

JOINT SUBCOMMITTEE TO EVALUATE TAX PREFERENCES

TAX PRINCIPLES

DIVISION OF LEGISLATIVE SERVICES

SEPTEMBER 25, 2017

SOURCES

Broad Consensus on Principles

Appendices



FIVE BASIC PRINCIPLES

- (1) Simple
- (2) Transparent
- (3) Fair
- (4) Economically neutral
- (5) Reliable

(1) SIMPLE

- **Easy for the average citizen to understand**
- **Minimizes compliance burdens**

(2) TRANSPARENT

- **Taxes and tax policy should be visible, not hidden from taxpayers**

(3) FAIR

- **Horizontal and vertical equity**
- **Government should not pick “winners and losers”**

(4) ECONOMICALLY NEUTRAL

- **Minimize economic decisions that are made for tax reasons**
- **Broad bases and low rates**

(5) RELIABLE

- **Stable**
- **Certain**
- **Sufficient**

TAX PREFERENCES

Impact on Principles

Do they make taxes less:

- (1) Simple
- (2) Transparent
- (3) Fair
- (4) Economically neutral
- (5) Stable

QUESTIONS?