

Chapter 12

Christian Views on the Ethics of Tax Evasion

Robert W. McGee

Introduction

One hesitates to make general statements about “Christian” views on anything, given the fact that Christians of various sects have persecuted and even killed each other (not to mention Jews and Muslims) over the centuries because of doctrinal disputes.¹ Nevertheless, I will attempt to make some general statements regarding Christian doctrine on the ethics of tax evasion. The literature on this topic is scant, or at least was scant until recently (McGee 1998). Therefore, I will necessarily be limited in my discussion to some Biblical passages, a few recent articles (Pennock; Schansberg; Gronbacher; Smith and Kimball; McGee 1994a), the views of some Popes, and a doctoral dissertation that was written in the 1940s (Crowe).

The Popes’ Views

Pope John Paul II’s view, as expressed in the most recent edition of the Baltimore Catechism, is that tax evasion is a sin (Newsweek; Economist). Unfortunately, it does not go into any detail, nor does it explain how that conclusion was arrived at. One wonders whether the view, as expressed in the most recent edition – the first since 1566 – would consider tax evasion to be a sin if Hitler were the tax collector, or if the tax were so high as to deprive a poor family of basic needs. I think not, based on my understanding of Catholic doctrine. In fact, Christian scholars have

¹ As someone who has gone through the Catholic school system to grade 16 (university) I even hesitate to claim to know what Roman Catholic doctrine is, since I learned several, contradictory versions of it during the course of my studies.

R.W. McGee (✉)
School of Business, Florida International University, 3000 NE 151 Street,
North Miami, FL 33181, USA
e-mail: bob414@hotmail.com

taken the position that it is probably not a sin to evade a tax that is imposed on the necessities of life or to evade a tax if the burden is too large (Bonacina).

Thus, even though a publication approved by the Pope states that tax evasion is a sin, serious Catholic scholars cannot take seriously the possibility that tax evasion is always a sin. Furthermore, the Pope is not speaking *ex cathedra*, meaning that his statement cannot be taken as the word of God,² but is merely his opinion, at best. I say at best because the Pope did not write the new edition of the Baltimore Catechism but only approved it after numerous scholars spent many years revising it.

Other Popes have addressed taxation from time to time. Leo XIII recognized the right to property and thought that the advantages of private property could be attained only if private wealth was not drained away by crushing tax burdens. He also rejected the concept of egalitarian and redistributive taxation. An American Bishop's letter issued in 1933 agreed with this position (Gronbacher: 163–164).

Another interesting point, which was not mentioned either in the Baltimore Catechism or by any Popes (to my knowledge) in any of their statements, is how tax evasion can be an offense against God, which is necessary in order for something to be a sin. If tax evasion is an offense at all, it is an offense against the state.³ If one stretches a bit, one might argue that evading a tax makes it necessary for others to pay more, since the tax evader is paying less. But that argument leaves a lot to be desired, especially if the tax is an unfair one, or one where the proceeds are used to do evil things. Thus, the recent Roman Catholic Church view, as expressed in the Baltimore Catechism, must be deeply discounted, since it leaves out so much detail.

Other Christian Views

If one wants more detail than is provided by the Baltimore Catechism – which represents only one branch of Christianity in any event – it is possible to find some detail in the ethical and religious literature. Perhaps the most comprehensive treatise on the ethics of tax evasion from a Christian – mostly Catholic⁴ – perspective was that done by Martin Crowe in 1944. Crowe's review of the Christian literature quickly reveals that tax evasion is not always unethical. Christian scholars over the centuries have often conceded that, at times at least, tax evasion is not unethical. However, they do not always agree on the fine points.

² Roman Catholic doctrine has considered the Pope to be infallible, meaning incapable of stating error on Catholic doctrine or morals, only since 1870, when the doctrine was approved by majority vote of some council. Even then, infallibility applies only to certain statements.

³ Crimes such as murder are considered crimes against the state for some reason. In fact, they are crimes against some individual. Yet the state is the one that prosecutes and punishes rather than the individual, or more accurately the surviving family of the murdered individual. Whether, and under what circumstances, something can be a crime against the state is an interesting question that is, unfortunately beyond the scope of the present paper.

⁴ I say mostly Catholic because some of Crowe's references were to Christian scholars who wrote before the Reformation. Prior to the Reformation, there was no distinction between Christian and Catholic.

If one were to summarize Crowe's thesis in a single sentence, it would be that there is a moral obligation to pay just taxes, but there is no moral obligation to pay unjust taxes. That conclusion begs the question, of course, since one must first determine what is a just tax and what is not. But before we examine that question, let's try to define exactly what a tax is. Crowe's definition of a tax is as follows:

A tax is a compulsory contribution to the government, imposed in the common interest of all, for the purpose of defraying the expenses incurred in carrying out the public functions, or imposed for the purpose of regulation, without reference to the special benefits conferred on the one making the payment (Crowe: 14–15).

This definition seems fairly comprehensive on its face. However, it leaves out a number of things that could be considered taxes. For example, any so-called tax that benefits some private interest at the expense of the general public would seemingly not fit this definition. Exactions by government that do not fit this definition could therefore logically be considered to be exactions that could ethically be evaded. What are some of these so-called taxes that benefit special interests at the expense of the general public? Tariffs, for one, because, in most modern societies at least, tariffs are less a means of raising revenue than a means of reducing foreign competition (McGee 1990; 1994b). Tariffs raise the prices of products that the general public buys while special interests benefit due to the decreased competition.

Another, perhaps less obvious special interest exaction is Social Security. The only people who benefit from Social Security taxes are people who receive benefits, which is a distinct minority. Those who must pay the tax, on the other hand, constitute the majority. Thus, Social Security taxes benefit special interests (those who receive benefits) at the expense of the general public. One might push the point farther by pointing out that Social Security is a bad investment, since a much higher rate of return – and pool of cash at the time of retirement – could be had by investing in the average mutual fund. Forcing people to make a bad investment cannot be deemed in the public interest even if they get some or all of their money back eventually.

Another special interest tax is the property tax, to the extent that it is used to finance public schools. Anyone who owns a house has to pay property taxes. Tenants also pay indirectly, since landlords try to pass along the tax as part of the rent. Yet many people do not have children, and many people who do have children do not send them to public schools. Thus, the portion of the property tax that goes to finance public education constitutes special interest subsidization at the expense of the general taxpaying public. Thus, according to Crowe's definition, it appears that there is no ethical duty to pay these taxes, since they benefit special interests rather than the general public. A letter issued by the American Bishops in 1933 seems to justify this position.

...state taxation could never be justified for special interests. The placing of the interest of one group of people over another, in terms of taxation, was unjust. The state should not be permitted to tax particular groups within society to benefit other specific groups. Thus, taxation should serve the citizenry in common and not a particular group as the redistributive tax system of socialism is constructed to do. (Gronbacher: 165)

For Crowe (22–26), a tax is just only if it meets three criteria. It must (1) be imposed by legitimate legislative authority, (2) for a just cause, and (3) where there

is just distribution of the tax burden. Presumably, there is no ethical duty to pay any tax that meets less than all three of these criteria. Thus, failing to pay taxes to Hitler would not be unethical because the taxes were not used for a just cause, although it could not be said that his authority was illegitimate because he, as well as the Nazi legislature, was elected. This conclusion lends evidence to the argument that tax evasion is not always a sin, even though the revised Baltimore Catechism states that tax evasion is a sin.

While Crowe's doctoral thesis provides an excellent review of the Christian literature on the topic of tax evasion, his logic and line of reasoning sometimes leave a lot to be desired. For example, he states that "moralists are unanimous in their teaching that the ultimate basis of apportioning a tax is the ability of the citizen to pay." (Crowe: 24).⁵ There are several problems with this statement. For one, moralists are not unanimous in this view. Secondly, even if they were unanimous, it does not follow that a tax should be based on ability to pay. Morality and ethics are not majoritarian. If the world consisted of 100 moralists and they all agreed that the world is flat, it would not mean that the world is flat, but only that the moralists are unanimously wrong in their opinion.

The most important flaw in Crowe's reasoning is his premise: that some individuals should be exploited for the sake of others. There are basically only two kinds of taxes, those based on the premise that individuals are the masters and the state is the servant, and those based on the premise that the state is the master and the people are the servants. The ability to pay viewpoint is based on the premise that the state is the master and the people are the servants. Karl Marx said it best when he stated: "From each according to his ability, to each according to his needs." (Marx 1875) The Marxian view treats people as ends rather than means. It exploits the most productive citizens by forcing them to pay for benefits that others receive just because they have the funds to do so. It begins with the premise that individuals exist to serve the state rather than the other way around. The ability to pay principle is parasitical because it forces the producers in society to transfer wealth to wealth consumers, those who consume government benefits.

Modern democracies are based on the premise that the only reason for the state to exist is to benefit the people, to perform functions that benefit the vast majority, such as providing police protection from internal thugs and military protection from external threats.⁶ The Marxian premise, on the other hand, is that the people exist to serve the state. How else could Marx have made such an utterance? Thus, Crowe's

⁵ He cites several Christian scholars to buttress his position. For example, "There is an obligation in justice for all the subjects to contribute to the expenses of the state according to the ability and means of each." (LeCard 504).

⁶ Even these functions are not necessarily monopolies that only the state can provide. The majority of police protection in the United States, for example, is provided by private security guards, who are retained by shopping malls, warehouses, and businesses to protect their customers and property. There are thousands of private roads, private schools, private parks, etc. as well. Many of these things are provided by the private sector better and cheaper than by the state, which leads one to wonder what we need a state for anyway.

view, that taxes should be based on the ability to pay, is morally bankrupt, even if a majority of “moralists” agree with him.

The other view of taxation, that the state provides services for the people, is more tied in to the cost–benefit principle. The cost of government services should be borne by those who benefit. The purest form of “tax” in this regard is actually a user fee. An example would be a gasoline tax, since the only people who pay gasoline taxes are those who use the roads. If the gasoline tax is used solely to build and maintain roads, then those who pay gasoline taxes are not being exploited to pay for services that others use. Another example of a user fee would be charging admission to a public park or a museum. The only people who have to pay for such things are the people who use the facility. This is the fairest kind of tax, since it does not require one group of people to pay for the benefits that other people receive.

In the strictest sense, however, such user fee taxes are not really taxes at all, since they do not involve the force of government. A real tax involves coercion. People must be forced to pay because they will not pay voluntarily. A user fee is different because no one is forced to pay park admission fees. If they don’t want to pay, they don’t have to pay. But if they don’t pay, they are not entitled to the service. That seems fair. No one is forced to pay anything and no one is being used to pay for someone else’s benefit. Neither Crowe nor most of the moralists he refers to, however, mention this point. The Christian literature neglects this very important distinction between coercion and volunteerism.

Some Christian scholars take the position that one is morally bound to pay direct taxes but not indirect taxes. Other Christian scholars have held that whether a tax is direct or indirect has nothing to do with the morality of paying or not paying (Crowe: 17 and elsewhere). The matter is further complicated by the fact that people (and governments) cannot agree on what is a direct tax and what is an indirect tax. For example, in the United States, income taxes are considered to be direct taxes but in France they are classified as indirect taxes (Crowe 139), which put one in the curious position of committing a sin if one evades the U.S. income tax but not if one evades the French income tax. I wonder what God would have to say about this?

Some Christian scholars have taken the position that it is a sin to break any law. This position was common during the period when it was thought that the King derived his power from God. This view is supported in the Bible. In Romans 13, 1–2, for example, it states:

Let every soul be subject unto the higher powers. For there is no power but of God: the powers that be are ordained of God. Whosoever therefore resisteth the power, resisteth the ordinance of God: and they that resist shall receive to themselves damnation.

Almost no one believes this gibberish these days. To believe such a statement would be to support the regimes of Hitler, Mao, Stalin, Pol Pot, and all the other dictators who have killed millions of people. Such a belief would give credence to the Marxist view that religion is the opiate of the people.

Several other passages in the Bible have something to say about taxes. In the Old Testament, it says that the King taxed people according to their ability to pay (2 Kings 23:35) but it does not say whether such a practice is moral. In the New Testament,

when Jesus was asked whether it was legal to give tribute to Caesar, he said: “Render therefore unto Caesar the things which are Caesar’s; and unto God the things that are God’s.” (Matthew 22:21). But all this statement really says is that we are supposed to give individuals and institutions (the state) what they are entitled to. It does not address the main issue, which is what the state might be entitled to. One might infer from this passage that Jesus said it is all right to evade the tax if the state is not entitled to the tax. In fact, such would be the logical conclusion to draw from this statement.

St. Paul made a similar statement in Romans 13:7: “Render therefore to all their dues: tribute to whom tribute is due; custom to whom custom; fear to whom fear; honour to whom honour.”

The “paying one’s fair share” argument also leaves a lot to be desired. Must one pay one’s fair share of whatever taxes the state sees fit to impose, or only the fair share of the taxes that are not squandered or given to special interests? This is a very real question at present, since every western democracy squanders large sums of taxes and spends vast quantities of taxpayer dollars (or Euros, Pesos, Yen, or Kroner) on questionable projects. Does it make sense for one person to pay more so that others will be exploited by the state less?

What about the “everybody does it” argument, which states that it is all right to evade taxes since everybody does it? One Christian scholar makes the following point:

It appears unreasonable to expect good citizens, who certainly are in the minority, to be obliged in conscience to pay taxes, whereas so many others openly repudiate the moral obligation, if there is one. It seems unjust that good people should feel an obligation to be mulcted and to pay readily, in order to balance the evasions of many. (Davis 339)

While a case might be made that there is no moral duty to pay a tax where no benefits are received – such as a tariff where the benefits go to some special interest like the textile industry, or Social Security payments, which are transferred directly to people who do not work – what about the case where some benefits are received? Does it depend on how much benefit is received compared to the amount of tax paid, or are taxes morally due in cases where any benefit whatsoever is received?

Most of the time, individuals receive less in benefits from government than they pay in taxes. There are several reasons for this. For one, there is an administrative fee associated with the collection of taxes. Taxpayers in Oregon who send their money to Washington, for example, do not necessarily get it all back. The bureaucracy eats up a substantial portion of their tax payments. If their Senator or Congressman is more skilled than his colleagues, he might be able to push through legislation that results in a higher than average return of tax dollars to Oregon. But half the members of Congress are less skilled than average at this sort of thing. For some federal programs, only about 10% of their budget goes to the people intended to be helped. The other 90% goes for administration costs.

Another problem with the view that individuals owe some duty to pay taxes if they receive benefits is that the benefits they receive are often benefits they would not pay for if they had to get them from the market rather than the government.

Also, the benefits the government bestows on the populace might be of inferior quality compared to what the market would provide, or more costly than what could be had if the market were permitted to provide the same or a similar service. What then? Is one morally obligated to pay the full cost, including the waste that is inherent in the government provision of services? Or is one only obligated to pay the price that would exist if the market provided the service instead of the government?

What about barter? We all engage in it at some point, even if it is only to take turns carpooling our children to school – You do it today and I will do it tomorrow. Barter transactions are taxable (but probably not the present example). If I pay someone to take my child to school, the person who receives the money is subject to the income tax, or at least that is the case in some countries. What if, instead of paying someone, we agree to take turns instead? Isn't it basically the same as if I got paid for my services and the other person got paid for hers? Is it ethically any different whether we decided to barter to evade the tax rather than because barter would be more convenient? As Schansberg points out (151), I Corinthians 4:5 states that God will judge men by their motives. So if tax evasion is a sin (a big IF), and if I barter to evade taxes, then I will be guilty of a sin. Of course, I could always estimate the value of the service I receive and declare that on my tax return.

The pacifist wing of Christianity, represented by Quakers among others, does not place much emphasis on whether a tax is just. Their emphasis is on what the tax is used for. If it is used to finance war, the moral thing to do is resist and evade (Pennock). Some pacifists refuse to pay only that portion of the tax that represents military expenditure. For example, if military expenditures represent 40% of the budget, some objectors will refuse to pay 40% of their income taxes.

Resisters generally respect and obey the law, but recognize that there is a higher law that must be obeyed. The moral law is higher than the law of the state, so when the two conflict, the state loses. They take the position that it is not only not immoral to break an immoral law but also that one has a moral duty to break it.

The pacifist argument against paying taxes leaves something to be desired. It begins with the premise that some taxes are legitimate; it is merely the use to which some taxes are put that makes them immoral. Consistent pacifists would resist paying taxes to repel an invading army. Many pacifists think that taxes should be used on social programs like Social Security or welfare, which are merely transfer payments. Many pacifists also think that there is nothing morally wrong with the graduated income tax or other taxes that are based on the ability to pay. They often see nothing wrong with using the force of government to pay for their social agenda. They only see the force of government as evil when it involves killing people. They see nothing wrong with a government that fleeces its people or threatens to imprison them if they resist the fleecing.

Some pacifists are selective in their resistance to war taxes. They would resist payments of taxes to support some wars but not others. They are not consistent in their pacifism. Perhaps they should not be called pacifists in such cases, since war tax resister seems more descriptive.

If much of what government does is sinful or promotes sin, a case could be made for a subsequent level of tax evasion ... If taxation is so stringent that it prevents a believer from giving to God, tax evasion would be a conceivable alternative. (Schansberg: 155)

Thus, if government supports sinful activity, there may not be any ethical duty to pay to support such activities. There may even be an ethical duty not to pay, as in cases where the government supports or subsidizes abortion, systematically disparages property rights, etc. Likewise, if the tax burden makes it difficult or impossible to give to the church, tax evasion might not be considered unethical. Schansberg sums up his view on tax evasion as follows:

...the Bible does not endorse tax evasion except in cases where obedience to God supercedes obedience to the state. Moreover, a spirit of the law interpretation recognizes that tax evasion of some sorts is a necessary aspect of life. The bottom line from the perspective of a Biblical Christian ethic is to “render unto Caesar” – most of the time. (Schansberg: 157)

Some Catholic scholars point out that the Catholic view is not completely internally consistent. For example, traditional Catholic sources like Encyclicals and bishops’ letters take a more or less classical liberal view of taxation, whereas the recent views of American bishops are more statist and collectivist (Gronbacher: 159).

Another interesting view is that presented by the Church of Jesus Christ of Latter-day Saints, also known as the Mormons. While the authors of the only article I could find on this viewpoint (Smith and Kimball) are quick to point out that the views in their article are their own and do not represent the views of their church, they also state that they “derived their conclusions from a historical background unique to the Church.” (220). Their conclusion is basically that tax evasion is both legally and ethically wrong. Section 134, Verse 5 of the Mormon Doctrine and Covenants states that individuals should support their governments (221).

We believe that all men are bound to sustain and uphold the respective governments in which they reside, while protected in their inherent and inalienable rights by the laws of such governments; and that sedition and rebellion are unbecoming every citizen thus protected, and should be punished accordingly; and that all governments have a right to enact such laws as in their own judgments are best calculated to secure the public interest; at the same time, however, holding sacred the freedom of conscience. (222)

This view that governments should be supported is also contained in the Articles of Faith, *The Pearl of Great Price*: “We believe in being subject to kings, presidents, rulers, and magistrates, in obeying, honoring, and sustaining the law.” (222). To further bolster their position, Smith and Kimball (224) also quote the *General Handbook of Instructions* of the Church of Jesus Christ of Latter-day Saints, which is reprinted in the *Encyclopedia of Mormonism*, Volume 3:

Church members in any nation are to obey applicable tax laws. If a member disapproves of tax laws, he may attempt to have them changed by legislation or constitutional amendment, or, if he has a well-founded legal objection, he may attempt to challenge them in the courts. A member who refuses to file a tax return, or to pay required income taxes, or to comply with a final judgment in a tax case is in direct conflict with the law and with the teachings of the Church.

Based on this quote, it seems that there is little room for disputing the Mormon position that tax evasion is considered unethical. One of the Mormon twelve

apostles, who later became the president of the Mormon Church, likened tax evasion to theft (224). He likened tax evaders to meter robbers and purse snatchers (225).

One might ask whether the Mormon doctrine would view tax evasion as unethical even if the tax collector were Hitler (one of my rules of thumb for judging the absolutism of someone's position on tax evasion). But in the Mormon case, the Mormon Church was persecuted and some church members were killed, not by Hitler but by fellow nineteenth century Christians who were equally tolerant of different lifestyles as was Hitler. So it could reasonably be concluded that the Mormon doctrine would support the payment of taxes to the Hitlers of the world. According to the Mormon authors of this article (Smith and Kimball), "tax evasion is not consistent with gospel principles." (228)

Conclusion

What conclusions can be drawn from this review of Christian literature? The main conclusion is that Christian writers cannot agree on whether, and under what circumstances, tax evasion might be unethical. Some Christians believe that tax evasion is always unethical. Others believe that it is not unethical at least sometimes. Jesus's oft-quoted view that we should render unto Caesar what is Caesar's is also subject to differing interpretations.

The Catholic Popes apparently do not agree on whether tax evasion is unethical. Neither do the American Catholic Bishops. Christian scholars cannot even agree on whether the ability to pay principle is morally bankrupt or the ethical way to tax. Some scholars believe that there is nothing ethically wrong with evading indirect taxes and others think that it is ethically improper to evade any tax, even if the state does evil things with the proceeds. In short, the only thing that can be said about the Christian position on tax evasion is that there is no coherent, unified, noncontradictory position.

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