



11350 Random Hills Road, Suite 800, Fairfax, Virginia 22030 Phone (703) 934-6101 Fax (703) 352-3678

fff@fff.org www.fff.org

“Failure to File” Says It All **by Sheldon Richman**

“Willful failure to file a tax return is a misdemeanor per IRC Section 7203. In egregious cases, willful failure to file may be elevated to a felony under IRC 7201 Tax Evasion. In addition, a civil penalty for fraudulent failure to file may be applicable per IRC Section 6651(f).”

That passage in the Internal Revenue Manual, Part 25 (Special Topics), Chapter 1 (Fraud Handbook), Section 7 (Failure to File) is enough to sober up a drunk. (See it for yourself at the IRS website.) All who buy the fable that what we labor under today is self-government should meditate on that quotation. You must account for yourself to the government each year. If you don't, you'll be visiting a federal penitentiary.

Yet in the coldness of the tone, they give away the game. Taxes are not the price of civilization, as Oliver Wendell Holmes once propagandized. They are not club dues. They are not voluntary payment for services. They are not payments to ourselves. Pure and simple, they are exactions under threat of punishment, including incarceration. They are the chief way that the exploiters exploit the exploited. They are the device that distinguishes the predators from the productive. They are what divide the world into tax-payers and tax-consumers.

Americans hold the most naive views of taxation, encouraged by court intellectuals, including economists, who like being close to power. An earlier group of economists were more honest, — for example, J.B. Say, best known for Say's Law of Markets. Unlike today's apologists for legal plunder, Say saw taxes for what they are and said so: “The government exacts from a taxpayer the payment of a given tax in the shape of money. To meet this demand, the taxpayer exchanges part of the products at his disposal for coin, which he pays to the tax-gatherers.... [In] the end ... this value is consumed; and then the portion of wealth, which passes from the hands of the taxpayer into those of the tax-gatherer, is destroyed and annihilated.”

Taxation, Say added, “is virtually a burthen imposed upon individuals ... by the ruling power ... for the purpose of supplying the consumption it may think proper to make at their

expense.... Taxation deprives the producer of a product, which he would otherwise have the option of deriving a personal gratification from, if consumed ... or of turning to profit, if he preferred to devote it to an useful employment.... [Therefore], the subtraction of a product must needs diminish, instead of augmenting, productive power.” Finally, he says, “[The] value paid to government by the taxpayer is given without equivalent or return; it is expended by the government in the purchase of personal service, of objects of consumption.”

In other words, (1) taxation steals wealth from its producers, (2) taxation makes society poorer, and (3) taxes are not payment for services rendered to the taxpayers but are for the politicians’ own purposes. Why do we let them get away with it?

Government officials don’t like to acknowledge that they legally owe you nothing in return for your taxes. But sometimes the truth is stumbled upon. The tax code of Georgia, the former Soviet republic, contains this candid admission: “As provided by this Code, a tax is a mandatory, unconditional cash payment to the state ... which shall be paid by a taxpayer, having a mandatory, non-quid-pro-quo and gratuitous nature of payment.”

If only our politicians were so honest.

Say concludes, “The best scheme of [public] finance is, to spend as little as possible; and the best tax is always the lightest.” As Thoreau might have put it, the best tax is no tax at all.

Sheldon Richman is senior fellow at The Future of Freedom Foundation, author of [Your Money or Your Life: Why We Must Abolish the Income Tax](#), and editor of [The Freeman](#) magazine. Visit his blog “Free Association” at www.sheldonrichman.com.

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