

Hope Returns

With the election results on November 2nd, hope has returned to restore economic sanity to our great country. This election saw an overwhelming reversal of the disastrous 2008 elections which produced a democratic majority in both in the House of Representatives and the Senate. The 2008 Congressional elections caused the greatest expansion of government since the Great Depression and greatly increased the amount of national debt that our grandchildren bear the burden of having to repay.

The November elections changed the majority in the House of Representatives by replacing 62 democratic house seats with conservatives. And while the Democrats still control the Senate, conservatives picked up an additional 6 seats there, bringing the balance to 51 Democrats and 46 Republicans.

The question is: Will our lawmakers hear the message clearly communicated in the 2010 midterm elections? Voters are fed up with a “business as usual” mentality in Washington and are demanding that their elected representatives govern responsibly.

However, the most pressing question on all our minds right now is, Will the Bush Tax Cuts be extended for all Americans? Immediately after the elections, President Obama announced that he would be meeting with Democratic and Republican leaders in both the House and Senate on November 18 to iron out this discussion. However, that date got pushed back to a later date of November 30 meaning that we still have no answer concerning what to expect for January 1, 2011.

It would seem that while the Republicans got the message concerning the state of the economy, the President and the Democratic leadership did not. Without an answer to the tax situation for 2011 and beyond, businesses have no idea how to project their employment needs for the coming year and beyond. It stands to reason, that if taxes go up businesses will have to figure out some way to reduce their expenses to offset the increased taxes and the primary way to do that is to reduce the number of people that they are able to hire. In addition, increasing tax rates including capital gains taxes make it increasingly difficult for businesses to expand their current businesses in a profitable manner.

Uncertainty concerning the future is the greatest deterrent to future growth and thereby to future hiring decisions. Therefore, the current 9.6% national unemployment rate promises to be with us for a while unless businesses gain the confidence that our government once again takes a business friendly view and approves tax legislation that demonstrates that view.

At present, we have no signs that that view is present with the current administration and Congress, with the President and Democratic leaders still calling for class adjusted tax cuts.

Speaking of tax cuts.....why is the administration given a pass by the mainstream media in calling for “middle class tax cuts”there are no tax cuts in the forecast.....just keeping taxes where they are presently. If Congress and the Administration don't extend the current tax rates, then come January 1 we all are in store for substantial tax increases!!!!!!

The only thing that we as ordinary taxpayers can do is to keep the pressure up on our lawmakers, insisting that they extend the current tax rates for at least the next 2-3 years so that businesses can project their future needs and begin to relax their hiring expectations. Doing so would raise everyone's confidence level needed to expand the job market.

Unfortunately, until Congress decides to act there is little more that can be said concerning our 2011 tax rates. Hopefully, I will have better news to report to in our December newsletter, however, once we get through with this “lame duck” session of Congress, at least, we have the hope that sanity will once again return to Washington.

Til next time,

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