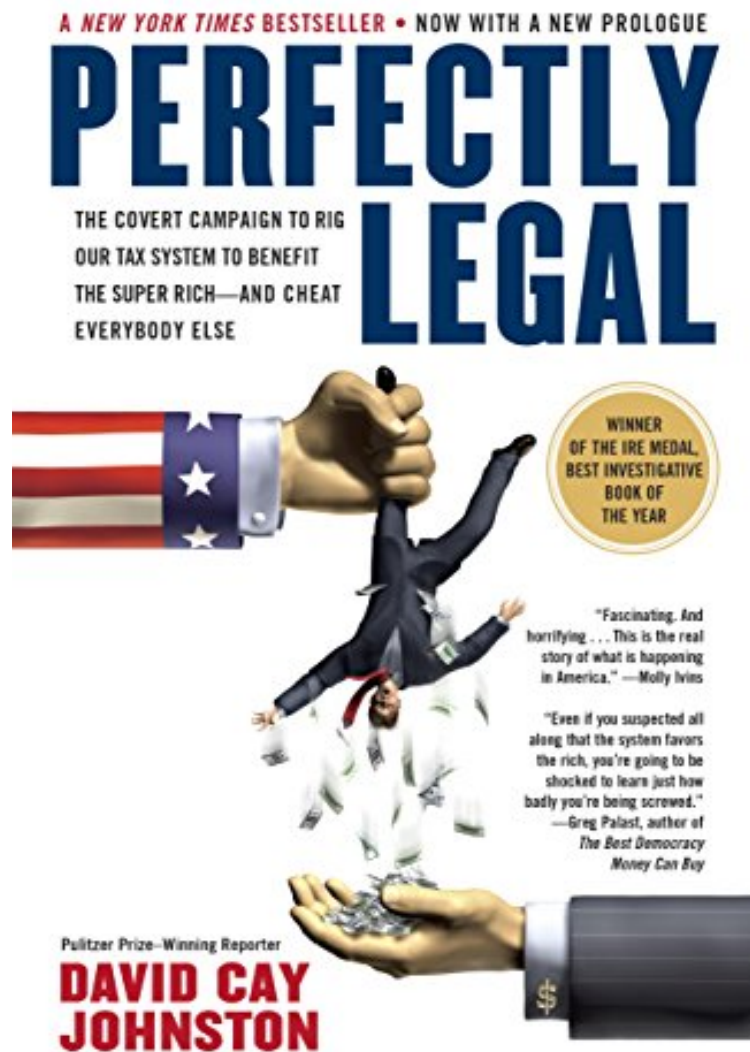


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Perfectly Legal: The Covert Campaign to Rig Our Tax System to Benefit the Super Rich--and Cheat E verybody Else

David Cay Johnston

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David Cay Johnston : Perfectly Legal: The Covert Campaign to Rig Our Tax System to Benefit the Super Rich--and Cheat E verybody Else before purchasing it in order to gage whether or not it would be worth my time, and all praised Perfectly Legal: The Covert Campaign to Rig Our Tax System to Benefit the Super Rich--and Cheat E verybody Else:

3 of 3 people found the following review helpful. Well worth the time to read!
By Jim Keese This is a very depressing revelation of the investment and banking industries. The reader will likely be shocked while reading this book. I'm now a huge fan of David Cay Johnson!
9 of 10 people found the following review helpful. This book will elevate your blood pressure...
By P. Thompson This is the best book I've read in a long time, and possibly the best non-fiction book I've ever read. It was no surprise to me that our elected representatives (of both parties) are at the beck and call of the "political donor class," but the extent to which this is taken is astounding. I did not realize that tax bills can be written with no outside input or review, and that many legislators vote on tax bills without even reading them (or understanding them). I did not realize that tax cheats can come out in public and tell the world they stole millions and still not get prosecuted. I did not realize how ill-prepared the IRS is to detect and prosecute tax cheats. I did not realize the extent to which so-called "American" corporations will go to avoid paying taxes. And finally, I did not realize how little our elected representatives care that the tax system is rigged in favor of the super-rich, on the backs of the middle class. I personally got snared by the alternative minimum tax in a big way back in 2000, and I was never able to understand why all my elected legislators felt that nothing could be done about a tax law that was so clearly broken. This book clearly explains why neither party wants to talk about it or fix it. I am especially pleased that this book makes a point to be non-partisan, so neither party can dismiss it easily. This book is a nice filter through which to digest the partisan rhetoric coming from both sides prior to the upcoming election. I agree with the other reviewers; do not read this book before bed-time, because you will be too angry to sleep. When this book comes out in paperback, I plan to buy many copies to give to friends and family. And I am already recommending it to everybody I know. As Johnston concludes, reform does start with us.
5 of 5 people found the following review helpful. Insights you don't get anywhere else
By cityhall We all suspect that people who can afford enough lawyers and accountants are able to dodge taxes, but we don't know how they do it. This book pulls back the curtain and shows why the debate over whether the top marginal rate should be X or Y percent is irrelevant to anyone truly rich. Some of the chapters I found most interesting were on how CEOs have enough flexibility to defer their income almost indefinitely to avoid paying taxes on anything they aren't ready to spend, and on how the IRS enforcement budget is mis-allocated - they have plenty of funding to audit the poor, but real-estate partnership returns aren't even matched up with individual income tax returns to make sure they're consistent. If that sounds interesting to you then you'll enjoy the book; if it sounds boring then you might not.

Now updated with a new prologue! Since the mid-1970s, there has been a dramatic shift in America's socioeconomic system, one that has gone virtually unnoticed by the general public. Tax policies and their enforcement have become a disaster, and thanks to discreet lobbying by a segment of the top 1 percent, Washington is reluctant or unable to fix them. The corporate income tax, the estate tax, and the gift tax have been largely ignored by the media. But the cumulative results are remarkable: today someone who earns a yearly salary of \$60,000 pays a larger percentage of his income in taxes than the four hundred richest Americans. Pulitzer Prize-winning investigative reporter David Cay Johnston exposes exactly how the middle class is being squeezed to create a widening wealth gap that threatens the stability of the country. By relating the compelling tales of real people across all areas of society, he reveals the truth behind:
• "Middle class" tax cuts and exactly whom they benefit.
• How workers are being cheated out of their retirement plans while disgraced CEOs walk away with millions.
• How some corporations avoid paying any federal income tax.
• How a law meant to prevent cheating by the top 2 percent of Americans no longer affects most of them, but has morphed into a stealth tax on single mothers making just \$28,000.
• Why the working poor are seven times more likely to be audited by the IRS than everyone else.
• How the IRS became so weak that even when it was handed complete banking records detailing massive cheating by 1,600 people, it prosecuted only 4 percent of them. Johnston has been breaking pieces of this story on the front page of The New York Times for seven years. With *Perfectly Legal*, he puts the whole shocking narrative together in a way that will stir up media attention and make readers angry about the state of our country. From the Trade Paperback edition.

.com Most Americans would agree that they are duty bound as beneficiaries of our democracy to pay taxes, and the majority of us do paydash;-exorbitantly. But what about those who do not pay their fair share? David Cay Johnston, a Pulitzer Prize-winning reporter for the New York Times, here reveals how fairness and equity have eroded from the American tax system. Johnston describes in shocking detail the loopholes our government provides the "super rich"--from private individuals to profitable corporationsdash;-to hide their wealth, to defer or evade tax payments, and to pass the bill to law-abiding middle-class Americans. The loss in revenue "imposes a severe cost on honest taxpayers" through reduced services, increased federal debt, and a weight on the middle class that threatens to impede its ability to achieve upward social mobility. Admitting the extreme complexity of our economy and by extension our tax code, Johnston points out that the very wealthy do, of course, pay taxes. However, because of shelters that allow them to understate most of their income, they pay little more on average than most Americans on the dollar. This is regressive,

and unquestionably favors the superrich. Johnston includes examples of outrageous corporate malfeasance (such as companies that establish off-shore tax addresses) and exposes the tax benefits of the particularly loathsome practice made famous by Jack Welch, in which thousands of wage earners are laid off while a handful of executives are granted hundreds of millions of dollars through deferred compensation, company stock options, and lucrative retirement packages, all at stock holders' expense. In addition to these offenses, he describes the tax evasion methods of those who simply defy the law and are emboldened by a beleaguered IRS that is too underfunded to serve as an effective deterrent to tax cheats. Johnston calls for a complete overhaul of the system. But because those who most benefit from these laws comprise the "donor class" that supports the government power structure, our prospects for reform remain very bleak. --Silvana TropeaFrom Publishers WeeklySince he began writing about taxes for the New York Times in 1995, Johnston's investigative reporting has earned two Pulitzers. The journalistic legwork informs every page of this exposé; of the ways in which, he says, America's taxation system is stacked in favor of the wealthy. Johnston evades the imposing abstractness of the tax code by keeping the story focused on individuals, from working-class parents facing audits to Internal Revenue Service officials desperate for the resources to revamp their procedures. Chapters addressing the inability of the IRS to go after the worst tax cheats, thanks in part to opposition from grandstanding members of Congress, are particularly effective in putting a spotlight on the problem, but there's plenty of space given to revealing how canny tax attorneys come up with legal (and barely legal) ways to get around the system. And for those who can afford it, he reports, there's always a new dodge available once the law has caught up to the latest tricks. At some points, dealing with numbers becomes unavoidable, but even here Johnston displays a knack for breaking the story down into easily grasped components. Though the tax cuts engineered by Presidents Reagan and George W. Bush receive most of the criticism, Democrats come in for their fair share of opprobrium. Genuine reform, he suggests, will require serious and sustained attention from the public, not just reflexive griping. His book is a thoughtful overview for any citizens willing to educate themselves on the issue. Copyright copy; Reed Business Information, a division of Reed Elsevier Inc. All rights reserved. Eye-opening. -- John Landry, Harvard Business Mr. Johnston exposes some fundamental problems with the tax code that Campaign 2004 seems to be overlooking. -- Amity Shlaes, Financial TimesReading Perfectly Legal is the first step to bringing American government back to its citizens. -- John C. Bogle, founder of The Vanguard GroupSuperb. -- Steve Weinberg, Cleveland Plain DealerThis book is vital, an infuriating call to action. -- Jim Hightower, author of Thieves in High PlacesTruly shocking. -- James K. Galbraith, The New York Times Book Want to know how business execs get nearly free personal trips on their corporate jets? Johnston is your man. -- Business Week