

WASHINGTON- Congressman Spencer Bachus today introduced the “Small Savers Relief Act of 2003.” By raising the exclusion for interest from zero to \$100, this bill would encourage Americans to save more through investing.

“This is just another example of tax reform that uses common sense”, said Congressman Bachus. “Americans will be encouraged to save by investing, without fear of taxes cutting into their modest earnings on small accounts.”

Another benefit is the reduction of an overwhelming amount of paperwork the American taxpayer and businesses face at tax season. According to Congressman Bachus, “We need to streamline the process so that is effective for both the taxpayer and the federal government.” The amount of revenues lost would be offset by the savings in manpower and paperwork.

The bill adds a new section to the Internal Revenue Code of 1986 allows a taxpayer to exclude \$100 annually. Currently there is no exclusion. “Interest” is defined basically as earnings on savings accounts or other deposits.

Also included in the bill is the removal of a \$10 threshold for reporting interest paid, and inserting \$100 in its place. One industry expert claims that around 70% of the 1099-INT forms he sends go to customers whose accounts receive under \$100 in dividends yearly. Yet, the

30% of his customers who receive over \$100 annually in interest income receive 87% of the dividends paid. Millions could be saved in mailing costs alone. According to Congressman Bachus, "We are spending a great deal of time and energy taxing accounts that provide almost no revenue to the federal government."