

Create Equal Dollars

The Declaration of Independence declares that all men are created equal, but unfortunately does not state that all dollars should be created equal. At this time we have a great disparity in how the IRS taxes dollars after they are created.¹ The unfair taxation due to bias against the origins of earned dollars negates the premise that all men are created equal because men cannot be equal if their tax burdens are not fair. For many years at the federal level a progressive income tax has been a cornerstone of a fair taxation policy, which is based on the premise that as ones income increases a higher percentage of it should be taxed.

The present tax code skirts the principle of a progressive tax by discriminating against earned income by taxing it at a higher rate than capital gains. In the open market a dollar will buy the same amount of goods as another dollar. Why should the individual who earns pretax dollars through hard labor **have less to spend after taxes** then one who acquires the same number of pretax dollars through capital gains?

Conservative political philosophy which prevailed when the latest tax laws were written believes that the working person should be beholden to the capitalist, because the capitalist provided the working person a job, and therefore the capitalist is entitled to a lower tax rate. Conservative supply side economics is another spin for lower capital gains tax, but it is not a proven theory concerning economic growth. Many feel the economy would be stimulated more if everyone had lower taxes and more income to spend as compared with giving the biggest tax breaks to the capitalist. I do not want to be accused of being a supply side kill joy, but many capital gains are derived from buying existing capital and realizing a gain on old capital which does not directly contribute to the creation of jobs or economic growth.

I feel that with the current system of a progressive income tax, capital gains and earned income should be taxed at the same rate for equal and fair treatment of all citizens.

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¹ Capital gains are currently taxed at 15%. Earned income below \$31,850 (single) or 63,700 (jointly) is taxed at 15%. Income above \$31,850 (single) or 63,700 (jointly) is taxed at 25%. Taxes increase up to 35% for highest incomes. Highest income individuals get a 20% tax break on capital gains when compared to taxes on earned income.