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Here's the Tax Beat broadcast for August 12

Subject Line: Plate Expectations

Somewhere in upstate New York, a man took an electric saw to a pole-mounted camera. In Oakland, they threw paint. In Idaho, somebody rammed a truck into one. And in Florida, a gentleman sat in a lawn chair holding a square of cardboard on a stick to block the lens. Is it performance art? Or is it the most patient act of civil disobedience in American history? Time will tell!

The target is Flock Safety, the Atlanta company with 120,000 brick-sized license plate readers across 49 states, hoovering up bazillions of data points every month. Each camera logs your plate, your make and model, your bumper stickers, your roof rack, even your scratches, then timestamps the whole thing for anyone with a badge to see. It's creepy enough that some cities are listening to outraged residents and bailing out, and the ACLU is running a campaign titled, with commendable restraint, "Get the Flock Out."

Here's what makes the backlash interesting. None of that information is secret. Your license plate is bolted to the outside of your car, by law, facing traffic. No single scan tells anyone anything. The problem is the aggregation: connect enough harmless facts and you go from plate number to biography. One Milwaukee officer demonstrated this by abusing the system to check his girlfriend's location 124 times, and her ex's 55 times, which isn't what the executives running this whole Orwellian enterprise promised.

Which brings me to a surveillance network that's older, better funded, and costs you more than any prying eyes you pass on your commute.

The IRS takes in more than five billion informational returns a year: W-2s. 1099-NECs. 1099-Bs, 1099-INTs, 1099-DIVs. Your mortgage company reports the interest you paid. Your IRA custodian reports what you put in. Crypto brokers file a 1099-DA. Hand someone $10,000 in cash and a Form 8300 goes out before you get home. Individually, every one of these is a boring scrap of paper. Aggregated and matched by computer against your 1040, they're reading your money's plates on every road it takes. The thresholds shift as inflation rises. But the architecture never changes. Somebody else reports your financial plate to the government, in writing, before you've opened your first tax document of the year.

And here's my favorite part. There are 120,000 cameras in this country recording precisely where your car went, and you *still* can't produce a mileage log. Section 274(d) wants contemporaneous substantiation: date, miles, destination, business purpose. "I drive a lot for work" won't cut it. This year is even worse, because the IRS moved the rate from 72.5 to 76 cents a mile on July 1 — so your log needs a timestamp now too. Flock hooks you up for free, whether you want it or not. You, on the other hand, have a glove box full of gas receipts and a strong suspicion you shoulda taken that left turn in Albuquerque.

But look closely at what those informational returns actually do. They miss all of your *context*. A 1099 reports a gross number. But that number says nothing about your basis, your entity election, your accountable plan, your retirement plan design, your timing, or your business purpose. It's completely blind to the planning you do, and reports only bottom-line numbers. It misses the proactive attitude that makes the difference between "how much do I owe?" and "how do I pay less?"

So, the cameras aren't the real threat, and neither is the matching program. The threat is driving for thirty years without ever once looking at the map.

We can't get you off camera. But call us before year-end and we'll make sure every road you're photographed on is one you picked on purpose — and your mileage is deductible!

Kevin