

# Big brother and your taxes

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Information gathering by taxing authorities has gone way past where it should.



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Here is a scary story for you.

Recently a friend of mine, who lives in a city in Northern California, called me, extremely upset. She said she had just received a letter from the California Franchise Tax Board, the ruthless entity that collects taxes in sunny California.

The letter referenced her 2006 taxes, asking her how she had the means to buy a certain very expensive car she owns. She was asked to document how she had the money for it and why they saw no sign of that income on her 2006 return.

The fact is that the woman in question was in a serious car accident in late 2005. Her prior car was totaled. So she got a lump sum insurance payment of about \$30,000. Rather imprudently, she used that money as the down payment on an extremely pricey car -- the sort of car she really does not have enough income to afford.

That's her problem, and she will deal with it.

The scary part is that the California Franchise Tax Board knew what kind of car she bought and how much she paid for it, and they could and did compare those numbers with her earlier years' income.

## **The Servant Becomes the Master**

This shows that information gathering by taxing authorities has gone way past where it should be. The whole incident reminded me of the beginning of 'Terminator', when we learn that, at a certain stage, machines become self-conscious and have the will to take over the earth. The servant becomes the master. And since the master is a machine, it has no feelings other than the will to control.

If the taxing authority knows what kind of car a taxpayer has and how much it cost to buy, what's next? Can the state match up our credit card purchases with our social security numbers and then keep a total of how much we have spent in 2009? Can the IRS or the Franchise Tax Board then have a program that figures that if we spent X,

especially on Y and Z items, then we must have had an income of A? Can it then send us a letter demanding to know why we did not pay tax on amount A?

More frightening, the taxing authority can slap liens on taxpayers, and sometimes the taxpayers don't learn about it until later. Can the IRS or the state authority compute what their machines "think" we owe, and then simply debit that amount from our bank or brokerage accounts? If there is not enough there to pay what they figure we owe, can they put liens on our homes and garnish our wages?

If the IRS really gets rolling, can they get an instantaneous, automated look at our checking accounts? Can they compute what the machines think we owe by the checks plus the credit cards, and then attach our wages or our bank accounts until we pay?

### **Soulless Machines**

Our government, to some people, appears to be a fair-minded, careful body. And many bureaucrats do fit that description, although many do not. But what happens when soulless machines take over the tasks of tax gathering?

Then we humans have to gather our records and try to fight back as well as we can. How long until we go into an audit and don't even talk to a human being but instead have a machine scan our documents and then instantaneously give us an answer?

The answer, of course, will always be "pay up."

At present, only the top echelons of wage earners pay any meaningful amount of tax. But once the collection process is fully computerized, what is to stop the IRS or the states from collecting at least a few ounces of flesh from everyone?

The future liabilities of the government -- thanks to wild overspending by both the Democrats and Republicans -- are almost incomprehensibly large. The needs of the states are critical right now. What is to stop the politicians from making machines our oppressors to squeeze out every dime they can from us?

### **A Plea for Privacy**

And what about some minimal amount of privacy? I am happy to pay my taxes. I like the fact that some of what I pay goes to the military and police and firefighters. But I don't want the government to know all the details of my life, which is what they are clearly on the way to knowing.

For years now, I have been hearing that we need a very large sales tax instead of an income tax, and I have pooh-poohed the idea as being too regressive. But now that I see where the income tax system is going, I am eager for a fresh look at a national sales tax, which would stop the government from prying into our lives.

Taxes are a basic part of life, and we all have to pay our fair share. But Big Brother is a lot closer than we think, via the tax system, and I don't like that one bit.