



# Anneken, Huey & Moser<sup>PLLC</sup>

Certified Public Accountants

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Here's the Tax Beat broadcast for April 8

Subject Line: No Taxation Without Exasperation

On December 16, 1773, a group of colonists dressed as Mohawk Indians stormed three ships in Boston Harbor and dumped 342 chests of British East India Company tea into the water. The haul was worth about \$1.7 million in today's dollars — which, if nothing else, makes your \$7 latte look like a bargain. The Boston Tea Party wasn't really about tea, of course. It was about taxes. Specifically, the Tea Act of 1773, which gave the East India Company a tax-free monopoly on colonial tea sales while everyday merchants still had to pay. The colonists still loved their tea. They just hated a system that felt rigged.

That instinct — the urge to say “I'm not paying for this” when the government does something you don't like — has never really gone away. It just traded tricorne hats for TikTok.

Tax resistance has been a recurring feature of American life for roughly 250 years. Henry David Thoreau spent a night in a Concord jail in 1846 for refusing to pay his poll tax to protest the Mexican-American War. (His aunt bailed him out. Philosophers rarely do well in lockup.) Quakers have been withholding war-related taxes since before the Revolution. During Vietnam, thousands of Americans redirected their federal tax dollars to peace organizations or simply refused to file. And today, interest is surging again. The National War Tax Resistance Coordinating Committee, an educational nonprofit founded in the early 1980s, saw its website traffic jump from about 40,000 unique visitors per year to more than 110,000 in a single *month* earlier this year.

Here's the part where we dump cold harbor water on the romance of it all.

The IRS doesn't care why you didn't pay. Moral objections, religious convictions, philosophical principles, a really compelling TikTok — none of it matters. Federal courts have an unbroken record of backing the IRS against tax resisters, routinely shooting them down as frivolous. In some instances, they tack on extra penalties just for trying.

And those penalties add up faster than tea crates sink in Boston Harbor. Skip filing entirely and you're looking at a failure-to-file penalty of 5% of your unpaid taxes for every month you're late, up to 25%. File but don't pay, and there's a separate failure-to-pay penalty of 0.5% per month, also capped at 25%. Both come with interest. File a return without enough information to calculate the correct tax, and the IRS can hit you with a \$5,000 penalty for a “frivolous tax return” under the Internal Revenue Code. And if the agency decides your underpayment looks more like fraud than forgetfulness? That's a 75% civil fraud penalty, with no statute of limitations. The IRS can come knocking decades later.

It gets worse. The government can garnish your wages, seize your bank accounts, slap a lien on your property, and offset future refunds. During fiscal year 2024 alone, the U.S. Sentencing Commission reported roughly 360 federal criminal cases involving tax fraud. Those included tax evasion and willful failure to file, among other charges.

We get it. Nobody loves writing a check to the government. But there's a big difference between disagreeing how Uncle Sam spends your tax dollars and handing the IRS a reason to make life miserable. The colonists at least got a country out of the deal. You'll just get a collections notice — and probably not even a good story. So before you dump your 1040 into the harbor, call us. We'll find the tax savings hiding in your return that are perfectly legal, completely boring, and require no disguise.

Kevin

