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Tax Evasion and Individual Rights

Introduction

The development of any country depends on the government level of funds distribution in different sectors of the economy. The allocation of funds is done annually by the government through the national treasury. These funds are acquired either from external sources or internal sources. Internal sources compose the tax contributed by various business enterprises and people who work in different sectors whereby individuals are required to pay a monthly PAYE. Tax contribution in business enterprises depends on the size of the business and the type of goods the business deals with. The payment of tax begins when the firm starts its operations and ends when it closes or collapses. It is through these tax payments that the government keeps a balanced economy and eases the circulation and flow of income, and determines the country's wealth. However, despite the need to pay taxes, some businesses opt to evade tax payments. Tax evasion is considered an illegal activity in any government, and those involved in such acts are charged and penalized based on their tax deficit. Penalties can be a jail term of five years' maximum and a fine, not more than 250,000 dollars (Burke). Failure to pay taxes is an offense under the Internal Revenue Services (IRS) Act that every business person should be aware of before engaging in any income-generating activity. Due to the increased number of small business enterprises, there has been an increased number of tax evaders since the IRS agents cannot cover all the grounds to determine if all the businesses do comply. The obligation of paying the taxes is left in the hands of the entrepreneurs to ensure they do so, and those who violate cause revocation of their licenses from carrying out any related business activity for a certain period.

The fourth and Fifth Amendments.

The IRS collaborates with the local authority to identify businesses that have committed tax fraud based on omission of information in their monthly or annual income returns. Claims of deduction that are false or claim of personal expenses as a business deduction. To prove that the business has committed tax evasion, the IRS claims the business financial records at the specific period where there seem to be irregularities. Once these records are acquired, the IRS identifies if there was an intentional motive to evade the tax, if the entrepreneur was willing to avoid tax liability or if the amount in the records is understated. If the financial records do not show any evidence of tax evasion, the IRS may reconstruct the business income using methods such as; determination of unreported income based on the business's excessive spending during the quoted period. Another way is determining if there was an increase in the business net worth. If it happens to have occurred, it means the business has un-reported tax income unless there are claims of receivership of non-taxable income such as inheritance and donations. Lastly, they can determine using the business mark-ups by multiplying the business stock with a given profit margin though the margin changes depending on the type of retail business. Throughout determination, if the business owner has violated tax evasion, the IRS knows of the citizen's privacy rights as per the fourth and fifth amendments. In the case of Rump Brokerage Firm, the information obtained by the IRS agents who pretended to be prospective buyers to determine if the business has disclosed their income accurately is considered a legal move by the law. The fourth and fifth Amendments of citizen's privacy rights safeguard government agents to ensure the business owners respect the government directives and eliminate any criminal activities (Baude, 2015). The amendment does not include a private individual with the motive of quenching their curious nature. The amendments require unidentified personal to

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acquire a warrant to access certain information. In this case, there was no violation of individual privacy rights since the agents followed the necessary process through the court by acquiring a warrant to search for more evidence related to the case. The IRS requires all the business to keep their records on every transaction in one book for easier determination of tax liability. In these records, all the material facts of the expenses and income should be accounted for with written evidence. Some businesses may decide to keep their records in an electronic system, and when it occurs they are advised to have another set of written records in case of any interference with the electronic gadget that may happen at any given time.

Access of private information

The IRS agents cannot wake one day and decide to carry out operations on certain tax evaders at their pleasurable interest. Some rules should be followed for certain operations to be functional and legal. The IRS must examine the necessary claim and determine the rate at which the need is relevant based on the extent of evasion. The agency collaborates with local offices sub-divided into departments that examine, collect, investigate and charge and advocate for tax problems. The tax advocate services can cut through any situation to get things done quickly despite the invasion of citizen's privacy. These act legally as it was in the Rump case.

The doctrine of immunity.

The doctrine of immunity is a constitutional law that aims at protecting government and local official agents from any charges when they violate individual constitutional rights and cause money damage as a form of personal liabilities. The immunity becomes effective if the constitutional violation has occurred without any money damage whatsoever. However, it may not be effective when the government and local officials conduct their activities knowing that they are what they are doing is unconstitutional. The doctrine of immunity

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aligns with the fourth and fifth amendment when excessive force is used (Schwartz, 2017). The court considered the violation of individual constitutional rights when the government and local officials use excessive force to conduct their operations. In the case of the Rump Brokerage Firm, there no excessive force was applicable by the task force agents when carrying out the investigation. Mr. and Mrs. Rump have willingly carried out business transactions with their prospective buyers despite their unknowing nature that the so-called potential buyers were agents of the IRS. In this case, the court should not hold any legal actions against the agents since they conducted their operation alignments with the doctrine of immunity which grants them protection against violation of individual privacy. Their actions were lawful, and there was no evidence to prove they wanted to cause emotional distress to the family. Also, sometimes the government allows state agents to go outside their jurisdiction to ensure that the citizens are aware of the unlawful offenses. Throughout the investigation, they are not allowed to use any excessive force since it can lead to collapsing of the whole investigation. Once they identify the crucial evidence that will help solve the entire case, they are supposed to contact the agency which works closely with the court of law to secure a search warrant. The search warrant aims to determine if there is more evidence in the particular case. These undisclosed pieces of evidence are necessary for determining if the plaintiff is guilty or not. If found guilty they are charged according to the constitutional acts on tax evasion. In the Rump case, the agent followed the constitutional procedure from the beginning to the end of the investigation. Therefore, the court should allow them to walk free and continue with their duties.

Conclusion

From the case, several conclusions can be drawn that, every entrepreneur must do market research before engaging in any business activity. Market research in this case entails the tax liabilities paid from the business income and the income paid to the employees. They

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should be aware of the penalties and fines they are likely to incur if they violate the tax evasion policies. In the enlightenment of these policies, they can advise and encourage their fellow business owners on the need to pay taxes. The internal Revenue Service agency should work closely with local departments in various localities to ensure that every business carries its operations following the law. They should also work closely with the local authority that issues out business licenses and permits on the need to adjust any requirements before an entrepreneur can secure a license. The government on the other hand should support the IRS agency in conducting their services by allocating necessary resources that will enable the agency to cover more ground through the employment of more workers and issuing of relevant equipment. These types of equipment are updated with modern technology since many businesses have adopted technological ways of doing business. Lastly, the justice system through the supreme court should involve heavy penalties on tax evaders as this will create fear in taxpayers before they opt to commit any tax evasion crime. The court should collaborate with the agency by issuing warrants to cover more ground if they want tax evasion to come to an end. It should also revoke licenses to those found guilty of tax crimes.

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