# CORRUPT TAX COLLECTORS DISPENSING FEAR!

Do you think you receive fair value for the money you spend on taxes? The fact is you don't, because there is excessive corruption in both the way your tax money is collected and in the way it is spent. Many countries are notorious for the tax collectors being "on the take." At the federal level, it is rare for an Internal Revenue Service agent to put his hand out, but that does not rule out considerable corruption.

The corruption starts with Congress. Members of Congress "buy votes" by handing out "free stuff." It includes expenditures on programs that few, if any, congressmen would spend their own money on, plus programs that are filled with waste and fraud that go on year after year (e.g., studies have shown that Medicare and Medicaid misspend up to a third of their budgets).

Members of Congress also buy campaign contributions by proposing and voting for expenditures that reward certain companies, industries, and unions Solyndra and the General Motors bailout come to mind. This kind of buying of votes and campaign contributions goes on in most democracies. The United States may be the world's leader in vote and contribution buying through special provisions in the tax code.

It is not hard to figure out why the members of the House Ways and Means Committee and the Senate Finance Committee, the two tax-writing committees, tend to receive much larger campaign contributions than others who sit on less influential committees.

According to the National Taxpayer Advocate, there are now 4 million words in the tax code: "Individuals and businesses spend about 6.1 billion hours each year doing their taxes and complying with the tax laws that's the equivalent of more than 3 million full-time workers." It is well beyond the ability of any one or even a group of individuals to fully know the tax code and attendant regulations. In addition, all too much of it is imprecise, contradictory, beyond common sense and poorly written. Every presidential candidate promises to reform and simplify the tax code.

The only one who made a really serious attempt was Ronald Reagan. As a result, the 1986 reforms had a more positive than negative effect, but everything has gone downhill since then. On average, more than one change is made in the tax code per day.

IRS executives and staffers get high marks and promotions by collecting more taxes, so they have a natural bias against the taxpayers and, at times, engage in both unethical and economically destructive conduct.

For instance, the IRS taxes the portion of capital gains that are completely due to inflation. Someone who has had a small farm or small business for several decades may sell it for twice what was paid for it, but after adjusting for inflation may have incurred a real loss. Yet, the IRS will

place a tax on the nominal gain, not the real gain. Without due process, this is prohibited by the Constitution and is nothing less than theft of property.

It is not as if the IRS does not know better. The agency adjusts tax brackets for inflation so people are not put in higher tax brackets without a real increase in income, and there is an inflation adjustment for Social Security and some other government payments. Congress has never told the IRS to tax gains solely due to inflation the agency just does it.

At present, most interest received on various forms of savings accounts is well below the current rate of inflation, yet the IRS taxes it as income, when this "interest" is nothing more than a partial return of expropriated capital. This tax collectors' behavior in taking property (done with the consent of all too many members of Congress) is unethical, economically destructive and without constitutional basis.

The IRS, like most government agencies, wastes money on foolish things, such as the recently reported "Star Trek" parody video. This is petty corruption compared to the real destruction the agency causes. Thomas Jefferson once wrote: "When the government fears the people you have liberty, but when the people fear the government you have tyranny."

The IRS actively promotes fear of itself, with the excuse that it increases compliance. The complexity of the tax code gives people within the IRS greater opportunity to target those they may not like for political or even personal reasons and, over the years, there have been all too many documented cases of abuse and violations of the law by the agency.

None of this is necessary. The United States could move to a simpler, flat tax system as other countries have, which would raise as much revenue with far lower rates, and without much of the economic and liberty destroying complexity. Better yet, the nation could move to a system of user fees and consumption taxes, as some countries have, enabling the abolition of the income tax.

Such a system would greatly increase economic growth and opportunity, individual liberty and reduce health-destroying fear and anxiety among the people. The corrupt power seekers in the political class, the government and IRS bureaucrats, as shown by their behavior, really don't care about the well-being of their fellow citizens.

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