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THE TAX LAWYER

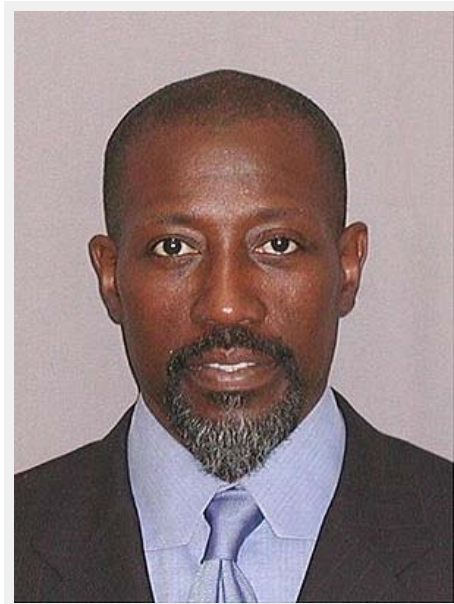
TAXES | 4/05/2013

# Wesley Snipes Freed--Tax Lessons Remain

Wesley Snipes is out of prison. [TMZ](#) broke the story that the Federal Bureau of Prisons quietly released him April 2. He's not in the wind, though, but was transferred to the New York Community Corrections Office for home confinement until July 19th. [Death and Taxes](#) has photos of the halfway house. See [Wesley Snipes released from prison, under house arrest](#).

What a ride it's been, starting in 2006. Mr. Snipes was [convicted of three misdemeanor counts](#) of failing to file tax returns in 2008. Sentenced to [McKean Federal Correctional Institution](#), a medium-security prison in Pennsylvania, he reported December 9, 2010. He finished at the adjacent prison camp, a minimum security [Club Fed](#) as inmate number 43355-018.

During 1999 through 2001, Snipes avoided \$7 million in taxes but I'll bet he would have paid it willingly had he known what was coming. Whatever you may think of Mr. Snipes, it seems clear he was led astray. Snipes followed an



Mug shot of Wesley Snipes. (Photo credit: Wikipedia)

accountant and an anti-tax advocate down a dangerous path, but it was still his responsibility.

The advisers [claimed](#) they did not legally have to pay taxes. One of Snipes' original defenses was that he was relying on Eddie Ray Kahn and Douglas P. Rosile. They were convicted by the same jury of tax fraud and conspiracy and both got longer prison terms than Mr. Snipes. Still, Snipes must have been surprised by the trial, which was shorter than anticipated.

Snipes was such a well-known figure and high earner—about \$40 million from 1999 to 2004—that not paying taxes was hard to fathom. The big victory for Snipes was that he was acquitted of felony tax fraud and conspiracy and only convicted of misdemeanor charges. See [Wesley Snipes Turns 50 In Prison But Didn't File False Tax Return](#). But that meant up to 3 years, which he got.

Snipes appealed, argued his sentence was unreasonable, and even claimed he couldn't get a fair trial in Ocala, Florida because of his race. Even the U.S. Supreme Court turned him down. Post prison, I imagine Mr. Snipes might dispense the following advice, though these are my assumptions, not his words:

**Don't Argue Our Tax System is Voluntary.** This is self-explanatory. Forget it.

**Don't Use Off-beat Definitions of Income.** Don't argue wages, tips, and other compensation received for personal services are not income. Avoid saying Federal Reserve Notes are not income or that only foreign-source income is taxable, making domestic income exempt. This has variations, but this is what ensnared Mr. Snipes.

**Don't Argue Over Terms in the Tax Code.** Avoid arguing that a taxpayer is not a "citizen" of the U.S. and thus not subject to tax laws. Avoid claiming the U.S. consists only of the District of Columbia, federal territories, and federal enclaves. Don't argue that only employees of the federal government are subject to federal income tax.

**Steer Clear of Constitutional Claims.** Arguments based on the First, Fifth, Thirteenth and Sixteenth Amendments to our Constitution include such "nice try" claims as: Taxpayers can refuse to pay income taxes on religious or

moral grounds by invoking the First Amendment; Federal income taxes constitute a “taking” without due process; and compelled compliance with federal income tax laws is servitude violating the Thirteenth Amendment.

**Don't Assert Fictional Legal Theories.** Avoid these “fictional” claims: The IRS is not an agency of the U.S. (You lose.) Taxpayers are not required to file a federal income tax return because the instructions to [Form 1040](#) and tax regulations don't display an OMB control number as required by the [Paperwork Reduction Act](#). (No again.) Don't claim you're a church. Don't buy “untaxing” trusts or other deals that sound like [infomercials](#).

**Be Careful Relying on Others.** This may be the most important lesson of all. If something sounds too good to be true, it may be. Stay free, Wesley.

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