

REVISING THE INDIVIDUAL INCOME TAX

**The Congress of the United States
Congressional Budget Office**



PREFACE

Recent interest in major revision of the individual income tax has centered on three possible approaches: broadening the income tax base and reducing tax rates (possibly to one, flat rate); fully indexing the income tax for inflation; and taxing consumption rather than income. This paper, prepared at the request of Chairman Robert Dole of the Senate Finance Committee, analyzes the problems with the current income tax and provides a background for analyzing the proposals for change. In accordance with CBO's mandate to provide objective analysis, the report offers no recommendations.

Cynthia Francis Gensheimer of the Tax Analysis Division prepared the report under the direction of James M. Verdier. Martha J. Smith provided excellent research assistance and coordinated production of the several drafts. Patricia H. Johnston edited the manuscript and Nancy H. Brooks provided editorial assistance. Linda Brockman and Shirley Hornbuckle typed the publication.

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Alice M. Rivlin
Director

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