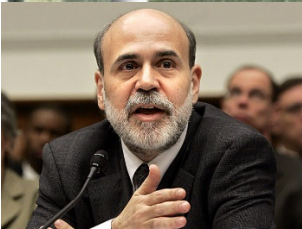
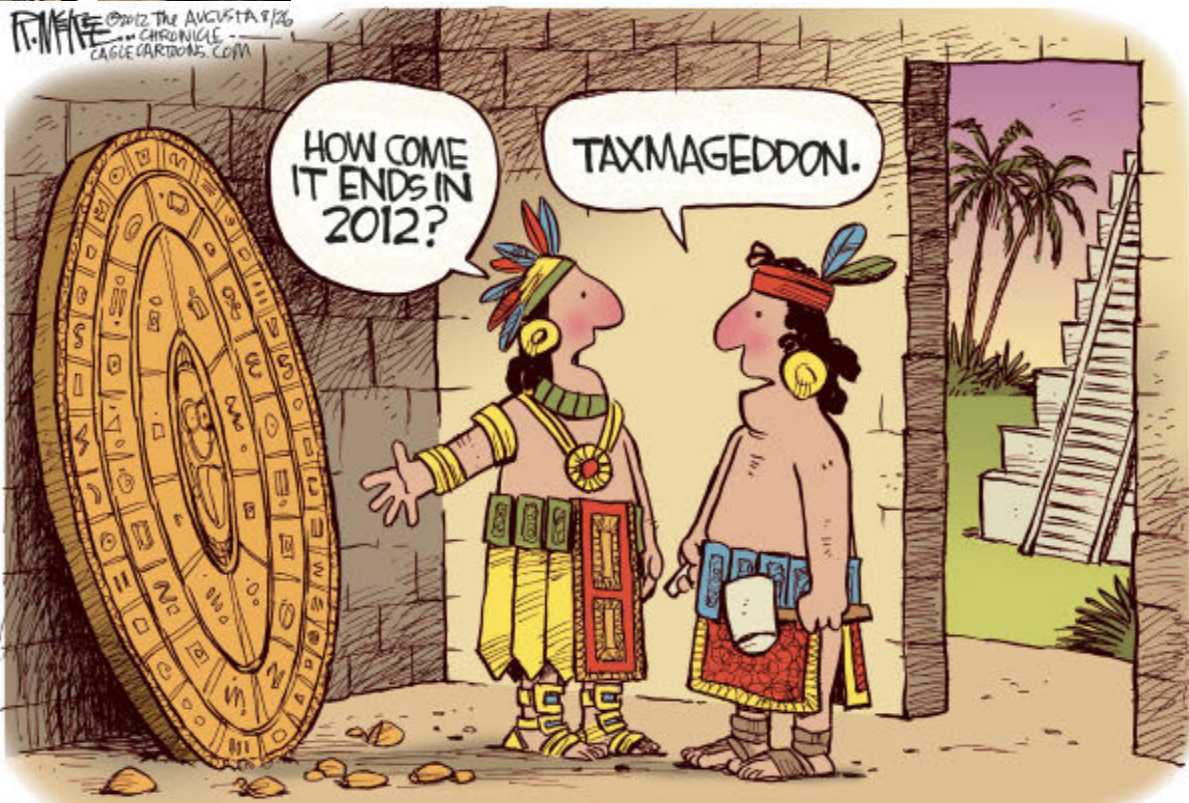


# TAXMAGEDDON



*What makes a person a priest, prophet or just a person of interest?  
Whose taxing system was deemed powerful enough to threaten the entire World?  
Why did this coming event change how a Nation thinks or its taxing beliefs?  
How did two organized religions (Taxology & Taxism) cause this to occur?  
The Washington Post called the looming tax increase “Taxmageddon,”  
and Federal Reserve chairman Ben Bernanke called it a “massive fiscal cliff.”*



# TAXMAGEDDON IS COMING

TAKE ACTION NOW TO STOP THIS FISCAL DISASTER

JANUARY 01, 2013

## Economy Tanks if Congress and the President Don't Halt Taxmageddon



**Source:** Congressional Budget Office, Congressional Budget Office, *An Update to the Economic and Budget Outlook: Fiscal Years 2012 to 2022*. Figures are for 2013.

 heritage.org

### Taxmageddon: \$494 Billion Tax Increase Is Coming

*These tax hikes will occur if President Obama and Congress do not act before the end of the year.*

FIGURES ARE IN MILLIONS

TAX POLICIES SET TO EXPIRE ON JANUARY 1, 2013	TAX INCREASE IN 2013
Bush tax cuts	\$165,750
Payroll tax cut	\$124,636
Alternative Minimum Tax (AMT) patch	\$118,750
Tax hikes in Obamacare begin	\$22,750
Tax cuts from 2009 stimulus	\$20,876
Tax extenders	\$20,465
Death tax at 35 percent with \$5 million exemption	\$13,000
100 percent expensing for business investment	\$7,695
<b>Total</b>	<b>\$493,922</b>

<http://www.myheritage.org/news/millions-more-could-be-out-of-work-if-taxmageddon-strikes/?amp&grandrapids082812>

I told you Swiss banking secrecy would end

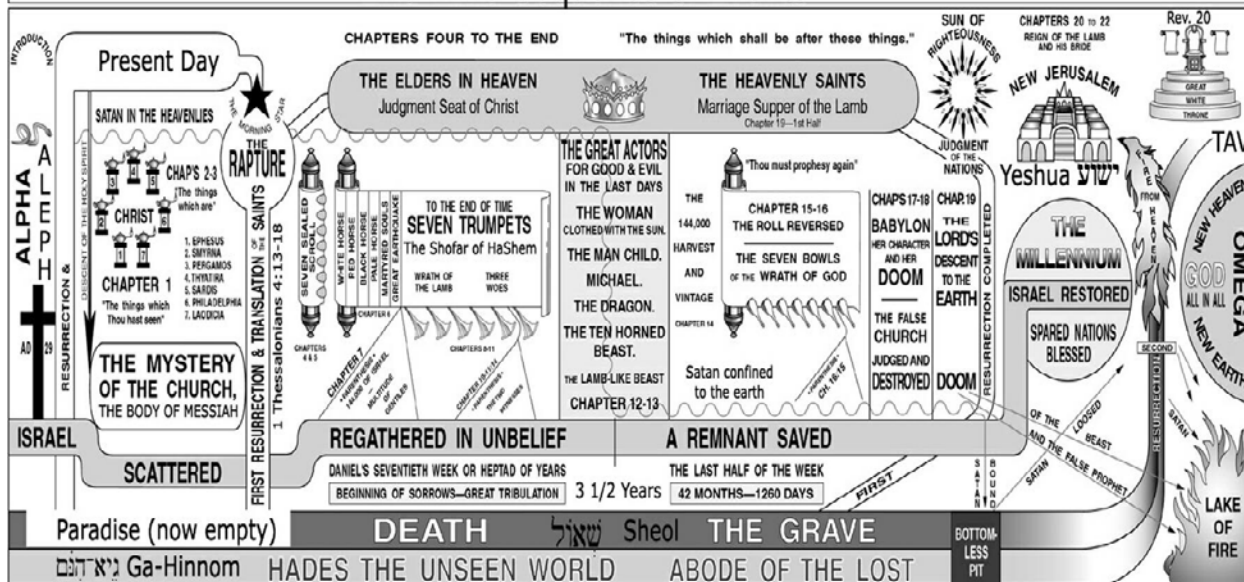
21.12.12  
MAYAN CALENDAR CHANGING

...so is 21-12-2012 really the end?!

Well, its not that bad...

It's only the end of Swiss banking secrecy

### End Time Sequence of Events



*Many religions have they own narrative about “end times”... Taxology as its own versions too*

# TAXMAGEDDON

**Congress Must Act Now  
to Stop the Largest  
Tax Increase in U.S. History**



Without congressional action, the following will occur on January 1, 2013:

- All marginal individual rates increase.
- The capital gains tax rate goes up.
- The dividend tax rate skyrockets.
- The death tax reverts to 2000 levels.
- The AMT patch ends.
- Marriage penalty relief expires.
- The child tax credit is cut in half.
- Annual business "extenders" end.

Also on January 1, Obamacare imposes the following tax increases:

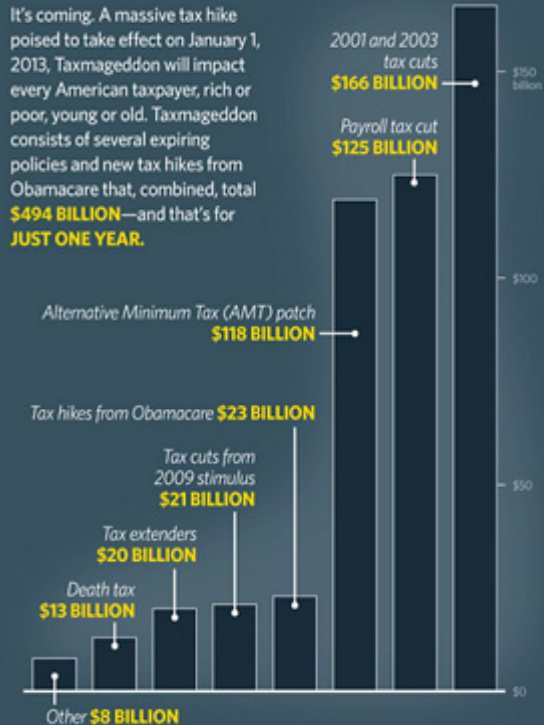
- A 0.9% surtax on salary income over \$200,000 per individual (\$250,000 per couple).
- A 3.8% surtax on investment income received by individuals with income over \$200,000 (\$250,000 per couple).



100 Years Standing Up for American Enterprise  
U.S. CHAMBER OF COMMERCE

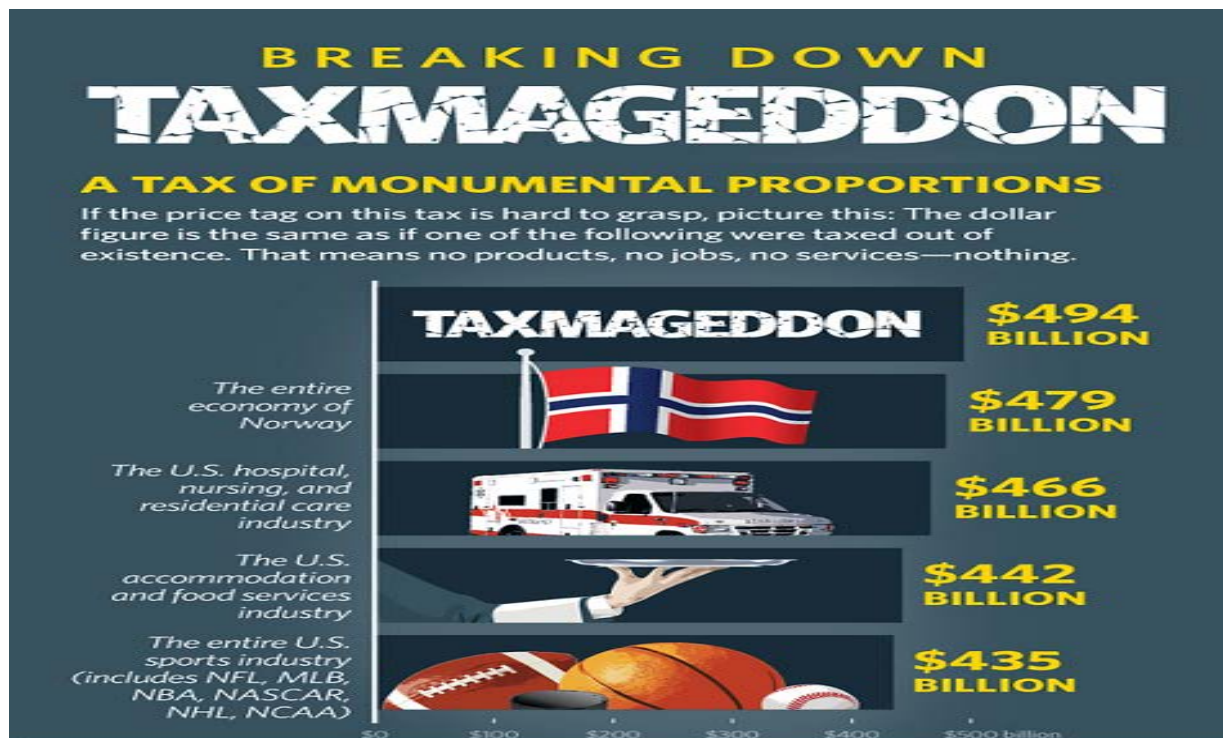
## BREAKING DOWN TAXMAGEDDON

It's coming. A massive tax hike poised to take effect on January 1, 2013, Taxmageddon will impact every American taxpayer, rich or poor, young or old. Taxmageddon consists of several expiring policies and new tax hikes from Obamacare that, combined, total **\$494 BILLION**—and that's for **JUST ONE YEAR**.



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# Taxmageddon: Massive Tax Increase Coming in 2013

By *Curtis S. Dubay*

## ABOUT THE AUTHOR

*Curtis S. Dubay* Research Fellow, Tax and Economic Policy  
Thomas A. Roe Institute for Economic Policy Studies

If President Obama and Congress fail to act this year, an enormous, unprecedented tax increase will fall on American taxpayers starting on January 1, 2013. *The Washington Post* called the looming tax increase “Taxmageddon,”<sup>[1]</sup> and Federal Reserve chairman Ben Bernanke called it a “massive fiscal cliff.”<sup>[2]</sup>

This impending tax increase is mostly the result of the expiration of many long-standing policies that all expire at the end of 2012. President Obama and Congress should start working together now to prevent this massive tax increase rather than waiting until the end of the year. That would assure families, businesses, and investors that their taxes will not rise sharply as the economy is still staggering to its feet and show the voters that Washington really can get important things done—even in an election year.

## Taxmageddon Is Huge

Taxmageddon is a \$494 billion tax increase that strikes at the beginning of 2013. Under current law, tax policies in seven different categories will expire, and five of the 18 new tax hikes from Obamacare will begin.

TABLE 1

### Taxmageddon: \$494 Billion Tax Increase Is Coming

*These tax hikes will occur if President Obama and Congress do not act before the end of the year.*

FIGURES ARE IN MILLIONS

TAX POLICIES SET TO EXPIRE ON JANUARY 1, 2013	TAX INCREASE IN 2013
Bush tax cuts	\$165,750
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100 percent expensing for business investment	\$7,695
<b>TAX POLICIES SET TO BEGIN ON JANUARY 1, 2013</b>	<b>TAX INCREASE IN 2013</b>
Tax hikes in Obamacare	\$22,750
<b>Total</b>	<b>\$493,922</b>

**Sources:** U.S. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2013* (Washington, D.C.: U.S. Government Printing Office, 2011), at <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/budget.pdf> (accessed March 28, 2012); Joint Committee on Taxation, "Estimated Budget Effects of the 'Tax Relief, Unemployment Insurance Reauthorization, and Jobcreation Act of 2010,'" December 10, 2012, at <http://www.jct.gov/publications.html?func=startdown&id=3715> (accessed March 28, 2012).

IB 3558  heritage.org

These tax hikes will raise \$494 billion in 2013 but will remain in place unless President Obama and Congress stop them. Taxpayers would see even bigger tax hikes in succeeding years as the tax increases raise more revenue as the economy grows.

Although these tax increases will not start raising new revenue until next year, they are having a negative impact on the economy today. Families, businesses, and investors need to know how much tax they will pay in the future before making important economic decisions. The uncertainty caused by Taxmageddon means they are stuck in neutral while they wait for President Obama and Congress to act. This is slowing job creation and stopping many of the millions of unemployed Americans from going back to work.

A tax increase the size of Taxmageddon for just one year is simply unprecedented. Usually tax and budget policies are evaluated on estimates over 10 years. A 10-year tax increase of Taxmageddon's magnitude would be off the charts. By comparison, all the tax increases in Obamacare—itsself an enormous tax increase—raise \$502 billion over 10 years, which is almost as much as Taxmageddon will increase taxes just in 2013.

### Taxmageddon's Sources

Almost 34 percent of the tax increase from Taxmageddon comes from the expiration of the 2001 and 2003 [Bush tax cuts](#). These cuts are best known for reducing marginal income tax rates, but they also reduced the marriage penalty, increased the Child Tax Credit and the adoption credit, and increased tax breaks for education costs and dependent care costs.

TABLE 2

## Tax Relief Policies from Bush Tax Cuts Set to Expire

### EXPIRING POLICIES

### TAX INCREASE IN 2013

Marginal rate reductions:	
• 39.6 percent bracket reduced to 35 percent	
• 36 percent bracket reduced to 33 percent	\$56 billion
• 28 percent bracket reduced to 25 percent	
• 31 percent bracket reduced to 28 percent	
10 percent bracket created	\$37 billion
Capital gains rate reduced from 20 percent to 15 percent	\$29 billion
Dividends tax rate reduced from 39.6 percent to 15 percent	
Eliminate exemptions and itemized deductions for high-income taxpayers (PEP and Pease)	\$9 billion
Marriage penalty reductions	\$17 billion
Child Tax Credit increased from \$500 to \$1,000	\$6 billion
EITC expansion	
Coverdell Education Savings Accounts increase	
Employer-provided educational assistance increase	
Student loan interest deduction increase	
Eliminate taxation of scholarships	
Reduce tax on bonds for school construction	\$12 billion
Dependent care tax credit increase	
Adoption credit increase	
Employer-provided child care credit increase	
Alaska Native Settlement Trusts changes	

### Total

**\$166 billion**

**Sources:** Joint Committee on Taxation, "Estimated Budget Effects of the 'Tax Relief, Unemployment Insurance Reauthorization, and Jobcreation Act of 2010,'" December 10, 2012, at <http://www.jct.gov/publications.html?func=startdown&id=3715> (accessed March 28, 2012).

Another 25 percent of Taxmageddon comes from the expiration of the once-temporary payroll tax cut. The expiration of the patch on the Alternative Minimum Tax (AMT)—which would raise the income threshold over which families qualify for the AMT to prevent middle-income families from paying this tax that is only supposed to impact “the rich”—accounts for 24 percent of the total potential 2013 tax increase.

The remaining tax increases come in part from Obamacare, notably the start of the Hospital Insurance 3.8 percent surtax on wages and salaries over \$250,000 and investment income over that amount. This is the most economically damaging tax in the law and the one that raises the most revenue.

Then there is the expiration of the tax cuts contained in the 2009 stimulus and the expiration of the “tax extenders,” a group of about 50 tax policies that are regularly renewed for a year or two. The current policy on the death tax also expires in 2013. That means the rate will rise from 35 percent today to 55 percent and the exemption will fall from \$5 million to \$3.5 million.<sup>[3]</sup> The expiration of full expensing of new business capital investments (deducting the full cost at the time of purchase) rounds out Taxmageddon.

Table 1 lists the revenue each category of tax hikes would raise just in 2013. The appendix lists each separate tax policy that falls under each category that expires or begins in 2013.

### **Act Soon**

Congress and President Obama have developed a penchant for waiting until the very last minute to act on pressing tax legislation. In 2010, they waited until late December to extend the expiring Bush tax cuts for two years. At the end of 2011, they waited again until late December to extend the expiring payroll tax holiday. They should break themselves of this bad habit.

Instead, Obama and Congress should remove the uncertainty clouding jobs and family finances by removing the threat of Taxmageddon now. Businesses, families, and investors need to know as soon as possible that this massive tax increase will not hit them as they awaken on New Year’s Day 2013.

*Curtis S. Dubay is a Senior Analyst in Tax Policy in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation.*

### **Appendix: Breakdown of Taxmageddon**

<http://www.heritage.org/research/reports/2012/04/taxmageddon-massive-tax-increase-coming-in-2013>