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Abolish the IRS

The current tax system damages the economy and civil liberties

By Richard W. Rahn

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Abolish the Internal Revenue Service? IRS Commissioner John Koskinen has said the government must have an IRS to collect the taxes to fund the government. Mr. Koskinen is right that no matter what kind of tax system we have, there needs to be a tax collection bureau. But 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.

Mr. Koskinen and others who defend the IRS claim the problem is with the tax law, which is written by Congress. A tax system ought to be designed to obtain the necessary revenue with the least amount of damage to the economy and the civil liberties of the citizens. The present tax system gets a failing grade on both accounts. Promising special provisions to those who will provide campaign funds is a temptation that some politicians seem not to be able to resist. A simple flat tax or consumption tax would take care of many problems.

That said, there is still no excuse for much of what the IRS does. IRS agents complain that nobody likes them and they are shunned when they go to parties. Count me as one who is not sympathetic. No one is forced to work for the IRS. They are all there by free choice. I expect most of them are there because it was the best job they could find that offered the combination of pay, benefits and the luxury of almost no risk of being fired no matter how incompetent their performance. That includes criminal offenses, such as releasing private taxpayer information and targeting taxpayers on the basis of ideology.

Some IRS workers claim they are there for patriotic reasons because someone has to raise the revenue to keep the government going. I would have sympathy for this argument if they were only raising revenue for activities that are actually authorized under the Constitution, rather than funding all of those unnecessary or destructive activities that diminish economic growth and waste the monies of hardworking taxpayers. Every day, there are reports of government spending, either for corrupt purposes (i.e., taking money from one group of taxpayers to give to a more politically powerful group), or just plain incompetence and waste. What if IRS agents went

on strike — as real patriots — to demand that the monies they collect would no longer be used for political payoffs, mismanaged programs and unconstitutional activities?

IRS agents whine that they are not respected. Yet, too many agents engage in thuggish behavior and show no understanding of the unnecessary burdens they place on small businesses and entrepreneurs. There have been many documented cases where IRS agents have hounded people to such an extent that some have committed suicide. The IRS has seized taxpayer assets without him being convicted of any crime. Officials at the IRS approve tax forms that are incomprehensible — to not only the average taxpayer but to even tax professionals. The new instructions and forms for the Foreign Account Tax Compliance Act are a prime example. Competent tax lawyers have shown me examples of totally indecipherable IRS instructions — thus ensuring that no one knows for sure whether they are in compliance. When the law becomes arbitrary, there is tyranny.

Too many IRS employees do not know the basics of the laws they are to enforce and frequently provide taxpayers with the wrong information. Then the IRS penalizes the taxpayer for relying on the incorrect information provided by its own employees. The IRS, by its own admission, is answering less than 40 percent of the phone calls of people asking for help, and it is almost impossible to get an appointment to see someone who can competently answer questions. The IRS blames this situation on a lack of funding, while glossing over the fact that if the agency prepared its forms and instructions in clear, understandable English far fewer people would be calling in. The IRS seems to assume that its “customers” (as it likes to call taxpayers) all have degrees in accounting and have the rare ability to keep all relevant records for many years in perfect order (even though the folks at the IRS cannot seem to master this task). The IRS record keeping requirements criminalize a large part of the population who correctly think they have better things to do with their time — like making a living and enjoying life — than to act like obsessive bookkeepers.

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.

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