Benefits and Value of Tax Calculation Simplification ($100 Million/Year)

Linear and gradual (LG) tax simplification has been developed, which is supported by our 12 publications at http://taxsimplecenter.net/publication.html More tax brackets mean smooth tax rates, more complex, high cost and more tax revenue relatively. Less tax brackets mean rough tax rate changes, simple, less cost and less tax revenue relatively. The LG tax simplification can be used to have many benefits for lawmakers, companies, taxpayers and departments of revenue. Its value ($100 million/year) is based on 1.6 million tax returns per year. KS has HB 2278 for tax calculation simplification.

#	Benefits	Value
1.	Existing **3-10 tax brackets are matched and reduced to 2 comparably**.	Less time/More simple
2.	**Lawmakers** select tax bracket #, taxable income ranges, tax rates and computations for tax reforms now. With the tax simplification, **only 3 tax rates** are needed for tax projection.	Less time/hustle
3.	Simpler formulas contributes to **Fiscal Note** (by KS Department of Revenue)	$5 million
4.	**Withholding Tables** (22 pages) are not needed for companies to have simple tax rate formulas with filing periods/year (F) and S. If at $(1+0.2)/person/period (1.2x26x1.6 million)	$50 million
5.	**Tax Tables** (8 pages) are not needed. Only two formulas are needed. If ((1+0.5)x1.6 million):	$2.4 million
6.	Combining two existing sub tax systems (5/6) together without time delay (13 M) for:	Real & quick tax
7.	**One tax credit formula** for simple & complex tax credits (including EITC) (1 non-refundable and 1 refundable tax credit formulas) If ((1.5+0.5)x1.6 million):	$3.2 million
8.	Many incomers with standard deductions and credits (50%) file **simple tax returns/tax withholding report modifications.** If ((15+5)x50%x1.6 million):	$16 million
9.	Postcard (or 1/2 page) tax return form can be used (50%). If ((10+4)x50%x1.6 million):	$11.2 million
10.	**Tax Status** (S) is numbered with 2 for Married Filing Jointly or 1 for All Other Individuals (Also more detail numbers can be applied for Standard Deductions). If ((1+0.5) x1.6 million):	$2.4 million
11.	**A checking tool** of two tax rate ranges (3.1%-4.785%-5.7%) is provided to check and reduce tax rate and tax calculation mistakes. If ((2+1)x1.6 million):	$4.8 million
12.	**Fraud crime** is inspected and reduced by comparing tax returns and tax withholding reports.	Less crime
13.	Tax refunds with $100 or less are delayed to next-year refunds (Postcard Form).	Less time/cost
14.	State Department of Revenue will process less tax returns during busy tax season and have more time to inspect more tax returns for possible more tax.	More tax
15.	The LG tax simplification can be used to simplify tax calculation, payroll, tax analysis, tax reform and projection.	Less time/costs

Total: Less time/hustle, less mistake, less crime, less cost, more tax and $95 million/year

(To Department of Revenue: $25.8 million/year)

More information is available at http://taxsimplecenter.net/statetaxsimplification.html (E...... KS). For questions and comments, contact us at johnlee@taxsimplecenter.net or 913-710-0957.

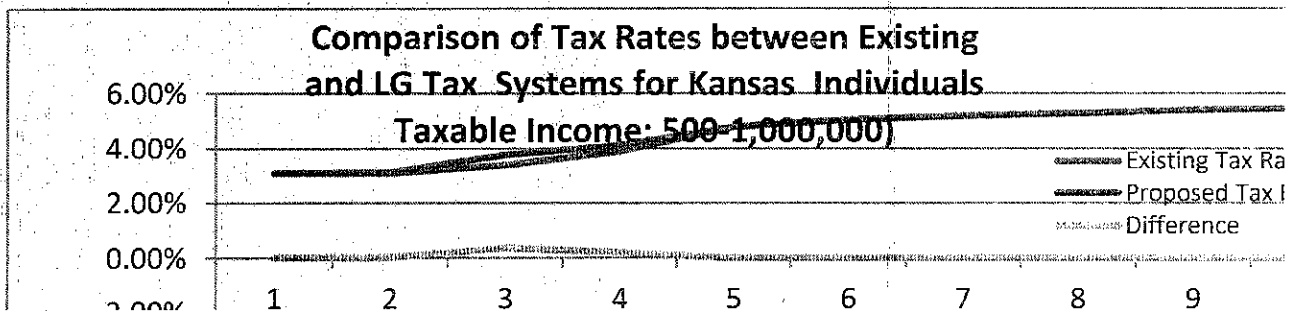# Summary for KS Tax Calculation Simplification and HB 2278

Existing KS tax system and its simplification: Existing 22-page withholding tables, 8-page tax tables and different tax brackets (3-5), which are complex, may be simplified and matched with 2 brackets to simplify KS tax system, **reduce political arguments,** eliminate withholding tables and tax tables, and save millions of dollars.

HB2278 can be used to simplify and match existing tax rates with 2 smooth tax rate changes comparably. The two tax rate ranges of 3.1%-4.785%-5.7% can be used as a checking tool to reduce tax rate and tax calculation mistakes. A filing period (F) of 365, 52, 26, 24, 12, 4, 2, or 1 and tax status (S) number of 1 or 2 are used for income withholding taxes (with standard deductions, exemptions and credits) and tax returns simply. Then significant time and costs can be saved.

Income tax = (Incomes ± Adjustments - (Deductions+Exemptions)÷F) × Tax rate - Tax credits÷F

Comparison	Existing tax system:	Proposed HB 2278:	Tax rates
Different tax statues and brackets, ... Tables (30 pages)	(TI×F÷2,967,359÷S+0.031)×TI	3.1%-4.785%
\$1,252.5 plus 5.7% of excess... = 1,252.5+0.057(TI-30,000)	=(0.057-457.5×S÷TI÷F) × TI	4.785%-5.7%

Comparison of 2018 Tax Rate Schedules (SB 30) and LG Tax Rate System

Comparison of Tax Rates between Existing and LG Tax Systems for Kansas Individuals
Taxable Income: 500-1,000,000)

Postcard Tax Return Form (or Tax Withholding Report and Modification)
FORM K-40   20xx KANSAS INDIVIDUAL INCOME TAX RETURN

Check one: OMarried filing separately   OSingle   OMarried filing jointly   OHead of household

Tax Status # (S)	1	1	2	1
Standard deductions (\$)	3,750	3,000	7,500	5,500

Form Barcode

Standard exemptions (\$): 2,250/person____; Blind:850/person____; 65 or older:850/person____
   Taxable income (TI)=Federal AGI±Modifications-Exemptions-S/I Deductions

Address:

A	B	C	D	E	F	G	
Year	Your Name	Your SS#	Spouse Name	Spouse SS#	Status (S)		1
20xx							2
Federal AGI	Modifications	Exemptions	Standard/Itemized deductions	Taxable income (TI)	Tax refund (last year)	Part/Non-resident, %	3
							4
TI ÷ S	Yearly TI÷S	TI	LG tax rate formula	Tax rate check	Tax rate	Tax	5
	0 - 50,000		TI÷2,967,359÷S+0.031	0.031-0.04785			6
	over 50,000		0.057-457.5×S÷TI	0.04785-0.057			7
Non-refund tax credits	Tax balance If <0,enter 0	Other taxes	State tax withheld (W-2/1099s)	Refundable tax credits	Tax Refund (-)	Tax Own (+)	8
							9

*Attach necessary documents except standard deduction/exemption. If tax refund (F9) is not over \$100, delay to next year (into F4) to save time and cost. If tax refund is over \$100, please fill in:
Bank routing#_____, Account #_____, Name_____

Personal Tax Return Barcode

   Tax balance (B9) =Tax - Part-year or non-resident tax credit - Non-refundable tax credits
Tax (Refund/Own)=Tax balance+Other taxes-State tax withheld-Refundable tax credits-Tax refund (last year)

Your Signature_____ **Spouse Signature**_____ **Date**_____

Kansas House HB 2278 (2019-2020)

(We need few modifications: (1) "*" or "×", (2) "/" or "÷" and (3) "Where" should be "Wherein")

    (1)   Married individuals filing joint returns.

....

    (F)   For tax ~~year~~ *years* 2018, ~~and all tax years thereafter~~ *2019* and *2020*:

....

(G) For tax year 2021, and all tax years thereafter:

If the taxable income is: *The tax is:*

Not over \$100,000...$(TI \times F \div 2{,}967{,}359 \div S + 0.031) \times TI$

Over \$100,000...$(0.057 - 457.5 \times S \div TI \div F) \times TI$

Wherein TI = taxable income,
F = the number of filing periods and
S = 2 for married individuals filing joint returns

    (2)   All other individuals.

....

    (F)   For tax ~~year~~ *years* 2018, ~~and all tax years thereafter~~ *2019* and *2020*:

....

(G) For tax year 2021, and all tax years thereafter:

If the taxable income is: *The tax is:*

Not over \$50,000...$(TI \times F \div 2{,}967{,}359 \div S + 0.031) \times TI$

Over \$50,000...$(0.057 - 457.5 \times S \div TI \div F) \times TI$

Wherein TI = taxable income
F = the number of filing periods
and S = 1 for all other individuals

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