

Some Basic Tax Statistics

''Whose portrait is this? And whose inscription?' 'Caesar's,' they replied. Then Jesus said to them 'Give to Caesar what is Caesar's and to God what is God's'' (Mark 12:17)

o **Tax Freedom Day 2000: 3 May (124 days of the year goes to taxes (all sources)) (notes (1)&(3))**

o **Breakout until Tax Freedom Day (based upon 131 days)**

<u>Tax Type</u>	<u>Federal</u>	<u>State & Local</u>
Individual Income	40 days	9 days
Social Income	33	4
Sales & Excise	4	13
Property	0	11
Corporate Income	10	2
Other Business	0	2
All Other	2	1

o **Tax Freedom Days Historically (note (1))**

2000 = May 3	(worst states (May 18); best states (23 April))
1990 = Apr 22	
1980 = Apr 21	(1984: 75-80% of adult population paid Federal Income Tax)
1970 = Apr 19	
1960 = Apr 11	(1960: 67%)
1950 = Mar 31	(1950: 57%)
1940 = Mar 5	(1940: 24%)
1922 = Feb 17	(1920: 12%)
1913 = Jan 30	
1902 = Jan 31	

[Constitutional Amendment 16: "The Congress shall have the power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration" (Ratified Feb 3, 1913)]

o **General Tax Statistics (notes (1),(2))**

- o Total tax collected in the U.S. (all sources) in 1998 was \$2.667 Trillion (67.7% to Federal government)
- o The avg. family pays more in taxes than on food, clothing, shelter and transportation combined
- o The avg. household pays \$9,445 in Federal income taxes (twice what it paid in 1985)
- o U.S. Income Tax System contains over 2,000 pages of IRS Code; 12,000 pages of regulations; 200,000 pages of court rulings (1914 tax code contained 14 pages)
- o The avg. tax rate for the 437,036 individual returns filed in 1916 was 2.75%
- o Total taxes from all levels of government stands at 32% of the national income

o Avg. State and Local taxes on:	Richest families	=	7.9%
(effect of sales taxes)(note (5))	Middle income families	=	9.8%
	Poorest families	=	12.5%

o Per Capita (all residents)(1998):	Income	=	\$27,876
	Total Taxes	=	\$9,881 (35.4%)
	Federal Taxes	=	\$6,690 (24.9%)
	State/Local Taxes	=	\$3,191 (11.4%)

o Total Per Capita taxes (1900-1917 avg.) in 1998 dollars was \$366 (\$247 was for State & Local taxes)

o Historical Shift in Tax Usage (1969 vs. 1999)(note (1))

	<u>1969</u>	<u>1999</u>
National Defense	45%	15.5%
Net Interest	7%	14%
Income Security	7%	14.5%
Education, Training, etc.	4%	3.5%
Veterans Benefits/Services	4%	2.5%
Transportation	3.5%	2.5%
Social Security	7%	23%
Health & Medical	6%	20%
Agriculture	3%	-
General Science, Space & Tech.	3%	-
<u>Other</u>	<u>10%</u>	<u>5%</u>
Total Discretionary	70%	26%
Entitlements, Net Interest Payments 30%	74%	

o 1999 Eight Hour Work Day Distribution (hr:min)(note (1)):

Federal taxes	= 1:57	Housing & home	= 1:16	Recreation	= 0:24
State & Local taxes	= 0:54	Health & Medical Care	= 0:50	Savings	= 0:22
		Food	= 0:41	Clothing	= 0:18
		Transportation	= 0:33	All Other	= 0:45

o Tax "Schemes" Reported by the IRS used to justify not paying Income Tax (see note (4) for others)

- o Constitutional Basis (violation of Constitutional rights, unconstitutionality of Income Tax laws)
- o Fair Market Value (taxpayer reduces significantly gross income to compensate for declining value of \$)
- o Gold/Silver Standard (claim that only gold or silver backed currency can be taxed)
- o Blank Form 1040/1040EZ (only name and address and W-2 attached; Constitutional basis claimed)
- o Non-Payment Protest (based upon some protest statement attached to the return)
- o Alleged Churches (claims income from non-religious sources is non-taxable; "vow of property")
- o Failure to File (non-filer or previously filed and stopped, many from protester beliefs)
- o Altered Jurat (form altered to reflect it was not signed under penalties of perjury)
- o War Tax Deduction (claims an objection to having taxes used to support defense related expenditures)
- o Factor Discount (claims lifetime personal service contract, selling services for low fee, large gift back)
- o Wages not Income (claims wages are equal exchange of property for services and not taxable)

o Note: Supreme Court held that a taxpayer could not refuse to file a return because of a 5th Amendment privilege (1927). Numerous Federal Courts held there's no Constitutional right to refuse to pay income taxes on religious/moral grounds, or because funds are used in a manner the taxpayer opposes. Law says income is taxable from whatever source derived (currency, goods, services), therefore Federal Reserve notes are subject to tax (even though no longer on the gold or silver standard)

- Note:
- (1) Tax Foundation; "www.taxfoundation.org"
 - (2) National Taxpayers Union; "www.ntu.org"
 - (3) Defined as Per capita federal, state, and local taxes/Per capita income, times 365 days
 - (4) IRS web site; "www.irs.ustreas.gov"
 - (5) Citizens for Tax Justice; "www.ctj.org"