

IRS Can Seize Your Money Based on a Hunch

The federal government currently wields a tremendous amount of power over the citizens of the United States, far more than the Founders intended.

One manifestation of federal overreach is civil asset forfeiture. This practice allows the federal government to confiscate the wealth of its citizens upon the mere suspicion of wrongdoing.

The IRS, not content with expropriating the wealth of its citizens on April 15 every year, has now taken up the practice of seizing funds that have been involved in perfectly legal transactions on the basis of a hunch.

Thankfully, legislation in the House and the Senate has been introduced to bring this practice to a halt. Both chambers should act on the bills swiftly.

Under the Bank Secrecy Act, financial transactions of over \$10,000 trigger bank reporting requirements. If there are multiple transactions of just under \$10,000—by a business, for example—the IRS may become suspicious that there is nefarious activity occurring.

That suspicion can result in assets being seized from innocent Americans. As the House Committee on Ways and Means reported last year:

Current law allows the federal government, including the IRS, to use civil procedures to seize assets the government believes are involved in illegal activity without ever having to prove that the owners of the assets actually were engaged in criminal activity.

Current law circumvents ancient concepts like due process and innocence until guilt is proven. The federal government then places the burden of reclaiming the assets on the citizen it targeted.

This situation threatens the liberty of American citizens.

The Treasury's inspector general for tax administration conducted a review of this practice and concluded in a March 30 report that the IRS "criminal investigators mainly pursued law-abiding citizens and businesses when seizing assets in civil forfeiture cases because they were easier to go after."

The report found that the extent of the problem was significant. In fact:

The inspector general found money seized and forfeited by the IRS was legally obtained in 91 percent of a sample of 278 structuring investigations it reviewed occurring between fiscal years 2012 and 2014. Altogether, those funds totaled \$17.1 million and involved 231 cases.

Rep. Peter Roskam, R-Ill., made progress in righting this wrong in the last session of Congress. He introduced the Restraining Excessive Seizure of Property through the Exploitation of Civil Asset Forfeiture Tools (RESPECT) Act.

The RESPECT Act would require that the IRS first prove "that the money was connected to a crime," and would also "exempt from federal income tax any interest that the Treasury pays on seized funds that are returned."

The bill had bipartisan cosponsors and passed the House by a vote of 415-0 last September. The Senate did not take up the bill, and it languished. South Carolina Sen. Tim Scott's companion bill also was never acted on.

Roskam introduced the bill again in the House, and Scott has introduced the bill in the Senate this year, on the same day

that the Treasury's tax inspector general released his critical findings about the IRS seizing money from innocent Americans.

This bill is a bipartisan ray of light in an increasingly fractured political process. Rep. Joe Crowley, D-N.Y., joined Roskam in introducing the bill.

Republicans and Democrats agree that the IRS is overstepping its authority and needs to be restrained. Scott has also introduced the Senate companion bill.

There is clear bipartisan consensus that civil asset forfeiture is an abuse that needs to be halted. To protect taxpayers, small businesses, and the basic integrity of rule of law, the RESPECT Act needs to get to President Donald Trump's desk for his signature. {eao}

This article originally appeared on The Daily Signal.