

Taxes, Elections and You



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Years from now, when people refer to the 2008 historical elections, what one topic will come up? What memory will be etched in their minds? Will it be the volatile stock market? The AIG SPA vacation? Or will it be the war in Iraq and Afghanistan (assuming it would be over by then)? Those of us who were around in the 80's can still remember "Where is the Beef?" and my guess is "Joe the Plumber" will mark the 2008 elections.

I suspect no one likes to pay taxes. I do believe, however, that most of us accept it as a necessary act, required to run a country, a state, a locality. Impose taxes that are too high on the rich and you curtail their entrepreneurial spirit. Impose on the low and middle class and you suppress progress and take away the hope. Lawmakers are forever walking a fine line – well...they should be.

But...back to our Joe. He approached Senator Obama with a question about his tax situation. At that point, I have to believe that Senator McCain did not check out how Joe would fare according to his tax proposals, and immediately assumed he would do better. As tax professionals quickly pointed out a couple of days later, Joe would do much better under the plan proposed by Senator Obama. In the meantime Senator McCain discussed "Joe the Plumber" repeatedly as if that supported his position.

What went wrong? Senator McCain, rushing to make a point, could not have possibly checked with his tax preparer. A CPA or an Enrolled Agent (enrolled to practice before the IRS), would have calculated the tax liabilities of Joe the Plumber, and could have saved Senator McCain a big embarrassment.

These are difficult times. If you are facing difficult decisions, considering withdrawing funds from your 401K etc. STOP! Call your tax advisor. Review your situation with him/her first.

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