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Best Tax Excuse Ever? 'Phobia Of Bureaucracy'

If you cheat on your taxes, file late or commit another offense, you don't want to say your dog ate your tax return or receipts. Some [tax excuses](#) work better than others, but no excuse gets you out of paying taxes entirely. Still, some excuses can obviate penalties, and some can even avoid criminal liability.

Relying on a professional tax adviser is a classic excuse. It may be the most common way taxpayers establish 'reasonable cause' for an error. It works well, although sometimes there are [IRS penalties despite reliance on an adviser](#). How about 'my software made me do it?'

I used to think the [TurboTax defense](#) was silly, but no more. It made former Treasury Secretary [Tim Geithner](#) famous. His example prompted regular Joe Taxpayers to try the TurboTax defense too. After a string of cases in which it failed, the Tax Court embraced it in [Olsen v. Commissioner](#).



Remember the “[I forgot](#)” defense popularized by Steve Martin on Saturday Night Live? It’s unlikely to be effective. Mental or substance abuse problems stand a better chance. There’s even case law treating mental problems or substance abuse as a [defense](#) to criminal tax charges.

Of course, even [civil penalties](#) can be whoppers. There’s the 75% civil fraud penalty and the 100% trust fund recovery penalty for payroll taxes. To help get you out of a tax jam, a medical or psychiatric disability can do the trick.

For example, one IT consultant avoided going to jail by claiming he committed tax fraud because he was bipolar. See [IT worker spared jail after he blames £130000 tax fraud on bipolar disorder](#). But even better is my current favorite, from France, no less. There, a junior French minister failed to pay income taxes for three years.

Why? He had a phobia of [France](#)’s mass of bureaucracy. Yes, Thomas Thevenoud, even had to resign from his trade minister post only nine days after his appointment. Oh, he failed to pay rent on his Parisian apartment for the same reason.

Turns out this syndrome called “administrative phobia” might turn into an epidemic in France. We might even get some in the U.S. too. The man has become a laughing stock in France. Calls for reform don’t exactly cover it up either.

In fact, he was fired just nine days later after it was discovered that he had “problems of conformity with his taxes”. That’s sweet, especially considering that Mr. Thevenoud has criticized Swiss bank account holders. But with all this, you have to marvel at his pluck. “I can be accused of negligence ... but not of dishonesty,” he wrote in an article [published on his website](#).

The ex-minister is even refusing to give up his parliamentary seat. Of course, maybe that’s just because of his ‘administrative phobia.’

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.