

Slavery Reparations Talking Points

Recently, the IRS has seen an increase in the number of people filing false claims for reparation. In 2001, the agency received nearly 80,000 returns claiming more than \$2.7 billion in false reparation refunds. THERE ARE ALSO SIGNS OF NEW, changing tactics by promoters hustling reparation schemes that raise new concerns for taxpayers.

- The law does not provide for slavery reparations, also called black tax, black investment tax or black inheritance tax.
- African-Americans should not let themselves be misled by promoters of reparation tax returns, credits or claims.
- Reparations scheme promoters have been convicted and imprisoned, and the IRS continues to investigate new promoters for possible criminal prosecution or civil action.
- These promoters charge people money to prepare or file reparations returns; credits or claims that have no basis in law and that can never be paid.
- Therefore, paying someone to prepare these reparations returns, credits or claims is a waste of time and money.
- The IRS has rejected thousands of reparations claims this year alone.
- In some cases, the IRS may have mistakenly processed reparation claims and sent money to people who filed claims. The IRS will contact these taxpayers and work with them to arrange repayment of the funds.
- New trends are emerging. Promoters are changing their techniques for filing claims on an increasingly rapid basis. The scams are also showing signs of moving to new groups, including Native Americans and Filipinos.
- The IRS is taking action on several fronts to protect taxpayers, including launching a media blitz, performing outreach to key groups, vigorous pursuit of legal action against promoters, putting special IRS teams in place to catch scam returns and putting new standards in place for filing scam returns.
- With promoters pushing people to file repeatedly, taxpayers need to realize they could face a penalty for filing a frivolous tax return. Under a new IRS policy, scheduled to start on April 15, 2002, a warning would be given after the first claim is filed. If the taxpayer doesn't retract the claim, the standard \$500 frivolous filing penalty can be assessed. (under the old policy, the penalty could be assessed after the second claim).
- These are the steps the IRS will follow under the new policy before assessing a penalty:
 - Filers will receive a letter stating that the claim has no basis in law and cannot be paid.
 - The letter will also offer a chance to correct the return or withdraw the claim.
 - A person who does neither will be assessed a \$500 penalty in accordance with Section 6702 of the internal revenue code.

- This policy applies to any type of frivolous return, not just reparations returns.
- If a tax benefit sounds too good to be true, check it out with a trusted tax professional or the IRS.
- The IRS is not involved in the issue of whether there should be any reparations for slavery — that is for congress and the president to decide. The IRS administers the tax law that is enacted and the law has no provision for such payments.