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Lower & Simplify Taxes!

by **John Stossel** ([more by this author](#))

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It's that joyous time of year: income tax time. So I spend time with my accountant. I don't want to see him, but I must. I could not do what he's doing. The tax code has grown so complex that today most Americans hire someone to do their taxes.

For the money I pay my accountant, I could get a hundred massages. I could buy a fancy motorcycle. I could take a cruise ship to Venice and back.

Better yet, I could do some good in the world. I could pay for two Habitat for Humanity homes or help three kids escape government schools by paying their tuition at a good Catholic school.

What a shame that I pay my accountant instead.

How'd we get to this point? U.S taxes were once simple! The government funded itself on tariffs and excise taxes. It didn't violate our privacy by asking us how much we made or how many dependents we have.

But in 1913, the politicians decided they needed an income tax.

At first, they took little money: just 1 percent on incomes between \$20,000 and \$50,000. Those were big incomes -- adjusted for inflation, \$50,000 is \$1.1 million today. The top bracket paid 6 percent, but that only applied to people who earned at least \$11 million. Anyone who made less than \$400,000 paid no income tax.

But leave the amounts aside. The increase in complexity is just as evil.

In 1913, the first tax form and instructions totaled four simple pages. Today's 1040, with instructions, totals 176 pages. How did this happen? Because politicians win votes by giving gifts to favored groups. Pandering legislators applaud themselves for offering tax credits to special interests. The favored groups cheer their tax breaks, but the result is that everyone else pays more, and everyone must spend more time deciphering the rules.

And with every credit, the tax code gets more complicated. The code is now 3,784,745 words long, not counting the 2009 and 2010 changes.

It will get worse in the future.

Americans spend more than 7 billion hours trying to comply, according to a forthcoming study from the National Taxpayer Union (NTU).

"That is the equivalent of 3.7 million employees working 40-hour weeks year-round without any vacation. That's more workers than are employed at the five biggest employers among Fortune 500 companies," writes David Keating in the NTU study.

"Counting time and money for individual taxpayers, the compliance burden would total an incredible \$103 billion for individual taxpayers alone."

That doesn't include the time spent doing state and local forms, or more important: the burden of "tax minimization strategies" on the economy. And we haven't even mentioned the corporate income tax. But don't worry. The IRS stands ready to assist the bewildered. "If a taxpayer needs help beyond the basic form," Keating writes, "the IRS now lists 1,909 publications, forms, and instructions for download (some are duplicates in different languages) from its Web site -- up from the 1,770 NTU logged last year." Thanks a lot, IRS.

This is insane. How dare a government that supposedly serves the people impose on us this way? Politicians who pass these tax laws aren't our representatives. They're our rulers! They increase the tax burden and its complexity, and then demand we pay them homage to get exemptions for little pieces of our lives.

What are we to do? Some people say scrap the income tax for the Fair Tax, a national sales tax. Others want a flat income tax of, maybe, 17 percent. One form; no deductions.

There's always danger in proposing a replacement for the income tax:

We could end up with two taxes. I wouldn't put it past our greedy Congress to promise that a national sales tax -- or worse, a value-added tax -- would replace the income tax then, once the new taxes are in place, to say that the need for revenue is so great that they must retain the income tax, too.

Let's not take our eye off the ball: lower and much simpler taxes.

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