

Chapter 1

Screw the IRS by understanding their statistics

According to the most recent Census issued in April of 2021, the U.S. Resident Population is slightly over 331 Million Americans. According to the IRS www.irs.gov/statistics, an average of 147 Million, or 44% of the American population, file Individual Tax Returns each year.

From petitioning the US Tax Court about my mother's fraudulent under-reporting of Dad's Estate as \$8,033,511, refuted by her \$14 Million spending spree since 2013, I learned there are two IRS Divisions in America:

1. There's the IRS Division the 147 Million Individual Tax Return Filers experience. This is the demanding, threatening IRS that penalizes filers for filing late, owing a few thousand to the IRS, not collecting and remitting payroll taxes, etc. This IRS sends demand letters that threaten levies against taxpayer' bank accounts and real property ownership, to compel taxpayer compliance.
2. There's the IRS Division that governs the 11,000 annual wealthy filers whom file 706 Estate Tax Returns. This IRS branch doesn't enforce its own Regulations. Wealthy 706 Estate Tax Filers are not a priority to IRS Commissioner Chuck Rettig.

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If you are wealthy, Screwing the IRS is easy!

When a wealthy Filer like my mother filed a fraudulent 706 Estate Tax Return on September 30, 2014 claiming under Penalty of Perjury that Dad's Estate was \$8,033,511, her fraudulent return was reviewed by the IRS Division that doesn't enforce any regulations. As IRS Criminal Investigations Supervisory Special Agent Patrick Brandon of Maitland, Florida told me in 2020:

“John, the IRS is not going to put an 80 Year Old Tax Evasion Fraudster in handcuffs, even if they ripped off the IRS for millions.”

One would think that the IRS would enforce its Tax Collection Regulations equally. If the IRS is vigilant against 147 Million Individual Taxpayers, particularly when middle income taxpayers fall behind and owe the IRS, shouldn't the IRS be consistently vigilant against the wealthy who likewise owe the IRS?

To understand how the IRS selectively enforces its regulations depending on the filer's wealth and income, look no further than the IRS' own statistics. These statistics are available to the public on the IRS' website: www.irs.gov/statistics. On its website, you can learn IRS Statistics on a wide variety of subjects. For the context of this book, I explore the relevant IRS statistics on Individual and 706 Estate Tax Returns only.

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What is a 706 Estate Tax Return and whom files it?

A 706 Estate Tax Return is required to be filed when the gross estate exceeds \$5.12 Million (2013). This climbed to \$5.25 Million in 2014, the year mother filed the 706 Estate Tax Return for Dad’s Estate. In 2021, the gross estate increased to \$11.7 Million.

The “gross estate” is calculated by adding up estate assets. So if a relative died in 2013 and had over \$5.25 Million in cash, stocks, bonds, annuities and real estate, as my father did, than the heir(s) of the deceased relative would be required to file a 706 Estate Tax Return, and possibly pay Estate Tax, depending on the total Estate Value and the allowable deductions.

Figure 1.

706 Estate Tax Returns Filed in 2013--2014 by Top 11 States									
Gross Estate--2014					Gross Estate--2013				
Rank	State	2014 Estate Value		2014 Estate Tax Due		2013 Estate Value		2013 Estate Tax Due	
		706 Filers	Avg. Estate	706 Filers	Avg. Estate Tax	706 Filers	Avg. Estate	Filers	Avg. Estate Tax
	Total all states	11,931	\$14,208,527	5,158	\$3,177,593	10,568	\$13,124,966	4,687	\$2,702,533
1	California	2,212	\$13,682,380	1,053	\$3,049,609	1,766	\$14,279,799	838	\$3,108,839
2	Florida	1,427	\$19,110,643	634	\$4,314,410	1,240	\$15,885,652	569	\$4,071,610
3	New York	1,056	\$14,326,081	457	\$3,247,289	907	\$17,063,444	370	\$2,522,673
4	Texas	752	\$16,853,815	325	\$4,717,797	683	\$12,318,514	292	\$2,594,945
5	Illinois	484	\$12,550,182	249	\$2,817,357	540	\$10,107,863	193	\$1,708,021
6	Massachusetts	301	\$20,126,216	112	\$3,943,107	273	\$11,473,469	121	\$2,462,066
7	Missouri	173	\$28,320,827	69	\$4,693,159	191	\$11,421,843	81	\$2,494,827
8	Pennsylvania	413	\$11,482,218	147	\$2,458,313	350	\$14,468,520	141	\$3,825,418
9	New Jersey	367	\$10,928,341	145	\$1,838,572	351	\$10,180,368	111	\$2,029,532
10	Ohio	322	\$10,295,404	126	\$2,480,238	223	\$13,751,978	89	\$5,971,067
11	Virginia	291	\$10,672,766	140	\$2,530,507	266	\$12,297,707	174	\$1,698,943
	Top 11 States:	7,798	\$15.3 Million	3,457	\$3.2 Million	6,790	\$13 Million	2,979	\$2.9 Million
	% of Total:	65%		67%		64%		64%	

Source: <https://www.irs.gov/statistics/soi-tax-stats-estate-tax-statistics-filing-year-table-2>

IRS Statistics help you commit Estate Tax Evasion!

The first of 3 IRS Statistics you should study if you want to commit Estate Tax Evasion and Screw the IRS is the

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chart in Figure 1 on the previous page. This shows the 11 states with the largest number of 706 Estate Tax Returns filed in 2013 and 2014. In 2013, there were 10,658 wealthy 706 filers Nationwide. In 2014, there were 11,931 wealthy 706 filers Nationwide.

Of the 10,658 wealthy 706 filers Nationwide in 2013, 1,240 or 12% of the total were located in Florida. The average Florida Estate that year was just under \$16 Million, and the average Estate Tax Due was \$4 Million.

Similarly, of the 11,931 wealthy 706 filers Nationwide in 2014, 1,427 or 12% of the total were located in Florida. The average Florida Estate value increased to \$19 Million, and the average Estate Tax Due increased slightly to \$4.3 Million.

As this statistic shows, Florida ranks #2 of all 50 states in the number of wealthy 706 Filers, with the average Estate value in 2013 & 2014 of \$18 Million. This IRS Statistic shows the perils of declaring an \$18 Million Estate, as doing so results in Estate Taxes of \$4 Million.

Therefore, if you are a wealthy 706 Estate Return filer and want to Screw the IRS by committing Estate Tax Evasion, it would be foolish to declare the true value of the Estate, particularly if it meets the “average” Florida Estate value in 2013 & 2014 of \$18 Million.

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To Screw the IRS, wealthy 706 Filers should under-report the Estate's value, so no Taxes will be owed.

If you are a wealthy 706 Estate Tax Return filer wanting to hide the true estate size from the IRS, it is very helpful to know the IRS Statistic on the Top 5 Estate sizes. Studying this statistic will show you how to commit Estate Tax Evasion and Screw the IRS, by under-reporting the Estate's true value, so no Taxes are owed.

Figure 2.

IRS Statistics about 706 Estate Tax Returns Filed in 2013			
Rank	Estate Size	706 Filers	Gross Estate
	All returns	10,568	\$138,704,642,000
5	\$50 million or more	297	\$38,442,952,000
4	\$20 million to \$50 million	854	\$25,517,927,000
3	Under \$5 million	1,053	\$3,736,167,000
2	\$10 million to \$20 million	2,158	\$29,164,299,000
1	\$5 million to \$10 million	6,206	\$41,843,297,000
	All taxable returns	4,687	\$76,384,517,000
5	\$50 million or more	190	\$26,875,893,000
4	Under \$5 million	427	\$1,443,883,000
3	\$20 million to \$50 million	508	\$15,358,930,000
2	\$10 million to \$20 million	1,161	\$15,833,060,000
1	\$5 million to \$10 million	2,401	\$16,872,751,000
	All nontaxable returns	5,881	\$62,320,125,000
5	\$50 million or more	107	\$11,567,059,000
4	\$20 million to \$50 million	346	\$10,158,997,000
3	Under \$5 million	626	\$2,292,284,000
2	\$10 million to \$20 million	997	\$13,331,240,000
1	\$5 million to \$10 million	3,805	\$24,970,546,000

2013 Estate 706 Tax Returns were for deaths that occurred in 2012. In 2012, the filing threshold was \$5.12 Million. It increased to \$5.25 Million in 2014.
 Source: <https://www.irs.gov/statistics/soi-tax-stats-estate-tax-statistics-filing-year-table-1>

IRS Statistics about 706 Estate Tax Returns Filed in 2014			
Rank	Estate Size	706 Filers	Gross Estate
	All returns	11,931	\$169,521,932,000
5	\$50 million or more	345	\$59,091,926,000
4	\$20 million to \$50 million	938	\$27,907,369,000
3	Under \$5 million	1,631	\$5,411,143,000
2	\$10 million to \$20 million	2,283	\$30,925,930,000
1	\$5 million to \$10 million	6,735	\$46,185,563,000
	All taxable returns	5,158	\$90,139,044,000
5	\$50 million or more	223	\$37,510,894,000
4	\$20 million to \$50 million	578	\$17,295,913,000
3	Under \$5 million	796	\$2,541,219,000
2	\$10 million to \$20 million	1,132	\$15,500,585,000
1	\$5 million to \$10 million	2,429	\$17,290,434,000
	All nontaxable returns	6,773	\$79,382,888,000
5	\$50 million or more	122	\$21,581,032,000
4	\$20 million to \$50 million	360	\$10,611,457,000
3	Under \$5 million	834	\$2,869,925,000
2	\$10 million to \$20 million	1,152	\$15,425,345,000
1	\$5 million to \$10 million	4,306	\$28,895,129,000

2014 Estate 706 Tax Returns were for deaths that occurred in 2013. In 2013 the filing threshold was \$5.25 Million.
 Source: <https://www.irs.gov/statistics/soi-tax-stats-estate-tax-statistics-filing-year-table-1>

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Figure 2 shows the Top 5 Rankings in average estate size for the 10,568 706 Estate Tax Returns filed in 2013 and the 11,931 706 Estate Tax Returns filed in 2014.

Using this IRS Statistic, mother would have seen that declaring Dad's Estate Value of \$30 Million would have resulted in an average 25% Estate Tax of \$7.5 Million. It would have also put her in the minority of 706 Estate Returns filed Nationwide. In 2014, there were only 938 Estates (8%) that were \$20--\$50 Million in size.

However, there were 6,735 Estates in the \$5 Million to \$10 Million range. This is 56% of the 11,931 Estate 706 Tax Returns filed in 2014. 6,735 is 700% greater than the 938 Estates in the \$20 to \$50 Million range.

Mother was a math major in college and she is really good at numbers. I believe mother studied these IRS Statistics and decided to intentionally under-report Dad's \$30 Million Estate to the IRS as just \$8,033,511. By declaring an \$8,033,511 Estate, she didn't owe any Estate Taxes, plus is in the 56% majority of 706 Estate Filers in 2014.

It is much easier to hide in a majority group of 56%, versus a minority filing group of just 8%. Likewise, if the IRS is going to audit a group, odds are high they are going to audit the group with the \$20 to \$50 Million declared Estate Value.

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The last IRS Statistic you should study if you want to commit Estate Tax Evasion and Screw the IRS is the below chart in Figure 3. This is sourced once again from www.irs.gov/statistics. **Figure 3.**

IRS Gross Tax Collections, 2010 to 2021						
[Money amounts are in thousands of dollars]						
Year	Income taxes					
	Gross IRS Tax (Penalties & Interest)	IRS Tax Only	Individual Income Tax	Employment Taxes	Business Income Taxes	Estate Tax
2011	\$2,414,952,112	\$1,589,030,349	\$1,331,160,469	\$767,504,822	\$242,848,122	\$2,506,991
2012	\$2,524,320,134	\$1,669,298,095	\$1,371,402,290	\$784,396,853	\$281,461,580	\$12,340,655
2013	\$2,855,059,420	\$1,876,348,448	\$1,539,658,421	\$897,847,151	\$311,993,954	\$14,051,771
2014	\$3,064,301,358	\$1,996,765,080	\$1,614,213,171	\$976,223,247	\$353,141,112	\$17,572,338
2015	\$3,302,677,258	\$2,183,074,421	\$1,759,740,317	\$1,022,358,916	\$389,888,722	\$17,952,938
2016	\$3,333,449,083	\$2,161,371,562	\$1,786,123,738	\$1,073,907,715	\$345,552,427	\$19,879,671
2017	\$3,416,714,139	\$2,205,956,951	\$1,838,403,489	\$1,123,473,137	\$338,529,154	\$21,831,660
2018	\$3,465,466,627	\$2,234,683,225	\$1,933,485,246	\$1,133,199,527	\$262,742,024	\$22,664,503
2019	\$3,564,583,961	\$2,258,708,451	\$1,942,182,201	\$1,207,553,842	\$277,057,735	\$16,001,974
2020	\$3,493,067,956	\$2,134,733,934	\$1,837,443,578	\$1,268,076,594	\$263,563,107	\$17,115,476
2021	\$4,111,569,512	\$2,767,063,065	\$2,294,050,574	\$1,258,170,886	\$419,008,841	\$23,425,026
2013	\$2.8 Trillion	\$1.8 Trillion	\$1.5 Trillion	\$897 Billion	\$311 Billion	\$14 Billion

Source: <https://www.irs.gov/statistics/returns-filed-taxes-collected-and-refunds-issued>

Figure 3 shows where IRS true enforcement priorities lie. In 2013, Individual Taxpayers paid \$1.5 Trillion in Income Taxes. That same year, wealthy 706 Estate Tax Return filers paid just \$14 Billion in Estate Taxes.

The first page of Chapter 1 described how 147 million Taxpayers file Individual Income Tax Returns each year. Figure 3 shows that the IRS collected \$1.5 Trillion in Tax Revenue from these 147 million Taxpayers.

Now, imagine you are **IRS Commissioner Chuck Rettig** and you want to reduce IRS Taxpayer Fraud. Would it be prudent to focus on the minority of 11,931

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wealthy taxpayers paying \$14 Billion in Estate Taxes?
Or would it be smarter to focus your IRS Taxpayer Fraud reduction efforts against the majority of 147 million taxpayers paying \$1.5 Trillion in income taxes?

It makes more sense that IRS Commissioner Rettig would focus his IRS Taxpayer fraud reduction efforts against the majority group producing \$1.5 Trillion annually in income taxes. The Commissioner would have a low bar of success in the majority group, for recovering 1% of fraud in the majority group with 147 million individual taxpayers paying \$1.5 Trillion each year results in a sizable \$15 Billion in annual fraud recoveries.

In drastic contrast, a 1% fraud reduction in the minority group of 11,931 wealthy taxpayers paying \$15 Billion in Estate Taxes each year results in only \$150 million in annual fraud recoveries. This amount is a scant 1% of the potential fraud recoveries of the \$15 Billion for the much larger majority group of 147 million Taxpayers.

Imagine you are IRS Commissioner Rettig, in line for a promotion, and are preparing a report about your US Taxpayer Fraud Reduction efforts. Doesn't it look better for you to boast about a \$15 Billion annual fraud recovery from the 147 million majority of taxpayers?

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Why doesn't IRS Commissioner Rettig enforce Tax Regulations equally against the Wealthy?

According to a Washington Post article dated May 19, 2021, *“Before joining the IRS, Commissioner Charles (Chuck) Rettig spent close to 40 years at his Beverly Hills, California Law Practice. His tax litigation firm represents high-income Americans facing scrutiny from the IRS over a range of practices. It specializes in defending the rich from audits and different kinds of white collar crime, such as bank fraud and money laundering.”*

Given Commissioner Rettig's law practice defending the wealthy, it makes sense he is not focused on reducing Estate Tax Fraud committed by wealthy 706 Return filers like my mother, Mary Frances Smith of Ft. Myers, FL.

I took an online tour of the IRS Offices in Washington, DC. The tour guide took us to the 2nd IRS Division that governs wealthy filers. Since there was no IRS personnel, I took this photo without anyone noticing:

