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## **FORM 1040 FROM 1913 TO NOW**

The 16th Amendment to our Constitution was ratified on February 3, 1913, which permitted the Federal government to impose a tax on people's income. A similar tax on income was enacted in 1861 to help finance the Civil War, but it was repealed 10 years later.

### **Form 1040 - Back in 1913**

You can [review our country's first Form 1040 for year 1913 here](#). The 1913 Form 1040 consisted of 3 pages of income, deductions, and tax calculations, and also had one page of instructions. A 1% tax was imposed on people with income above \$3,000, (equivalent to \$61,000 in today's dollars), with 5 additional "tax brackets" imposing tax at 2-6% rates on income. The 2% tax rate "kicked in" for income above \$20,000, (equivalent to \$435,544.00 in today's dollars), with the highest Federal tax rate of 6% assessed on income above \$500,000.00 in 1913 (over \$10 million today).

In 1913, the entire Federal income tax code, regulations and rulings was contained in a 400 page book. In 1913, our Federal government collected \$714 million and spent \$715 million.

### **What about Today?**

The tax publisher "CCH" reports that today's Federal tax code, regulations and rulings consists of 72,536 pages. Over 800 different tax forms exist today. Millions of additional pages of commentary, research memorandums, court cases and articles are in circulation. In 2010 the Federal government collected \$2.163 trillion of tax revenues and spent \$3.456 trillion. The IRS estimates that people spend \$26.5 billion each year in Form 1040 tax preparation fees and supplies.

### **One Thing Has Not Changed - Extensions!**

Tax law has increased in complexity and our 1913 tax revenue collections of under \$1 billion are now measured in the trillions - BUT human nature has not changed. The original 1913 Form 1040 allowed people to extend their Form 1040 filing for a month - and today people can extend their tax returns for 6 months.

Now - if we could just get back to a 3-page 1040 and tax rates of 1-6% we could all happily file our Form 1040 by the 1913 March 1 due date!

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