



Why It Matters: IRS

Andrew Taylor

October 20, 2016

The Internal Revenue Service touches everyone, not just taxpayers but anyone who receives a government check, drives on roads made possible by tax revenue or sends a child to a school helped by Washington. It's a touch that can come with a heavy hand, in the eyes of critics who believe the agency's far-reaching powers are abused and the agency needs to be cut down to size.

Where They Stand

Republican Donald Trump's most explicit views about the agency have been on the personal level — he says he's been under a continuing multi-year IRS audit and that's why he won't release his tax returns, as other presidential candidates do. He's also boasted that his use of business losses to zero out his tax liability shows he's smart. Trump's tax plan reduces the number of tax brackets but does not envisage dismantling the IRS as its fiercest critics want.

Why It Matters

No one loves the IRS.

Many Republicans, though, unlike most Democrats, talk of abolishing it. That idea never materializes. Even a smaller government could not function without an agency responsible for collecting revenue and going after tax cheats.

IRS Commissioner John Koskinen says it's one thing to simplify the tax code — a good idea, he offers — but another to think the country can get by without tax collectors. "You could call them something other than the IRS if that made you feel better," he's said to the critics.

With some 90,000 employees, a massive stockpile of information on citizens and powers to dig deep into the lives of those it decides to investigate, the IRS is in the face of Americans like no other agency. That's become even more so since it was handed the job of enforcing the mandate that people carry health insurance.

The potential for abusing power is obvious, and it has happened — most vividly at the hands of President Richard Nixon but also in the administrations of John Kennedy, Franklin Roosevelt and more, historians say.

During the Obama administration, the IRS has acknowledged mistreatment of tea party groups by subjecting them to excessive scrutiny in their bid for tax-exempt status. But investigations by the Justice Department and the IRS' independent inspector general found no evidence that actions against the conservative groups were politically motivated.

Koskinen took over after the IRS actions in question but has not been clear of the controversy. Conservative lawmakers pressed unsuccessfully to impeach him, accusing him of lying to Congress, not answering subpoenas and overseeing an agency that destroyed documents in the tea party case. He denied the accusations and told lawmakers that when he testified in June 2014 that no documents had been destroyed since congressional investigations began, he didn't know that IRS workers had mistakenly destroyed backup tapes bearing thousands of emails.

As for getting rid of the IRS altogether, even libertarian-leaning analysts say that's a stretch. Chris Edwards of the Cato Institute, a former senior economist with Congress' Joint Economic Committee, says even the most simplified tax code would require 10,000 to 20,000 tax collectors. "If you're going to have federal taxes, you need an agency to collect them," he said.

The Libertarian Party presidential candidate, Gary Johnson, says he'd like to eliminate the IRS and any other federal agency that Congress might vote to dismantle. But that, he has said, would take "a magic wand."