

Complexity Hides Corruption in the US Tax Code

Yes, I know, I should have written this in April. But I was busy with paying projects and filed an extension. We almost always get a federal refund, so I wasn't worried about the payment. And, as always, **I used TurboTax, the same software I've used for at least 20 years.** And, yes, I pay for my copy every year, too.

But there were **two new gotchas.** Sigh. Taxes get more annoying every year. And **complexity hides corruption in the US tax code.** But, **if you don't itemize deductions you can stop reading now.** These are Schedule A issues.

Mortgage Origination Date

So I'm chugging along entering mortgage interest. It happens that my lovely wife and I each owned a house before we were married. So that's two mortgages on which we're paying interest. And all of a sudden **up pops these questions:**

Tell Us More About Your Loan From Wells Fargo Mortgage

Let's get the details of your loan for 2016 [Why is this important?](#)

Box 2 Outstanding Mortgage Principal as of 1/1/2016

Box 3 Mortgage Origination Date

Box 5 Mortgage Insurance Premiums

Property Taxes Paid:

[Where do I enter my property taxes?](#)

TurboTax new mortgage interest questions (click for larger image)

Outstanding balance? Origination date? And why am I being asked for property taxes here when I know for a fact that

there is a separate line item on Schedule A for property taxes?

OK, I can find this information on the companies' websites. But it was yet another pain heaped on top of the mountain of trivia and frustration from the U.S. tax code. For what it's worth, here's the line item from the mortgage interest worksheet:

Schedule A Home Mortgage Interest Worksheet 2016
Lines 6 and 10-13 Keep for your records
4 Mortgage origination date

Mortgage interest worksheet

Adding Insult to Injury

The greatest pleasure from the whole tax-filing process is finishing the job. But another minor source of joy has been deducting tax preparation expenses. What I pay for TurboTax, Quicken, and a few other items never amounts to much. But there's a little ray of bitter sunshine knowing that at least the IRS pays for part of these expenses. By the way, this also applies to unreimbursed employee expenses.

But no more. Tax preparation expenses are now means tested. In order to deduct anything your expenses must be more than two percent of your adjusted gross income. This is, essentially, a gift to the wealthy. They can shield a lot of their income from taxes, making their AGI relatively low. And they probably pay quite a bit to have their taxes done. It's us poor slob who exist on the fringes of the upper middle class who watch our deduction drop to zero.

Job Expenses and Certain Miscellaneous Deductions	21	Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ▶ Employee business expenses	21	
	22	Tax preparation fees	22	
	23	Other expenses—investment, safe deposit box, etc. List type and amount ▶	23	
	24	Add lines 21 through 23	24	
	25	Enter amount from Form 1040, line 38	25	
	26	Multiply line 25 by 2% (0.02)	26	
	27	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	27	0.

Means-tested items new this year

Conclusion

For decades I taught my students that the U.S. tax system will never be simplified. If it was, taxpayers could easily see which individuals and businesses were getting special treatment. But complexity hides corruption. The U.S. tax code is a monument to that saying.