



News

War opponents withhold taxes

Although illegal, some Iraq war resisters say they're just not paying

By Christie Toth

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With the federal tax deadline just around the corner, peace activists around the country are playing their own version of “starve the beast.” The beast, in this case, is the Pentagon, and war tax resisters have come up with a number of creative ways to put their money where their mouth is.

War tax resistance is a tradition of American civil disobedience that dates back to 1846, when Henry David Thoreau spent a night in jail for refusing to subsidize the Mexican-American War. Thoreau was a high-profile case; since World War II, thousands of Americans have resisted war taxes, but fewer than a dozen have served jail time.

“There are many different ways that people practice war tax resistance, depending on their motivations and their situation,” said Tana Hastings, a member Portland’s War Resisters League. “People who are primarily interested in keeping money out of the Pentagon’s hands may do it by being self-employed, or staying under the taxable income level. Others want to do something more public, and make a bold statement and set an example with their act of civil disobedience, to inspire others to consider it, too. And others do it out of personal integrity. Based on their beliefs and their other work for peace, they just can’t in good conscience pay for war. The latter two types may not be as concerned about remaining uncollectible as the first group — the emphasis is on non-cooperation, even if some or all of the money is eventually collected.”

The Portland War Resisters League combats war on two fronts: don’t fight, don’t pay. They offer military drafts counseling, to help young men establish conscientious objector status in the event that the federal government reinstates the draft, and they hold monthly workshops at Laughing Horse Books on war tax resistance.

One of the most common ways that war tax resisters avoid filing taxes is by keep their income below the taxable level. For an individual, the cutoff is \$7,300 per year, and the amount increases with each dependent claimed. Sharing houses and holding common property are some of the ways that war tax resisters live well on low incomes.

“Legal deductions can bring higher incomes down to below the taxable level, but you have to plan ahead and work at it,” Hastings said. “There are legal ways not to live in poverty, and still not pay any taxes.”

War tax resisters earning more than the taxable income level exercise a number of options. Some do not file; others file, but do not pay, or only pay the portion of their taxes that does not fund current and past military expenditures. According to the national War Tax Resisters League, 30 percent of income taxes go to fund current military operations, and an additional 19 percent goes to paying down past military spending. Some war tax resisters withhold a small symbolic amount that represents something meaningful to them, such as \$10.40 or \$9.11. For those filing, but refusing to pay part or all of what they owe, the National War Tax Resistance Coordinating Committee offers a “Peace Tax Return” form to submit to the Internal Revenue Service as a protest.

“If you are collectible, you could consider using an escrow account,” Hastings said. “If you know there’s a good chance your taxes will be collected, the escrow works well, because the money and the interest are put to good use, and in the event that the IRS seizes property or garnishes your wages, you can reimburse yourself, and not end up having paid your taxes twice.”

The nation’s largest escrow account, the Conscience and Military Tax Campaign, is located in Seattle. The escrow account is a trust fund, and war tax resisters can redirect the money they would have paid to the government to this account. The pool of money is used to support the sort of community development and education initiatives that many war tax resisters would rather see their tax dollars fund. In the event that a war tax resister is penalized by the IRS, he can withdraw some or all of his money from the escrow account to mitigate his losses. Because the war tax resister has relinquished legal claims to the money he places in the escrow account, the IRS cannot seize those assets to pay back taxes.

In addition to federal income tax, many war tax resisters withhold a tiny portion of their telephone bill every month.

“There is a 3 percent federal tax on telephone bills,” Hastings said. “It started out as a war tax, and eventually became a permanent tax. Some people start tax resisting by withholding their phone tax. This carries minimal risk, because the amount is so small that it is rarely worth the IRS’s time to pursue it.”

Most forms of war tax resistance do not compromise a student’s eligibility for federal financial aid.

“I don’t know of any cases of war tax resistance affecting students,” Hastings said. “I started doing this when I was a student, and there are definitely some advantages to starting before you are even plugged into the system. I personally haven’t heard of students or parents with dependents being denied financial aid because of war tax resistance, though I have heard of the process being a bit more of a hassle because of the war tax resistance. Some students might get more financial aid because they or their parents are staying below the taxable income.”

Kenneth McGhee of the Portland State Financial Aid Office concurred. “If a person is under the income limit for filing, that’s a non-issue for us in the Financial Aid Office. There is a space on the FAFSA [Free Application for Federal Student Aid] where you can indicate that you don’t make enough to file.”

Those who file their income taxes but do not pay are unlikely to see any effect in their financial aid. "As long as the tax returns are signed properly, the issue of owing taxes is a separate issue. We don't get involved with whether applicants owe taxes," McGhee said.

McGhee said that there has been some talk in the federal government over the last two to five years about performing a matchup between the financial aid database and the IRS database, which might affect war tax resisters down the road, but for now, it is all still talk.

According to Hastings, having a lien against an asset for back taxes will adversely affect a person's credit rating, but owing the IRS money does not show up on the credit history unless a lien is filed.

"Credit rating does not affect federal grants, or Stafford or Perkins loans," McGhee said. "However, PLUS loans and alternative loans are affected by credit rating."

In the rare event that a war tax resister faces criminal charges, convictions will not affect their financial aid, either.

"The drug question is the only criminal question on the FAFSA," McGhee said. "No other criminal issue affects financial aid."

War tax resisters in Portland will be staging several events leading up to tax day. On the morning of April 14, activists will set up Burma shave signs on several of the city's bridges. In the afternoon, as part of a regular Friday peace rally, activists will perform formal redirection of their tax dollars to organizations they think are doing important work in the Portland area. On tax day, April 17, war tax resisters will conduct a penny poll at the main post office, in which people can place pennies in jars to demonstrate which spending categories they think federal tax dollars should prioritize.♦

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