



IR-2014-51: IRS Debunks Frivolous Tax Arguments

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IRS Debunks Frivolous Tax Arguments

WASHINGTON – The Internal Revenue Service today released the [2014 version](#) of “The Truth about Frivolous Tax Arguments.” The document describes and responds to some of the common frivolous tax arguments made by those who oppose compliance with federal tax laws. The cases cited demonstrate how frivolous arguments are treated by the IRS and the courts. The 2014 version includes numerous recently-decided cases that demonstrate that the courts continue to regard such arguments as illegitimate.

Examples of frivolous arguments include contentions that taxpayers can refuse to pay income taxes on religious or moral grounds by invoking the First Amendment; that the only “employees” subject to federal income tax are employees of the federal government; and that only foreign-source income is taxable.

Frivolous Arguments appeared on the IRS annual “[Dirty Dozen](#)” list of tax scams that was released on February 19.

Promoters of frivolous schemes encourage taxpayers to make unreasonable and outlandish claims to avoid paying the taxes they owe. While taxpayers have the right to contest their tax liabilities, no one has the right to disobey the law or disregard their responsibility to pay taxes. The penalty for filing a frivolous tax return is

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\$5,000. The penalty is applied to anyone who submits a tax return or other specified submission, if any portion of the submission is based on a position the IRS identifies as frivolous.

Those who promote or adopt frivolous positions also risk a variety of other penalties. For example, taxpayers could be responsible for an accuracy-related penalty, a civil fraud penalty, an erroneous refund claim penalty, or a failure to file penalty. The Tax Court may also impose a penalty against taxpayers who make frivolous arguments in court.

Taxpayers who rely on frivolous arguments and schemes may also face criminal prosecution for attempting to evade or defeat tax. Similarly, taxpayers may be convicted of a felony for willfully making and signing under penalties of perjury any return, statement, or other document that the person does not believe to be true and correct as to every material matter.

Persons who promote frivolous arguments and those who assist taxpayers in claiming tax benefits based on frivolous arguments may be prosecuted for a criminal felony.

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