

HIS VIEW: Fighting the IRS is a taxing process

By Phil Hart

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After fighting what I believed was an unconstitutional federal income tax, six years ago I capitulated, filed returns and have since then paid \$120,054 in combined state and federal income taxes (including the interest and penalties). I also was working toward a settlement with the IRS. What derailed this settlement process was becoming a target for an audit. My experiences provide a case study of why we need to get rid of the income tax on wages and salaries.

Years ago when I became interested in the income tax, I focused my research on the years 1908 to 1913, as this was when the income tax amendment was debated. Because I discovered so much new information in doing this research, I wrote a book about it.

My challenge to the income tax included petitioning the U.S. Supreme Court. The Supreme Court would not hear my case. The late Paul Chappell, a former attorney with the IRS Office of Chief Counsel for the District of Columbia, said of my Petition, "Reading Phil Hart's work is like returning to law school. After decades of practice as a tax attorney, Phil makes me feel as if I'm a student again." And after reading my petition for the eighth time, another tax attorney Arch McColl wrote me, "What you did was brilliant legal work in your Petition for Certiorari"

In 2004 I filed 1040 returns to get caught up. Suddenly I found myself in an IRS audit. I had to sue the IRS to avoid turning over the names and addresses of those who purchased my book, "Constitutional Income." I was represented by the Center for Individual Rights, a Washington, D.C., public interest, freedom of speech law firm. The Center for Individual Rights won these lawsuits for me.

The IRS audit report denied all my legitimate business deductions totaling \$300,000. Why? An IRS employee told me "When you don't give us everything we ask for, you get all of your deductions denied." For them, this isn't about the liens or the money; it's about getting the names.

I believe I have a First Amendment right to protect the identities of my readers, just as a journalist has a First Amendment right to protect their sources. I also believe in protecting my readers' Fourth Amendment right against unreasonable searches and seizures. These are principles worth defending.

During this four-year audit, I provided the IRS with all my canceled checks, receipts, invoices and so on - boxes worth. Yet these deductions were denied solely for political reasons. Losing \$300,000 worth of deductions inflated my now purported "taxable income." What small business can operate with \$0 in business expenses?

Protecting my readers from having big government snooping into their lives has increased my state and federal tax liability by about \$125,000.

When the State Tax Commission got their hands on this IRS audit report that reflected the \$300,000 in denied business deductions, they wanted their cut of the inflated "taxable income."

After the Supreme Court declined to hear my case, I began making tax payments. But of the \$120,054 I have paid since then, not a single dollar of these payments has been used to offset any of the lien amounts. It's a nightmare.

Regardless of whether or not the income tax on wages and salaries is constitutional, most agree on one thing: it is an inefficient and privacy-invading tax. It is also subject to manipulation and abuse. Is it then wrong to fight for my legitimate deductions and to stand on my principles?

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