

Avoidance, Evasion, and Planning



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Any one may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern which will best pay the Treasury; there is not even a patriotic duty to increase one's taxes.

— Learned Hand

A taxpayer may engineer his transactions to minimize taxes, but he cannot make a transaction appear to be what it is not.

— Irving Loeb Goldberg

I'm spending a year dead for tax reasons.

— Douglas Noel Adams

The legal right of a taxpayer to decrease the amount of what otherwise would be his taxes, or altogether avoid them, by means which the law permits, cannot be doubted.

— George Sutherland

[I]t is not the [Canadian] courts' role to prevent taxpayers from relying on the sophisticated structure of their transactions, arranged in such a way that the particular provisions of the Act are met, on the basis that it would be inequitable to those taxpayers who have not chosen to structure their transactions that way Unless the Act provides otherwise, a taxpayer is entitled to be taxed based on what it actually did, not based on what it could have done, and certainly not based on what a less sophisticated taxpayer might have done.

— Beverley McLachlin

Over and over again courts have said that there is nothing sinister in so arranging one's affairs as to keep taxes as low as possible. Everybody does so, rich or poor; and all do right, for nobody owes any public duty to pay more than the law demands: taxes are enforced exactions, not voluntary contributions. To demand more in the name of morals is mere cant.

— Learned Hand

[T]here is nothing wrong with a strategy to avoid the payment of taxes. The Internal Revenue Code doesn't prevent that.

— William H. Rehnquist

Anybody who does not minimise his tax wants his head read. [*i.e.*, should go to a psychiatrist.]

— Kerry Packer

Nowhere on any tax form does it say you can't be crafty.

— Nuveen Investments
(advertisement)

There's no line on the tax return that asks, "What are you not telling us?"

— Robert Goulder

A taxpayer need not arrange its affairs so as to maximize taxes as long as the transaction has a legitimate business purpose.

— Cornelia G. Kennedy

[I]t is axiomatic that taxpayers lawfully may arrange their affairs to keep taxes as low as possible. Nevertheless, at the same time the law imposes certain threshold duties which a taxpayer may not shirk simply by manipulating figures or maneuvering assets to conceal their real character.

— Morton I. Greenberg

Avoidance of taxes is not a criminal offense. Any attempt to reduce, avoid, minimize, or alleviate taxes by legitimate means is permissible. The distinction between evasion and avoidance is fine yet definite. One who avoids tax does not conceal or misrepresent. He shapes events to reduce or eliminate tax liability and upon the happening of the events, makes a complete disclosure. Evasion, on the other hand, involves deceit, subterfuge, camouflage, concealment, some attempt to color or obscure events, or making things seem other than what they are.

— Internal Revenue Service

Tax-motivated behavior ought to be discouraged This is because tax planning produces nothing of value to society. It may benefit the taxpayer whose taxes are reduced, but the social product is not increased.

— Martin J. McMahon Jr.

The tax code is a road map for law-abiding citizens and businesses to pay what they fairly owe, not an obstacle course to be gamed and gotten around.

— Max Baucus

[T]he very wealthy, because they can afford tax lawyers and all kinds of loopholes, really don't pay nearly as much as you think they do.

— John McCain

The really rich people figure out how to dodge taxes anyway.

— George W. Bush

Shall we devote the few precious days of our existence only to buying and selling, only to comparing sales with the sales of the same day the year before . . . only to seek pleasures and fight taxes, and when the end comes to leave as little a taxable estate as possible as the final triumph and achievement of our lives? Surely there is something finer and better in life.

— Julius Rosenwald

In tax shelter transactions, an elaborate series of formal steps is contrived to lead to an unreasonably beneficial tax result, usually flowing from some defect or ambiguity in the tax law.

— Peter C. Canellos

[T]ax shelters [involve] uncommon combinations of steps, the claimed tax consequence of which might be correct as a technical matter, but in totality producing a tax outcome which is absurd and unintended

— George K. Yin

[Definition of a corporate tax shelter:] A deal done by very smart people that, absent tax considerations, would be very stupid.

— Michael J. Graetz

[A tax shelter] is a deal done by very smart people who are pretending to be rather stupid

— David P. Hariton

The best definition of a “tax shelter” is a transaction that has *higher* rate of return after tax than before tax.

— Calvin H. Johnson

When I was a young tax associate, a tax partner told me that there were about 20 pages in the Internal Revenue Code and about 50 pages of Treasury Regulations that boiled down to one sentence: “If you are in the real estate business, and if you have a good tax lawyer and a good accountant, you don’t pay taxes.”

— Jeffery L. Yablon

Tax planning is driven by the fact that under a non-neutral tax law, transactions or arrangements whose economic differences are minor can have significantly different tax consequences.

— James W. Wetzler

The law should not be such a [sic] idiot that it cannot prevent a taxpayer from changing the historical facts from year to year in order to escape a fair share of the burdens of maintaining our government. Our tax system depends upon self assessment and honesty, rather than upon hiding of the pea or forgetful tergiversation.

— Ferdinand F. Fernandez

In America, in 1913, an income tax law was passed and the rich have been devising tax dodging rackets ever since.

— Elliot Paul

There is an organized tax cheaters lobby.

— Robert S. McIntyre

There is no moral argument for cheating on taxes, especially calculated cheating that requires the use of tax professionals and planning. If you do not like our tax system, then work to elect a different Congress.

— David Cay Johnston

[M]any tax officials and scholars believe that the biggest noncompliance issues exist at lower income levels, especially in sole proprietorships and in the cash economy generally.

— Marjorie E. Kornhauser

The rich, indeed, are different from the rest of us; they have shiftier tax lawyers.

— Jim McTague

At the heart of every abusive tax shelter is a tax lawyer or accountant.

— Charles Grassley

Rendering tax advice often involves moral considerations.

— Dennis J. Ventry Jr.

By the late 1970s, the vast majority of the public had come to believe that everybody else was engaging in tax avoidance or outright tax evasion.

— Michael J. Graetz

Everybody thinks that the other guy is beating the tax code, and they're being suckered. They are the schnooks, and the other people are getting away with it.

— Alan Blinder

Being told over cocktails that someone had used arguably legal means to avoid paying taxes, someone less sophisticated might reasonably feel foolish and justified in resorting to illegal means to evade taxes.

— Charles E. McLure Jr.

Hating the Yankees is as American as pizza pie, unwed mothers, and cheating on your income tax.

— Mike Royko

The American people as taxpayers have begun in wholesale numbers to cheat, out of resentment of a tax system they think is unfair, too complicated and wasteful of their money. The so-called underground economy is growing rapidly — people working for cash only, reporting nothing, paying nothing.

— David Brinkley

There is plenty of evidence to suggest that we are facing a rising tide of corporate and individual behavior that makes going to any lengths to not pay taxes an acceptable activity.

— Larry R. Levitan

According to a Gallup Organization poll, 64% of the public think that at least half of all big-company executives cheat on their taxes.

— *The Wall Street Journal*

Where there is at least a general suspicion of much unnecessary expense, and great misapplication of the public revenue, the laws which guard it are little respected.

— Adam Smith

We'll try to cooperate fully with the IRS, because, as citizens, we feel a strong patriotic duty not to go to jail.

— Dave Barry

Tax Returns Prepared — Honest Mistakes Are Our Specialty.

— Apocryphal Chicago Storefront Window Sign

In America, if you cheat on your taxes your neighbor won't talk to you. In Italy, they'll ask you how you did it.

— Beppe Severgnini

[O]bserving the evident perversity of public life, its general atmosphere of free-for-all in every department, the average Italian is tempted to feel that tax evasion is his inalienable right.

— Tim Parks

Unless the government is standing right next to me doing one-third to one-half of my labor, they don't have a right to one-third or one-half of my compensation. There is no law that compels me to file a tax return. I have a choice, as every American has a choice.

— Lynne Meredith

[T]here is no law that requires Americans to pay taxes, but the government and the media have tricked people into thinking they have to pay.

— Nick Jesson

There have always been individuals who, for a variety of reasons, argue that various taxes are illegal. They use false, misleading, or unorthodox tax advice to gain followers The promoters of this tax advice often charge hefty fees or commissions to subscribe to their philosophies. Unfortunately, in the end, you may pay more in penalties, interest, and legal fees for following their bad advice. Their philosophies have led to the financial ruin of innocent taxpayers deceived by false information. Believe it or not — a number of individuals who market these ideas actually pay taxes.

— Internal Revenue Service

No man in this country is under the smallest obligation, moral or other, so to arrange his legal relations to his business or to his property as to enable the Inland Revenue to put the largest possible shovel into his stores.

— Lord Clyde

Methods of escape or intended escape from tax liability are many. Some are instances of avoidance which appear to have the color of legality; others are on the borderline of legality; others are plainly contrary even to the letter of the law.

All are alike in that they are definitely contrary to the spirit of the law. All are alike in that they represent a determined effort on the part of those who use them to dodge the payment of taxes which Congress based on ability to pay. All are alike in that failure to pay results in shifting the tax load to the shoulders of others less able to pay, and in mulcting the Treasury of the Government's just due.

— Franklin D. Roosevelt

During his first term in office, [President Franklin D. Roosevelt] repeatedly claimed that he was exempt from the high tax rates on personal income that Congress had enacted — and Roosevelt had approved — in the revenue acts of 1934 and 1935.

In a series of letters to internal revenue officials, Roosevelt insisted that he could not be taxed at the heavy rates imposed on rich taxpayers during the mid-1930s. Article II, section 1 of the Constitution forbids any reduction in the president's compensation during his term in office, Roosevelt pointed out. Since the new rates enacted in 1934 and 1935 effectively reduced that compensation, they could not be applied to the president's salary.

— Joseph J. Thorndike

Anybody has a right to evade taxes if he can get away with it. No citizen has a moral obligation to assist in maintaining the government. If Congress insists on making stupid mistakes and passing foolish tax laws, millionaires should not be condemned if they take advantage of them.

— J. Pierpont Morgan

Hitler owed tax but didn't pay He was constantly challenging tax office rulings on his income tax between 1925 and 1932 After taking power he didn't pay tax anymore.

— Klaus-Dieter Dubon

Why would any U.S. citizen wish to go through the time and expense required to establish an offshore account unless it was for the evasion of taxes or the hiding of funds?

— John Mathewson

At least in the United States, conservative politicians cheating on their spouses is similar to liberal politicians cheating on their taxes. The hypocrisy is so rank. And you can depend upon seeing it fairly often.
— Jeffery L. Yablon

It does not surprise anyone when I tell them that the most important tax haven in the world is an island. They are surprised, however, when I tell them that the name of the Island is *Manhattan*. Moreover, the second most important tax haven in the world is located on an island. It is a city called *London in the United Kingdom*.
— Marshall J. Langer

Switzerland is a respectable developed European country that acts like a tropical island that feeds off tax evasion by U.S. citizens. Switzerland is a rich country because its currency is propped up by the conversion of tax evaders' euros and dollars into Swiss francs. Tax evasion banking is the mainstay of the Swiss economy.
— Lee A. Sheppard

There is a sizable and statistically robust association between being a tax haven and the presence of high-quality government institutions.
— James Hines

Campione is an island measuring only one square mile in Lake Lugano (Italy). The Italian tax authorities do not enforce taxes on the worldwide income of foreigners establishing residence there. Residency is established by renting, buying, or acquiring a time-share in a property.
— Ronen Palan

We cannot allow an environment to develop where wealthy individuals can go offshore and avoid tax without consequence. We cannot allow an environment where large corporations can pay hefty fees and salaries for top talent to engage in overly aggressive shifting of taxable activities to low tax jurisdictions.
— Douglas Shulman

Everyone is entitled to conduct their financial affairs in privacy, but secrecy laws which facilitate tax evasion are completely unacceptable.
— Dave Hartnett

I was just not thinking when I signed my tax return [omitting 25 million dollars in income].

— L. Dennis Kozlowski

Dear Tax Commissioner: Three years ago I cheated on my taxes. Since then I have been unable to sleep at night. Enclosed is \$5,000. If I still can't sleep, I'll send you the rest.

— Anonymous

Avoid falsehoods like the plague except in matters of taxation, which do not count, since here you are not lying to take someone else's goods, but to prevent your own from being unjustly seized.

— Giovanni Morelli

History shows that when the taxes of a nation approach about 20% of the people's income, there begins to be a lack of respect for government When it reaches 25%, there comes an increase in lawlessness.

— Ronald Reagan

The British government tolerates the offshore financial industry on the assumption that it brings more money into Britain by channeling more expatriate and foreign wealth into London than is taken out by people working tax dodges.

— *The Economist Magazine*

There's no question that it's more fun to do business while relaxing on the beach of some Caribbean paradise than while cooped up in your office back home. But there's more to the offshore world than the sunny climate. There's freedom and privacy beyond your wildest imagination. Off come the shackles of government regulation and the handcuffs of excessive taxation.

— Jerome Schneider

Taxpayers who neglect paying tax on offshore income out of ignorance must be educated. Taxpayers who do it on purpose need to be scared.

— Martin A. Sullivan

There is a deep anger against those who use offshore jurisdictions to evade U.S. taxes.

— Carl Levin

Due to difficulties in establishing source income, residency has become the standard principle of worldwide taxation of corporations. The residency principle has proved to be a great boon to tax havens, since companies and banks find it beneficial to shift as much of their operations as possible to low- or zero-tax regimes.

— Ronen Palan

As a citizen, you have an obligation to the country's tax system, but you also have an obligation to yourself to know your rights under the law.

— Donald C. Alexander

If you are truly serious about preparing your child for the future, don't teach him to subtract — teach him to deduct.

— Fran Lebowitz

What kind of financial shape are you in right now? This scientific quiz will show you. Be honest in your answers: If you lie, you'll only be lying to yourself! The place to lie is on your federal tax return.

— Dave Barry

In the United States we have observed that there are two Internal Revenue Codes — one for Wall Street and one for Main Street. Wall Street can afford and often needs the services of sophisticated tax lawyers. Main Street often can't and doesn't.

— Sheldon I. Banoff

The history of Wall Street and tax accounting rules is that Wall Street always complains about new rules until its denizens figure out how to abuse them.

— Lee A. Sheppard

To collect all the taxes owed — that is, to close the tax gap — is an impossible task.

— Berdji Kenadjian

The avoidance of taxes is the only intellectual pursuit that still carries any reward.

— John Maynard Keynes

Accounting is no longer a way to provide an accurate and unified view of a company's finances. Instead, it has become a means to an end. For the public books, the goal is to achieve smooth and steady earnings growth that will lift the value of the company's stock For the IRS, the goal is the exact opposite — keeping income, and thus taxes, to a minimum.

— Alan Murray

[I]n the area of taxation, it is often difficult to determine where business ends and the law begins.

— Ellen Bree Burns

Just as there is an underground economy of gardeners and handy-men and petty merchants who get paid in cash and pay little or no tax, there is also an underground economy among the super rich that lets them understate their true income and overstate their tax deductions.

— David Cay Johnston

Our entire tax system is threatened by the existence of tax avoidance techniques that are only available to the wealthy in our society.

— Barbara Kennelly

The ancient Egyptians built elaborate fortresses and tunnels and even posted guards at tombs to stop grave robbers. In today's America, we call that estate planning.

— Bill Archer

The fairer and lower tax rates are, the less tax evasion, avoidance and noncompliance there will be.

— Arthur B. Laffer

Too many business decisions are made on the basis of tax consequences rather than what makes good business sense.

— Harold Igaloff

[Under the tax laws] a corporation is like a lobster pot: it is easy to enter, difficult to live in, and painful to get out of.

— Boris I. Bittker and James S. Eustice

Never let the tax tail wag the economic dog.

— Laura Peebles

We cannot ignore the reality that the tax laws affect the shape of nearly every business transaction.

— Donald Korb

[T]o base all of your decisions on tax consequences is not necessarily to maintain the proper balance and perspective on what you are doing.

— Barber Conable

The puzzle of tax compliance is why people pay taxes instead of evading them

— Lars P. Feld and Jean R. Tyran

I do not want you ever to initiate any action for any refunds of taxes without first consulting me and presenting the matter fully to me so that I may judge whether it is an honorable and ethical action to take, not simply legally, but according to my own personal standards.

— Ernest Hemingway

Paying taxes is not a battle aiming at the government's defeat.

— Theodore C. Falk

A tax return is an attested document. It is signed by the taxpayer and the preparer under penalties of perjury. It is not an opening offer.

— Lee A. Sheppard

He [the tax lawyer] is a *citizen* as well as a *tax advisor*.

— Randolph Paul

Tax lawyers spend about a third of their time converting ordinary income into capital gain.

— Walter Blum
(attributed)

As the tax laws get tighter, the tax lawyers get smarter.

— Anonymous

If lawyers were restrained in preparing and filing tax returns on behalf of clients, clients would shop around for lawyers who ignored the restraints.

— Dennis J. Ventry Jr.

[L]awyers of high standing at the bar are advising their clients to utilize devious tax avoidance devices, and they are actively using them themselves.

— Henry E. Morgenthau Jr.

[T]he [tax] lawyer's passion for technical analysis of the statutory language should always be diluted by distrust of a result that is too good to be true.

— Boris I. Bittker and James S. Eustice

Every day well-trained, well-paid and highly motivated tax professionals have been launching vicious attacks on the tax base and they have had considerable success.

— Calvin H. Johnson

The tax lawyer need not accept his client's economic and social opinions, but the client is paying for technical attention and undivided concentration upon his affairs. He is equally entitled to performance unfettered by his attorney's economic and social predilections.

— Randolph Paul

A healthy tax base allows the government to collect the same tax at lower rates. A loophole-ridden tax base is the worst of all worlds because it realizes no revenue, but causes economic damage as taxpayers plan around the tax.

— Calvin H. Johnson

Most tax planning adds little or nothing of worth to our society Tax lawyers perform a legitimate role of interpreting the law, instructing clients in the sometimes bizarre requirements the law imposes to get a given tax treatment, and planning transactions to avoid the occasional warts in the system. It is an honorable profession, and I am a proud member of it. But let's not kid ourselves that most tax planning is productive.

— David A. Weisbach

The less chance you have of successfully defending your income tax return, the greater the chance it will be randomly selected for audit.

— John Peers

It is often not enough for tax advisers to take the current law into account. In many situations, they must also consider their clients' exposure to the risk of change.

— Franklin L. Green

Those who have large estates and watchful lawyers will find ways of minimizing these tax burdens.

— Robert H. Jackson

A tax system of rather high rates gives a multitude of clever individuals in the private sector powerful incentives to game the system. Even the smartest drafters of legislation and regulation cannot be expected to anticipate every device.

— Stephen F. Williams

Antiabuse doctrines are needed . . . because it is impossible for drafters of the tax law to anticipate each and every interaction of the various tax rules. Inevitably, there will be some unforeseen interaction of the tax rules so that, if one arranges one's affairs in just the right manner, magic happens.

— Daniel N. Shaviro and David A. Weisbach

The primary motive behind demands for certainty [in tax laws] is not to assure proper reporting of transactions in the ordinary course of business. The primary motive behind demands for certainty is to know with precision the extent to which the taxpayer can engage in tax-motivating planning — in the vernacular, “How close to the line can I get?”

— Martin J. McMahon Jr.

[W]here the lawyer believes there is a reasonable basis for a position that a particular transaction does not result in taxable income, or that certain expenditures are properly deductible as expenses, the lawyer has no duty to advise that riders be attached to the client’s tax return explaining the circumstances surrounding the transactions or the expenditures.

— American Bar Association
Committee on Ethics

Tax evasion often goes hand-in-hand with kick-backs and other crimes motivated by greed.

— Mark Everson

Tax evasion is closely related to money laundering [T]ax evasion is a natural byproduct of crime, and so criminals are near-automatic tax evaders.

— Martin A. Sullivan

Drug traffickers are also money launderers and tax evaders. It’s in their job description. You can’t really declare a few million pesos of unexplained income on your tax return and list “drug lord” as your occupation. Besides, the moral threshold that’s crossed by falsifying tax returns is nothing for people who regularly bribe police, kidnap judges, and slit the throats of informants.

— Robert Goulder

The difference between tax avoidance and tax evasion is the thickness of a prison wall.

— Denis Healey

If a person is an economic being and figures out the odds, then there is a very high incentive to cheat. That is, of course, putting aside honor, duty and patriotism.

— Jerome Kurtz

Tax avoidance means that you hire a \$250,000-fee lawyer, and he changes the word “evasion” into the word “avoidance.”

— Franklin D. Roosevelt

[R]elying on the legal and accounting professionals to prescribe appropriate standards of practitioner conduct . . . is an idea whose time has surely passed.

— Michael J. Graetz

Distinguishing tax shelters from real transactions is often a frustrating exercise because tax shelters are usually designed to mimic real transactions. In this respect, tax shelters and real transactions have a relationship analogous to the relationship between money laundering and banking. In both areas, rules designed to curb the abusive activity are a source of complexity in nonabusive cases.

— Peter C. Canellos

Liberals claim to support affirmative action but don’t practice it. They support higher taxes but set up complicated tax shelters to avoid paying them. They claim to be ardent environmentalists but abandon their cause when it impinges on their own property rights.

— Peter Schweizer

The argument that “if everyone cheated on their tax returns, we would all suffer,” understandably dissuades almost no one from cheating. On the contrary, tax evaders are quite certain that nearly everyone else is cheating, and it is precisely this fact that serves as their justification for doing the same.

— Dennis Prager and Joseph Telushkin

[A] tax lawyer is a person who is good with numbers but does not have enough personality to be an accountant.

— James D. Gordon III

Finally, there is even the social notion that tax lawyers are an odd lot. If you don't want to end up being viewed as an oddball, conventional wisdom suggests you may be better off in another area of law.

— Robert W. Wood

People will pay you a lot of money if you pretend to know how the tax code works.

— Adele Valenzuela

A woman is told by her doctor that she has six months to live. "Is there anything I can do?" she asks.

"Yes, there is," the doctor replies. "You could marry a tax accountant."

"How will that help my illness?" the woman asks.

"Oh, it won't help your illness," says the doctor, "but it will make that six months seem like an eternity!"

— Old Joke

Dear Prof. Cox: What I have learned in your course is that federal income tax is extraordinarily complicated; and when I go into business I'll be sure to hire someone who knows what he's doing in this area.

— Unnamed Student at Harvard Business School

Look, we [baseball team owners] play the Star Spangled Banner before every game. You want us to pay income taxes, too?

— Bill Veeck

[T]o a fee-maximizing tax professional, the Internal Revenue Code of 1986, as amended, is merely a platform waiting for energetic entrepreneurs to construct a superstructure of previously unimaginable complexity.

— Boris I. Bittker

He [the tax lawyer] must treat his client better than he treats other people.

— Randolph Paul

Just let 'em feel that you can save 'em something on taxes and nobody will keep you out.

— Warren Buffett

It's time we tell the bar associations and the IRS to shove their opinions up their cash cows.

— James Traficant

[T]he worst thing about [the week before tax returns are due] may not be the taxes themselves, but the commiserating rhetoric of the politicians who, having created the present tax system, will spend the next few days deploring it as if it were the handiwork of strangers.

— *The Washington Post*

Congress should know how to levy taxes, and if it doesn't know how to collect them, then a man is a fool to pay the taxes.

— J. Pierpont Morgan

We have a tax code that favors those with the best accountants.

— Shane Keats

[Headline:] Tax Planning May Be Futile

— Albert B. Crenshaw

Nontaxation doesn't help the poor residents of the cash economy. The low tax rate causes employees to migrate to the cash sector; that causes before-tax wages in the sector to fall, and before tax-wages in the noncash sector to rise. At equilibrium, the after-tax return to the employee is the same in either sector.

— Joseph Bankman

Let the tax experts employed by the wealthy work a little harder to figure the proper tax obligation of their clients rather than working hard to enable their clients to avoid their fair burden of tax obligation.

— Walter Reuther

Once he has taken a case, the tax lawyer is obligated to present arguments even though they may contribute to tax avoidance or conflict with his own notions of what the law should be.

— Randolph Paul

Sixty-four percent of women attorneys think that tax lawyers make undesirable dates.

— Daniel Dolan

[It] was like listening to a tax lawyer read the lyrics to a love song. All the words were there, nothing was inaccurate, but all the sizzle was gone.

— Patricia Thomas

It seems to me that there must be an ecological limit to the number of paper pushers the earth can sustain, and that human civilization will collapse when the number of, say, tax lawyers exceeds the world's total population of farmers, weavers, fisherpersons, and pediatric nurses.

— Barbara Ehrenreich

Law students who plan to practice in the tax field often take as few advocacy courses as they can get away with. In fact, the persuasive abilities of tax lawyers and tax accountants are probably about the same. Neither group is known for its advocacy skills.

— Joel S. Newman and Michael B. Lang

I always imagined that a client needs at least two tax advisors. One tells him what the law is. The other tells him what he wants the law to be. Then he can choose.

— Terence Floyd Cuff

We think the patenting of tax advice and tax strategies raises a number of difficult policy and practical issues. While the payment of taxes is mandatory, taxpayers are free to arrange their affairs within the bounds of the law in a manner that minimizes their legal liabilities for taxes. We do not believe that it is sound policy to force taxpayers to choose between paying more tax than they are legally obligated to pay and paying royalties to a third party who has patented a tax strategy.

— Tax Section of the New York State
Bar Association

A dog who thinks he is man's best friend is a dog who obviously has never met a tax lawyer.

— Fran Lebowitz

In contrast with their European counterparts, most American tax lawyers and academics know little about comparative tax law.

— Victor Thuronyi

It is not in the best interests of any tax practitioner to keep a complicated tax system. We spend too much time interpreting confusing provisions and are often placed in the position of charging our clients so that they can pay more taxes. Often, the person with the more sophisticated adviser will pay more tax on a given transaction than the person who takes a stab at it themselves. This is the exact opposite of what the result should be.

— Ron Hegt

[My law firm] had a rule — at least it seemed to be a rule — that everybody that came had to spend at least a year working on taxes. The general rationale for that rule as far as I could understand it was that taxes were so important to everything that you do, whatever the kind of case you are handling, you have got to know something about the tax consequences of things.

— Charles A. Horsky

When a tax controversy erupts, it is common for clients to blame their tax advisors as well as the IRS for the aggravation they are undergoing; and, if the outcome of the tax controversy is that the taxpayer must write a sizable (as seen by the taxpayer) check to the IRS, it is also common for the client to feel that the tax advisor should somehow share or bear the cost of this disaster.

— Burgess J.W. Raby and William L. Raby

We spent much of the rest of the night in a driving, freezing rain probing the muck and pea soup mud with our bayonets and seeking to dig up and defuse booby-trapped antitank mines As I spent more time working with landmines and explosives, I learned three important principles:

- Be careful.
- Be very careful.
- Be very, very careful.

I also learned to assume that every weapon is loaded until you check it yourself and prove that it is not. Do not rely on what anyone else tells you. These are not bad principles for practicing tax law today.

— Terence Floyd Cuff

A tax adviser who instills confidence and trust in his or her client or corporate partner becomes highly valued. Indeed, the term guru is generally reserved for two types of individuals — spiritual guides for followers of Eastern religion and tax advisers for adherents of Western capitalism.

— Franklin L. Green

The reality is that most of us practicing tax today have long since compromised our integrity. But if we care about future generations we need to face the fact that tax practice turns our best and brightest into little more than well-paid tax cheats. [I question] whether it is even possible to be a person of integrity and still engage in a lucrative tax practice.

— Paul Streckfus

If a tax system is painted as unfair and immoral, if it is compared to slavery, if its administrators are accused of being abusive, it is only human nature that individuals will be more inclined to evade taxes.

— Martin A. Sullivan

Economic activity [in the late 1970s] was distorted by a witches brew of inflation and high taxes, which meant that speculators and tax lawyers got rich while the rest scrambled.

— Rich Karlgaard

It is seldom given to mortal man to feel superior to a tax lawyer.

— Anthony C. Amsterdam

A good lawyer with a briefcase can steal more than ten men with machine guns.

— Al Capone

[Game Show Host:] You're a genius.

[Contestant:] No, I'm a tax attorney.

— Regis Philbin and Bill MacDonald

The American public enjoys a love/hate relationship with tax laws. On the one hand, tax laws are viewed with some suspicion because they are so technically drafted as to become arcane in their effort at exactitude. On the other hand, the public is willing to pay a large premium to practitioners who can decipher the arcane and find loopholes.

— Stephen T. Black and Katherine D. Black

Of course I'm happy. I'm a tax lawyer — money's incredible.

— Alan Bennett
(*The History Boys* movie)

The purpose of the attorney-client privilege is expressed almost universally as promoting *compliance* with the law. Yet . . . [t]he larger social interest in facilitating compliance with law in a wide array of disciplines is not so clearly present when it comes to tax. Indeed it is rather difficult to articulate what may be the social interest in tax minimization While we may despair of the prospect of true tax simplification in our lifetimes, there are meaningful steps that can be taken in that direction. Elimination of the attorney-client privilege in all but criminal tax matters would be one such step.

— Bruce Kayle

With respect to tax advice, the same common law protections of confidentiality which apply to a communication between a taxpayer and an attorney shall also apply to a communication between a taxpayer and any federally authorized tax practitioner to the extent the communication would be considered a privileged communication if it were between a taxpayer and an attorney.

— *Internal Revenue Code*

Tax law is a funny thing. I think it fair to say that most CPAs know something about the federal income tax; many if not most lawyers do not.

— Bernard Wolfman

They rock, they roll, they audit, they do taxes, and they'll even play your next party, business function, wedding, bar mitzvah or IRS audit.

— Web site of "The Accounting Crows," a rock band

We have always been fascinated with the mysteries of the tax code and with the people who struggle so mightily to plumb its depths.

— Joel and Ethan Coen

[The accused] doesn't fit the stereotype of a tax lawyer, colleagues say, in part because of his youthful demeanor and affability.

— *The Wall Street Journal*

Who will protect the integrity of the tax law if the tax lawyers won't?

— Christopher Bergin

Then our new CEO backed up a moving van to the building and robbed us. At first we thought he was breaking the law, but he had a written opinion from his tax lawyer saying it was probably okay.

— Scott Adams
("Dilbert")

The First Rule of Practicing Tax Law: If someone has to go to jail, make sure it's the client.

— Fred Drasner

The tax lawyer assists clients solely with their selfish monetary concerns. He helps them in their unchristian endeavor to shift their tax burden to their neighbors. He deprives the government of revenue needed for the common good.

— Frederic G. Corneel

The tax bar is commonly referred to as a “special priesthood,” and it is only slightly more tolerant than the Catholic Church in ordaining women tax priests.

— Paul L. Caron

I think there is something desperately wrong with the system when there is only a small subset of people who understand how it works.

— Todd McCracken

There are few greater stimuli to human ingenuity than the prospect of avoiding fiscal liability. Experience shows that under this stimulus human ingenuity outreaches Parliamentary prescience.

— Lord Justice Diplock

If capital can move freely across borders, it will tend to leave high-tax countries to go to low-tax countries.

— Eric Engen and Kevin A. Hassett

[T]axes increase smuggling. Whether it’s cigarettes or corporate profits, stuff that moves easily over borders is hard to tax.

— Martin A. Sullivan

They [*i.e.*, welfare cheaters] are no more evil than industrialists using high-powered accountants to avoid taxes.

— Prince Philip,
Duke of Edinburgh

[W]hile I hate all forms of cheating, in my Inferno, tax evaders occupy a circle of their own. I see them not only as backsliders on their own civic responsibility but as stealing from their fellow citizens: The more successfully they escape what they owe, the more the rest of us have to pay. I take great satisfaction, therefore, in the fact that during my tenure as U.S. Attorney for the district of Massachusetts, every tax evader we prosecuted was convicted, and all of them went to jail.

— Elliot L. Richardson

[Making tax evasion a felony] destroys all proportion of punishment, and puts murders upon equal footing with such as are really guilty of no natural, but merely a positive offense.

— William Blackstone

It is sinful to deceive the government regarding taxes and duties.

— *Talmud*

Make sure you pay your taxes; otherwise you can get in a lot of trouble.

— Richard M. Nixon

I've never seen penalties be a deterrent factor in any action taken by a taxpayer.

— N. Jerold Cohen

[P]eople who profess to have high levels of trust in government to do the right thing are significantly less likely to engage in tax noncompliance.

— Joel Slemrod

The only purpose of the [taxpayer] was to escape taxation The fact that it desired to evade the law, as it is called, is immaterial, because the very meaning of a line in the law is that you may intentionally go as close to it as you can if you do not pass it.

— Oliver Wendell Holmes Jr.

In the interpretation of statutes levying taxes it is the established rule not to . . . enlarge their operations so as to embrace matters not specifically pointed out. In case of doubt they are construed most strongly against the government, and in favor of the citizen.

— James C. McReynolds

We have been mindful that for some businesses there is little, if any, meaningful difference between an improvement in financial performance achieved by cutting operating expenses and one that results from reducing taxes. Both reductions improve the financial statement. The tax law, however, requires that the intended transactions have economic substance separate and distinct from economic benefit achieved solely by tax reduction.

— David Laro

If you cheat [on your corporate taxes], your employees will notice that, and they'll cheat you.

— Anonymous Corporate Executive

A number of business owners told us that they or others limited evasion to cash received out of the presence of employees. One business owner told us that when employees were present, he made it a point to immediately enter the payment on the books. Ironically, the anecdotal evidence we received suggests that the biggest fear was not that employees would report them to the government — it was that when employees saw their employer cheat the government they would cheat their employer. Evasion was bad . . . because it set a poor moral tone for employees.

— Joseph Bankman

Here's a rule for stock pickers. If the company bilks investors and fools the analysts, it's a sell. If it bilks and fools Uncle Sam, it's a hold or a buy.

— John Rothchild

A business is nothing more than a conduit for passing along costs to its customers. Taxes are a cost, so tax avoidance is part and parcel of competition to bring consumers better stuff at lower cost.

— Holman W. Jenkins Jr.

Cheating on federal and state income tax is all pervasive in all classes of society; except among the compulsively honest, cheating usually occurs in direct proportion to opportunity.

— Richard Neely

Peter Ueberroth, while serving as commissioner of baseball, hired a former IRS agent to give talks to the players on the taxability of autograph income. Apparently, it didn't help enough. Some players walked out on shows if they saw receipts and tax forms. Many others signed only for cash.

— Joel S. Newman

Just because you have a briefcase full of cash doesn't mean that you're out to cheat the government.

— Pete Rose

We still have too many cases of what I might call *moral fraud*, that is, the defeat of taxes through doubtful legal devices which have no real business utility, and to which a downright honest man would not resort to reduce his taxes.

— Henry E. Morgenthau Jr.

Art museums do better [at raising money than animal charities]. And that's not charity. That's tax evasion.

— Gary Michelson

Tax evasion is not a form of conserving investment capital but a brazen abandonment of responsibility to the country.

— Bill Moyers

If taxpayers see everyone else getting away with murder, they will ask themselves if they want to be a chump or a cheat.

— Gregory F. Jenner

In sum, the accepted view is that the taxpayer, or the preparer, may sign a return as "correct" if he believes there is a reasonable possibility the return is not incorrect.

— Frederic G. Corneel

Congress did not intend that a person, by reason of a bona fide misunderstanding as to his liability for the tax, as to his duty to make a return, or as to the adequacy of the records he maintained, should become a criminal by his mere failure to measure up to the prescribed standard of conduct.

— Owen J. Roberts

There is hardly an American citizen above the poverty level whose tax conscience is so completely clear that he isn't scared of being audited.

— "Diogenes"
(nom de plume of an IRS agent)

Lie detector operators in North America often ask subjects if they cheat on their taxes. The reaction to this question is usually intense, which gives the polygraph operator an insight into the emotional responses of the subject. Since most people have cheated on their taxes, a negative answer gives the operator an indication of how the subject reacts when lying. European polygraph operators would not use this question because tax evasion is not a crime in many European countries, and even where it is, people do not consider it a moral wrong.

— Charles Adams

The greatest scourge of mankind, the detestable race of tax informers, must be stopped. We must stifle it in its first efforts and tear out the pernicious tongue of envy. Let not the judges receive . . . information of the informer; let them be given up to punishment as soon as any of them appear.

— Constantine

Individuals who resist taxation on grounds of principle always regard themselves as embattled men under threat, taking a great stand of right against wrong.

— William Brittain-Catlin

One information-reporting requirement added in 1986 required people to include on their tax returns Social Security numbers of all dependents over age two. This caused seven million dependents to disappear from the tax rolls.

— Michael J. Graetz

The tax code makes tax avoidance (which is perfectly legal and proper) easy; and tax evasion (which is a felony), tempting. After all, if the best place to hide a book is in a library, the best place to hide a tax dodge (legal, illegal, or somewhere in between) is in the depths of a tax return the size of one or more phone books.

— John Steele Gordon

Only little people pay taxes.

— Leona Helmsley
(attributed)

Of all the taxes I've paid, 90% of them were after I was 70.

— T. Boone Pickens

In religion as in taxation, the authorities' efforts to enforce compliance have historically been aided by the widely held belief in the severity of the ultimate consequences (hell or audit, as the case may be) but hampered by widely held doubts concerning their probability.

— J. Mark Iwry

For many, tax law is like the Ten Commandments. They pick eight out of the ten rules to follow, decide that they are doing a really commendable job, and just forget about the rest.

— Terence Floyd Cuff

[The tax evader is] in every respect, an excellent citizen, had not the laws of this country made a crime which nature never meant to be so.

— Adam Smith

To the extent that some people are dishonest or careless in their dealings with the government, the majority is forced to carry a heavier tax burden.

— John F. Kennedy

If we can't make sure that everyone pays their fair share, then honest taxpayers get stuck making up the difference.

— Paul H. O'Neill

Familiar bromides such as “taxpayers who cheat raise the burden on the rest of us” or “cheating on taxes is no different than any other form of theft” are either incorrect or don't match our considered moral intuition.

— Joseph Bankman

Everything today is taxes What better seat on the grandstand of life can I offer you than that of tax counsel Who is the figure behind every great man, the individual who knows his ultimate secrets? A father confessor? Hell no, the tax expert.

— Louis Auchincloss
(The Partners)

We feel the necessity of enjoying ourselves and so we must attempt to do so while we wear this hairshirt. If we go to the opera, it is not for enjoyment, but to be improved. If we visit European cities, it is to be cultured, not to enjoy ourselves Everything else we do is because it is tax deductible.

— Zero Mostel

In short, it is the ethic of the profession that: The tax practitioner does not regard it as his duty to recommend full and fair disclosure of the facts as to items questionable in law.

— Jerome Hellerstein

At present, a troubling fraction of the finest minds graduating each year devote their talents to financial engineering that changes the timing or characterization of business transaction for tax purposes. What a waste. Let's move to a tax based on real economic activity and channel these minds to a greater social purpose.

— Douglas Holtz-Eakin

[A] society which turns so many of its best and brightest into tax lawyers may be doing something wrong.

— Hoffman F. Fuller

What the low tax rate on capital gains does is spur a huge amount of unproductive tax sheltering. Wealthy individuals invest enormous sums in schemes to convert ordinary income into capital gains, often making investments that would make no sense absent the tax savings. Capital is drawn away from productive investments, hurting the economy. Similarly, the highly talented people who dream up tax shelters could, in a better world, do productive work.

— Leonard E. Burman

It's a game. We [tax lawyers] teach the rich how to play it so they can stay rich — and the IRS keeps changing the rules so we can keep getting rich teaching them.

— John Grisham
(The Firm)

The problem with practicing tax law is that the general rule never seems to apply to anything.

— Anonymous Tax Lawyer

Trying to control tax shelters is like stepping on Jell-O. It just squeezes out between your toes and the mess is worse than when you began.

— Anonymous Congressional Staff Member

[Without related-party rules, a taxpayer could] reduce his income tax by transferring his money from one pocket to another even though he uses different trousers. A man with a half-dozen pockets might almost escape liability altogether.

— John Marvin Jones

The tax bar is the repository of the greatest ingenuity in America, and given the chance, those people will do you in.

— Martin D. Ginsburg

So long as we have tax statutes, we will have keen-eyed lawyers and accountants seeking to circumvent them.

— Ferdinand Pecora

Attorneys and accountants should be pillars of our system of taxation, not the architects of circumvention.

— Mark W. Everson

Although new and clever techniques of getting around the tax rules in a legal manner will always be created, the system has evolved to the point that now only experienced tax professionals can play the game. Tax law is now like physics, in that it is no longer the case that smart amateurs can come up with good ideas.

— Jeffery L. Yablon

Every invasion of the plain rights of the citizen has a lawyer behind it. If all lawyers were hanged tomorrow, and their bones sold to a mah jong factory, we'd all be freer and safer, and our taxes would be reduced by almost a half.

— H.L. Mencken

From a tax point of view you're better off raising horses or cattle than children.

— Patricia R. Schroeder

The taxing act does not require the taxpayer to be an incorrigible optimist [with respect to worthless investments].

— Harlan F. Stone

The way we currently tax capital encourages uneconomical behavior. To the extent that businesses pay tax on income when it is earned, taxing the appreciation and distributions on the intangible assets held by investors (e.g., stock) represents double taxation. To the extent that we insist on imposing this double tax, we should not be surprised that investors enter into contorted financial transactions to lower the after-tax rate of return on their investments.

— Sheldon D. Pollack

[As Justice Potter Stewart said about pornography:] I can't define tax evasion, but I know it when I see it.

— Fred T. Goldberg Jr.

So what can you do to reduce your tax burden? The best way is to keep accurate financial records and thoroughly familiarize yourself with the applicable tax laws, so you can avail yourself of every legal advantage. Like you would ever do *that*. This leaves you with Option B: cheating.

— Dave Barry

Certain acts of tax escaping are clearly evasion; others are clearly avoidance; between the two is a twilight zone in which it is extremely difficult to determine whether a given act falls on one side of the line or the other.

— *National Income Tax Magazine*

The many small stockholders cannot afford professional counsel or evasion devices.

— Robert H. Jackson

The young century wore a merry, untaxed look. People could get rich without cheating the government.

— Ben Hecht

Let's face it, there is no discernable business reason to try to locate a transaction in a place like the Cayman Islands . . . nothing that purports to be resident in the Caymans is managed and controlled there, even if the principals do occasionally visit to conduct scripted board meetings.

— Lee A. Sheppard

If companies and individuals were required to completely relocate to tax havens, or if shipping companies had to relocate to flag of convenience states, then interest in taking advantage of tax havens or flags of convenience would have remained relatively insignificant What lawyers call "international tax planning" comes down to a plethora of accounting strategies aiming at exploiting legal loopholes that allow individuals and companies to shift residence without actually moving.

— Ronen Palan

Why shouldn't the American people take half my money from me? I took all of it from them.

— Edward A. Filene

The net worth method, it seems, has evolved from the final volley to the first shot in the Government's battle for revenue.

— Tom C. Clark

Today is the first day of the rest of your taxable year.

— Jeffery L. Yablon

I'm against an income tax because all the rich people hire lawyers and accountants to be sure that they don't pay income tax.

— Ann Richards

Business may pass on taxes.

— Stanley F. Reed

True, of course, it is that in a system of taxation so intricate and cast as ours there are many other loopholes unsuspected by the framers of the statute, many other devices whereby burdens can be lowered.

— Benjamin N. Cardozo

[Taxes cannot be escaped] by anticipatory arrangements and contracts however skillfully devised . . . by which the fruits are attributed to a different tree from that on which they grew.

— Oliver Wendell Holmes Jr.

Tax law . . . requires that the intended transactions have economic substance separate and distinct from economic benefit achieved solely by tax reduction.

— David Laro

Needless tax complexity promotes chaos and confusion and gives the taxpayer a ready excuse for inattention to detail merging toward outright noncompliance.

— Gene Steuerle

The fact that the incidences of income taxation may have been taken into account by arranging matters one way rather than another, so long as the way chosen was the way the law allows, does not make a transaction something else than it truly is.

— Felix Frankfurter

Delinquent taxpayers as a class are a poor credit risk; tax default, unless an incident of legitimate tax litigation, is, to the eye sensitive to credit indications, a signal of distress.

— Robert H. Jackson

An economy breathes through its tax loopholes.

— Barry Bracewell-Milnes

I know all those people [*i.e.*, tax evaders]. I have friendly, social, and criminal relations with the whole lot of them.

— Mark Twain

Tax evaders under-report the earnings of their legal enterprises, thereby paying less tax than they legally should. Criminals, by contrast, over-report the earnings of any legal enterprises they use for cover, therefore paying more tax than their legitimate front companies would normally be required.

— United Nations Report

That a great reluctance to pay taxes existed in all the colonies, there can be no doubt. It was one of the marked characteristics of the American People long after their separation from England.

— G.S. Callender

From colonial times to the present, the struggle for freedom in the United States has been intertwined with protests against taxation.

— Marjorie E. Kornhauser

The Inland Revenue is not slow — and quite rightly — to take every advantage which is open to it under the taxing statutes for the purpose of depleting the taxpayer's pocket.

— Lord Clyde

If you don't drink, smoke, or drive a car, you're a tax evader.

— Thomas S. Foley

A rate of interest on tax delinquencies which is low in comparison to the taxpayer's borrowing rate — if he can borrow at all — is a temptation to use the state as a convenient, if involuntary, banker by the simple practice of deferring the payment of taxes.

— Robert H. Jackson

An Englishman's home is his tax haven.

— *The Economist Magazine*

There can be no taxation without misrepresentation.

— J.B. Handelsman

[W]hile a taxpayer is free to organize his affairs as he chooses, nevertheless, once having done so, he must accept the tax consequences of his choice, whether contemplated or not, . . . and may not enjoy the benefit of some other route he might have chosen to follow but did not.

— Harry Blackmun

When . . . a taxpayer is presented with what would appear to be a fabulous opportunity to avoid tax obligations, he should recognize that he proceeds at his own peril.

— Morton I. Greenberg

Tax scams are cyclical in nature. An abusive strategy that is discovered and then prohibited by a change in the law will eventually resurface after a few years in a slightly modified form.

— Jay D. Adkisson

It scarcely lies in the mouth of the taxpayer who plays with fire to complain of burnt fingers.

— Lord Greene

The avoidance of tax may be lawful, but it is not yet a virtue.

— Lord Denning

If at first you don't succeed, take the tax loss.

— Kirk Kirkpatrick