

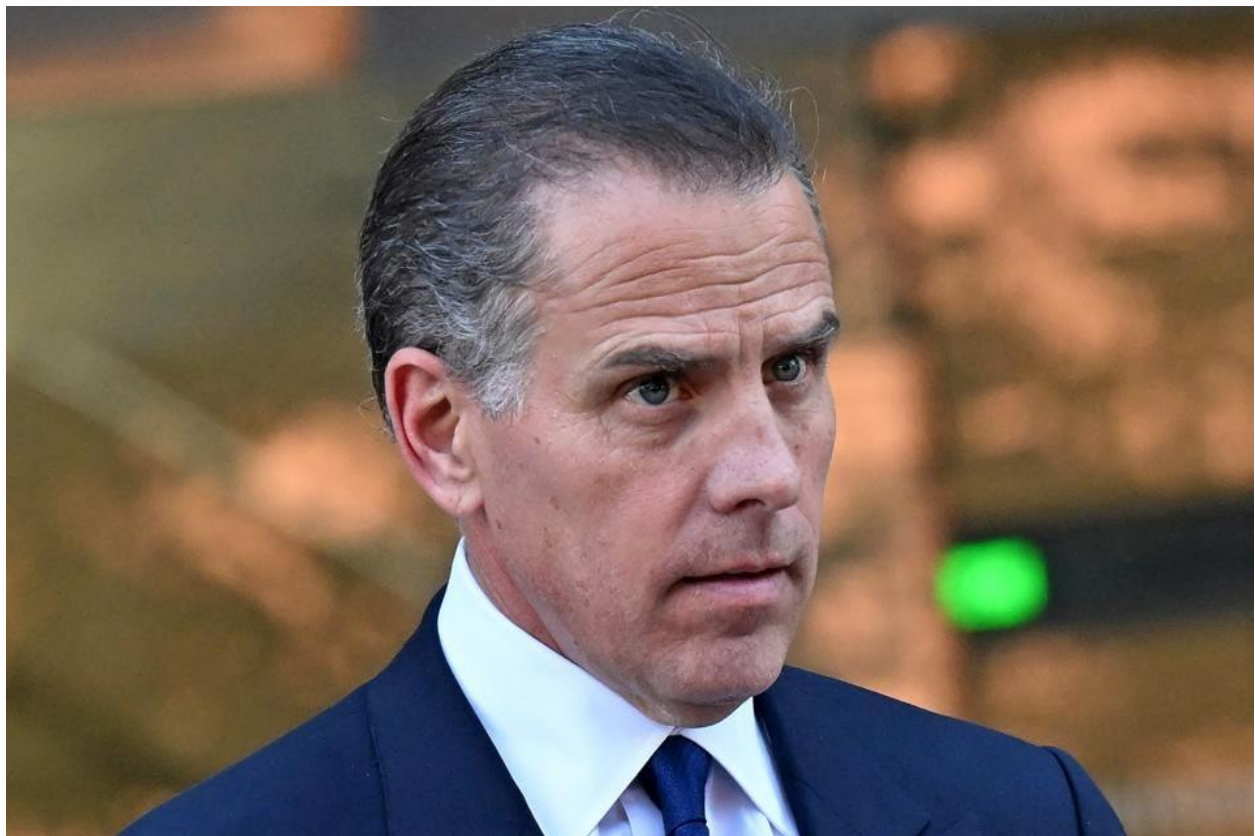


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Hunter Biden Pleads Guilty To Nine Tax Charges, Tax Lessons Emerge



Hunter Biden has pleaded guilty in federal court to nine criminal tax charges, comprised of three felony tax offenses and six misdemeanor tax offenses. The judge has scheduled sentencing for December 16, 2024. At sentencing, Mr.

Biden faces a maximum penalty of 17 years in prison, although that harsh a sentence seems unlikely. As a reminder, Mr. Biden *also* still faces potential prison time on *gun* charges. Theoretically, the punishment could be up to 25 years in prison and up to \$750,000 in fines. Again, though, these kinds of sentences seem seem unlikely.

Even though Mr. Biden has now plead guilty, the Justice Department official news release announcing [Robert Hunter Biden's conviction on nine criminal tax offenses](#) still trumpets the following about the charges in the indictment. It said that Mr. Biden chose not to pay at least \$1.4 million in federal taxes he owed for 2016 through 2019. Notably, these taxes were 'self-assessed,' meaning that Mr. Biden himself claimed that he owed these amounts on his tax returns. The amount due was not the result of an audit, he simply did not pay over the funds to the IRS—and used the money for other expenses instead.

The charges went on to say that he evaded taxes and filed a false return for 2018. The nine-count indictment against Biden said that he:

- withdrew millions outside of the payroll and tax withholding process from his own company, subverting the payroll and tax withholding rules;
- rather than paying his taxes, he spent millions of dollars on an extravagant lifestyle;
- he still owed overdue taxes due for 2015, but he stopped making payments on them in 2018;
- willfully failed to pay his 2016, 2017, 2018 and 2019 taxes on time, even though he had funds to be able to pay some or all of the taxes due;
- willfully failed to timely file his 2017 and 2018 tax returns; and

- on the return for 2018 that he filed very late, he reported false business deductions in order to falsely claim that he owed less money.

There are some simple tax lessons here of nearly universal application:

Don't Forget To Pay IRS, And Don't Pay Late

In most cases, if you have trouble paying taxes that you admit you owe, it does not turn into a criminal case. And when failing to pay is criminal, it is often charged as a misdemeanor. Mr. Biden was charged with failure to pay (tax years 2016, 2017, 2018, and 2019) and failure to file (tax years 2017 and 2018). A misdemeanor failure to pay can be escalated to a felony in some cases, and the issue here appears to be Mr. Biden's lavish spending on things *other* than taxes.

Report Your Income, File Your Return On Time

You must file a tax return each year with the IRS if your income is over the requisite level. Don't forget, and don't be late either, even if you can't pay what you owe. File anyway, and you can work out payments later. The statute of limitations on audit—usually three years and sometimes six years—can't even *begin* to run until you file your return. So file, and remember, the U.S. taxes all income wherever you earn it.

Avoid Lavish Lifestyles

It's bad enough if you are skirting your tax obligations. But, if you are doing that and simultaneously living lavishly, it can look even worse. It is hard to say what was the biggest issue in Hunter Biden's criminal tax problems, but it might be this one. It is a common theme of big-ticket criminal tax cases. When

the defendant is living very large but not paying his or her taxes, it can be a perfect storm.

Make Sure Your Return Is Accurate

Failing to file is bad, but filing false returns can be worse. Tax returns must be signed under penalties of perjury. The criminal law seems to set that pecking order. Remember, Wesley Snipes was [convicted of three misdemeanor counts](#) of failing to file tax returns, and misdemeanors carry lower penalties than felonies. Filing falsely is a felony. You have to file, but make your return as complete and accurate as you can.

Don't Obstruct IRS Or Be Evasive

Don't engage in evasive or obstructionist behavior in any dealings with the IRS. Many taxpayers in a civil audit seem to think that they can outsmart the IRS or manipulate the government to come out ahead. Moving money around so the IRS doesn't find it, creating shell companies, and similar actions, can land you in big trouble. That doesn't mean you have to agree with everything the IRS says in an audit. However, there is an established way of proceeding, and an above-board way to communicate with the IRS. Deception and obstruction are not the way.

Don't Be 'Willful'

Willfulness is a voluntary, intentional violation of a known legal duty. The IRS cares about this a lot. You may not have *meant* any harm or to cheat anyone, but that may not be enough. Besides, in some cases mistakes are hard to argue were truly innocent. The failure to learn of filing requirements, efforts to conceal, etc., may mean that a violation was willful. Even willful blindness, a

kind of conscious effort to avoid learning about reporting requirements can be enough.

Be Transparent

Hiding things nearly *always* looks bad. You might have good reasons to hide things from competitors, an ex-spouse, etc. But don't hide from the *government*. Even if there is a good reason to hide ownership from the public, make sure the ownership is not hidden from the *government*. Report your entities on your tax return, and file returns for them where required.

Check out my [website](#).