

Tax Evasion and Tax Avoidance and the Movies

Georgi Smatrakalev, PhD

School of Accounting

Florida Atlantic University

3200 College Ave LA build room 430A

Davie Fl 33314 USA

Abstract

The issues of tax avoidance and tax evasion are widely discussed in professional literature through the years. The goal of this article is to turn attention to these issues from different aspects, to show how they are used in the movies, the sport world and in the voting process. People react differently to taxation and one of the reactions is called “voting with the feet” or migration from high tax areas to low tax areas. The methodology is totally empirical based on real examples. Also the difference between tax avoidance, tax evasion and tax planning will be discussed.

***Benjamin Franklin:** "Our new Constitution is now established, everything seems to promise it will be durable; but, in this world, nothing is certain except death and taxes."¹*

Introduction

This famous quote was written almost at the time when Adam Smith has theorized that taxation should be imposed according to four famous maxims of good tax practice: equality, certainty, convenience, and economy.² Although the principles are common the tax systems around the world differ and give chances for tax evasion and avoidance.

Nobody likes to pay taxes, simply because the result of taxation is not visible immediately. So, for one or another reason people involve in legal, semilegal and even illegal tax preventing schemes. By default, trying to minimize legal tax obligation is prosecuted by the authorities.

In this paper we shall briefly define tax evasion and tax avoidance and will link them with some of the masterpieces of the movie industry and some celebrity evaders. In 2004 “Head of State” Chris Rock on his presidential debate said that “we should put the laws on videos, cause that is what people are watching”. Yes, there are many examples where taxation, tax evasion or tax avoidance are implemented in movie productions.

¹ <https://www.inc.com/geoffrey-james/130-inspirational-quotes-about-taxes.html> Accessed February 10, 2021

² Smith, Adam, *An Inquiry into the Nature and Causes of the Wealth of Nations* Indianapolis: Liberty Classics, Volume II, 1981 pp. 825 -828.

When something is forbidden or restricted it always tempts people and give them incentive to try it. Evasion and avoidance have created some brilliant combinations of the con artist and that is why they are also beloved theme in movie industry.

Tax evasion is accompanied by Ponzi schemes, organized crime, money laundering, underground economy, and lot other criminal activities. The famous example of this is Al Capone, put in jail for tax evasion during the prohibition period and not for massacres organized by him in Chicago.

I. Tax Evasion

*Barry Goldwater: "The income tax created more criminals than any other single act of government."*³

Different sources give different definition to tax evasion. For example, in Investopedia we read: "Tax evasion is an illegal activity in which a person or entity deliberately avoids paying a true tax liability. Those caught evading taxes are generally subject to criminal charges and substantial penalties. To willfully fail to pay taxes is a federal offense under the Internal Revenue Service (IRS) tax code."⁴

In Economics Help is said: "Tax evasion is taking illegal steps to avoid paying tax, e.g. not declaring income to the taxman."⁵

Tax evasion is using illegal means to avoid paying taxes. Usually, tax evasion involves hiding or misrepresenting income. This might be underreporting income, inflating deductions without proof, hiding or not reporting cash transactions, or hiding money in offshore accounts.⁶

Tax evasion is part of an overall definition of tax fraud, which is illegal intentional non-payment of taxes. Fraud can be defined as "an act of deceiving or misrepresenting," and that's what someone evading taxes does — deceiving the IRS about income or expenses. The IRS Criminal Investigation unit prosecutes cases under the broad designation of "tax fraud."⁷

Sec. 7201 – tax evasion

The Internal Revenue Code Sec. 7201 says that the willful attempt to "evade or defeat any tax" law is guilty of a felony. If convicted, tax evasion can result in fines of up to \$100,000 for individuals (\$500,000 for corporations) or imprisonment of up to five years, or both, plus court the cost of prosecution.⁸

Sec. 7203 about willful failure states: Any person required under this title to pay any estimated tax or tax, or required by this title or by regulations made under authority thereof to make a return, keep any records, or supply any information, who willfully fails to pay such estimated tax or tax, make such return, keep such records, or supply such information, at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than \$25,000 (\$100,000 in the case of a corporation), or imprisoned not more than 1 year, or both, together with the costs of prosecution. In the case of any person with respect to whom there is a failure to pay any estimated tax, this section shall not apply to such person with respect to such failure if there is no addition to tax under section 6654 or 6655 with respect to such failure. In the case of a willful violation of any provision of section 6050I, the first sentence of this section shall be applied by substituting "felony" for "misdemeanor" and "5 years" for "1 year".⁹

³ <https://www.inc.com/geoffrey-james/130-inspirational-quotes-about-taxes.html> Accessed February 10, 2021

⁴ Kagan, Julia, Tax Evasion, updated May 29, 2020, <https://www.investopedia.com/terms/t/taxevasion.asp> Accessed October 31, 2020.

⁵ Difference between tax avoidance and tax evasion, Economics Help. <https://www.economicshelp.org/blog/glossary/tax-avoidance> Accessed October 31, 2020.

⁶ Cornell Legal Information Institute. "Tax Evasion." Accessed March 12, 2021.

⁷ Internal Revenue Service. "Employment Tax Evasion – Criminal Investigation (CI)." Accessed April 27, 2020.

⁸ https://irc.bloombergtax.com/public/uscode/doc/irc/section_7201 . Accessed June 12, 2024.

⁹ https://irc.bloombergtax.com/public/uscode/doc/irc/section_7203 Accessed March 12,2024

All definitions and IRC sections agree in one thing that tax evasion is illegal and should be prosecuted and punished by law. But not all who don't pay taxes are criminals and not all of those who pay are innocent. Every tax case should be individual and should be considered separately. And the law has provided different treatment for different cases. An absentminded person who forgot to file his taxes is not a criminal, he shall not be prosecuted. The IRS send such people reminder cards with greetings and case close. If that becomes a tradition and the person repeatedly forgets to file his taxes or forgot to disclose all his income, then he/she may draw a special attention to him/herself. But it still can be classified as negligence and the penalty will be not as severe as for tax evasion.

Tax evasion, to be criminalized requires efforts from the taxpayer and from the prosecutor. The first must engage in different activities that will lead to tax evasion – the simple one is exaggerating or writing off expenses and although this will evade some of the tax payments it still can be just covered with administrative penalties. Depends on the size, yes, the size in this case matters the bigger the damage the greater the penalty.

Taxpayer who willfully¹⁰ attempts to evade or defeat a tax will commit tax evasion. It is not absentmindedness or negligence if the act is willful. The Tax crimes handbook defines attempt to evade assessment by not filing or filing false tax return, filing false amended return. Failure to file return coupled with an affirmative act of evasion is commonly referred to as a "Spies evasion." Passive failure to file tax returns is not tax evasion. If the taxpayer failed to file a return, an evasion case can be maintained only if the taxpayer engaged in an affirmative act to conceal or mislead.¹¹ By way of illustration, and not by way of limitation, the Supreme Court in Spies set out examples of conduct which can constitute affirmative acts of evasion: (A) Keeping a double set of books. (B) Making false or altered entries. (C) Making false invoices. (D) Destruction of records. (E) Concealing sources of income. (F) Handling transactions to avoid usual records. (G) Any other conduct likely to conceal or mislead.¹²

Tax evasion is worldwide despite is prosecuted by all countries. In fact, moving assets around the world and hiding accounts in tax heavens is well known practice, linked with tax evasion and shadow economy. Returning to power with economic means of all previous socialist leaders in emerging market economies happens with the help of numerous firms serving these shadow operations. The scheme was simple – export natural assets abroad or privatize existing government businesses via offshore companies for pennies and then use the resources to buy political influence and governments.

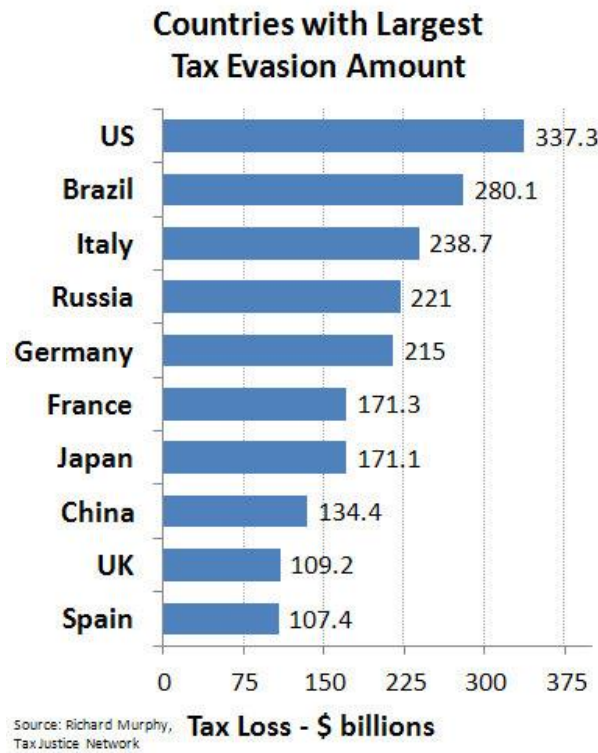
The two diagrams here show the dimension of the tax evasion¹³ and the size of the underground economy. And in the tax evasion the leading role is for the USA and western economies, the shadow economy is bigger in the ex-socialist countries. Which was due to the criminal way of transition towards market economy.

¹⁰ Willfulness is defined as the "voluntary, intentional violation of a known legal duty." Cheek v. United States, 498 U.S. 192, 201 (1991)

¹¹ Spies v. United States, 317 U.S. 492, 498-99 (1943).

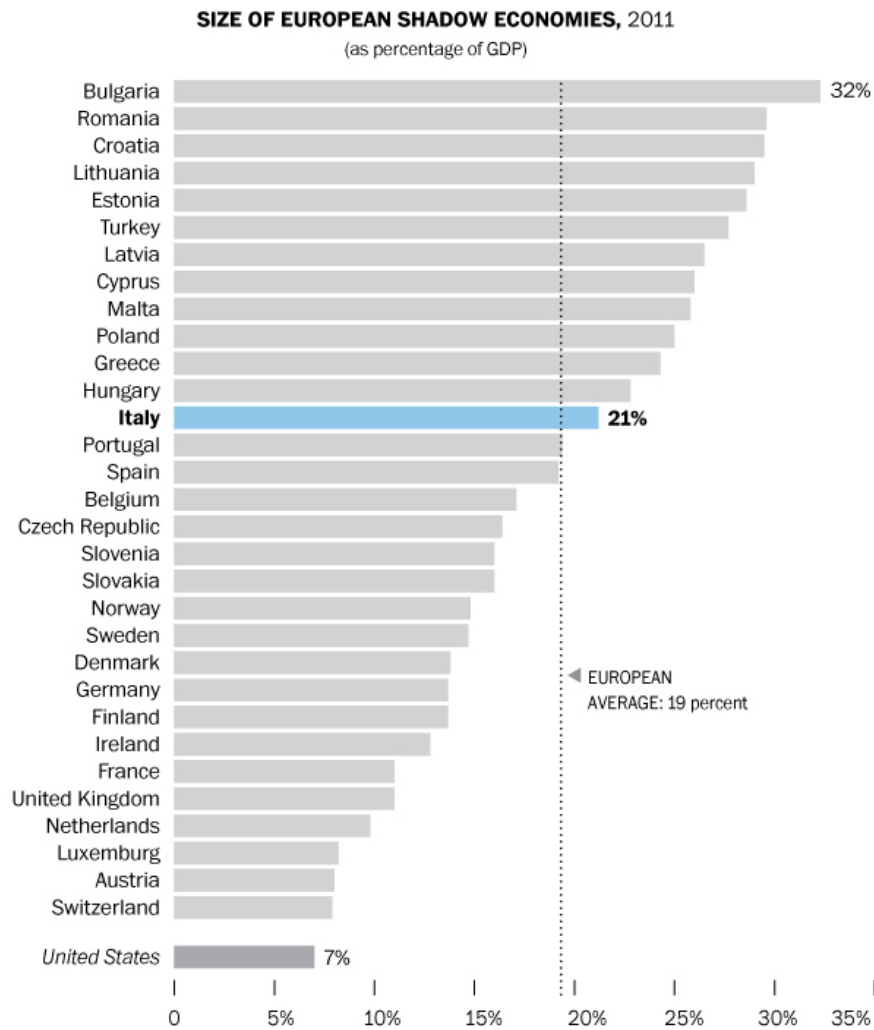
¹² United States v. Brooks, 174 F.3d 950, 954-56 (8th Cir. 1999); United States v. Meek, 998 F.2d 776, 779 (10th Cir. 1993)

¹³ https://commons.wikimedia.org/wiki/File:Countries_with_Largest_Tax_Evasion_Amount_v3.jpg Accessed March 15th 2024.



Tax evasion is mostly connected with underground economy and the tax gap. Tax Gap studies through the years have consistently demonstrated that third-party reporting significantly raises voluntary compliance. And compliance rises even higher when income payments are also subject to withholding. The IRS also has an array of other programs aimed at supporting accurate tax filing and helping address the tax gap. These range from working with businesses and partner groups to a variety of education and outreach efforts. The latest tax gap estimate is essentially unchanged from a revised Tax Year 2008-2010 estimate of 83.8%. After enforcement efforts are taken into account, the estimated share of taxes eventually paid is 85.8% for both periods.¹⁴

¹⁴ <https://www.irs.gov/newsroom/the-tax-gap> Accessed November 20, 2024.



Source: Italy’s Tax Evasion Culture, By Washington Post, https://www.washingtonpost.com/world/italys-tax-evasion-culture/2011/11/24/gIQAvSletN_graphic.html Accessed November 20, 2024.

Although the biggest loss in tax evasion is in the USA, the percentage of shadow economy there is very decent. The leader is Bulgaria with one third. Things have improved and these percentages have changed in recent years. There are still emblematic cases of tax evasion, including workers benefit evasion. In 2019 Bivol, posted a case for tax evasion done by taxicab companies in Bulgaria.¹⁵ Thus, by the end of February 2019 in Sofia there were 105 taxicab companies – carriers and 1,488 taxi drivers with valid licenses with 5,914 vehicles registered to them. Even this fact alone raises questions because there is no economic logic to having an average of three cars per driver. It is normal for a car to be operated by several drivers, who take shifts, while the list shows exactly the opposite. The so called “The carriers’ scheme”, where a limited number of drivers who have no overdue taxes are entered in the business register on behalf of and with the consent of a major carrier and then relinquish the issued permit to at least one uninsured person who usually also benefits from welfare and has no interest in declaring their work as a taxicab driver. Also, should be considered that in the majority of cases, one car is operated by two and sometimes by three people, working on day and night shifts. The result of the scheme is huge losses for the treasury from unpaid social security and health insurance contributions. Undeclared labor leads to lower pension rights and more limited access to health care.

¹⁵ “Taxis without Taxes: How big taxicab companies commit tax evasion” March 3, 2019 <https://bivol.bg/en/taxis-without-taxes-how-big-taxicab-companies-commit-tax-evasion.html> Accessed December 5th, 2023.

The most important insight is that government policies have a critical role to play in reducing tax evasion. Increasing penalties for tax evaders has not proved to be a very practical way to curb tax cheating so far. If you evade or defeat tax your marginal benefit will be the tax itself. The marginal cost for this effort will be $Mc = \rho * P$, where P is the amount of penalty and ρ – probability of being audit. So when this coefficient ρ is low close to 0 then the Mc will be low too and this will encourage tax evasion.

There are limits to the penalties that can be applied to persons conducting such crimes; and if the penalties set by law are too high, judges might require a stronger burden of proof from prosecutors, potentially leading to fewer convictions. Large sanctions against the suppliers of tax evasion services (instead of tax evaders themselves) could help overcome this problem. If policymakers were willing to systematically put out of business the financial institutions found facilitating evasion, then the supply of evasion services would shrink, and tax evasion at the top could be reduced dramatically. In turn, a lower equilibrium level of tax evasion would make it possible, everything else equal, to increase effective tax rates on the rich and hence ultimately may contribute to reducing inequality.⁴³ While there is a view that taxing the rich is not possible in a globalized world (e.g., Landier and Plantin, 2017), with proper enforcement, progressive taxation might be more sustainable than previously thought.¹⁶

ii. Tax Avoidance

John Maynard Keynes: "The avoidance of taxes is the only intellectual pursuit that carries any reward."¹⁷

There is a fine line between tax evasion and legal tax avoidance techniques. The difference is the thickness of the prison wall. Tax avoidance is an act of using legal methods to minimize tax liability. In other words, it is an act of using tax regime in a single territory for one's personal benefits to decrease one's tax burden. Tax avoidance is practiced widely by individuals and corporations. We can define two ways of tax avoidance – formal and informal.

A) Formal

Formal tax avoidance is given through the legislation. It is also used as a regulation and way to direct taxpayers' activity in desired social activity. These are – accelerated depreciation, charitable contributions, dividend receive deductions, lower tax rates on invested assets etc. These forms of tax avoidance are in the form of deductions given by the legislations. The Tax Cut and Job Act has given a lot more to business and limited the individual forms for tax avoidance. The limitation of the State and local tax deduction is one of the limitations while at the same time the business was given bonus depreciation of 100% for couple of years.

B) Informal

This is when taxpayers are using the loopholes in the law to minimize their tax liability. The proper expression should be maximizing their tax rate of return. That is when they are engaging in schemes for avoiding or crowding out taxes – transfer pricing, multiple contracts and even economic migration. The last one has become very popular recently in US. The internal people and corporate migration is on the highest.

Silicon Valley has been the epicenter of the tech industry for decades, starting in 1938 when Bill Hewlett and David Packard started tinkering in a Palo Alto garage.

But that may be changing. Perhaps the most striking evidence of that: A descendant of the company they founded, Hewlett Packard Enterprise (HPE), will move its headquarters to Texas. On Friday, another longtime Silicon Valley stalwart, Oracle (ORCL), announced plans to join them, saying it will relocate its headquarters to Austin.

A string of high-profile tech investors and executives are leaving San Francisco, too: Last week, Elon Musk said he has moved to Texas after selling his Bel Air homes earlier this year.

A tech company decamping to Texas, and especially to Austin, is hardly groundbreaking. The tech hub nicknamed "Silicon Hills," is already home to industry leaders including Advanced Micro Devices (AMD), Dell (DELL) and others.

¹⁶ (Alstadsæter, Johannesen, & Zucman, n.d.)

¹⁷ <https://www.inc.com/geoffrey-james/130-inspirational-quotes-about-taxes.html> Accessed February 10, 2024

As of November, 39 companies -- in tech and other industries had relocated to Austin so far this year, according to data from the Austin Chamber of Commerce. Among those are 8VC, the venture capital firm run by Palantir co-founder Joe London dale. Tesla (TSLA) is also building a 4 million square foot facility just outside Austin that's expected to create 5,000 jobs, the Chamber's records show.

Hewlett Packard Enterprises announced plans to relocate its headquarters from San Jose to Texas earlier this month. Houston is already its largest employment hub, and the company is constructing a new campus in the city.

The company that literally started Silicon Valley is moving to Texas

Elon Musk: The Tesla CEO revealed his move from California to Texas during The Wall Street Journal's CEO Council annual summit last week. He previously suggested on Twitter that he would move Tesla's headquarters to Texas — that hasn't happened yet, but the company is developing a large facility outside Austin.

8VC: Londonsdale's VC firm is moving its headquarters from Silicon Valley to Austin. "It's just become really obvious that there are a lot of places to build around the country, not just Silicon Valley, due to cost of living, talent and all sorts of other things, culture and what not," Lonsdale told the Austin American Statesman last month.

Drew Houston: The Dropbox (DBX) CEO has purchased a home in Austin and plans to make it his permanent residence, according to a report from The Information last month.

File Trail: The formerly San Jose-based firm, which makes records management software for law firms, moved to Austin in April.

DZS Inc.: The telecommunications equipment firm said in March it would move its headquarters from Oakland, California, to Plano, Texas, and create a new "engineering center of excellence" in the city.

Question Pro: This online survey software firm announced its move from the Bay Area to Austin in January.

And here are a few who have recently moved to Florida:

David Blumberg: The founder and managing partner of early-stage venture capital firm Blumberg Capital left the Bay Area for Miami, the San Francisco Business Times reported earlier this month. "We certainly hope and pray that California will take action to remedy the disastrous self-inflicted political situation and restore its former luster and quality of life, but for now we are voting with our feet," Blumberg said on Facebook, according to the Business Times.

Keith Rabois: Rabois, a general partner at Founders Fund and former executive at PayPal and LinkedIn, told a Fortune reporter last month that he is leaving the Bay Area for Miami.

Joe Oringer: The founder and executive chairman of Shutterstock and a former New York resident bought a \$42 million mansion in Miami Beach in October, according to the South Florida Business Journal. Oringer has since formed Pareto Holdings, a firm aimed at incubating and investing in startups in the Miami touchscreen.¹⁸

Oracle is joining Tesla and Hewlett Packard in relocating to Texas, detailing the move in a filing with the Securities and Exchange Commission in November 2020. "Oracle is implementing a more flexible employee work location policy and has changed its Corporate Headquarters from Redwood City, California to Austin, Texas. We believe these moves best position Oracle for growth and provide our personnel with more flexibility about where and how they work. Depending on their role, this means that many of our employees can choose their office location as well as continue to work from home part-time or all of the time. In addition, we will continue to support major hubs for Oracle around the world, including those in the United States such as redwood City, Austin, Santa Monica, Seattle, Denver, Orlando and Burlington, among others, and we expect to add other locations over time. By implementing a more modern approach to work, we expect to further improve our employees' quality of life and quality of output" the SEC filing noted.¹⁹

¹⁸ Duffy, Clare Elon Musk is leaving Silicon Valley for Texas. These millionaires and companies are joining him, CNN https://www.cnn.com/2020/12/13/tech/silicon-valley-moving-to-austin-miami/index.html?utm_medium=social&utm_term=link&utm_source=fbbusiness&%E2%80%A6 Accessed February 28, 2020

¹⁹ UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 FORM 10-Q ☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 48

Although Tax avoidance is a legal method, it is not advisable as it could be used for one's own advantage to reduce the amount of tax that is payable. Tax avoidance is an activity of taking unfair advantage of the shortcomings in the tax rules by finding new ways to avoid the payment of taxes that are within the limits of the law. Tax avoidance can be done by adjusting the accounts in such a manner that there will be no violation of tax rules. Tax avoidance is lawful but, in some cases, it could come in the category of crime.

III. Tax in the Movies

The theme of tax evasion is studied not only in the science world, but it is also a real inspiration for writers, talk shows and movie directors to create their masterpieces in the years. The inventions of the evaders are way more attractive for the arts than formal tax avoidance or simply not filing or wrong estimates as tax evasion technique.

The list can be started with the mobsters' movies and all times classic "The Godfather" I, II and III which shows together with the organized crime and violence the shadow business dealing with millions and living lavish life, dealing mostly in cash and in underground business.

Then we can look at "The Untouchables" (1987), depicting the notorious Al Capone and his crime organization dealing with bootlegging and tax evasion. Al Capone is a hero of many movies starting with "

"Tax Evasion Cases-Medicare Fraud (2013)" (TV Episode) - Ante Usted (2008) (TV Series), Tax Evasion: A Greek National Sport (2018) (Short) The Ridiculous Audit Tax Evasion Situation, GM's Massive Job Cut, & 2nd Amendment Controversy (2018) (TV Episode) - The Philip De Franco Show (2006) (TV Series) etc. In "A Taxing Woman Return" (1988, Japanese film written and directed by Juzo Itami) a tax investigator for the Japanese National Tax Agency who employs various techniques to catch tax evaders. The most recent based on Panama scandal, about celebrities and politician engaged in tax evasion – "Blue Jasmine" (2013), "Panama papers" (2018) documentary and Steven Soderbergh's "Laundromat" (2019) etc. In his classic movies "The Producers" 1967 and remade in 2005, Mel Brooks phrase "You can make more money with a flop than with a hit" in mouth of an accountant is classical tax evasion, cause with a flop you are not paying taxes. Well, some of the celebrities¹ got that literally. Nobody likes writing a check every year to Uncle Sam. Some of us hate it so much that we just don't do it. Here is a look at some famous tax evaders — who got caught, (see Table 1).²⁰

Conclusion

In a nutshell, there are three instruments that taxpayers usually opt for minimizing their tax liability, including Tax planning, Tax avoidance, and Tax evasion. Each method is attached to a different manner for tax reduction. Note, however, that tax avoidance and tax planning are legal practices. By contrast, tax evasion is not, and it is deemed a means of fraud in most cases. While the nature of tax planning is obvious, there sometimes seems to be some confusion over the difference between tax evasion and tax avoidance, hence making wrongful decisions. It is well-advised that any taxpayers, whether individuals or businesses, should be fully aware of the tax practices being used.

In this regard, two essential tips that taxpayers need to consider are as below:

- Acquire knowledge of tax laws and methods for the reduction of tax liability in the most efficient way. Keep in mind, differentiating such methods because of its purpose, legality, and features is very crucial as this would help you stay out of trouble and penalty.
- Seek advice from a professional tax expert or service firm. This is also a good idea as the person with his/her area of expertise will always know how to apply the tax law to decrease your tax burden and maximize your benefits. Furthermore, tax regulations are often subject to changes, whether your tax-saving instrument is correct or not should be put under specific advice upon circumstances by tax experts as well.

Features and differences between Tax evasion, Tax avoidance and Tax Planning:

1. Nature: Tax planning and Tax avoidance is legal whereas Tax evasion is illegal. Tax avoidance is performed by availing loopholes in the law but complying with law provisions. By contrast, tax evasion is performed by employing illegitimate means for nonpayment of tax. Tax planning uses existing law provisions to relieve the burden of tax liability and helps businesses to ensure tax efficiency

1934 For the quarterly period ended November 30, 2020 <http://d18rn0p25nwr6d.cloudfront.net/CIK-0001341439/d9e6e419-c062-4409-8903-541854b20f7e.pdf> Accessed December 8, 2020.

²⁰ <https://www.accountingschoolguide.com/biggest-tax-evasion-cases/> accessed March 11, /2021.

2. How it is exercised: Tax avoidance is characterized as tax planning, but it is done before tax liability takes place. This method generally emerges in short-term benefits. Like tax avoidance, tax planning also should be done before tax liability arises, but it is associated with the future and often serves for either long-term or short-term benefits of every assesses. On the other hand, tax evasion is typically done after the tax liability has arisen.

3. Motive: Tax planning is the method of saving tax. However, tax avoidance is dodging of tax. Tax evasion is an act of concealing tax.

4. Consequences: Tax avoidance is subject to penalty or imprisonment if it violates the tax regulations. Tax planning is totally legal, meanwhile, tax evasion must be subject to penalty and other kinds of punishment.

5. Objective: The objective of Tax avoidance is to reduce tax liability by applying the script of law whereas Tax evasion is done to reduce tax liability by exercising unfair means. Tax planning is done to reduce the liability of tax by applying the provision and moral of law.

6. Permissible: Tax planning and Tax avoidance are permissible whereas Tax evasion is not permissible.

Table 1

Name	Professional area	Tax bill	Sentence
Al Capone	Crime and bootlegging	\$270, 000 (over \$4 million in today’s dollars)	Initially 22 years and he served over seven years in prison in Atlanta and at Alcatraz.
Lauryln Hill	Music	\$2.3 million	The Grammy-winning singer served a three-month term at the same federal prison that inspired the book and show “Orange is the New Black.”
Wesley Snipes	Actor	\$7 million	Once one of Hollywood’s most bankable stars, Snipes served a three-year prison sentence and has returned to acting.
Pete Rose	Baseball player	\$410,000	Baseball’s career hits leader served five months in prison in Illinois. A decade-and-a-half later, Rose again was hit with a bill for back taxes, to the tune of \$1 million.
Willie Nelson	Musician	\$16.7 million, later negotiated to \$6 million	Blaming his accounting firm, Price Waterhouse Coopers, the country music icon managed to avoid prison by paying off his IRS debt in part through a double album release titled The IRS Tapes: Who’ll Buy My Memories?
Richard Hatch	Reality TV	\$2 million	The first-ever winner of pioneering reality show “Survivor” spent more than four years in prison, split between two stints (the second of which happened when he failed to pay the IRS after serving his first term).
Leona Helmsley	Business	\$7.1 million	The “Queen” of Helmsley Hotels served 21 months of a four-year prison term after a sensational trial in which it was alleged that Helmsley had said, “We don’t pay taxes. Only the little people pay taxes.”
O. J. Simpson	Football, acting	\$500,000	While serving a prison term for armed robbery, the Heisman Trophy-winning football player-turned-actor famously acquitted for murder has been slapped with multiple tax liens by the IRS.

Walter Anderson	Business	\$200+million	In the largest-ever criminal tax case against an individual, the telecom entrepreneur who once tried to rescue the Mir space station served about six years in prison and is still fighting his case.
Joe Francis	Business	\$250,000	The creator of the less-than-venerable “Girls Gone Wild” video series pleaded guilty to filing false returns and bribing Nevada jail workers, serving about 10 months in jail.
Spiro Agnew	Politics (ex-vice president of US)	\$10,000	Only the second vice president in U.S. history to resign, Agnew pleaded no contest to tax evasion in exchange for prosecutors dropping political corruption charges. He received three years’ probation.
Lindsey Vonn	Olympic skiing	\$1.7 million	The gold medalist avoided prison by reportedly paying her entire tax bill. She continues participating in, and winning, downhill skiing events.
Martha Stewart	TV, magazines	\$220,000	She avoided jail time for back property taxes and penalties on a home she owned but served time in a federal prison for insider trading a few years later
Abbott and Costello	Comedy actors	\$500,000 (\$3.9 million in today’s dollars)	Toward the end of their comedy relationship, the beloved duo was forced to sell off assets, including homes and the rights to many of their films.
Ty Warner	Business	\$5.5 million	The Beanie Babies creator was sentenced to probation, though prosecutors are attempting to appeal for jail time.
Lionel Messi	Soccer player	Euro 4.1 million (\$4.6 million)	Messi's problems with the Spanish authorities started in the 2013-14 season and he eventually received a suspended 21-month jail sentence after being found guilty of defrauding tax authorities.
Cristiano Ronaldo	Soccer player	Euro 14.7 (\$16.5 million)	Sentenced 23 months in jail. Paid 18.8million euro (\$21.2 million) to avoid prison.

Bibliography

- Alstadsæter, A., Johannesen, N., & Zucman, G. (n.d.). *Tax Evasion and Inequality*. Retrieved 3 15, 2021, from <http://gabriel-zucman.eu/files/AJZ2017.pdf>
- Gravelle, J. G. (2013). *Tax Havens: International Tax Avoidance and Evasion*. Retrieved 3 15, 2021, from <https://fas.org/sgp/crs/misc/r40623.pdf>
- Russell, J. (n.d.). *HMRC opens 16 criminal cases over tax evasion*. Retrieved 3 15, 2021, from telegraph.co.uk: <https://www.telegraph.co.uk/finance/financial-crime/8566897/HMRC-opens-16-criminal-cases-over-tax-evasion.html>
- Slemrod, J., & Yitzhaki, S. (2000). Tax Avoidance, Evasion, and Administration. *Handbook of Public Economics*, 3, 1423-1470. Retrieved 3 18, 2021, from <https://sciencedirect.com/science/article/pii/S157344200280026x>
- Landier, Augustin and Guillaume Plantin. 2017. “Taxing the Rich,” *Review of Economic Studies*, 84 pp. 1186–1209.