

Taxed to Death

We are literally taxed to death and it's not just death taxes either. Consider the layers of taxation and the bureaucracy that goes along with it. We are taxed by the federal government on income and depending upon assets, we still have a death tax. There are import taxes, in spite of lopsided trade deals benefiting allies and enemies. Bill Clinton promised us peace and prosperity by letting China into the World Trade Organization, and all we ever see from that deal is a boat load of trouble along with cheap underwear.

On the state level we have income taxes, sales taxes, inheritance taxes, and all kinds of nuisance taxes on various items, commodities, and services.

Let us not forget about municipal taxes, commuting taxes, city taxes, mercantile taxes, and well, I just cannot even think of all of them.

The average person pays anywhere between 25% and 75% of their income on this plethora of cascading taxes.

Not factored into the equation as to what the tax system costs, is the bureaucracy; the administration that needs to create, monitor, and collect all these taxes.

Then we have the question as to where do all these taxes go? Many taxes at different levels of government are used for the same purpose. The State, Federal and Municipal government pay for the Army and Navy. They all pay for police, the National Guard, law enforcement of all types, state attorney generals, federal attorney generals, and both prosecutors and defense lawyers at virtually every level of government.

It is quite true that in this country death and taxes are predictable and inevitable. While there are all kinds of strides being made in medicine and cryopreservation, to extend life perhaps indefinitely, no one is talking about how we can make our tax system more efficient.

How about a debate on our tax system? We have not had that for a long time, and the presidential candidates do not want to talk much about it, except to moan and gripe that taxes are just too high.

What we need to have is a simplified tax system. There should be one federal tax to pay for national needs. There can be three brackets of taxation with absolutely no deductions or exemptions for anything, foreign or domestic. No tax credits, no exemption for those who hold municipal bonds, no school or childcare credit, no deduction for depreciation; absolutely nothing. Of course, that will lower the tax brackets so greatly that we would not need to have all of these ridiculous exemptions and deductions. Let's face it, all exemptions and deductions do is give special tax breaks to the constituency of the party in power.

There are estimates by various so-called experts that if we went to a three tier tax system with no deductions or tax credits, the top rate would probably be between 20-25%. Milton Friedman, the famous Republican conservative, argued that with a no bureaucracy tax system, those below a certain income level would receive money from the government. He called it a “negative income tax.” We in fact have that today, along with all of the other paraphernalia that makes our current federal tax system a mess that no reasonable person can understand.

The states can have a simple sales tax, no income tax. Sales tax would be on everything. If the sales tax was on all services and products, with no deductions or credits, it would be at a low and reasonable rate.

The best part of the system is to get rid of all municipal, local, city, commuting and mercantile taxes. A certain percentage of the money collected by state and federal government would go to jurisdictions based upon counting noses, the number of people that live within a defined locale.

There will be all kinds of complaints about the simple, direct, and easy to administer system suggested here. Most of those people will have certain constituencies that they need to appeal to, but the truth is that the politicians and those who populate our government at every level believe that they benefit by the unimaginably complex taxation system to which their constituents are subjected.

There are too many people with vested interests in the current layered system; a cacophony of taxes which blanket our Republic. Those who benefit from the taxation waste government money on endless duplicative expenditures. Much of our population begging for government subsidies cannot imagine a simplified approach which would not only be workable, but even understandable to the layperson.

Many years ago, a well known political figure argued that the laws should be understandable by the average voter. Well, no one knows who the “average” voter really is, but what we do know is that almost no one can understand or explain our federal tax code, not to mention all the other taxation systems to which consumers and citizens are subjected to.

We have not even begun to touch upon the enforcement mechanism, which can be unreasonable and un-understandable. Recently, I was reading the regulations pertaining to a local municipal taxation. Even as a lawyer with a great deal of experience reading, drafting, and interpreting legislation, the pages of regulatory structure for this relatively small municipality were almost beyond clarity. It took several accountants, and a couple of lawyers to figure out what this local taxation system was really taxing, and as it turns out, many municipalities violate the Commerce Clause not only of their states but of their federal constitutions. With all the marvelous lawyers and accountants we have in this country, there are not enough to take on the challenge of the arbitrary money grab system which even local government utilizes.

This op-ed will not make me popular with government officials or the tax collector. So be it. Tell me a better system, one more efficient or one that will serve the public better than has been suggested in this piece. I would love to hear dialogue and debate on the subject.

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