

April 10, 2005

Section: PERSPECTIVE

April is a taxing month
THE MORALIST

ANITA L. ALLEN

Income taxes, property taxes, gasoline taxes - just about everything and everybody gets taxed. Shoppers pay sales taxes, and dead people pay estate taxes.

No love is lost on taxes, especially the income tax. We Americans just hate handing over a chunk of our earnings to the government, and some of us refuse to do it. Every April 15, when federal and state income tax returns are due, normally honest people turn into thieves.

Studies show that, along with the rich and people who prepare their own returns, the self-employed are most likely to cheat on their taxes. The small-business owner who would not dream of stealing so much as a stick of gum from a supermarket readily conceals from Uncle Sam thousands of dollars in taxable profits. The homemaker who admonishes neighborhood children to obey the law neglects to file returns at all, despite taxable earnings from hobbies and child care. Is this really so wrong?

The answer - regrettably, perhaps - is yes. Paying state and federal income taxes is a moral responsibility no one should shirk. Our comfortable way of life is premised on a legally adopted, constitutionally permitted system of mandatory contributions to a collective treasury.

The Internal Revenue Service has cracked down in recent years on cranks and scams seeking to persuade the gullible public that African-Americans are exempt from taxes as compensation for slavery, or that the income tax is optional or unconstitutional. So far as the IRS is concerned, evading taxes is always the wrong choice, the price for which includes "stiff penalties and fines, and possible jail time."

The government does its best to discourage cheating by letting us know that it matches our individual tax filings with earnings reports from employers and financial institutions. Moreover, a number of tax returns are singled out for detailed auditing.

Matching is extremely effective. But the audit rate for federal returns is less than 1 percent. Neither IRS officials nor state revenue collectors have the resources to investigate every return to ensure universal compliance with tax laws.

To a remarkable extent, then, the American tax system is an honor system. We are on our honor to accurately report our income and to blow the whistle on fellow citizens suspected of tax fraud.

An honor system works best when people believe in the goals of the institution the system serves. Unfortunately, typical American taxpayers are not deeply committed to the goal of sharing their earnings with the government. Our reflexive complaint is that taxes are a bother and a rip-off. The unofficial tax philosophy in the land of the free is "the less the better."

But why is "the less the better?" Is it because Washington starts unnecessary wars and Congress is wasteful? Is it because the tax system rates low on the fairness scale? The federal system is indeed regressive, imposing a proportionately greater tax burden on the poor than on the super-rich.

Far from believing that paying prescribed taxes is a matter of citizen honor, some taxpayers believe real honor lies in conscientious refusal to pay taxes that support pork-barrel spending, unjust wars and bloated bureaucracies. Yet as a practical matter, honor of this sort comes at too high a price - the possibility of prison.

In our lifetimes, tax-related civil disobedience has not proven to be an effective way to address defects in the national tax system. Electing lawmakers seriously committed to tax reform is the way we must go. We have to let candidates for national office know that quickly abandoned campaign promises to repair the system are not enough. Nor will tiny rebate checks in our mailboxes quell concerns about the tax burden.

Active participation in state and local debates about wage, property and sales taxes can have an impact, though the complexity and political nature of taxation mean change comes slowly and incrementally.

I met a man in a coffee shop last week who made me feel a lot better about the inevitability of April 15. My new friend Marty, a retiree on a fixed income, pays his taxes without griping.

"We are morally obligated to pay taxes for social necessities like education, health care and Medicaid for the disabled," he said. And roads, bridges, dams, police, firefighters, safe borders and numerous other basic conveniences, I thought as I listened.

"I'd be willing to pay even more in taxes if I knew for sure the money wouldn't be wasted," Marty offered. "It's not really about giving your money to the government; it's mostly about paying your own way and sharing with other people."

That's exactly right.