

[Where a Religious Belief and Practice Exist as a Dichotomous Key of Confession]

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“There was no choice in the matter. Well, as logic would have it, you cannot volunteer if you have already been drafted!” <https://www.irsmedic.com/2015/05/15/irs-voluntary-compliance/>



Treasury, IRS Release Report on Improving Voluntary Compliance

IR-2007-137, Aug. 2, 2007

WASHINGTON — The Treasury Department and the Internal Revenue Service (IRS) released today an IRS report addressing the agency's implementation of the 2006 strategy to improve voluntary compliance with federal tax laws. A copy of the report is attached.

The IRS report, [Reducing the Federal Tax Gap: A Report on Improving Voluntary Compliance](#), details steps currently being taken by the IRS, as well as those under development, to address key elements of the "tax gap." The report builds on the seven components of the [Comprehensive Strategy for Reducing the Tax Gap](#), which the Treasury Department released in September 2006. Those components are:

- Reducing Opportunities for Evasion
- Making a Multi-Year Commitment to Research
- Continuing Improvements in Information Technology
- Improving Compliance Activities
- Enhancing Taxpayer Service
- Reforming and Simplifying the Tax Law
- Coordinating with Partners and Stakeholders

In each of these areas, the report sets out compliance objectives and initiatives, along with targeted completion dates, that the IRS is implementing to improve tax compliance over the next several years.

Detailed information is provided on each step currently being taken to reduce opportunities for tax evasion, leverage technology and support legislative proposals that, as implemented, will improve compliance. At the same time, the report reaffirms that taxpayer rights must be respected and burdens on compliant taxpayers must be minimized. The report also presents an outreach approach to ensure all taxpayers understand their tax obligations. Additionally, it recognizes the importance of having a multi-year research program that will assist in understanding both the scope of and reasons for noncompliance.

Full implementation of the initiatives outlined in the report will have a positive effect on the rate of voluntary compliance. The report reflects the commitment of the IRS to apply its resources where they are of most value in reducing noncompliance while ensuring fairness, observing taxpayer rights, and minimizing the burden on taxpayers who comply.

The overall compliance rate achieved under the U.S. revenue system is quite high. For the 2001 tax year, the IRS estimates that over 86 percent of tax liabilities were collected, after factoring in late payments and recoveries from IRS enforcement activities. Nevertheless, an unacceptable amount of the tax that should be paid every year is not, short-changing the vast majority of Americans who pay their taxes accurately and giving rise to the tax gap. The gross tax gap was estimated to be \$345 billion in 2001. After enforcement effects and late payments, this number was reduced to a net tax gap of approximately \$290 billion.

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**COME TO THE
DARK SIDE...**

Voluntary Compliance... of THEIRS

IRS Voluntary Compliance — What does it really mean? What should you do?

May 15, 2015 By Anthony Parent [Leave a Comment](#)

It's important that words mean what they mean. If they don't mean what they mean, then words have no meaning.

If you understood the preceding two sentences, then you have implicitly accepted my argument.

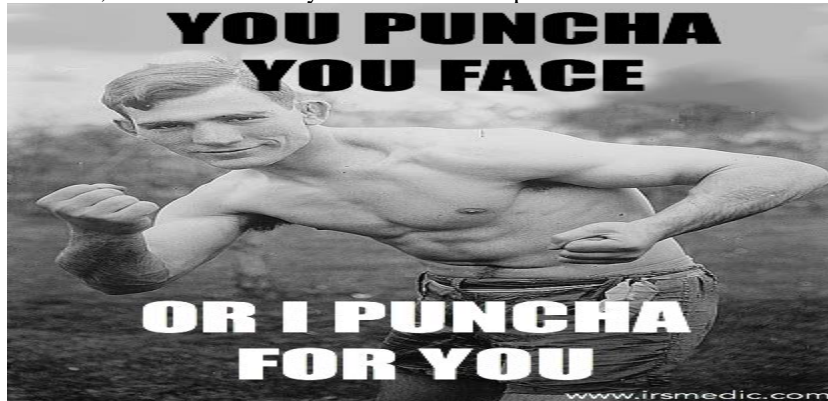
Good for you.

So let's talk about frustrations, let's talk about the sources of our agitation. It's *frustrating* when people are dishonest about what a word means or try to redefine a word to mean the complete opposite of its definition. This isn't rocket science, but for some specific government organizations — *cough* the IRS *cough* — they just don't get it.

One of the most difficult and agitating things about the US tax system is the claim, by the IRS, that our system is one of "voluntary" compliance. It seems like such an absurd lie that only a US congressman could actually believe it, right?

If you're not already nodding your head in agreement and thinking to yourself, "This guy gets it!," then allow me to illustrate my point: you've just given someone a choice, "punch yourself or I'll punch you." Now, if that person was to actually hit themselves, they would be stark raving mad to claim that their action was entirely voluntary. Forced with two options that lead to the same destination — getting hit — it's not tough to see that your "options" are limited at best.

Likewise, with the US income tax, the law mandates a choice of sorts. And that choice is a resounding "comply or else." Your decision to comply, whether you file and pay the IRS every year; are attempting to comply after years of unfiled tax returns; are disclosing previously unreported income; or are reporting previously unreported foreign bank accounts, is NOT voluntary. You seek compliance with the IRS because you are afraid of the "or else."



IRS voluntary compliance — where did this terminology come from?

On [Paul Caron's twitter feed](#), as usual, he had a link to something interesting (well for tax geeks at least): a University of Pennsylvania Law Review article written by a government employee. You heard me right, [a government employee\(!\)](#). [J.T. Manhire](#) of the US Department of the Treasury, to be specific. From the [abstract of one of his articles](#), "What Does Voluntary Tax Compliance Mean?: A Government Perspective," I was amazed that the IRS has a point, and I was further impressed that he recognized the problem and went on to propose a solution. The summary:

[T]here is often a great deal of confusion and consternation when taxpayers discover that the IRS refers to the annual filing and payment ritual as "voluntary;" especially since most taxpayers do not believe they have a choice when it comes to filing and paying their taxes. What does voluntary compliance mean? Does it mean taxpayers can volunteer to file returns and pay taxes, much as one might volunteer to make a charitable donation? Does it mean taxpayers don't have to comply with the tax laws if they don't feel like it? How can it be a federal crime to not file or pay taxes if compliance is voluntary? This essay offers a government perspective as to why the IRS uses this sometimes perplexing term. After investigating (and dismissing) a possible literal defense, the essay surveys the IRS's history to see why voluntary compliance is such a critical part of the U.S. tax system.

Voluntary compliance explained: What the IRS originally meant

Mr. Manhire does a terrific job of explaining the manner in which the IRS uses the word "voluntary." His point is entirely reasonable and calls you to look at the context of the "voluntary" in voluntary compliance (which may have had a slightly different meaning in medieval times). It goes something like this: originally, all income taxes were assessed through audit, unlike today where 97% of taxes are self-assessed. This 100% audit rate was not a big deal for the Treasury because few Americans were actually subject to the income tax. Under normal conditions, it was only applicable to the very wealthy.

So, let's think about this original context: at the beginning, it was impossible to be in "voluntary" compliance with the income tax. Whether you liked it or not, you were going to be audited and assessed on a yearly basis. There was no choice in the matter. Well, as logic would have it, you cannot volunteer if you have already been drafted!

But, as the income tax began to affect more and more people (contrasting the promises of 16th Amendment proponents who insisted it would only “soak the rich”), the IRS couldn’t audit everyone. Instead, they had to rely on taxpayers to self-assess their taxes by sending in their self-prepared tax returns, and the IRS would only audit a small percentage of the filed returns.

So, if we go back to the beginning, the word “voluntary” is used to describe a situation where the *baseline action* is an audit. That means that the word “voluntary” is used by the IRS to describe a taxpayer’s actions (entirely a case of perspective dictating one’s truth). However, the word “voluntary” should *not* be used by a taxpayer to describe their own actions.

Consider the following hypothetical dialogue between two IRS examiners:

Bob: Did you audit that taxpayer?

Steve: No, the taxpayer volunteered their information and assessed their own taxes.

So, now do you see how “voluntary” compliance sort of makes sense?

A better option: Cooperative compliance

The problem is that we as taxpayers think of taxes from our perspective, not the IRS’s. Therefore, this nuance is lost; we are left understanding “voluntary” as meaning what we’ve always understood it to mean. If the income tax is truly voluntary then there should be no consequences if we do not comply. Sadly, that’s just not the case. Mr. Manhire recognizes that this is a real problem and makes it clear that it’s not enough to just recognize that something is wrong.

That’s why we appreciate his solution. True, it is not as wonderful a suggestion as calling for an abolition on the taxing of personal income (excluding times of war), but it is still a well-considered and worthwhile offering. Not only will it help clear the air, but it will also stop taxpayers from going down a path that will only lead to heartache and pain. Finally, add in the benefit of protecting IRS employees from being harassed about something that they have little control over. That’s it folks, we’ve got a winner. Cue Mr. Manhire:

Yet, I believe there is a better option. As long as the word “voluntary” retains its modern, non-medieval meaning, and as long as some taxpayers’ brows furrow in puzzlement every time they hear the term voluntary compliance, confusion will endure. For the sake of clarity, I recommend the IRS change the term from voluntary compliance to cooperative compliance.

I concur. **Cooperative compliance** is a far more accurate description.

We look forward to the IRS, tax professionals, and taxpayers adopting Mr. Manhire’s suggestion.

Also, having taken a look at the other articles Mr. Manhire has published, I think it’s safe to say that he has some new fans around these parts

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