Forbes



Robert W. Wood THE TAX LAWYER

TAXES | 3/29/2013

IRS Problems That Land Even Jailers In Jail

Tax filing season is upon us. Every year at this time a few tax stories scare the bejesus out of us. Reports of who got caught and what happened to them make others fly a little straighter and truer when doing their taxes.

Seeing these accounts around tax time could make you queasy about some of your more debatable write-offs. Criminal cases are especially frightening. When it comes to the IRS, no one is above the law. Even the police.



Former Chief of Police of the City of Pittsburgh Nathan E. Harper (Image via Facebook)

The former Chief of Police of the City of <u>Pittsburgh</u> Nathan E. Harper was indicted for conspiracy and willful failure to file income tax returns. The indictment claims Harper failed to file federal tax returns for 2008 through 2011. See <u>Pittsburgh Ex-Chief Is Likely to Admit His Guilt</u>.

According to the indictment, he diverted about \$70,000 from the Police Department. Then he allegedly withdrew more than \$31,000 for his personal benefit. This is serious, but Mr. Harper is innocent until proven guilty. Even if he is convicted, he is better off that he did not file false returns. Why?

There's a big difference between filing false returns and failing to file. Filing falsely is more serious. That was one of the lessons of the Wesley Snipes trial. In 2008, Snipes was convicted of three misdemeanor counts of failing to file tax returns. Filing falsely is a felony.

Considering that Snipes was acquitted of felony charges, he got a hefty sentence (three years). After all, he was only convicted of misdemeanors. He reported to prison on December 9, 2010.

You must file a tax return each year with the IRS if your income is over the requisite level. See <u>Ten Tax Protestor Claims To Avoid</u>. If an adviser leads you astray by ranting that taxes are unconstitutional or making similar claims, the fact that you were misled may not keep you out of jail. It didn't work for Snipes though it did appear he was advised to do what he did.

Speaking of jail, fighter <u>Nick Diaz</u> recently said, "I've never paid taxes in my life and I'll probably go to jail." See <u>Nick Diaz Says He Doesn't Pay Taxes</u>. It was unclear whether he meant he had not filed returns or simply has no money to pay. In the latter case he clearly won't go to jail. Tax debts don't land you in jail. See <u>Tax Lessons From Fighter Nick Diaz</u>. At least not yet....

Robert W. Wood practices law with <u>Wood LLP</u>, in San Francisco. The author of more than 30 books, including Taxation of Damage Awards & Settlement Payments (4th Ed. 2009 with 2012 Supplement, <u>Tax Institute</u>), he can be reached at <u>Wood@WoodLLP.com</u>. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.