

TAX MEASURES PROVIDING INCOME ASSISTANCE TO OLDER PERSONS

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1.0 *Tax relief and income maintenance*

Whether the aim be income maintenance or income assurance, the income of older persons, or of any persons, may be raised by a variety of measures. We may help such persons in their search for employment and higher earnings so they may enjoy the prescribed income. They may be given assistance by private or public charity on the basis of their need, or they may qualify for transfer payments on grounds other than need. They may be given tax treatment that is more favorable than that given to persons similarly situated in all relevant respects except age. A variety of approaches abounds, but the use of taxes is a recognized and commonly accepted means for achieving the stated end. The customary emphasis on "aftertax income" brings home the point that if a person's income cannot be changed, it might be possible to change his taxes and still attain the goal of a higher residual income.

1.1 *Advantages of tax preference*

Not only is tax preference an available option; it is popular with both givers and receivers and is often chosen. The former may prefer tax relief over increased payments because new or heavier taxes are avoided, the benefits do not appear as Government expenditures which are subject to annual review and frequent criticism, and the arrangement does not require a new or expanded agency or bureaucracy to administer the benefits. Those receiving tax benefits are pleased with their enhanced aftertax position and seldom view their situation as anything other than justly deserved. They also appreciate the fact that they are less likely to be asked to submit and justify annual reports, file reports, or account for expenditures. While Congress may often be chided for its expenditures on this group or that group, less often does there seem to be a complaint of unfairness in tax favor given. The usual approach is to recognize existing tax favor, assume it is justified, and plead for its extension to other equally deserving groups.

1.2 *Disadvantage of tax preference*

The arguments against tax preference are equally imposing, but they appeal to different persons. The Treasury Department and those concerned with the efficient operation of the revenue system stress the difficulty in finding a tax that can be altered to benefit the precise group one chooses to help. If the need is to help the aged, a reduction in the income taxes of older persons is of benefit only to those who

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