



NEWS

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Taxpayers Urge Federal Government to Make State Sales Taxes Deductible

Eight states including Florida want a more equitable system where they are able to deduct their sales tax from federal tax payments, as state income taxes are.

WASHINGTON –Taxpayers in certain states such as Florida have been at a disadvantage for many years as they fail to benefit from the federal tax code, which gives deductions on state income taxes paid while not allowing those deductions on state sales taxes.

Taxpayers may write off their state income tax against the amount they owe in federal taxes. However, this policy is not equitable to taxpayers in states that do not have a state income tax, or in those that rely primarily on other funding sources such as sales, property or excise taxes. **As well as having an adverse effect on the individual taxpayers, this disparity has also worked against states who have successfully managed their fiscal affairs without income taxes and which rely heavily on sales taxes.**

“It is unjust that citizens of a state like Florida and the seven others without income taxes must pay a higher percentage of federal taxes than the majority of American taxpayers,” said Grover Norquist, President of Americans for Tax Reform, (ATR,) in Washington DC. **“They deserve to have a corresponding tax deduction to ease their tax burdens,”** continued Norquist.

Reinstating the deductibility of state and local sales taxes would create substantial benefits for those in states without income taxes. If this inequality were eliminated, a family of four in Florida earning \$55,000 would receive a federal income tax deduction of \$1,081, which would be a savings of \$300 for that family.

However, as it stands fifty-nine percent of the tax revenue generated in Florida comes from the sales tax. But taxpayers receive no credit whatsoever towards their federal income taxes whereas taxpayers in forty-two other states with a state income tax do.

“States like Florida that rely on a fairer system of consumption based revenue should not be penalized. It is time Congress restored fairness and justice in the federal tax code,” concluded Norquist.

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.