

# RAHALL Weekly Report

10% WITHHOLDING TAX

BY CONGRESSMAN NICK RAHALL

THE VAST MAJORITY OF AMERICANS PAY THEIR FULL SHARE OF TAXES, AND IN FACT RECEIVE A REBATE FROM THE I.R.S. EACH YEAR BECAUSE THE I.R.S. IS ALREADY OVERWITHOLDING ON THEIR WAGE INCOME. NOW THE I.R.S. WANTS NEW WITHHOLDING TAXES OF 10 PERCENT ON EVERYONE'S INTEREST AND DIVIDEND EARNINGS IN ORDER TO CATCH THE FEW PEOPLE WHO ARE CHEATING BY NOT DECLARING THIS INCOME ON THEIR TAX RETURN.

INCLUDED LAST YEAR IN THE "TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982," WAS THE 10 PERCENT WITHHOLDING PROVISION. I OPPOSED IT THEN, AND STILL OPPOSE IT, AS I AM A SPONSOR OF HR 500, THAT WOULD REPEAL THIS LAW WHICH IMPOSES MANDATORY WITHHOLDING OF INTEREST AND DIVIDENDS.

NO ONE SYMPATHIZES WITH OR SUPPORT THOSE WHO DO NOT PAY THEIR FAIR SHARE OF TAXES. HOWEVER, WE SHOULD NOT PENALIZE THE VAST MAJORITY OF AMERICAN TAXPAYERS WHO ARE HONEST WHEN THERE ARE OTHER, FAR LESS BURDENSOME, WAYS TO STOP THE FEW CHEATERS.

PUBLIC OPINION POLLS INDICATE THAT 70 PERCENT OF THE AMERICAN PEOPLE OPPOSE WITHHOLDING AND AN ALARMING 50 PERCENT SAY THEY WILL BE DISCOURAGED FROM SAVING AND INVESTING BECAUSE OF IT. THIS WILL IMPEDE THE VERY CAPITAL FORMATION AND ECONOMIC RECOVERY WE ALL WANT TO PROMOTE.

MANY AMERICANS, PARTICULARLY SENIOR CITIZENS WHO ARE MOST DEPENDENT ON INTEREST AND DIVIDEND INCOME, ARE TERRIBLY CONFUSED BY THE COMPLICATED EXEMPTION PROCESS. SOME ARE THREATENING TO TAKE THEIR MONEY OUT OF THEIR LOCAL BANKS AND INVEST IN OVERSEAS INSTITUTIONS IN ORDER TO AVOID WITHHOLDING. FINANCIAL INSTITUTIONS AND BUSINESSES ESTIMATE THAT IN THE FIRST YEAR IT WILL COST THEM MORE TO IMPLEMENT THE NEW LAW THAN THE TREASURY ESTIMATES IT WILL GAIN IN NEW REVENUE.

ALREADY WELL OVER 60 OF MY COLLEAGUES HAVE JOINED IN SUPPORTING HR 500, AND IT IS MY HOPE THAT SWIFT CONSIDERATION CAN BE GIVEN TO THIS LEGISLATION IN ORDER TO DO AWAY WITH THIS UNFAIR AND BURDENSOME 10 PERCENT WITHHOLDING PROVISION.