The Death of the Income Tax
A Progressive Consumption Tax and the Path to Fiscal Reform

DANIEL S. GOLDBERG
Contents

List of Figures ix
List of Tables xi
Preface xiii
Acknowledgments xv

PART ONE: The Problem: The Income Tax Is Broken

2. Taxing Income Is a Flawed Concept 15
3. Tax Planning under the Income Tax 28
4. Progressive Taxation 45
5. Tax Expenditures 56
   Appendix to Chapter 5. Appendix Kingdom of PAL: A Parable of Tax Expenditures, Tax Shelters, and the Passive Activity Loss Rules 88
6. The Alternative Minimum Tax (AMT): An Admission of Failure 101
7. The Intractable Problem of Tax Cheating 112
8. The Deadweight Cost of the Personal Income Tax 130

PART TWO: The Solution: A Progressive Consumption Tax

9. Tax Consumption Instead of Income 139
10. Individual-Level Consumption Taxes 147
### Contents

11. Business-Level Consumption Taxes 161
12. The Current Internal Revenue Code: An Income Tax, a Consumption Tax, or a Hybrid? 172
13. An Introduction to an Integrated Two-Tier Consumption Tax 189
14. e-Tax: An Electronically Collected Progressive Consumption Tax as the Successor to the Income Tax 199
15. e-Tax Redux: Special Considerations 219
16. Transition to e-Tax 236
   Conclusion and Prospects for Change 252

*Appendix A. Tax-inclusive Rate vs. Tax-exclusive Rate and Gross-up* 257

*Notes* 261

*Index* 301