



April 10, 2010

IRS Health Care Reform Enforcement Lacks Authority

The IRS has been tasked with ensuring all American taxpayers have health insurance under President Obama's health care reform bill. The Senate bill makes it compulsory for individuals to purchase health insurance and businesses to offer it. Many would be receiving subsidies to finance this insurance.

The whole purpose of this mandatory law is to get more healthy Americans to buy health insurance so that the risk of older less healthy Americans is spread out among a much broader base of people. Tax credits will be given for those earning between \$22,050 and \$88,200. Those who flout the law would be fined up to \$750 for individuals and \$3,000 for businesses.

But this new task for the IRS to carry out has its own problems. The enforcement of it would cost the IRS between \$5 and \$10 billion over the next 10 years in terms of new workload according to a Congressional Budget Office estimate issued on March 11. But there are no extra funds for the expansion of the IRS forthcoming. Furthermore, the IRS is not given any means to collect penalties from individuals and businesses who do not buy health insurance.

The Joint Committee on Taxation rightfully observes that the uses of liens and seizures normally used as a penalty for tax evasion cannot be used in the case of non-compliance with the health care reform bill. A person who does not take up health coverage is not subject to criminal or civil penalties under the IRS code and neither does interest accrue for not paying such assessments in a timely manner.

This leaves the IRS with virtually no means of enforcing the fines in the health care reform bill. The only thing the IRS can do is to deduct the health insurance cost from whatever tax credits, refunds or federal benefits a taxpayer is due. But if you are not due to receive any refund or tax credit then there is no way the IRS can enforce the health care reform bill requirements on you. Thus this bill is truly a voluntary tax on the part of the taxpayer.

However, those who support the bill say that the lack of ability to enforce the bill will not deter Americans from buying into compulsory health insurance. This is because the usual reason people do not purchase health insurance is because they cannot afford it. But with the health care reform bill, now they can.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys, CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.