

“A history of US taxes - 10 key dates”

On 27 October Don Korb gave a presentation on the ten key dates in US tax history in the second virtual History of Tax event. A virtual event meant that Don was able to join us from his office in the US and give his talk to a record 456 attendees.

Don's first key date was 5 August 1861, when Congress imposed the first personal income tax to pay for the Civil War, at 3% on incomes over \$800. However, the legislation contained no provision for the collection of the tax, and so the Revenue Act of 1862 was enacted, which contained assessment and collection provisions. This levied income tax at 3% on incomes over \$600 and 5% over \$10,000, thus introducing a progressive rate structure. This tax was in force until 1871, and then there was a period without income tax until its reintroduction in the Wilson-Gorman Tariff Act 1894. A further hiatus occurred when this tax was overruled in 1895 by the case of *Pollock v Farmers' Loan and Trust Company*, and income tax was not imposed again until 1913, following the ratification of the 16th Amendment. Don then took us through the tax changes necessary to fund World War I, and the changes introduced by Roosevelt in 1935 in the New Deal Social Security Act, which saw payroll taxes funding social benefits. It was interesting to learn that the system of withholding taxes on wages that was introduced in 1943, was suggested by an executive from Macys, rather than an IRS official.

Don's insight into more recent tax changes was informed by his experience in the public sector, as Assistant to the Commissioner of Internal Revenue in the mid-1980s and between 2004 - 2008 as IRS Chief Counsel. For the UK tax practitioner, used to annual changes to tax legislation, it was particularly striking to learn of the period of stability in the US tax system when there were no substantive changes to the US tax code between 1996 - 2017. To bring us up to date, and in the light of the US election on 3 November, Don finished by giving an insight into the tax changes that might be expected should Joe Biden win the election.

Don gave us a fascinating insight into the history of the US tax system, and it is hoped that he might be persuaded to give another presentation in the not too distant future.

Caroline Turnbull-Hall

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