

Internal Revenue Service Observes 100th Anniversary

Editor's Note: The Internal Revenue Service observes its 100th anniversary Monday. The following dispatch is for those who have the stamina to read more.

By **NORMAN RUNION**

Washington (AP) — Sure as death and taxes, no crowd of well-wishers gathered to sing happy birthday to a proper 100-year-old: The Internal Revenue Service.

But like it or not—and most people don't—IRS shows every sign of entering the second century of its life full of health, vigor and our money.

Abraham Lincoln, the Great Emancipator, linked the American people's pocket-books to the government on July 1, 1862, when he affixed his signature to a bill creating the office of commissioner of internal revenue.

The first taxman was George S. Boutwell, a former governor of Massachusetts, and in his first year IRS pulled in \$38.6 million to help Lincoln fight the Civil War. \$94 Billion.

Boutwell's 1960 counterpart is Mortimer J. Caplin. And last year his agents and forms collected \$94.4 billion, much of it to help pay the cost of the cold war. This is proof, if any is needed, of the truth in a statement by Thomas Paine:

"War involves in its progress such a train of unforeseen and unimagined circumstances that no human wisdom can calculate its end. It has but one thing certain, and that is to increase taxes."

Villified, the butt of countless jokes, yet indispensable to the functioning of society, Internal Revenue faces its second hundred years with customary aplomb. To commemorate the occasion, it is adopting a special symbol, a "centennial emblem."

According to the IRS, "it shows the 'Eagle,' traditional national emblem of strength, courage, vigilance and authority... the 'Man,' representing the millions of citizen-taxpayers who voluntarily assess their tax under the American system and, at the same time, the public servants comprising the revenue service... 'Industry,' illustrating productive wealth, source of the nation's revenue... and the 'Map,' signifying the nation and Internal Revenue's mission of fair and impartial administration."

"Drop Dead" To all this some of the American public probably feels like adding a slogan of its own: drop dead. Such a thought probably was in the mind of one man who filled out the "occupation" question on his tax form with the answer: "Taxpayer."

Or another who wrote: "I don't know who will be our first man on the moon, but I do know who will be the second. He will be an IRS income tax collector."

And there was the person who's opening yell at an IRS telephone operator was: "What makes you people think I can't add?"

With its vast operations today, internal revenue is a far cry from the makeshift organization that sprung into existence on July 2, 1862.

Sixteen days after Lincoln signed the law, Commissioner Boutwell came to Washington, finding in it every sign of a nation at war. Long lines of troops and horses plodded down the streets. In the White House, long Abe Lincoln saw them from his windows and brooded on the appalling cost—in men and money—of the fateful struggle between North and South.

By the spring of 1862 the cost of the fighting was running nearly \$2 million a day. Taking note of this, and being prodded by Lincoln, Congress passed the most far-reaching money-producing measure enacted in the United States up to that time.

System Basis The act, which is the basis of the present internal revenue system, taxed incomes, estates, public utilities, banks, insurance companies, advertisements, occupations, liquors, and tobacco.

Under the law, there was a 3 per cent tax on salaries and other income over \$600 and under \$10,000, and a 3 per cent tax on income over \$10,000. For the first time in U.S. history, there was also a provision for withholding taxes. All government paymasters were required to take out the proper tax from sal-

aries of everyone in the military, naval, and civil services of the United States, including congressmen.

The withholding provision also applied to tax on interest and dividends paid by all railroads, banks, trust companies and fire, marine life, inland, stock and mutual insurance companies.

To administer this, congress set up the office of commissioner of internal revenue. Lincoln, searching around for someone to take over, settled on the 44-year-old Boutwell,

who had taught school, served in the Massachusetts legislature, and been the state's governor.

Reads Law When Boutwell arrived in Washington he had only a bare idea of what he was supposed to do. "My first labor," he later said, "was to read the law, which I had not before seen."

In doing so he found he had the power to assess, levy and collect internal taxes, along with the right to enforce the tax laws through seizure and

prosecution. This "was fine with Boutwell, but he lacked the equipment to do it. He opened an office on the first floor of the treasury building and found one clerk to help him out.

Six months later his taxmen totalled 3,662, most of them appointed by himself because Lincoln was too busy. The president, in fact, named only two collectors whom he knew personally.

Before Boutwell had been in office five months he had made more than 140 decisions

relating to general principles of the new law.

He later said that "the public anxiety in regard to the construction of the law induced a large amount of correspondence with persons in various parts of the country." Such correspondence, naturally, is still coming in. One puzzled woman inquired not long ago: "Since 1862 I've saved nearly three shopping bags of empty medicine bottles to substantiate my medical expenses. My husband says I'm crazy. Do you think

finally came to a halt, resentment grew and early in the 1870's the whole tax system was dropped.

It lay dormant until 1894, when a new law was passed by congress. This lasted only one year before the supreme court declared it unconstitutional on the grounds that direct taxation was forbidden. With the needs of a growing society calling for more public money, congress acted to rectify the situation.

In 1909 legislation was set in motion to amend the con-

stitution to give congress the power to raise taxes. That year Alabama became the first state to approve the amendment, the 16th to the Constitution. It was finally ratified by the necessary 36 states in 1913. Wyoming had the honors.

57,000 People Today the internal revenue service consists of 57,000 people who use highly efficient electronic computers to make sure that Boutwell's credo is carried out: "The stability of the system is in

the equal imposition of taxes and in the just and impartial administration of the law."

But all of these modern methods, and the new ones to come, will never erase that complaint as old as the times, the taxpayer's gripe.

Such as the gentleman who was told he could take a \$600 deduction for his child, and replied: "What? Only \$600? Listen, I'll bring him in and leave him with you. Let's see you take care of him for just \$800 a year."

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Conquer Budget Bugs In Family Newsletter

New York — 87% — At the time of the 1960 census, the United States had a total of 45.1 million families, a gain of 6.6 million since the count made a decade earlier.

The census report noted that 57 per cent of the families had children under age 18 living with them. The number is an increase of five per cent since the 1950 census.