Q71 – Why is it important to pay federal taxes?

DOUGLAS GINSBURG, Federal Judge, U.S. Court of Appeals, D.C. Circuit:
It's important to pay federal taxes; it's our civic duty, but it's also the law.

Our vastly oversized federal government would be impossible without the income tax – Washington's largest source of revenue. But, for much of our history, the federal government depended upon consumption taxes, such as levies on imports.
Advocates of a direct tax on income were thwarted by the Constitution, which says a direct tax on income must be levied according to the census. That is, if Iowa had one percent of the nation's population, Iowans would pay one percent of the total federal income tax – no matter how poor or wealthy Iowans might be.
Practically speaking, it was impossible to calculate such a tax. The Sixteenth Amendment – ratified in 1913 – gave the Congress the power to tax incomes without regard to the census. The first federal income tax rates were modest and targeted at wealthy Americans. The highest rate was 7%, the lowest: 1%.
The humorist Will Rogers quipped, "The difference between death and taxes is death doesn't get worse every time Congress meets."
Sure enough, today the lowest tax rate is 10 percent. Middle-class Americans pay between 22 to 32 percent of their income in federal taxes.
Over the decades, the top rate has dropped and soared several times. During World War II, the top rate hit a record high: 94%.
The income tax form of 1913 took up three pages, with one page of instructions. Today the IRS, Internal Revenue service, prints instructions the size of a magazine.