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(to cse@cse.org)

Hi,

I read Dick Armey's May 11 presentation before the President's Commission on Tax Reform, and I like his proposal for a flat tax. But I do have some questions. Mr. Armey says that wage and pension income tax is collected from individuals and all other income tax, including investment income tax, is collected from businesses. Then he says that businesses pay the tax on their profit.

First question: Is "investment income" and "profit" the same thing? In other words, if businesses pay the tax on their profit, will they also pay tax any separate "investment income"?

Second question: Dividends are the shareholder's share of profits. Who pays the tax on dividends, the shareholder or the corporation?

Third question: If the corporation pays the tax on profits before they are distributed as dividends, is the shareholder's personal exemption/family allowance considered?

Fourth question: Where can I find more detail on this tax proposal?

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