

IRS Failure To Embrace Its Role As A Social Benefits Agency Exacerbates Racial Injustice

Leslie M. Book, Professor of Law, Villanova University Charles Widger School of Law

Abstract

The IRS believes that its absence of categorizing taxpayers based on race or ethnicity means that it does not discriminate. A variety of models of racial bias challenge that conclusion, including models that do not require any particular individual within the IRS to harbor either implicit or explicit racial animus.

The IRS occupies a unique role in the federal system: it is both a gatekeeper to the delivery of benefits and a law enforcement agency. There is an important literature that situates IRS enforcement decisions within a broader call to reform enforcement policies. In this article, I highlight the IRS's other role: as a deliverer of benefits.

By focusing on the IRS's nonrevenue raising functions this article reveals how the IRS's failure to embrace its key role in delivering benefits likely exacerbates racial disparities. In particular, the IRS's failure to embrace its role as benefit provider contributes to the presence of administrative burdens in the form of significant learning costs, compliance costs and psychological costs throughout the individual's experience with the tax system. Those costs are significant, not evenly distributed, and may hide how tax administration intersects with race and ethnicity.

The taxpayer experience, from the filing of tax returns, to responding to requests in the correspondence audit process, and navigating the collection process, has the potential to perpetuate patterns of racial inequality. At the same time, these ostensibly race neutral burdens provide cover for an agency that claims it is blameless. To advance racial justice, the IRS must embrace its dual role as enforcement agency and benefits provider, robustly capture data that will allow policymakers to appreciate the impact of its policies on black and brown taxpayers, and proactively work to mitigate or eliminate burdens throughout tax administration.