



Why It's Likely Impossible to Abolish the IRS

By Colleen Curry

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As the national US tax deadline approaches tomorrow, thousands or perhaps millions of Americans may find themselves favorably considering a tax reform proposal often touted by Republican presidential candidates: getting rid of the Internal Revenue Service.

"I'll tell you, the single most important tax reform, we should abolish the IRS," GOP presidential hopeful Senator Ted Cruz said at the Heritage Foundation earlier this year.

"Take all 125,000 IRS agents and put them on our southern border," he told a CPAC audience in February.

"It's time to exercise our right to abolish the IRS and preserve our liberty," fellow GOP presidential candidate Rand Paul says in a video on the website AbolishNow.com, asking for supporters to sign a petition to have Congress eliminate the agency.

But critics and tax policy experts point out that the devil in Cruz's and Paul's snappy sound bites is in the details — there is just no simple way to get rid of the nation's tax collecting agency.

Though Cruz and Paul will both draw roars from crowds when using the phrase "abolish the IRS," the candidates take pains to explain on their websites that what they really mean here is that they'd like to shrink or reform the agency and, perhaps primarily, reform the nation's tax code. Paul says that his tax plan will "simplify the tax code and downsize the IRS so we can unleash an economic boom that creates millions of jobs, boosts wages, and expands opportunity for all. My tax plan will get the IRS out of your life, and out of the way of every job creator in America."

But neither Paul nor Cruz has released solid details of a tax plan yet.

In public, both men have endorsed reforming the tax code to a simple flat tax, in which all Americans aside from the very poor pay the same tax rate. Cruz told MSNBC in March that he would like to see Americans file their taxes by postcard, listing merely their income, their mortgage, charitable deductions, and what they owe in taxes.

"These days, the general idea is if you dramatically simplify the tax code, of course you could have much simpler collection of revenues, which is true. And there have been various studies over the years about how many tax forms you could get rid of," Chris Edwards, director of tax policy at the libertarian Cato Institute, told VICE News.

Still, tax collectors of some sort would be necessary to receive the postcards, ensure their accuracy, and perform any other version of tax collection that even a simpler tax would incur. In addition, abolishing the IRS is likely the third step in a 3-step process, Edwards said: cutting spending, rewriting the tax code, and then shrinking the tax collection agency.

"I would like to see candidates focus more on what spending platforms you'd have to get rid of to shrink the deficit, and say exactly what their tax reform plans are," Edwards said. "I don't think Cruz and Paul have proposed detailed tax reform yet. No one seems to be doing that first before saying 'abolish the IRS.'"

Cruz has also endorsed another proposal dubbed the fair tax, which would replace all federal income tax with a high national sales tax. The sales tax would allow Americans to keep all of their annual income, untaxed, until they decide to spend it. Then it would be taxed at anywhere from 15 to 30 percent, according to Edwards. Five or 10 percent would go to the state, and the rest to the federal government.

"The fair tax, basically, is a sales tax that already has a rebate for low income individuals, so whatever entity is collecting taxes doesn't have to worry about what rate everyone gets, because everyone gets the same amount," Diana Furchtgott-Roth, former chief economist of the US Department of Labor and senior fellow at the Manhattan Institute for Policy Research, told VICE News.

"It doesn't obviate the need for the IRS. You'd still need some organization, whatever it's called, to collect money at the treasury and then give it to whatever department it's supposed to go. But the fair tax that Cruz has endorsed at times would give the least amount of power to the IRS," she said.

Some of the anti-IRS sentiment comes from conservative belief in lower taxes, but some also comes from animosity after the 2012 scandal in which the organization purposefully slow-tracking applications by conservative groups to the IRS for non-profit status.

"There's been growing levels of frustration or antipathy for the IRS among the base, and I think a bunch of candidates are trying to exploit that by saying, 'Let's get rid of this,'" Stan Veuger of the American Enterprise Institute told VICE News. "But of course you're always going to need an organization that enforces the tax code, so I don't think you should interpret it as literally, 'We don't need people collecting taxes.'"

In fact, though there is broad support for tax reform and a flat tax, Veuger said, most politicians talking about IRS elimination are relying on slogans that will resonate with their bases.

"Of course the slogan is in large part rhetoric. It's certainly not a goal for tomorrow, but sort of a broader more long-term utopia," he said.

Furchtgott-Roth said they're reflecting views of their constituents.

"Most people spent ages getting tax receipts together, they're worried they've made a mistake, they've bought TurboTax, taken hours and hours to do them," she said. "These two politicians are reflecting people's dissatisfaction with the whole process."

Kay Schlozman, a political science professor at Boston College, pointed out that Cruz and Paul's messages resonate because America is a particularly tax-averse nation.

"What is very clear is that it would have a certain resonance in the way it articulates things that show the tax aversion of the American public, and the general skepticism of the national government getting involved in things, and the fact that it being April 13, lots of us are sitting preparing taxes, which is certainly one of the most onerous and less pleasant things we do," she said.

The candidates will likely release more fully-detailed versions of their tax reform plans, but not for a long while. According to Furchtgott-Roth, prior Republican candidates, including 2012 frontrunners Mitt Romney and Rick Santorum, held off releasing the details of their tax plans until the summer before the national election. If this is taken as a precedent, it gives the current crop of Republicans more than a year to figure out how their proposals could really work.

Another Republican candidate, however, has his tax plan ready. Senator Marco Rubio released what he called a "discussion draft" of his tax plan, coauthored by Utah Senator Mike Lee, which the two will publicly present and discuss at the Heritage Foundation on tax deadline day April 15.

Neither Lee nor Rubio want to abolish the IRS, or even play into the public frenzy around hating the IRS, according to Furchtgott-Roth. They want to increase tax credits for dependents, and lower corporate tax rates, which is something neither Cruz nor Paul has yet addressed. Veuger pointed out that because fraud on child dependent claims is relatively high, about 25 percent of all fraud, increasing tax credits for them would likely require more IRS employees to investigate fraudulent claims.

Whether any of the candidates' visions for tax reform will ever pass is likely dependent on the makeup of Congress and the party in control of the presidency. Still, candidates are expected to outline what they would do, if they could, Edwards said.

"It's standard fodder for Republican presidential nominees," Edwards said. "You see it every cycle, actually for Republican nominees to come out with a pretty dramatic tax reform."

And, he added, it's important to remember that it's up to Congress — not the IRS — how difficult taxes are to file and administer each year.

"People can hate the IRS, but another part of this conversation is that Congress is behind the horrid complexity of our tax code," Edwards said. And to the extent there's inefficiencies in the IRS, it's Congress's fault for overloading them."