



Either Liberty or the IRS

BY RICHARD W. RAHN

ONLY CONGRESS CAN SAVE AMERICANS FROM TAX AGENCY ABUSE

After last week's ruling wherein a federal court failed to permanently bar the Internal Revenue Service from targeting conservative groups, there can be no doubt that liberty and the IRS are incompatible. The IRS continues to seize bank accounts of individuals and businesses without a court determination of wrongdoing. The IRS is supporting the Organization for Economic Cooperation and Development's (OECD) initiative to the automatic exchange of individual and business financial account information in tax matters between governments. The IRS code is now so complex — something like 77,000 pages no one can understand — that everyone is at risk.

Officials of the Obama administration and the IRS have demonstrated time and time again that they are willing to misuse their powers for partisan political purposes. Now, in essence, the court has said it is OK, provided they promise not to do it again. If there are no consequences for bad behavior, one would be naive to believe it will not be repeated.

Congress has the power to correct the above-mentioned abuses. If Democrats continue to hold one or both houses of

Congress, it is almost a certainty that no real reform will occur, because it is not in their political interest to do so. The Republicans could and should make the necessary reforms, but even if they control both houses of Congress, they may be too timid to do so. Still, there is at least a chance they will do the right thing.

What is a voter to do — if one wants to try to preserve what remains of liberty? One who votes for almost any Democrat for Congress is likely voting for continuing and perhaps expanding the IRS offenses — so those who value economic liberty have no choice but to vote against the Democrat.

Congress needs to pass legislation that gives the right to taxpayers to hold individuals within the IRS accountable for political targeting or other improper uses of power. That is, IRS employees must have their sovereign immunity protections taken away from them. The potential problems an IRS employee might have with the loss of such protection is of far less danger to the republic than the danger that politically corrupted, irresponsible and renegade IRS employees pose to the public. IRS employees should be no more protected than are people in the private sector who misbehave. Also, every IRS communication to any taxpayer should be signed by the individual in the IRS who is specifically responsible for the content and accuracy of the communication — no more anonymous letters and phone calls. Most IRS employees are very well paid, and thus it is not unreasonable that they should be expected to take personal responsibility for each of their actions.

The new Congress needs to take action regarding the abuse of asset forfeiture, particularly at the IRS, which has gone on far too long. No American should have his bank accounts or other assets seized without being convicted of wrongdoing in an appropriate court of law. The basic function of government is to protect person and property, not steal property from innocent citizens as the IRS and other government agencies have been doing for decades.

As noted above, the OECD has been pushing for automatic exchange of tax information between governments, and this proposed protocol has been enthusiastically supported by the Obama administration. If the protocol is ratified by the Senate, it would be up to the administration to decide which countries would be privy to our private financial and tax information — Russia, China, Venezuela or others. This would subject American citizens to blackmail, extortion, identity theft and other injustices by foreign governments and individuals within those governments who may be hostile to Americans. Officials in the administration assure us that they will protect the confidentiality of our personal information and not share it with countries that will not protect it. Have they not heard of Edward Snowden? Private companies and individuals can be held liable for not protecting confidential information. There should be no lesser standard for those in government. It is called being accountable for one's words and actions.

Congress could quickly get rid of many of the IRS outrages mentioned above if it would go to a territorial system of taxation (only taxing income earned inside the country's borders), which the vast majority of countries have done. It would eliminate the need for most cross-border information-sharing. Congress should immediately prohibit the IRS from asset forfeiture before conviction of wrongdoing. Nonprofit organization tax exemption or deduction should be automatic with the IRS only being allowed to take away exemptions after clear evidence of wrongdoing. Finally, if the current tax code were replaced with a simple flat-rate income or consumption tax, most of the abuse problems would go away — and much liberty would be restored.

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