

Tax Refuser Wins Federal Evasion Case

Tue Aug 12 18:29:38 2003

MEMPHIS, Tenn. (AP) - A woman who said she refused to pay federal income taxes because the IRS didn't respond to her inquiries about tax law has been acquitted of tax evasion.

Vernice Kuglin, a 58-year-old FedEx pilot, had been charged with six counts of tax evasion. Had she been convicted by the federal court jury, she would have faced up to 30 years in prison and \$1.5 million in fines.

“I feel justified,” she said after Friday's verdict.

Kuglin said she began to question the federal tax system about 10 years ago and wrote the Internal Revenue Service twice in 1995 with questions about what law required her to pay taxes. She said she didn't get a response. On Dec. 30, 1995, she filed a withholding statement directing that no taxes be withheld from her pay.

The government accused Kuglin of filing false W4 forms from 1996 to 2001, during which time she earned \$920,000 in income. Normal withholding would have been about \$250,000.

Federal prosecutor Joe Murphy said during closing arguments that Kuglin did have an opportunity to sit down and discuss her situation with the IRS, “and she didn't.”

The five-day trial did not resolve whether she must make the tax payment.

“I think it is safe to assume the IRS will attempt civil collection, but she is not guilty of tax evasion,” said defense attorney Robert Bernhoft.

Larry Becraft, another defense attorney, said after the verdict that the federal tax code is confusing and “at best is a walking due process violation.”

Becraft, who helped win acquittals for 17 defendants in another Memphis tax trial 12

years ago, said the letters from his client to the IRS showed a lack of criminal intent to evade tax laws and that she sincerely believed her conduct was proper.

“The whole thing could have been resolved if the government had simply answered her questions,” Becraft said. “It didn't happen. I made an argument to the jury that an American has a right to ask the government for answers.”

IRS spokeswoman Nancy Mathis was unable to state agency policy on responding to letters asking it to specify the law that makes people liable for income taxes.

She said the IRS had posted various items on its Web site and issued news releases stating that taxes are mandatory. The first words of the Internal Revenue Code are “a tax is hereby imposed.”

When asked if she planned to start paying federal income taxes again, Kuglin said: “I will pay all the taxes for which I am liable.”

She said she believes the 16th amendment to the Constitution - giving Congress the power to collect income taxes - and the Internal Revenue Code are constitutional, “but I also feel there is a gross misapplication of the individual income tax laws by the IRS.”

Kuglin said she hopes to resume flying for the Memphis-based cargo airline as soon as the government returns her passport, which was seized after her indictment this year.