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Lionel Messi Doesn't Read Contracts Or Taxes Before Signing. Why You Should Pay Attention To The Fine Print

As Spain's high-stakes criminal tax trial of [Lionel Messi](#) and his father continues, one of Messi's defenses is that he didn't read the documents. With over \$70 million in annual income, [Messi is #4](#) of top earning athletes according to [Forbes](#). Yet, he and his father Jorge Horacio Messi could still face jail. [Messi's claims that he never looks at the contracts he signs](#) may ring true, but is that enough? That defense usually isn't enough with the IRS, even in court.

Messi and his father are accused of using offshore shell companies to avoid taxes on 4.16 million euros (\$4.7 million) of Messi's income. It did not help that Messi's name came up again in the Panama Papers. Plus, the 'I didn't know' defense can be a tough sell. Most people—even U.S. lawmakers—do not prepare their own tax returns. The client *should* review the return, and the return preparer should *ask* the client to verify that all figures are correct, that the correct boxes are checked, and so on.



Lionel Messi. (JOSEP LAGO/AFP/Getty Images)

You must sign under penalties of perjury, and you clearly should review the return before you sign. But some taxpayers read almost nothing. Electronic filing has arguably made the problem worse. There's a marked contrast between the mechanics of paper vs. electronic. The taxpayer with traditional paper filing at least must *sign* the return before mailing, and that imports a certain amount of due diligence.

With e-filing, there is no signature in the traditional sense, for taxpayer or preparer. The taxpayer must sign a signature authorization form ([Form 8879](#)) that recites that the taxpayer has reviewed the electronic return, it is accurate, etc. But shortly before filing, changes may be made, and the authorization form may be signed days before. The final return may be significantly different from what the client saw.

Even if is true, the "I didn't read it" defense often does not work. Courts have consistently ruled that taxpayers have a duty to read their returns. As early as 1928, courts have held that the taxpayer still has a duty to read the return and make sure all income is included. See [Mackay v. Commissioner](#), 11 B.T.A. 569 (1928). Saying you relied on your tax adviser often fails too. Reliance on a tax preparer is not a defense to penalties if your cursory review of the return would have revealed errors. See [Metra Chem Corp. v. Commissioner](#), 88 T.C. 654 (1987).

One of Messi's biggest problems is secrecy, and that may be hard to mesh with claims that he did not know what was going on. For a famous person, of course, secrecy may not primarily be about taxes. In some cases it may not be about taxes at all. But still, as the Panama Papers have shown, secrecy in any context is viewed with increasing suspicion. Robo-signing may be too. It was used as a defense during the bank foreclosure crisis, and not always successfully. And it is even less likely to work with tax returns.

For alerts to future tax articles, email me at Wood@WoodLLP.com. This discussion is not legal advice.