



American Institute of CPAs
1455 Pennsylvania Avenue, NW
Washington, DC 20004-1081

April 11, 2013

The Honorable Patrick J. Tiberi
House Committee on Ways & Means
Tax Reform Working Group on
Pensions/Retirement
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Ronald Kind
House Committee on Ways & Means
Tax Reform Working Group on
Pensions/Retirement
1102 Longworth House Office Building
Washington, DC 20515

RE: Pensions/Retirement Tax Reform Working Group

Dear Congressmen Tiberi and Kind:

The AICPA strongly supports the leadership taken by the House Committee on Ways & Means in studying a variety of topical areas as part of comprehensive tax reform. The proliferation of new income tax provisions since the 1986 tax reform effort has led to complex compliance hurdles for taxpayers, administrative complexity and enforcement challenges for the Internal Revenue Service. According to the National Taxpayer Advocate's 2012 Annual Report to Congress, "individuals and businesses spend about 6.1 billion hours a year complying with the filing requirements of the Internal Revenue Code."¹ It also noted "the costs of complying with the individual and corporate income tax requirements for 2010 amounted to \$168 billion – or a staggering 15 percent of aggregate income tax receipts."² We consistently have supported tax reform simplification efforts because we are convinced such actions will significantly reduce taxpayers' compliance costs, encourage voluntary compliance through an understanding of the rules, and facilitate enforcement actions.

We are available to assist you in this process, and will be providing comments to several of the working groups that have been established. This letter specifically provides comments on various provisions on retirement plans and trust, estate and gift tax issues. Specifically, we suggest Congress consider addressing the following areas: (1) repeal the requirement that benefits become fully vested upon a partial termination of a qualified retirement plan; (2) consolidation and simplification of the multiple types of tax-favored retirement plans and the rules governing them; (3) allowance of administrative relief for certain late qualified terminable interest property (QTIP) and qualified revocable trust (QRT) elections; (4) consistent treatment of all federal tax payments of trusts and estates; and (5) amendment of section 67(e) to simplify the law and allow estates and nongrantor

¹ [National Taxpayer Advocate's 2012 Annual Report to Congress](#), Volume One, MSP #1 "The Complexity of the Tax Code."

² *Id.*

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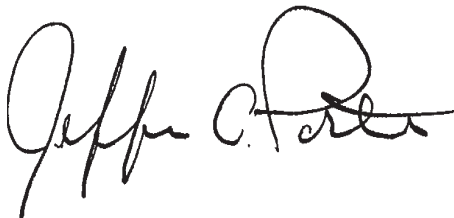
trusts to fully deduct the cost of complying with fiduciary duties in administering estates and trusts.

A brief summary of our analyses and recommendations on the topics listed above is enclosed for your consideration. We also suggest that you review the [AICPA's Tax Policy Concept Statement #1: Guiding Principles for Good Tax Policy](#) to assist you in identifying problems in the Code as well as analyzing any new proposals against the principles of good tax policy. A copy of that concept statement is also enclosed.

The AICPA is the world's largest member association representing the accounting profession with nearly 386,000 members in 128 countries and a 125-year heritage of serving the public interest. Our members advise clients on federal, state and international tax matters and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as America's largest businesses.

We appreciate your attention to this important matter. If you have any questions, please contact me at (304) 522-2553, or jporter@portercpa.com; or Melissa M. Labant, AICPA Director – Tax Advocacy & Professional Standards, at (202) 434-9234, or mlabant@aicpa.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey A. Porter". The signature is fluid and cursive, with a large initial "J" and "P".

Jeffrey A. Porter, CPA
Chair, Tax Executive Committee