



Cato's Rahn: 'US Can Get Along Perfectly Well' Without What 'IRS Has Become'

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Now that tax day is here, do we need to do away with the IRS?

"Those in favor of abolishing the present IRS are correct in that the United States certainly can get along perfectly well without the politicized, abusive and rights-trampling tax agency the IRS has become," Richard Rahn, a senior fellow at the Cato Institute, writes in [The Washington Times](#).

"There is still no excuse for much of what the IRS does. . . . That includes criminal offenses, such as releasing private taxpayer information and targeting taxpayers on the basis of ideology."

IRS agents complain that they get no respect. "Yet, too many agents engage in thuggish behavior and show no understanding of the unnecessary burdens they place on small businesses and entrepreneurs," Rahn says.

Bottom line: "if the folks at the IRS want respect, then they need to start treating hardworking taxpayers with respect and understanding and not as government-owned slaves," Rahn writes.

Meanwhile, the advocacy group [Citizens for Tax Justice](#) has released a report detailing 15 Fortune 500 companies that don't pay any taxes.

The list includes CBS, General Electric, Interpublic Group, JetBlue Airways, Mattel, Owens Corning, PG&E, Pepco Holdings, Priceline.com, Prudential Financial, Qualcomm, Ryder System, Time Warner, Weyerhaeuser and Xerox.

As a whole, the 15 companies paid no federal income tax on \$23 billion in profits in 2014, and they paid almost no federal income tax on \$107 billion in profits during the past five years. All

but two received federal tax rebates in 2014, and almost all paid exceedingly low rates over five years.

For example, CBS had \$1.8 billion in U.S. profits last year, and received a federal income tax rebate of \$235 million, while Mattel, which has paid zero federal income taxes for the past five years, received a tax rebate of \$46 million in 2014.

"The scope of corporate tax avoidance spans a wide variety of economic sectors. Moreover, the tax breaks that have allowed these companies to be so successful in their tax avoidance are, by and large, perfectly legal, and often have been on the books for decades," the report states.

So what's the solution?

"A sensible starting point should be to critically assess the costs of each of these tax breaks and to take steps to ensure that profitable corporations pay their fair share of U.S. taxes," the study says.

"The next step is just as important. The revenues raised from eliminating corporate tax subsidies should not be given right back to corporations in the form of tax-rate reductions, as corporate lobbyists and their allies inside the Washington Beltway preposterously argue."

So where should this money go? "As the vast majority of Americans understand, these desperately needed revenues should be used to address our nation's fiscal problems and to make critically needed public investments in our nation's future," the report argues.