

## **We Were Right**

Inflation is now considered the number one problem.

In our December 2021 Lisch & Lisch LLC Newsletter, we wrote a piece on “Why Is Modern Monetary Theory Important To You?” We suggest you reread that newsletter and see that we correctly forecasted that Modern Monetary Theory would be adopted by those in power and the resulting inflation it would cause. Additionally, we prospectively changed our investment choices to take advantage of the expected inflation.

## **The Supreme Court Can Restrain The IRS**

The Internal Revenue Code is replete with excessive penalties for what are often honest mistakes. This year, taxpayers must prepare to deal with a newly emboldened Internal Revenue Service, to which Congress allocated an additional \$46,000,000,000 for enforcement.

The Supreme Court has the opportunity to protect taxpayers by hearing one of three cases that could rule the most punitive IRS penalties as unconstitutional violations of the Eighth Amendment’s Excessive Fines Clause.

Heavy IRS fines can turn a simple tax mistake into a financial nightmare. For Americans living paycheck to paycheck, these penalties can be devastating. For businesses, fear of penalties can slow productive transactions.

The first case is *U.S. v. Toth*, which concerns a \$2,000,000 foreign bank account penalty the IRS imposed against an 82 year old woman who failed to fill out a one page form disclosing her foreign bank account.

The other two involve state property tax schemes that confiscate private homes due to unpaid taxes of a few thousand dollars and do not return any of the excess proceeds to the former homeowner. In *Fair v. Continental Resources*, a Nebraska Statute empowered a private developer with no interest in the property to seize a home for \$5,200 in unpaid property taxes and fines. In *Tyler v. Hennepin County*, Minnesota sold a property for \$40,000 and kept the entire amount when the owner owed \$15,000 in taxes and fines.

The court first ruled a fine to violate the Excessive Fines Clause was in 1989 and the clause was applied to state governments in 2019.

Maybe the current Court with its Originalist majority will provide a needed check against greedy revenue agencies at both the federal and state levels. *The Wall Street Journal* 9/28/22 p. A17.

As always, if you have any questions about these or any other matters, do not hesitate to call us.