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THE TAX LAWYER

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Man Pulls Submachine Gun Over 22¢ Tax: 'I'm Tax Exempt'

A Chicago man allegedly brandished a submachine gun in a store. No, he wasn't robbing it. He just didn't want to pay a 22-cent tax on a \$1.79 two-liter bottle of soda. Taxes are annoying, especially this time of year.

When told he had to pay the tax on his Pepsi, [officers claim the perpetrator](#) pulled a loaded gun from his Gucci satchel and began threatening to shoot everyone. The judge has ordered 36-year-old Nahshon Shelton held without bail. He faces charges for aggravated assault, unlawful use of a weapon by a felon, and having an invalid firearm owner's identification card.

Authorities say Mr. Shelton told police it "is my neighborhood, I'm tax exempt." And while some tax-exempt organizations these days may try to "self-declare" their tax exemptions to avoid the gauntlet of a Lois Lerner-like experience with the IRS, there's no suggestion that Mr. Shelton meant tax-exempt in that way.



KGP-9 submachine gun (Photo credit: Wikipedia)

Despite his reaction to Chicago's soda tax, such taxes have become popular. In fact, more are being proposed all the time. New York City even went a step further and tried an outright ban on large-sized sodas. As a consumer, I think we should be able to buy a big soda, rather than having to buy two small ones.

Still, a study [published](#) in Health Affairs says cutting back on sugared beverages would reduce deaths and serious illnesses, plus save billions in medical costs. But a tax is vastly better than a ban. Besides, we are used to regulating by taxing. And soda is an easy target.

Soda taxes are [sin taxes](#), targeting what legislators view as socially irresponsible behavior. They have the dual purpose of raising revenue and decreasing the targeted conduct. Sin taxes are really excise taxes, like those on alcohol, cigarettes and candy. They are indirect and technically imposed on producers or sellers.

But as a practical matter, they are usually passed on to buyers. Like sales tax, only more targeted. Services can be targeted too. A 10% federal tanning tax went into effect in 2010, and was projected to raise \$2.7 billion over 10 years from the nation's 20,000 indoor tanning salons.

Taxes keep the wheels of government moving too. The tanning tax produced [government regulations](#) and line-drawing about how fees should be divvied up between tanning and other services. These arcane rules help keep tax lawyers busy too. If you can lawfully avoid some taxes somewhere by reshuffling your affairs, why not?

Remember the proposed tax on cosmetic surgery? Also dubbed the Botox tax, the proposed 5% excise tax was buried in the massive health care bill. It became controversial and was dropped, but tanning was taxed instead.

Then there's the ripple effect in the legal system. After paying \$8 for a soda and a box of candy, a Michigan man filed a class action suing AMC Theatres for price gouging he claimed violated Michigan's Consumer Protection Act. [Read](#) it and weep.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.