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**CRFB Urges Tax Reform on Tax Day  
April 16, 2012**

As Americans face a deadline for filing their tax returns tomorrow on Tax Day, Congress faces its own tax deadline at the end of the year with the expiration of several tax provisions. The Committee for a Responsible Federal Budget urges lawmakers to pursue and adopt a comprehensive tax reform plan as a part of a broader budget reform strategy to replace the so-called "fiscal cliff" at year's end. Ideally, tax reform would broaden the base, reduce tax rates, simplify the tax code, and reduce the deficit all at once.

"Tax Day is yet another reminder of how broken our tax system is," said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. "Not only does our current tax system fail to generate enough revenues, there are also many temporary policies that create a confusing and uncertain environment for families and businesses -- making it very difficult for them to plan or invest."

At the end of 2012, all of the 2001/2003/2010 tax cuts are scheduled to expire, including lower rates across the board, a larger child tax credit, expansions to the earned income tax credit, reduced marriage penalties, a smaller estate tax, and lower rates on capital gains and dividends. In addition, the temporary payroll tax holiday will expire and the AMT patch and various "tax extenders," which technically expired last year, will disappear (they can be renewed retroactively in 2012).

Allowing all of these expirations to happen, particularly with the across-the-board spending cuts from the "sequester" and other changes, could push the economy back into recession. Extending these provisions in their entirety without paying for them, on the other hand, would increase deficits by more than \$5 trillion.

"Given the fiscal path we're on, we absolutely cannot afford to deficit finance all of the tax cuts yet again," said MacGuineas. "But instead of letting them all expire at once and having rates go up, we should put in place a complete debt reduction plan with comprehensive tax reform that moves past the fight over last decade's tax cuts and instead puts in place a new and better tax code."