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Good news: Bungling IRS squanders \$4 billion on computer that doesn't work

Agency is "incredibly powerful but incompetent," charge Libertarians

WASHINGTON, DC —Does IRS stand for *It's Really Stupid?*

That's the question being asked this week after the Internal Revenue Service admitted it spent 11 years and a whopping \$4 billion installing a new computer system that doesn't work.

So the much-feared federal agency will junk the entire multibillion-dollar system — even as its Assistant Commissioner humbly admitted to Congress that the IRS lacks the "intellectual capacity" to do the job right.

"This \$4 billion computer fiasco is just the latest in a long line of IRS blunders and embarrassments," noted Steve Dasbach, Libertarian Party chairman. "Whether it's incorrectly answering taxpayers' questions or sending out faulty penalty notices, the IRS has proven itself to be the worst kind of bureaucracy — incredibly powerful but wildly incompetent."

For example, Dasbach noted:

■ Nearly half of the 30 million penalty notices the IRS mails out each year are erroneous, according to a study by *Money* magazine. In one case, because of a computer glitch, a barber in Santa Rosa, California, was notified in 1993 that he owed the agency \$4 billion in back taxes.

■ IRS employees who answer the agency's toll-free hot line dispense *incorrect advice* at least 30% of the time, according to an internal audit. "Of course, taxpayers who innocently follow the erroneous advice given by bungling IRS experts could end up in jail," noted Dasbach.

■ According to the General Accounting Office, the IRS has no idea how it spent 64% of its budget in 1992 — and none of the agency's financial statements from 1992 to 1996 can be verified by GAO auditors. "An agency that requires American taxpayers to save every scrap of financial paper apparently has shadier accounting practices than the Mafia," said Dasbach.

"This parade of bureaucratic pratfalls and failures would be funny if it wasn't so serious," said Dasbach. "A minor mistake on the part of an incompetent IRS agent can mean years of legal trouble, seized property, thousands of dollars in court costs, psychological terror, and even jail time for innocent Americans.

"That's why, in an odd way, the news of this \$4 billion dead-on-arrival IRS computer system is good news — it means there's one less powerful, high-tech weapon for the IRS to use to monitor and harass innocent Americans. It's almost worth \$4 billion to keep the IRS in the technological stone age, and keep its agents off the backs of taxpayers."

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