

## Origins of the Income Tax

The federal income tax was established in 1913. It actually required an amendment to the United States Constitution to make it legal. Why? Our Founding Fathers believed that taxing individuals on their private income was economic folly. They were right. The absence of an income tax, a tax on productivity, allowed our economy to grow and individuals to prosper for 124 years.

The original income tax legislation affected only individuals earning \$4,000 or more per year, at a time when the overwhelming majority of Americans earned far less. The 16th Amendment was eventually ratified and added to the Constitution, and a national income tax was born.

That 16th Amendment was simply worded, the tax return consisted of only one page, and the entire tax code itself consisted of only 14 pages. No one could have imagined the vast impact it would have on the lives of their children, grandchildren, and future generations of Americans.

Since then, the federal income tax system has become so complex that it requires tens of millions of Americans to seek professional help to comply with it, not to mention the enormous, expensive federal bureaucracy required to enforce and administer the tax. The Internal Revenue Service employs more investigative agents than the FBI and the CIA combined, and with 144,000 employees, employs more people than all but the 36 largest corporations in the United States.

In addition to the \$10 billion needed to operate the IRS, at least \$265 billion (that is \$900 for every man, woman, and child in this country) must be added to account for the cost of complying with the tax code. Massive amounts of our national wealth are consumed merely by measuring, tracking, sheltering, documenting, and filing our annual income.

