

The income tax

The income tax is frequently condemned by competent and informed commentators, even by one who was at one time the Collector of Internal Revenue. It is an outrageous, thievish, unjust, unintelligent punishment of those who perform service or invest their capital. Levied with no thought or study of the question as to whether the income which is taxed is received as a tribute to privilege or as a recompense for service, it is chiefly designed to hit any head that rises above the average.

As a report submitted to a Congressional Committee in 1955 by Mr. William J. Grede as President of the National Association of Manufacturers puts it:

The present income tax law has grown from 31 words to more than 440,000. It is so complex that the average citizen must seek legal aid in computing his obligation. It is so complex that even after he has obtained such aid, the tax collector very often differs in his interpretation of the law and in such a case the burden of proof falls on the taxpayer. It is the only instance that I know of in legal experience that the individual is "guilty" unless he can prove his innocence. We have a tax system at present which penalizes most the individual who wants only to sell his personal services and ability for a wage or salary. It is a law aimed at mass effect, showing no consideration for the problems of the individual, and when the law loses respect for the individual, the individual loses respect for the law.

And the multiplication of words above referred to is due to the compounding of evils based on the fundamental evil of arbitrary confiscation.

Anywhere in tax law reporting, one can find at random such linguistic monstrosities as:

MEASURING CASUALTY LOSS OF LIFE TENANT OF RESIDENCE:
Tax Court had allowed deduction of portion of loss allocable to tenant's life estate, not to exceed basis. Yardstick was actuarial life expectancy applied to total loss (Bliss, 27 TC 770). The Commissioner acquiesced; the taxpayer appealed. Now the Second Circuit reverses: As a matter of "practical common sense" the entire burden of the loss fell upon the life tenant, hence she can deduct the entire loss. The Court noted that under the will the remainderman could not "prove any loss" to them, nor had they asserted any. Therefore the caveat by the Court: The decision is confined

to the "unusual facts"—no general rule is established (6/18/58).

"No general rule is established!"

It is strange indeed that, while the debtors' prison has long ago been abolished throughout the civilized world and man can no longer be sent to prison for failing to pay obligations which he willingly assumed and entered into, he *can* be sent to prison for failure to pay levies which he is forced to submit to, levies of arbitrary amounts for which he receives no benefits of his own choosing or commensurate with the amount he pays.

One of the extremely offensive features of the income tax is the fact that it is in the interest of the tax collector to be inquisitorial and dictatorial about the details of conducting business. All businessmen are subjected to the degrading assumption that they would cheat and misrepresent if given the opportunity, and as a matter of fact many of them are inclined to do so because they instinctively feel that the law is so arbitrary and unjust that any form of combating it is desirable. A more intelligent government-income procedure would be one without either stimulus or opportunity to falsify.

This intrusion by government is illustrated, for example, by notices which are sent out to employees by large companies, warning the employee that his expense accounts must be capable of being scrutinized by government officials and must satisfy these officials. The company does not state to its employees that it will disallow certain items, but it is necessary for it to warn them that while the company may be quite willing to accept them as part of the cost of

doing business, the government will not permit it to, because to do so would reduce the amount of tax that the government can take away. The company must thus warn the employee that if the government disallows these expenses, such of them as have been paid by the company become extra compensation to the employee and therefore ends as a part of his income on which he must pay a tax. This subjection to the opinion of a tax-record examiner may be visited on the employee long after he has imagined that his tax burden for the year had finally been lifted.

A feature of the law which has been challenged as being unconstitutional is the forcing of employers to function as tax collectors. All employers are subjected to expense and annoyance in the form of bookkeeping, refunds, complaints, and reporting, to name a few, by this needless intricacy of improper taxation.

Housewives, too, under the Federal Insurance Contributions Act, are forced to become tax collectors and to submit reports to the government, under pain of accusation of fraud, which must be bewildering to most of them. It is safe to say that in the majority of cases, in order to spare herself the embarrassment of attempting to explain this delegated paternalism, the housewife quietly pays the employee's portion of the tax. This, of course, means that she is paying more to the employee than she has reported—the full pay, whereas there should have been a deduction from it—so (with the kindly permission of the Income Service, it is true) she innocently perpetrates a fraud at her own expense.

These levies for Social Security are not, strictly speaking,