

1943

7

Subject: Reluctance of certain Europeans to pay income tax.

*Fudge Sators*

Outside of the English and the Canadians, and perhaps the Scandinavians I do not know of any peoples that have any interest in paying income tax. In fact, so far as my experience has shown me, the Americans and the English and the Canadians are the only ones who really make out their income tax with a desire to pay the full amount which they owe. The Belgians and the French are not the only ones who have this aversion to paying income tax. I recall that in 1919, when we were in Antwerp as Consul General, one of our best friends was a Swiss who I believe had become a naturalized Belgian after living in the country for a long time, whose name was Louis Steinman; he had married an American woman. He was engaged in the shipping business. He was obliged to remain in Belgium during the first World War. His business, of course, was at a complete standstill. At the end of the war, with the revival of shipping, and Europe hungry for everything, his business revived very rapidly.

The Belgian government naturally needed money for many purposes and particularly for the reconstruction of the destroyed areas during the war. They established an income tax. Every one said it would be a failure as no Belgian would declare his income. One day Steinman, who was a very good friend and whom I admired for his industry and capacity and knowledge of the shipping business and for what he had done to re-establish his business after the war, came to see me much perturbed. He said that he had just been to the tax receiver's office to file his income tax return. He had worked for months on it; he had done it largely himself. When he handed in his return to the tax receiver, the tax receiver gave a glance at it and then returned it and said, "Mr. Steinman, I cannot accept this". Steinman said he was terribly upset because he had spent so much time on it and he explained to the receiver that the return was absolutely correct. The receiver said that it couldn't be correct and that he could not accept it. Steinman became more and more

1947

- 2 -

disturbed and began to tell the receiver how carefully he had prepared the return, that he had done most of the work on it himself to insure that it was absolutely correct and he must insist on his receiving it. The tax receiver finally said, "Mr. Steinman, I can't take this return, you are not the richest man in Belgium, and according to this return you are". Steinman asked me what to do. I told him that the only thing he could do was to send the return and let them do with it as they saw fit. The receiver had refused to receive it when he handed it to him and so the only thing to do, if he felt the return was absolutely correct, was to send it in. Steinman said that he was sure that it would be returned because the tax receiver had said, in addition to what I have just set forth, when he said he was not the richest man in Belgium, "You are not as rich as Mr. X", naming the richest man in Belgium. I told Steinman the only thing to do, that I could see, was to do what I had said. I am sure that as the years have gone by the tax returns in Belgium are more exact so far as personal income is concerned. I often think of this story when I am told about the various countries complaining about foreigners coming into their countries and establishing themselves in business having to obey the laws of the country - that they are welcome as long as they obey the laws of the country. My experience has been invariably that the foreigners, with very few exceptions and those are from a few countries, when they establish themselves in business in a foreign country, are more meticulous in obeying the laws in every respect than the natives themselves.