuals the tax benefits of income splitting and to remove rate inequities for married persons where both are employed. Contends that this would greatly simplify the tax rate structure.

Honorable Donald C. Clancy, Member of Congress, State of Ohio (May 1)—Maintains that the way to differentiate between taxpayers with differing responsibilities is through deductions and dependency exemptions, with the same tax rate schedule apply to married and single persons (as in his bill, H.R. 6514).

Honorable Bob Packwood, U.S. Senator, State of Oregon (May 1)—Contends that the tax code discriminates against single taxpayers; for example, indicates that a single taxpayer having a taxable income of \$8,000 pays \$1,590 in Federal income tax, while a married taxpayer having the same taxable income will pay \$1,380—for a difference of \$210 more for the single taxpayer. Feels that the way to differentiate between varying living costs is through deductions and exemptions.

Honorable Bill Frenzel, Member of Congress, State of Minnesota (May 1)—Advocates extension to all unmarried individuals the full tax benefits of income splitting (as included in his bill, H.R. 4219).

Honorable Bella Abzug, Member of Congress, State of New York (May 1)—Cosponsors legislation similar to H.R. 14193 in her bill, H.R. 14550, to end discrimination against single persons and against married persons where both are working by establishing a uniform rate structure for all taxpayers whether married or not.

Britten D. Richards, Executive Director, National Association of Married Working Couples (May 1)—Proposes that every married individual be allowed to file their return as if they were not married. Contends that the Tax Reform Act of 1969 and Revenue Act of 1971 place a tax penalty on working couples.

Betty Ueberhorst, Member, Board of Directors, Parents Without Partners, Inc. (May 1)—Recommends (1) the establishment of a uniform rate structure for all taxpayers, with an increased dependent exemption to achieve the balance for taxpayers' varying responsibilities; (2) a proportionate splitting of the dependency exemption where two individuals share support; and (3) designation of child-care payments as a necessary business expense.

Dorothy Skinder, Former President, Single Persons Tax Reform (May 1).

Oscar S. Gray, University of Maryland School of Law (May 1)—Suggests that working married couples be permitted the option of filing as single individuals. Alternatively, proposes that working spouses be allowed to compute their tax as now, with a deduction based on the differences in tax on their earned income if they were allowed to file as single persons. Maintains that there is no reason why a working couple should pay the same taxes as where only one spouse works because of the extra economic benefit derived from the non-working spouse's economic services performed at home.

Charles O. Rossotti, President, American Management Systems, Inc., Arlington, Virginia (May 1)—Recommends that a married couple have the option to file as though single; and second, that the income limits on child care deductions be removed (but retaining the deduction limitations).

Kathryn B. McGrath, Alexandria, Virginia (May 1)—Maintains that working couples pay more taxes than two single persons with the same incomes. Feels that Congress did not intend to place a tax penalty on marriage. Asserts that many single persons do not maintain separate households, and therefore, the stated rationale in the 1969 Act of the extra expenses of singles maintaining separate households is not true with many persons.

Urges favorable consideration of H.R. 13745 (Mr. Blanton) to allow married individuals who file separate returns to be taxed at the same rate as unmarried and to provide a special rule in the case of earned income which is community income.

Benjamin Liff, West Hartford, Connecticut (May 1)—Urges legislation to correct the inequity in the tax rates, standard deduction, and the child care deduction applicable to working couples. Asserts that the social security tax system also discriminates against working wives.

Donald Darnauer, Chief Warrant Officer, U.S. Coast Guard (May 1)—Objects to paying more income tax as a single person. Maintains that the tax law should not discriminate on the basis of marital status. Notes that other taxes are not levied on the basis of a person's marital status.

Honorable James A. Byrne, Member of Congress, State of Pennsylvania (written statement)—Supports reform in unequal tax status afforded persons because of marital status. Proposes closing tax loopholes to make tax laws more equitable.

Honorable Charles S. Gubser, Member of Congress, State of California (written statement)—Urges passage of H.R. 7656, which would eliminate tax discrimination against single persons and married working couples filing joint returns.

Honorable Seymour Halpern, Member of Congress, State of New York (written statement)—Supports H.R. 850, which would extend the tax benefits of income splitting to unmarried persons.

Honorable John S. Monogan, Member of Congress, State of Connecticut (written statement)—Endorses H.R. 4593, which would extend to unmarried individuals the benefits of income splitting.

Honorable Joseph P. Addabbo, Member of Congress, State of New York (written statement)—Supports legislation to end tax inequality due to marital status and urges further that a joint congressional committee or commission be established to simplify tax forms.

Honorable John B. Anderson, Member of Congress, State of Illinois (written statement)—Urges favorable action on H.R. 563, or other similar legislation.

Honorable William R. Anderson, Member of Congress, State of Tennessee (written statement)—Urges abolition of distinction between married and single persons for tax purposes. Recommends passage of H.R. 13877, which would end some of the more glaring loopholes and increase Federal revenue by \$7 billion.

Honorable Frank Annunzio, Member of Congress, State of Illinois (written statement)—Supports H.R. 850 and H.R. 7656, which would eliminate tax discrimination against single persons and surviving spouses.

Honorable Jonathan B. Bingham, Member of Congress, State of New York (written statement)—Endorses H.R. 14550, which would restore tax equity between married and single persons.

Honorable James A. McClure, Member of Congress, State of Idaho (written statement)—Supports H.R. 7956, which would eliminate tax inequity between married and single persons. Further, urges relief for working couples.

Honorable Michael J. Harrington, Member of Congress, State of Massachusetts (written statement)—Recommends abolition of separate tax tables for single and married persons as contained in H.R. 850.

Honorable Nick Begich, Member of Congress, State of Alaska (written statement)—Supports H.R. 850 to give tax relief for single, widowed and divorced persons.

Honorable Robert F. Drinan, Member of Congress, State of Massachusetts (written statement)—Endorses H.R. 850 and H.R. 13745. Cites IRS administrative policy, the "over-kill" effect of the 1969 amendments to the Internal Revenue Code, and the relatively small number of married couples affected negatively as reasons why the tax burden on married working couples is so great.

Honorable Ella T. Grasso, Member of Congress, State of Connecticut (written statement)—Supports H.R. 850 to give equal tax treatment for single persons as compared to married persons.

Honorable Louise Day Hicks, Member of Congress, State of Massachusetts (written statement)—Endorses H.R. 7034, which would extend to single persons the full tax benefits of income splitting.

Honorable Mike McCormack, Member of Congress, State of Washington (written statement)—Supports H.R. 850 to give equal tax treatment

for single persons and married working couples. Believes that the tax system must take into account taxpayer's responsibility for dependent support.

Honorable James D. McDevitt, Member of Congress, State of Colorado (written statement)—Urges an end to tax discrimination against single persons.

L. E. Bedwell and E. M. Bedwell, Carmel, California (written statement)—Feel that the 1971 tax tables are clearly discriminatory with regard to marital status.

Barbara Binder, Detroit, Michigan (written statement)—Considers the 20-percent "penalty" for being single to be unfair.

Mrs. E. M. Blake, Royal Oak, Michigan (written statement)—Believes that single taxpayers are entitled to reimbursement for overpayment of taxes or retirement with Social Security at age 60 with fully paid tax benefits.

Thomas M. Brennan, Committee of Single Taxpayers, Rapid City, S. Dakota (written statement)—Supports H.R. 850 and feels that there is tax inequity for widows, widowers and divorced persons.

Mrs. Elizabeth A. Carlisle, Temple City, California (written statement)—Feels "forgotten wives" should be allowed head-of-household status.

Patrick W. Casale, Plantsville, Connecticut (written statement)—Asserts that tax inequality with regard to marital status is unconstitutional.

Miss Dorothy J. Crayton, Detroit, Michigan (written statement)—Objects to the definition of head of household and urges tax relief for single persons.

Lawrence E. Doxsee, San Francisco, California (written statement)—Feels that the time is ripe for tax discrimination against singles to be abolished.

John S. Flintosh, Detroit, Michigan (written statement)—Believes that because single persons generally claim only a fraction of State and Federal services that married couples claim, single person's tax burden should be decreased.

Mrs. Mary Fuller, Albuquerque, New Mexico (written statement)—Favors passage of H.R. 850 to give tax relief for unmarried, widowed, and divorced taxpayers.

Gerald B. Habelmann, Detroit, Michigan (written statement)—Feels that because single persons require less services, they should pay fewer taxes.

Margaret M. Hamill, Farmington, Michigan (written statement)—Opposes the 20-percent tax "penalty" for single persons.

Colette M. Hermann, Detroit, Michigan (written statement)—Considers the IRS definition of head of household to be unfair.

Mrs. Alice Howard, Idaho Chairman of Committee on Single Taxpayers (written statement)—Supports H.R. 850 and feels that single persons should not pay part of the tax burden of married taxpayers.

Don R. Huff, Canal Winchester, Ohio (written statement)—Urges an end to tax discrimination of single persons.

Kay Kelly, New York, New York (written statement)—Supports H.R. 850 to end the 20-percent tax "penalty" on single persons.

Susan L. Kelly, Madison Heights, Michigan (written statement)—Contends that the present tax structure is discriminatory with regard to marital status.

George M. Kirkham, Albuquerque, New Mexico (written statement)—States that present law puts government in a self-righteous position of rewarding marriage with a tax break.

Miss Diane M. Letobar, Detroit, Michigan (written statement)—Maintains that present law discriminates against single persons.

Miss Dorothy J. Lowden, Cathedral City, California (written statement)—Asserts that present law inhibits ability of single persons to provide for retirement savings.

Frank R. Martinez, Albuquerque, New Mexico (written statement)—Believes that married persons should be taxed at a higher rate because they use more governmental services.

Genevieve H. Meyer, Detroit, Michigan (written statement)—Urges tax relief for single persons because their living costs are proportionately higher than for married persons.

Miss Ruth E. Meyers, Detroit, Michigan (written statement)—Urges tax relief for single persons. Contends that FICA tax rates for single women taxpayers are unfair.

Jean A. Morey, Southfield, Michigan (written statement)—Maintains that the IRS definition of head of household is unfair.

Bernie Pavlock, President, National Solo Parents (written statement)—Recommends providing a tax break for single persons with children.

Gladys M. Patten, Wyandotte, Michigan (written statement)—Feels that the 20-percent tax "penalty" for single persons is unfair.

Mrs. Ferne M. Sargent, Ukiah, California (written statement)—Asserts that the IRS definition of head of household is discriminatory.

Miss Margaret F. Scott, North Ridgeville, Ohio (written statement)—Considers the IRS definition of head of household to be discriminatory.

F. Turner, Dearborn Heights, Michigan (written statement)—Proposes tax relief for single persons, especially those earning less than \$3,000 annually.

Arletta L. White, Detroit, Michigan (written statement)—Maintains that single persons should not subsidize married couples by paying higher taxes.

Robert Allen, Sictuate, Massachusetts (written statement)—Protests gross unfairness of the tax law for working couples.

Audrey Buyrn and E. Alan Phillips, Cambridge, Massachusetts (written statement)—Recommend a tax break for married working women or else tax persons the same regardless of marital status. Suggests a class-action suit against IRS by married taxpayers.

Mrs. Mary Carl, Castro Valley, California (written statement)—Maintains that present law is a penalty on married status.

Daniel A. Carrell, Attorney, Richmond, Virginia (written statement)—Believes that all persons should be taxed at the same rates regardless of marital status.

W. G. Holloway, Dallas, Texas (written statement)—Feels that present law discriminates against married working couples.

R. L. Meyer, Dearborn, Michigan (written statement)—Urges tax relief for married working couples.

Caroline B. Wolke, Bloomington, Indiana (written statement)—Asserts that the tax burden of married working couples is discriminatory.

Naomi T. Wooding, Yalesville, Connecticut (written statement)—Considers the IRS definition of head of household to be unfair.

Martin B. Cowan, Attorney, New York, New York (written statement)—States that married persons ought to be able to file either joint or

separate returns. If filing a joint return, persons should pay at slightly higher rate than those filing separate returns who should be taxed as unmarried individuals.

Edward S. Dayhoff, Silver Spring, Maryland (written statement)—Proposes that married couples be allowed to file either a joint return, two separate returns, or two separate returns as single persons. Further, suggests that a single person be allowed to file as a married person filing separately.

William J. Boros, Pittsburgh, Pennsylvania (written statement)—Supports H.R. 850. Further, urges review of the definitions of income and support, tax tables, the requirement that married couples combine their incomes, the allowable deductions, and the graduated nature of the tax tables.

Monica Gallagher, Washington, D.C. (written statement)—Proposes that working couples be allowed to file as single persons provided each spouse was employed at least 90 days of the taxable year. Further, suggests allowing two single taxpayers to file a joint return to allow for the advantage of income averaging.

Donna Hart, Daly City, California (written statement)—Indicates that it encourages moral decay to give tax preference to persons living together unmarried.

Mary V. Kelley, Dallas, Texas (written statement)—Considers IRS definition of head of household to be unfair to single taxpayers.

Mrs. Florence Ownbey, Dallas, Texas (written statement)—Feels that single persons should not have to pay more in taxes because of marital status.

Mrs. Lane P. White, Dallas, Texas (written statement)—Considers the IRS definition of head of household to be unfair to single taxpayers.

Catherine A. Moran, Oak Park, Illinois (written statement)—Urges tax relief for single women.

Emerson Rose, Lakewood, California (written statement)—Urges passage of H.R. 8527.

Mary Joan Rothfuss, Clawson, Michigan (written statement)—Asserts that single women should receive tax relief because their lifetime earnings are lower than for most men.

Glen C. Rowden, East Detroit, Michigan (written statement)—Argues the 20-percent tax "penalty" for single persons should be abolished.

Lorraine Salot, Detroit, Michigan (written statement)—Feels that single persons should not subsidize married persons through paying higher taxes.

Brenda A. Ledet, Houston, Texas (written statement)—Supports legislation to equalize tax burden among married and single persons.

Kenneth J. White, Taxation with Representation (written statement)—Proposes allowing married couples to file as single persons and to allow unmarried couples living together to file as if they were married.

Isabel C. Moore, Bethesda, Maryland (written statement)—Urges tax relief for widowed or divorced single women.

Gerhard A. Cook, Clarence, New York (written statement)—Contends that present law discriminates against married persons.

S. P. Cordero, San Francisco, California (written statement)—Feels that married taxpayers should receive tax relief.

John C. Deaton, East Point, Georgia (written statement)—Considers tax burden based on marital status to be discriminatory.

Mr. and Mrs. Herman C. Muller, Sacramento, California (written statement)—Suggest allowing married working couples to file as single persons. Further, propose that a tax credit be allowed on 1972 returns for the "marriage penalty" paid on 1971 taxes.

Mrs. E. L. Schroeder, Rockledge, Florida (written statement)—Urges tax relief for widows.

Other Written Statements Supporting Revision in Tax Laws To Reduce Tax Burden of Single Persons

Lorraine L. Blair, President, Lorraine L. Blair, Inc.

Miss R. M. Bryce, Washington, D.C.

Dennis H. Buckley, Detroit, Michigan.

Theresa Burin, Detroit, Michigan.

Hazel G. Dawe, Levonía, Michigan.

William T. Dover.

A. J. Fillmore, Detroit, Michigan.

Stephanie Galonski, Warren, Michigan.

Eilene V. Harris, Detroit, Michigan.

Mrs. Alice E. Heffner, Fraser, Michigan.

Rosa Heinke, Mabelvale, Arkansas.

Muriel E. Hendricksen, Harper Woods, Michigan.

Gladys L. Henmann, Detroit, Michigan.

Mary H. Henry, Detroit, Michigan.

Mary Killian, Detroit, Michigan.

Miss Rachel Leo, Detroit, Michigan.

Lorna MacDonald, Royal Oak, Michigan.

Lillian Polosky, Royal Oak, Michigan.

Margaret Brunas, Royal Oak, Michigan.

Katherine Mark, Detroit, Michigan.

Theresa Mastromatteo, Warren, Michigan.

Mrs. W. E. McCarthy, Northville, Michigan.

Dot Moyers, Hixson, Texas.

Mrs. Margaret Reagan, Detroit, Michigan.

Jacqueline Roberge, Dearborn, Michigan.

Mrs. Elsie M. Sammons, Harper Woods, Michigan.

Robert W. Schick, New York Chairman for COST., New York, New York.

Mrs. Helen Sherman, Detroit, Michigan.

Margaret Stanners, Detroit, Michigan.

Betty J. Vaseau, Dearborn Heights, Michigan.

Mrs. Lee E. Wells, Taylor, Michigan.

Mary Badalucco, Detroit, Michigan.

David A. Ball, Warren, Michigan.

Charann Price, Detroit, Michigan.

Helen Monroe, Detroit, Michigan.

Anne Ingalls, Detroit, Michigan.

Rose Mary Carnaghi, Detroit, Michigan.

Phyllis Stoll, Detroit, Michigan.

Greta M. Angue, Detroit, Michigan.

Grace Mistreta, Detroit, Michigan.

Sherry A. Tanton, Detroit, Michigan.

Eugene Grimaldi, Detroit, Michigan.

Barbara Cox, Detroit, Michigan.

Sadie Persons, Detroit, Michigan.

Dorothy R. Mack, Harper Woods, Michigan.

Del C. Schroeder, Troy, Michigan.
Martha S. Seppanen, Detroit, Michigan.
K. Stuart Wall, Detroit, Michigan.
Catherine Wolf, Sterling Heights, Michigan.
Joseph J. Zdilla, Detroit, Michigan.
Doris Cristadoro, Dallas, Texas.
Stella Barida, Warren, Michigan.
Robert C. Bayer, Warren, Michigan.

**B. OTHER COMMENTS REGARDING TAX TREATMENT OF SINGLE PERSONS
AND MARRIED PERSONS WHERE BOTH SPOUSES ARE WORKING**

Florence B. Donohue, Chairman, Committee on Taxation and the Working Woman, New York Women's Bar Association (April 10)—Urges revision of the tax law to permit married couples both working to file returns as though they were unmarried individuals. Proposes that the election only be available to spouses if at least 80 percent of their combined adjusted gross income is composed of (A) wages as defined in section 3401(a) or (B) earned income as defined in section 911(b) (including, for this election only, pension or annuity received by reason of an employment relation). Suggests, also, that only one of such electing spouses may claim head of household status, and that only the spouse electing head-of-household status could deduct child and household care expenses of up to \$4,800 a year under section 418 of the Code.

Albert H. Turkus, Attorney, on behalf of Tax Reform Research Group, and Thomas H. Stanton, Director (April 10)—Suggest that the Committee consider establishing a special credit or exemption for the family with two wage earners (because of the economic loss of the loss of services normally performed by a nonworking spouse). Indicate that such an exemption could be equal to a percentage of the lower income in the family, with a limit or a phaseout at higher family income levels.

Urge also, that the Committee consider more comprehensive reform of the tax treatment of the family. Suggest that the Committee consider eliminating income splitting, which costs the Government an estimated \$21 billion a year; or consider the alternative of a single rate structure with mandatory joint returns and a system of exemptions (vanishing at higher income levels) or credits related to the size of the taxpaying unit. Alternatively, suggest consideration of the Peckman-Okner proposal to establish a dual rate structure with brackets half as wide for married couples as those for single taxpayers.

Recommend, further, a thorough reform and simplification of the entire revenue code, with hearings to commence this year.

James T. Kelly, Ridgewood, New York (April 10)—Suggests establishment of a "workers exclusion allowance" of the first \$100 of income earned each month by each worker, with the provisions that one month of qualified exclusion allowance be lost for each month in which a person received a direct cash income from either welfare or unemployment compensation.

Honorable Edwin S. Cohen, Assistant Secretary for Tax Policy, Department of the Treasury (May 1)—Notes that the 1969 Act reduced the tax differential between single persons and married couples having similar income, with the new rate schedule set so that a single person's

tax would be not more than 20 percent greater, or about half of the former maximum differential. Points out that it was recognized that the 1969 Act would result, in some cases, in a married couple filing a joint return paying more tax than two single persons with the same total income, and that this was justified on the basis that the married couple's expenses are likely to be less than those of two single persons maintaining separate households.

Indicates that a study of 1969 joint returns reveal that in the case of 55 percent of all married couples, the entire earnings are from one spouse and that in almost 75 percent of the cases, one spouse earned at least 80 percent of the income. States that the data showed that where one spouse earns 80 percent or more of the couple's earnings, the tax on the married couple is almost always less than the tax on two single persons with the same earnings (or about 20 percent of married couples have an earnings split that results in their paying more tax than they would pay as single persons).

Maintains that part of the problem is due to the availability of the low-income allowance and higher standard deduction to two single taxpayers while only one-half the amount (or one of each) is allowed for married taxpayers. Suggests that consideration might be given to changing the available allowance and deduction as between single and married persons. Indicates that one possibility would be to deny the low-income allowance to persons who are claimed as dependents on the return of another person.

Notes that reducing the maximum standard deduction for single persons from \$2,000 to \$1,300 would increase revenues by an estimated \$140 million; increasing the standard deduction for married persons from \$2,000 to \$4,000 would cost \$1 billion in revenue; and that increasing the standard deduction for married couples to \$3,000 would cost about \$770 million.

John C. Davidson, President, The Tax Council (May 1)—Asserts that it is not true that single taxpayers are discriminated against as compared to married persons but that it is married persons with taxable income above \$4,000 who are discriminated against in tax rates. Maintains that married and single persons should be subject to the same tax rates. Suggests that, unless the partners decide to the contrary, one half of the joint income of a marriage partnership should be attributed to each for income tax purposes.

Argues that the main problem with the tax rates is the steeply graduated rates. Recommends a reduction in the steepness of the graduation, with a maximum rate of 50 percent.

Sidney Kess, CPA and Attorney, New York City, New York (May 1)—Maintains that the present tax system discriminates against married taxpayers filing separate returns in the tax rate schedule, the maximum tax, the head-of-household provision, child-care deduction, the standard deduction, the minimum tax on preferences, the capital loss limitation, moving expenses, and the deduction of interest on investment indebtedness.

Recommends amending the definition of the head-of-household provision (sec. 2(b) of the Code) to allow a taxpayer to qualify if he contributes more than one-half of the child's support but does not maintain as his home for the entire year a household in which they live. Alternatively, suggests that an "abandoned spouse" (if at least one-half the taxable year) qualify as a single taxpayer.

Mrs. Dorothy C. Zisler, Warren, Michigan (written statement)—Recommends that no action be taken to give tax relief for single persons.

Richard Schumacher, New York, New York (written statement)—Opposes legislation lowering the tax rates for single persons. Feels that changing present law would recreate inequities between taxpayers in community property and common law states.

David R. Shelton, Washington, D.C. (written statement)—Contends that income splitting is damaging to the economy and feels that taxation based on marital status is unconstitutional.

Louise H. Jones, Newark, Delaware (written statement)—Suggests that income splitting be eliminated, married persons be permitted to file as singles, and return to pre-1969 tax rates.

H. E. Whittaker, New York, New York (written statement)—Urges the abolition of all tax deductions and the implementation of a flat percentage tax rate applied equally to the gross income of all taxpayers.

Lena M. Macillus, Pacifica, California (written statement)—Recommends equal taxation of all persons with no deductions allowed.

