

PROSPERITY NOW COMMUNITY

TAXPAYER OPPORTUNITY NETWORK

The current version of the Form 1040 offers a simple two-page document that details much of the pertinent information required for effective, efficient, and quality tax preparation. By outlining some of the key components in a taxpayer's financial year in one document, they can easily file their taxes without additional paperwork.

The proposed Form 1040 creates unnecessary complexity and difficulty for millions of hard-working Americans by:

1. **Increasing taxpayer burden** – Under the proposed Form 1040, many of the common line items have been extracted from the primary Form 1040 and placed on supplemental schedules, which will complicate the tax filing process. The additional paperwork adds an extra and unnecessary burden.
2. **Increasing financial hardship** – Many paid preparers assess fees based on the number of forms and schedules that must be completed to file an accurate return. The addition of up to six more forms and schedules will result in increased fees, especially for low-to-moderate income Americans who choose to have their return prepared by a paid professional.
3. **Increasing identity theft and other potential security concerns** - As the proposed Form 1040 is a paper-based form, designed to be printed on a postcard, many of the same concerns with identity theft will resurface. An improperly prepared or secured tax return will expose taxpayer information and compromise the identity and personal information of millions of taxpayers who mail their tax returns.
4. **Increasing the cost to the government** – The proposed paper-based return creates a heavier burden on the IRS to process an increased number of physical materials. Years of progression towards electronic filing will be lost. In addition, the IRS will now have to incur the additional cost of printing more forms to be distributed to the public.
5. **Increasing the number of returns filed with errors and omissions** – The proposed shifts in the placement of tax return information from the main Form 1040 to supplemental schedules inherently creates more opportunities for errors and omissions by taxpayers. The proposed Form 1040 exacerbates an already complex tax code by making filing, especially for parents of young children, more complex. According to 2015 IRS SOI tax return statistics, over 22 million tax filers claimed the Child Tax Credit previously on Form 1040, line 52. As a result of the proposed form, the millions of aforementioned filers will now have to file an additional schedule (Schedule 3) to claim the refundable portion of the credit. Additionally, over 8 million low-income tax filers who contribute to a Retirement Account; and who annually claim the Retirement Savings Contribution Credit, will be required to complete Schedule 3 plus Form 8880. The additional forms to be completed pose a significant barrier for tax filers who are low-income, elderly, disabled, and who have limited English proficiency.