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THE TAX LAWYER

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### Beware Film And Other Tax Shelter Deals That Go Criminal

Special tax incentives are as American as apple pie. Tax deductions are great. Tax **credits** are even better since they reduce your taxes dollar-for-dollar. That can make tax **credits** practically intoxicating.

But confusingly, some laws remain in place for decades while others pass in and out of the law quickly. See [Snookered By The Snooki Tax Credit?](#) Tax credits can be federal or state and the rules may not apply across the board. No one can be expected to know them all, but you don't want to misstep, especially when [trafficking in tax shelters can mean jail](#).



Daniel Adams (Image via movies.yahoo.com)

That may be what [Richard Dreyfuss](#) and others were thinking when they saw a [Massachusetts film tax credit](#) deal go up in smoke. [Daniel Adams](#) pleaded guilty to larceny, a false filing with the Massachusetts Department of Revenue and procuring the preparation of a false tax return. See [Director Daniel Adams Sentenced to Prison for Tax Credit Fraud](#). Adams was sentenced to 3 years in prison and 10 years probation. Plus, he was ordered to pay over \$4 million in restitution. See [Movie Director Pleads Guilty to Massachusetts Film Tax Credit Fraud](#).

Like many film tax credits, this one hoped to bring movies to the state. But Adams overstated expenses, including how much he paid to Richard Dreyfuss for starring in [The Lightkeepers](#). Another questioned movie was [The Golden Boys](#), starring Bruce Dern, David Carradine, Rip Torn and Mariel Hemingway.

Adams may have forgotten the fundamentals. Whatever the tax rule, you can **say** you paid one figure when you **really** paid another. The IRS, state and local tax authorities will notice. See [IRS Wins Tax Shelter Trifecta](#). And when they do, the treatment can be severe.

An [Iowan judge](#) sentenced Minnesota film producer Wendy Weiner Runge to a whopping 10 years in prison over the Iowa film credit. See [When Too Good Tax Deals Become Fraud](#). The Iowa program promised big tax credits—a whopping 50% of production costs—to filmmakers. But the credits were widely transferred, with filmmakers swapping credits for cash to those having Iowa tax liabilities.

It wasn't even clear that the production costs were legitimate. Audit figures showed film budgets padded with expensive and unneeded items that were really being financed with the tax credits. See [Iowa Film Tax Credit Program Racked By Scandal](#). Be careful out there.

For more, see:

[When Too Good Tax Deals Become Fraud](#)

[Avoid IRS Hit List Of Tax Scams](#)

[Don't Look For \(Tax\) Shelter Under Wells Fargo Wagon](#)

[Paying Taxes Pennies On The Dollar](#)

[How Bad Is Your Tax Shelter?](#)

[British Lawyer Nabbed at JFK For Helping Americans Hide Swiss Accounts](#)

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