

Secretary FOWLER. No; I think Congress is perhaps as reluctant to pass judgment on this tax increase proposal as the Secretary of the Treasury was to propose it. I have been through a long and tortured period of consideration of it and I can well understand that the members of this committee and the Members of Congress want to have a more complete understanding of the reasons for the proposal than can be arrived at in just a few days of consideration.

Mr. BYRNES. I asked that because I wonder how you arrived at a timetable calling for an effective date for individuals of October 1, particularly in view of the withholding tax obligation that we impose on every employer in the country in regard to compensation he pays his employees.

Secretary FOWLER. Well, Congressman Byrnes, it is a very tight timetable that is contemplated by that proposal and we would be certainly the first to recognize that normally the Internal Revenue Service starts printing the forms for the coming year around the first of September. It usually takes a month or some slightly lesser time to reshape the withholding tables that would have to be devised responsive to any decisions of the Congress and place them in the hands of employers for withholding purposes.

We recognize those time factors. That is not the primary reason. The uncertainty that will exist until a decision is taken on this particular question is the matter of primary concern for moving promptly to disposition of this proposal.

A secondary consideration is the hope that, whatever happens here, that it could be geared into not too much of a delay in the normal time schedules that call for the distribution of these forms in the early part of the year.

Mr. BYRNES. Well, it seems to me that the committee, Mr. Secretary, has the obligation not to impose impossible burdens, particularly on people that are acting as tax collecting agents for the Government. It seems to me that the administration has a similar obligation. I am just wondering what is within the range of reasonableness?

Assuming the decision is made to have a tax increase on individuals, what is an appropriate timetable for establishing an effective date.

Frankly, I think that an October 1 date is impractical as it is already August 15 and Congress isn't champing at the bit to pass this bill. Statements I have heard from members of the House and of the Senate Finance Committee don't give me any feeling that Congress will be enthusiastic about passing a tax increase bill before Labor Day.

An effective date of October 1 is just completely impractical. If you have some information to the contrary, I would like to have it because I may be wrong.

Secretary FOWLER. Our information, and I have not personally, but my staff has been very concerned about this problem, is that employers need about 10 to 15 days after the ratification of new rates to make the necessary changes in the mechanical equipment and the machinery that is normally employed in effecting the new withholding.

Mr. BYRNES. I don't want to interrupt. I want you to finish that.

Secretary FOWLER. Just that point, and then a second point is that with the introduction of new withholding, a slippage of some period of time from the effective date of the law and the introduction of the new withholding tables would not make a very great deal of