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Decoding The Tax Law

Now that Congress has passed the [Plain Writing Act](#), will tax law be easier to understand? Probably not, but such feel-good laws may make people feel more comfortable with government. While plain writing may help some government agencies, will it help the IRS? Not so much. But that's hardly their fault.

Unfortunately, our federal income tax system is so inherently complex that a few [plain English sentences](#) are not likely to make much difference. In recognition of the inherent complexity of taxes, there's even an [exemption](#) in the [plain writing law](#) for income tax regulations. In fact, until we have a flat tax, federal income tax law is not likely to become significantly more user-friendly.

All of the complexity in our tax system, in turn, may actually facilitate unscrupulous behavior that preys upon taxpayers. [Wesley Snipes](#) claimed he was innocently duped by errant tax advisers, and a jury agreed. Snipes was ultimately acquitted of tax fraud and conspiracy charges, but found guilty of failure to file returns. The [Libertarian Party](#) is now speaking out in his defense stating:

“The tax code is incredibly vague and open to interpretation. In fact, the ‘law’ is largely written by IRS bureaucrats. If they decide the law says one thing, you’re OK; if they decide it’s something else, then you’re headed for prison.”

This hyperbole aside, there's a natural tendency for taxpayers to want to lawfully reduce their tax burden. It's as American as apple pie. See [Gordon Gekko Tax Moves](#). On the fringe, this contributes to all manner

of tax reduction attempts, so be wary. Take the so-called [tax decoder](#) idea one man had (yes, this may hearken back to the decoder ring you always wanted as a kid).

According to a recent government complaint seeking an [injunction](#), David Miner promotes a decoder scheme claiming to be able to “decode” and “fix” IRS records of your account to block the IRS from collecting your taxes. Miner allegedly charges each customer \$1,800 and claims to have helped more than 2,000 customers stop paying taxes.

The [lawsuit](#), filed in the U.S. District Court for the Middle District of Florida, alleges that Miner has a second tax scheme promoting a “pure trust” to avoid federal income taxes, conceal assets, and stop IRS collection efforts. The Tax Division of the Justice Department pursues injunctions in cases of this sort to try to stop the bleeding to the tax system from such schemes.

Whatever you do and whatever kind of taxpayer you are (business, individual or charity), be a good consumer when it comes to tax advice. Be wary of “products” that promise unrealistic and too-good-to-be-true tax results. As with [pennies on the dollar tax relief deals](#), be careful.

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