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Tax Lessons From Fighter Nick Diaz

In the press conference following his recent fight loss by unanimous decision to UFC welterweight champion Georges St-Pierre in Montreal, [Nick Diaz](#) said, “I’ve never paid taxes in my life and I’ll probably go to jail.” See [Nick Diaz Says He Doesn’t Pay Taxes](#). It’s hard not to notice and hard not to grimace. The IRS watches too and picks up on such things—if they already didn’t know all about it.

Exactly what he meant wasn’t clear. His statement could mean several very different things. Maybe Diaz has filed tax returns but simply has no money to pay. In that case he clearly won’t go to jail. Tax debts don’t land you in jail.

But filing false returns or failing to file is another matter. Here’s where there are big differences depending on which way you transgress. Filing falsely is a good deal more serious than failing to file. If Diaz hasn’t filed he could be much better off than if he filed falsely.

That was one of the lessons of the Wesley Snipes trial. In 2008, Snipes was [convicted of three misdemeanor counts](#) of failing to file tax



LAS VEGAS, NV - FEBRUARY 01: Nick Diaz works out for the media and fans during the UFC 143 open workouts at Mandalay Bay Events Center on February 1, 2012 in Las Vegas, United States. (Image credit: Zuffa LLC via Getty Images via @daylife)

returns. Filing falsely is a felony. In fact, Snipes got a fairly hefty sentence (three years) considering that he was only convicted of misdemeanors.

He reported to prison on December 9, 2010. He was initially sentenced to [McKean Federal Correctional Institution](#), a medium-security prison in northwest Pennsylvania. He is now at the adjacent minimum security prison camp.

You must file a tax return each year with the IRS if your income is over the requisite level. The U.S. taxes all income wherever you earn it. Stay away from crazy arguments.

- **Example:** You file your original return April 15 and state you aren't subject to income taxes because they are unconstitutional. You had better file an amended tax return properly reporting your income and paying your tax before the IRS contacts you. See [Ten Tax Protestor Claims To Avoid](#).

Once you've filed your return, you can't be prosecuted for failing to file an amended return, even though something may happen after you file that makes clear your original return contained mistakes. Yet if you knew the return was inaccurate when you filed it you should amend it to make it accurate without delay.

The IRS rarely brings up an originally filed return in audits or criminal prosecutions once the taxpayer comes forward and attempts to correct it by filing an amended return. But to take advantage of this rule you need to be proactive. You need to make the correction before the IRS finds your error.

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