



## Robert W. Wood

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### Should IRS Dare To Speak “Tax Protestor” Name?

You may think this is a tempest in a teapot but it’s not to some. Surely no one likes to pay taxes, even if Joe Biden does think it’s [patriotic](#). Yet no one wants to be called a tax protestor either. The IRS waged a decades-long war with those denying its authority.

Name-calling became a big issue. In [1998](#), Congress prohibited the IRS from labeling individuals as “illegal tax protesters.” In fact, Congress ordered the IRS to purge the “protester” code from the computer files of 57,000 Americans.

However, IRS employees continue to use the epithet in their case narratives. So says a recent report issued by the Treasury’s watchdog [Treasury Inspector General for Tax Administration](#) in a report with the ungainly title: “[Fiscal Year 2011 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations](#).”

The report says the continued use of “Illegal Tax Protester” and similar designations can stigmatize taxpayers, causing IRS employees to be biased against them. Out of approximately 3.6 million records and cases, the report found 38 instances in which 34 employees had referred to taxpayers as “Tax Protester,” “Constitutionally Challenged,” or other similar designations.

Whatever you call them, anyone who makes frivolous tax arguments may have to pay big time. In general, if the IRS finds your argument or tax position “frivolous,” it means a 20% accuracy-related penalty (under Internal Revenue Code [Section 6662](#)); and a whopping 75% civil fraud penalty ([Section 6663](#)). A frivolous position on an amended return asking for money back can trigger a 20% erroneous claim for refund penalty ([Section 6676](#)).

If you file your return late with frivolous positions, the usual penalties (for fraudulent failure to timely file an income tax return) can be **tripled** up to another whopping 75% ([Section 6651\(f\)](#)). Moreover, apart from tax returns, frivolous **other** tax forms can trigger penalties too. There’s a \$5,000 penalty for frivolous tax returns ([Section 6702](#)) and you can be **separately** penalized even for sending seemingly innocuous tax forms.

How does a normal taxpayer know what’s frivolous? The IRS publishes its [own list of frivolous positions](#). Still, there are more people than you might imagine who make these arguments.

Take [Scott Grunsted](#), whose Tax Court case was just decided. He claimed his wages weren’t taxable, claiming zero income and asking for a refund of all amounts withheld from his pay. His argument: the Federal Government can only tax income that is federally connected and not from the private sector.

Nice try, but that’s a frivolous argument, said the IRS. The Tax Court agreed and ruled that frivolous return penalties were valid.

For more, see:

[Ten Tax Protester Claims To Avoid](#)

[To Avoid Fate Of Wesley Snipes, Skip Tax Protester Arguments](#)

[Ten Ways To Audit Proof Your Tax Return](#)

*Robert W. Wood practices law with [Wood & Porter](#), in San Francisco. The author of more than 30 books, including *Taxation of Damage Awards & Settlement Payments* (4th Ed. 2009, [Tax Institute](#)), he can be reached at [wood@woodporter.com](mailto:wood@woodporter.com). This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*