

HUBBARD COMMUNICATIONS OFFICE
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B.P.I.

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The following is an extract from the "Washington Daily News" by Lyle C. Wilson. It was sent into us by Franchised Auditor John Farrell.

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Income Tax - Then and Now

This is the birthday month of the most hated institution of modern government - the income tax.

The birth date was October 3, 1913. On that date the Congress enacted a new form of tax law authorized by the 16th Amendment of the Constitution which became effective the previous February.

That was 46 years ago. Many taxpaying citizens thought the new burdens were outrageous. They should be around now. If they were, they would realize how fortunate they were to have paid at the rates first imposed.

You wouldn't believe how lightly the income tax flicked the pocketbook when Woodrow Wilson began first to collect it in the fiscal year 1914. A married person with two dependants and a net, taxable income of \$5000 paid just \$10.

The \$8000 family man paid \$40; at \$10,000 the tax was \$60; at \$25,000 of net taxable income the tax liability was a mere \$260 a year. These rates were considered outrageous by some taxpayers. The whole system was denounced as a socialistic invention which would lead no telling where.

These denunciations, it must be acknowledged, were right on the target. The income tax was socialistic at least by adoption. Karl Marx and Friedrich Engels published in 1848 their "Communist Manifesto". This document became the socialist or communist creed.

Marx and Engels said their program could not be effected "except by means of despotic inroads on the rights of private property." They proposed a 10-point program of which the first three points were:

Abolition of property in land and application of all rents of land to public purposes.

A heavy progressive or graduated income tax.

Abolition of all rights of inheritance.

The idea of a heavy progressive or graduated income tax caught on and was proposed to the states in 1909 in the form of a constitutional amendment. There was no mention in the language of the proposed amendment of the heavy, progressive or graduated taxation. Heavy, progressive or graduated taxation was implicit, however, in the proposition.

Congressional debates indicate that supporters of the new form of taxation had no idea of the high rates which ultimately were to be imposed. The income tax did not remain in communist or socialist custody. The 1908 Democratic platform endorsed the income tax. The progressive wing of the Republican Party endorsed it.

It was argued that so long as tariff duties and excise taxes were the main sources of the Federal revenue, those best able to pay were escaping a fair share of the load. Also, it was argued that additional taxing power was needed against future emergencies such as war.

That proved to be correct. Less than four years after the first income tax law, the United States was in a big war and needed big money.

Yes, Rollo, the income tax is here to stay."

NORMA WEBB
HCO Secretary WW
for
L. RON HUBBARD.