



News Release

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IRS DEBUNKS FRIVOLOUS TAX ARGUMENTS

WASHINGTON – The Internal Revenue Service has published a new 25-page legal summary addressing false arguments about the legality of not paying taxes or filing returns.

For years, unscrupulous promoters and others have made frivolous arguments about the legality of the income tax. Some enrich themselves at the expense of their followers, who find they have no legal ground to stand on when they follow this bad advice.

To debunk these assertions, IRS chief counsel has prepared a summary addressing the most frequent frivolous arguments. "The Truth About Frivolous Tax Arguments," now available on the IRS Web Site at www.irs.gov not only lays out the assertions of the false arguments, it also provides a summary of the law and relevant legal decisions involving these false claims.

The most common frivolous arguments fall into six categories.

- **FILING A RETURN AND PAYING TAXES ARE NOT VOLUNTARY** – Some mistakenly assert that the voluntary aspect of the tax system - allowing taxpayers to determine the correct amount of tax and fill in the appropriate tax forms – applies to the system as a whole. Numerous court decisions demonstrate that this contention is false.
- **THE MEANING OF "INCOME" IS NOT IN DOUBT** – Some have asserted that wages, tips and other compensation are not income. Others have maintained that income refers to money from a foreign source. Still others put forward deceptive arguments that Federal Reserve Notes are not currency. These contentions have repeatedly not held up in court.
- **THE DEFINITION OF BASIC TERMS LIKE "TAXPAYER" ARE NOT IN DOUBT** – Some have sought to contend that terms used in the tax code, such as "taxpayer," "United States," "person," or "employees," can be defined in ways that can exempt individuals from paying taxes. These assertions have been rejected by the federal courts.
- **THE CONSTITUTION, INCLUDING THE 16TH AMENDMENT, DOES ALLOW A FEDERAL INCOME TAX** – Opponents of the income tax have come up with a series of spurious Constitutional arguments to support their decision to not pay taxes or file a return. The federal courts, however, have rejected these claims. The 16th Amendment, instituting the income tax, was properly ratified by the states. The income tax is not a "taking" of property without due process of law. Filing a return does not constitute "self-incrimination," nor is complying with tax law a form of "servitude."

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- NO LEGAL FLAWS INVALIDATE THE IRS OR TAX FORMS – Some have contended the IRS was not properly created by Congress. Others argue that the Form 1040 fails to comply with other laws regarding federal paperwork. Promoters promulgate many fictitious legal bases for not paying taxes, the ability to claim non-existent credits or the “right” to a refund of Social Security taxes. Such arguments have found no support in court.
- NO “UNTAXING” PACKAGES OR TRUSTS PROVIDE A WAY TO PERMANENTLY AVOID FILING RETURNS OR PAYING TAXES – Promoters of such schemes supposedly teach individuals how to remove themselves from the federal tax system on the basis of many of the frivolous arguments already mentioned. Those selling these schemes have been subjected to criminal penalties. Taxpayers who purchased and followed these schemes have found themselves paying civil penalties for failure to pay their taxes or file a return. Many have also incurred penalties for filing inaccurate or frivolous returns.

“The Truth About Frivolous Tax Arguments” can be viewed at www.irs.gov under the Tax Info For You section. The direct link is www.irs.gov/ind_info/friv_tax.pdf on the World Wide Web.

For related information, visit the IRS Criminal Investigation Web Site at www.treas.gov/irs/ci/index.htm.

For those who persist in making frivolous arguments, even getting “their day in court” can be costly. In the 1980s, Congress concerned about taxpayers misusing the court, enacted a law allowing the courts to impose a penalty of up to \$25,000 when they deem a taxpayer’s argument frivolous. For more information, see IRS News Release 2001-59.

During the last four fiscal years, federal prosecutors have convicted more than 1,000 who failed to file a tax return. The average sentence for those incarcerated was more than three years.

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