

American College Of Tax Counsel Denigrates 'Fast Track' Process.

AUG. 22, 1994

SUMMARY BY TAX ANALYSTS

Robert E. McQuiston, chairman of the American College of Tax Counsel, Washington, has asked Treasury not to repeat the use of the "fast track" process, currently being used to increase tax revenues to finance the Uruguay Round international trade agreement.

===== SUMMARY =====

Robert E. McQuiston, chairman of the American College of Tax Counsel, Washington, has asked Treasury not to repeat the use of the "fast track" process, currently being used to increase tax revenues to finance the Uruguay Round international trade agreement. McQuiston alleges that, in the context of the proposal to repeal the lower-of-cost-or-market method of inventory accounting, "The 'fast track' process deprived all parties of an opportunity to have this proposal considered in a thoughtful manner with sound tax principles in mind." Thus, in the future, he says, "The usual tax legislative process should be followed in making any change in the tax law."

===== FULL TEXT =====

August 22, 1994

Leslie B. Samuels

Assistant Secretary

Office of Assistant Secretary (Tax Policy)

Room 3120 MT

1500 Pennsylvania Avenue, NW

Washington, DC 20220

Re: Revenue Measures Related to the GATT Legislation

Dear Mr. Samuels:

The American College of Tax Counsel respectfully urges that the "fast track" process -- that is being used to increase tax revenues to finance the Uruguay Round international trade agreement -- not be repeated.

The usual tax legislative process should be followed in making any change in the tax law. The opportunity for public review and discussion of proposed changes, including the ability to review specific statutory language, reduces the likelihood that the changes have technical flaws, conflict with other tax provisions, or create adverse tax policy.

By way of example, the proposal to repeal the well-established lower-of-cost-or-market method of inventory accounting represented a fundamental change to the tax laws. The "fast track" process deprived all parties of an opportunity to have this proposal considered in a thoughtful manner with sound tax principles in mind.

We appreciate that trade negotiations are difficult and that trade policy must move on a fast track. Nonetheless, important tax policy concerns must not be overlooked in formulating measures to raise tax revenue to finance trade decisions. Tax policy concerns are best managed by adhering to the usual tax legislative process of the tax-writing committees.

Sincerely,

Robert E. McQuiston

Chairman

American College of Tax Counsel

Washington, D.C.