

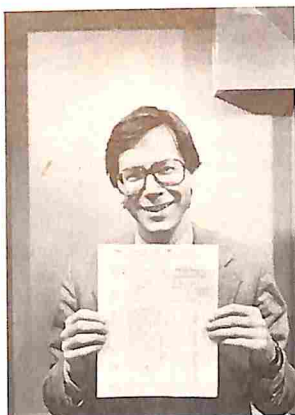
A Letter from the Publisher

Though it was not, of course, a requirement for the assignment, to a man and woman those involved in preparing this week's cover story on the growing problem of tax evasion declare themselves to be meticulous compliers with Internal Revenue Service rules. More surprisingly, and undeniably an asset in their tasks on the project, most also said that they calculated their own taxes, filed their own returns, and struggled valiantly with the quirks and variations of the law. Says Washington Correspondent David Beckwith, who prepares his own forms: "I took two courses in taxation at law school, and I try to keep abreast of major tax developments. Still, I'm one of those fools who overwithholds and gives the Government an interest-free loan of my money. I'm happy though—I got my refund two weeks ago." Los Angeles Reporter Laura Meyers' returns, she says, get ever more complicated: "This year I had to fill out a 1040, a Schedule C for business proprietor, a Schedule G for income averaging and a Schedule D for I can't even remember what. But I find that if I read everything line by line twice through, O.K., maybe three times, I can eventually figure it out."

Chicago Reporter Thomas McCarroll is waiting to file till the last possible moment: "April 15 at 11:58 p.m.," he vows. "I want to keep my money as long as possible." Reporter-Re-

searcher JoAnn Lum, who assisted Senior Writer Otto Friedrich with the cover story, will also delay filing till deadline time: "I hate it," she says, "so I always procrastinate." Another reporter-researcher who worked on the cover story was Sidney Urquhart; she and her husband, with two jobs and six children between them, find the services of an accountant helpful, as does New York Correspondent Adam Zagorin.

Zagorin, who interviewed agents in the city's regional IRS office, tax compliance monitors and criminal tax lawyers, also talked with observers of, and participants in, New York's underground economy. It is an area in which Zagorin thinks he has special expertise: he was assigned for 1½ years to the TIME bureau in Beirut, where tax collection has become highly informal. "Few official taxes are collected in Lebanon even now," reports Zagorin, "only the unofficial taxes demanded by various parties, factions and militias and collected from underground and above-ground enterprises. It is an illegal but organized system." Far more so than in New York City, says Zagorin, noting that it is teeming with underground operators: "Many of them, one must assume, are not reporting their income. Oddly enough, in Manhattan, the street vendors now even surround IRS headquarters."

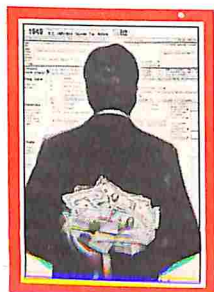


Zagorin with nemesis: 1040

John A. Meyers

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Cover: Increasing numbers of Americans cheat on their 1040 forms. What was a sickness is now an epidemic. Scofflaws include not only kingpins of the underground economy but "respectable" professionals. See NATION.



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MARCH 28, 1983

\$1.50

THE FALKLANDS
A Melancholy Anniversary

Form **1040**

Revenue Service **1982**
Tax Return

For the year January 1–December 31, 1982, or other year beginning

Use IRS label. Otherwise, please print or type.
Your first name and in
Present home address
City, town or post office

joint return, also
and street, incl
and ZIP code

house's name

ending
name

Presidential Election Campaign Do you If join

\$1 to go to does you

Checking "Yes" will increase your tax or re- your refund.

Filing Status

Check only one box.

- 1 ☐ Single
- 2 ☐ Married filing joint
- 3 ☐ Married filing separate
- 4 ☐ Head of household
- 5 ☐ Qualifying widow

Exemptions

Always check the box labeled Yourself. Check other boxes if they apply.

- 6a ☐ Yourself
- b ☐ Spouse
- c First names of your dependents
- d Other dependents:
(1) Name

Income

Please attach Copy B of Forms W-2.

If you do not have a W-2, see page 5 of Instructions.

TAX CHEATING

Bad and Getting Worse



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