PRACTICAL WAR TAX RESISTANCE #5

Low Income/Simple Living as War Tax Resistance

There are many methods of war tax resistance. Each accomplishes a different set of goals and involves a different level of personal risk.

This pamphlet explores ways to eliminate your U.S. federal income tax by keeping income low and by using legal tax-reducing measures. It shows you how to find your "tax line"—the level below which you will have no federal income tax at all. It also describes some benefits and challenges of low-income tax resistance, and shows how you can reduce or eliminate other tax payments in similar ways.

This is the 5th in a series of *Practical War Tax Resistance* pamphlets produced by the National War Tax Resistance Coordinating Committee (NWTRCC). You can find a listing of other NWTRCC publications at the end of this pamphlet along with a resource list for further reading on the art of simple living.

Includes:

Simple Living Biographies (*throughout*)

Earned Income Credit (*page* 17)

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WHY LIVE ON A LOW INCOME?

> *"Frugality, my Dear, Frugality, Economy, Parsimony must be our Refuge. I hope the Ladies are every day diminishing their ornaments, and the Gentlemen too. Let us Eat Potatoes and drink Water. Let us wear Canvass, and undressed Sheepskins, rather than submit to the unrighteous, and ignominious Domination that is prepared for Us."*
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> —*Letter from John Adams to Abigail Adams*, 20 Sept. 1774

By taking a stand that requires personal change and perhaps personal sacrifice, you demonstrate the depth of your commitment to a more just world. Anyone can complain about the government and ask it to change, but it means much more to change your own life and put your money where your mouth is. A life of conscious, conscientious simplicity is one way to do this.

Some resisters find that resisting the whole package of consumerism, overconsumption, and taxation appeals to them more than other tax resistance strategies. Some discover that by living simply they live more satisfying and meaningful lives,

and would choose to live this way even if it didn't help them to resist taxes. Some prefer this method of tax resistance because it can be accomplished within the law, which gives them less to worry about or demonstrates their eagerness to be law-abiding citizens without having to violate their consciences.

Some discover that by living simply they live more satisfying and meaningful lives, and would choose to live this way even if it didn't help them to resist taxes.

> "I *think of this both as removing myself from any form of responsibility for what the current* U.S. *administration is doing, as well as a type of protest.* I *don't have a practical view of this way of life having any significant effect on the federal government, because the vast majority of* Americans *will never be steered away from their highly-consumptive lifestyles.* But *from a personal morality perspective,* I *gain a sense of 'centeredness' in knowing that this is another way in which my lifestyle and my values work together in harmony.* There *are plenty of ways in which* I'm *a total hypocrite, but this isn't one of them."* —Fred Ecks

The Seeds of War

By taking in less income you reduce your taxes and so also minimize your contribution to military spending. By stepping out of the "rat race," you may also help reduce the economic pressures and inequalities that ultimately lead to war, and you may become more aware of the relationship between the average standard of living in the United States and the use of American military might to protect "our way of life" and "national interests."

If we were to look carefully at each purchase we make, through the phases of its production and distribution, might we find links to war? Who made the product, and under what conditions did they labor? What materials were used, and how were they obtained? John Woolman's counsel to his fellow Quakers from over 200 years ago remains relevant today:

> "Oh! *that we who declare against wars, and acknowledge our trust to be in God only, may walk in the light, and therein examine our foundation and motives in holding great estates*! May *we look upon our treasures and the furniture of our houses and the garments in which we array ourselves and try whether the seeds of war have any nourishment in these our possessions or not."*

Simple living can be part of a lifestyle of nonviolent resistance. The more you examine your economic behavior, the more you learn of your entanglement with the military-industrial complex and of your power to disentangle yourself.

You can help nurture and sustain the "solidarity economy," based on cooperation and sustainable choices rather than on consumerism, resource depletion, and exploitation. By giving

more of your energy to this economy, you live the revolution in values that is necessary for peace with justice. Each economic choice you make can be a witness to your values.

Simple Living as a Path toward Equality and Solidarity

People who voluntarily reduce their incomes in order to live simply have a different experience from those who are involuntarily impoverished. In our society millions face the economic hardships of underemployment, the anguish of homelessness, and the vulnerability of inadequate access to health care. Globally the situation is even more dire: About two and a half billion people live on less than $2 a day.

War tax resisters who share some of the risks and precarious circumstances with everyone who lives on a low income may become more convinced and convincing advocates for economic justice. When personal experience informs our advocacy, alliances can emerge beyond barriers of class and circumstance.

By standing with those who lack the privileges of wealth and power, we stand against the inequality that violent systems require and perpetuate.

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Living on Less Due to Forced Collections

Some war tax resisters do not choose the low-income lifestyle, but have it forced on them because the IRS levies their wages or seizes their bank accounts or property.

If you have a tax "debt," the IRS may continue to try to collect this from you even if your current income is below a taxable threshold. However if you can demonstrate sufficient hardship, the IRS may delay or suspend collection, and there is typically a small amount of yearly income and personal possessions that the IRS will not seize.

You may find the IRS booklet *The IRS Collection Process* (*Publication* #594) useful if you face collection. NWTRCC's *Practical #3: How to Resist Collection, or Make the Most of Collection when it Occurs* is another helpful guide.

Pursuing Service, Advocacy, and Leisure

If you need less income you may gain more free time to pursue activities other than earning money. You can devote some of this time to political activism or volunteer work, and can develop new skills and talents that can help critical community services and energize movements.

If you have a particular professional skill, you can reduce your

income by offering your services at reduced rates to people who would ordinarily not be able to afford the kind of services you know how to provide. In this way you can create links with those who live with few resources involuntarily, and you can be a model who challenges your professional colleagues to greater generosity.

If you work less for money and more for the joy of the labor, your work may become more meaningful and satisfying. Investing your efforts in your community can strengthen relationships between neighbors and build trust. This network of trust is a priceless currency in times of need.

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You do not need to sacrifice cultural events to live on a reduced income. Many of the organizations that provide such activities welcome volunteer help, such as ushering at the theater, helping with publicity, taking tickets before the show, cleaning up after the event, and so forth. Tasks like these may earn you free admission to museums, theaters, and other community events.

Ecological Concerns

If you decrease your consumption of goods and services, this may also reduce your "ecological footprint." This reduces your contribution to the justifications for war, conserves resources, and helps to preserve the rich biodiversity of a healthy planet.

Choosing alternative forms of transportation—such as walking, biking, riding the bus, or carpooling—saves money, reduces pollution, provides physical exercise, and facilitates friendly interaction. In addition, if you reduce or eliminate your use of motor vehicles and if you buy locally produced food and products, you reduce your reliance on fossil fuels and thereby reduce the amount of federal gasoline excise tax that the government collects from you.

This Method of Tax Resistance Is Not for Everyone

Some war tax resisters find that the simple living / low income method is not what they're looking for. For example, anti-war organizer A.J. Muste wrote: "Voluntarily keeping one's income down does not commend itself to me as a form of tax protest. I do not see how one can in effect recognize that a government may determine one's standard of living or think that permitting the government to do so constitutes a significant protest against war taxation."

Also, because this method of war tax resistance can be accomplished legally, some people feel that it is not an adequate expression of protest. Other people, for whatever rea-

BARB KASS AND MIKE MILES

Luck, Wisconsin

We started refusing war taxes in 1978 when it became clear to us that not everything Caesar asks for is Caesar's. We asked our employers (who were beginning to have doubts about the direction our lives were taking, anyway) to stop withholding or to pay us less than a taxable income. When they did neither, we quit, sold almost everything we owned, and moved into our car.

The next several years were spent doing volunteer service or living in communities who were experimenting in nonviolent resistance to nuclear war specifically and militarism in general. We discovered that in community, we could live on less income and have more time to devote to our concerns. It was clear that income production was a barrier to conscience, and the farther we could spin ourselves free from the mainstream economy, the more we could live with integrity.

We became part of a rural community that experiments with nonviolence and sustainable living as a way of life. The 57-acre farm where we raised three children was bought with donations and is owned by a land trust. All the buildings have been built from scratch and incorporate low technology alternative construction. No one who lives on the farm owns any of the equity put into the houses or out-buildings. If a person leaves, their residence is available to whomever comes along to join the experiment. Some money comes into the community from a newsletter. That money goes into a common fund to build and maintain the facilities the board deems necessary to run the farm. Property taxes are paid with money earned from producing maple syrup. Community members also have personal income that is used to live on. Everyone on the farm earns less than a taxable income. We filled

out tax forms and filed them but did not mail them to the IRS. We did not claim credits or ask for a refund.

Our community has resisted the federal excise tax on telephone service for 28 years. We had a recent bout with the phone company over the unpaid balance when they sent a disconnect notice. We pointed out that it was all unpaid federal tax and not service fees. It took some time but eventually they forgave the balance due.

Our biggest expense is transportation. We live 10 miles out of a small town that is 85 miles from the nearest big city. We do everything we can to keep our vehicles alive and plant 100 trees every spring to vacuum up greenhouse gases we produce. Our activism drags us all over the Midwest, so, unfortunately, there is no way we can get by without a vehicle.

As our children became college bound we did start filing tax forms. I talked with the IRS as we maneuvered through the financial aid process and faxed in several of those "on file" returns. The agent agreed that "technically" we were not required to file, but it took several conversations to get to that point. I had to sign a paper saying that we were choosing not to take the earned income credit for all of those years. We did start officially filing because of FAFSA (Free Application for Federal Student Aid). A grossly unfair perk of tax resistance was that non-taxable income living was "so low" our kids qualified for a tremendous amount of financial aid and finished school debt free.

With all of that we started accepting the earned income credit. We put this money toward energy reducing improvements on our house and the farm. We are keeping better track of our farm income and losses and file schedule H. So far the loss column is winning and that again adjusts our income down to a non taxable level. Mike and I both patch together incomes with substitute teaching and bus driving for local school districts for Mike, and some private contract work with the county in guardianships and review panels for me. We have qualified for the low income health care for the last several years and thankfully rarely use it. Living so close to our food source has been a good prevention measure for us.

We have been overwhelmingly blessed by friends who participate in the farm as extended community. Everyone seems to gain from the effort put into our shared concerns. There are obviously challenges to overcome, living and working with others in such close proximity. Overall, though, it is fair to say we have more fun than should legally be allowed. As of this writing, we harbor no regrets for the choices we have made.

son, require too much income and so are unable or unwilling to practice war tax resistance in this way.

Fortunately, there are many varieties of war tax resistance, so that if one method is not right for you, there are others from which to choose.

AT WHAT LEVEL IS INCOME TAXABLE?

If you are considering resisting taxes by maintaining an income below the tax line, your first question is probably: "Where is this tax line?"

The answer depends on many factors, such as your age, how many dependents you have, and what you do with your money. The factor you have the most control over is what you do with your money. You can make choices that allow you to double or triple the amount of income that you can bring in and remain below the tax line. If you ignore those choices entirely, your tax line is the sum of your exemptions and your standard deduction.

In 2014, a single, non-blind person, under 65 with no dependents, had a standard deduction of $6,200 and a personal exemption of $3,950. This person could earn up to $10,150 without having to pay any federal income tax—no question about it. However, they could earn two or three times as much and not owe U.S. federal income tax if they were to take certain credits and deductions, such as those given for tax-advantaged retirement savings and health savings accounts.

For example, the hypothetical person from the previous paragraph (single, non-blind, under 65, with no children) could earn upwards of $25,000 and, by putting $5,500 of that into an IRA and $3,300 into a health savings account, would still be below the income tax line.

The personal exemption and standard deduction amounts change each year, and Congress is always changing the tax code to add, remove, or alter the available credits and deductions. For this reason, a pamphlet like this one risks becoming out-of-date quickly if it is too specific. For help in finding your own personal "tax line" for the current tax year:

- check *nwtrcc.org* for updates
- contact the NWTRCC office,
- consult a tax professional,
- contact the IRS directly at (800) 829-1040, or
- do research on *irs.gov*.

"I didn't realize just how high that threshold really is, and was pleasantly surprised when I did my taxes for last year and discovered that I was able to pay a total of zero income tax, both federal & state, for the whole year. It wasn't something I did intentionally at first, but as events unfolded leading to war, it has become a stated goal of mine.

"I didn't have to lower my income. I've lived frugally for years, and it wasn't much of an adjustment to simply stop the paychecks. My expenses haven't changed much from when I made corporate wages to now. In fact, my monthly budget has remained the same for over 6 years now. Some things increase in price, and others decrease. I'm comfortable." — Fred Ecks

Many People Live under the Tax Line

You may be surprised to learn that more than a third of those people who file tax returns in the United States already live under the income tax line. In 2010, 58.4 million Americans filed tax returns showing that they owed no federal income tax all year—either they paid none at all to begin with, or they got back a refund for every cent they paid during the year.

The percentage of tax returns that show zero federal income tax liability has jumped in recent years (data from the Tax Foundation and the IRS):

Year	Number of Zero-Tax Filers	Zero-Tax Filers as % All Filers
1980	20,000,000	21.3%
1985	18,800,000	18.5%
1990	23,900,000	21.0%
1995	29,000,000	24.5%
2000	32,600,000	25.2%
2005	43,800,000	32.6%
2010	58,400,000	40.9%

The Tax Foundation adds, "There are, however, millions of other Americans who earn some income but not enough to be required to file an income tax return.... When these non-filers are added to the number of nonpayers, the total number of Americans outside the income tax system jumps to roughly 50 percent of all households by some estimates."

So becoming a low-income income tax resister does not mean living in a cave, renouncing the world, and living off grubs and

DAVID GROSS

San Luis Obispo, California

When the invasion of Iraq began in March, 2003, I quit my job, reduced my income below the tax line, and started working for my values instead of against them.

I found the parts of my budget that I could trim to greatest advantage, and found legal tax deductions and credits that allow me to satisfy that budget without paying income tax to Uncle Sam.

I learned some tax law from the IRS, which trains volunteers to help people with their taxes. I've used this training to help low-income families get refunds from the IRS, which gives me a good "Robin Hood" feeling, and I've also helped other low-income war tax resisters who file tax returns to do so more effectively.

I bring in around $40,000 in a typical year, mostly from technical writing consulting. My health insurance is a tax-free expense because I'm self-employed, and because I contribute to a Health Savings Account (HSA), my deductible is also tax-free. I contribute to tax-advantaged retirement plans as well. Between those and the HSA, I put away nearly 40% of my income for retirement or health emergencies.

That leaves me about $18,000 each year to spend on rent, food, and other expenses (plus another $5,000 or so that the government hopes to squeeze out of me for social insurance taxes — I don't pay those voluntarily, but the IRS may try to seize this money from me, so I don't budget it as "spending" money).

I don't own a car — which is probably my biggest cost savings. I live in a

bike-friendly town so that doesn't slow me down much. When I need something around the house I keep an eye on craigslist or freecycle for something we can save from the landfill rather than buy from a store. I enjoy cooking, and so can eat really well without spending a lot of money. I also brew my own beer — a useful skill and a rewarding hobby that avoids the federal excise tax on alcoholic beverages while also being the ultimate in bottle recycling.

All told, my transition to a "simple living" lifestyle was easier than I thought it would be, and that way of living has turned out to be more rewarding than I expected. Now that I know how it works, I think I'd live this way even if taxes weren't an issue, but it's certainly a bonus to know I'm no longer paying for America's wars.

berries. On the contrary, it just means joining a large class of Americans who do not pay any federal income tax.

If I Don't Owe Income Tax, Must I File a Return?

Even if you do not owe any income tax, the government usually requires you to file a return. However, if your gross income is below a certain threshold (which depends on your filing status and which changes every year), you do not have to file. The 1040 Form instructions, published by the IRS each year, include a table that shows these thresholds.

Some war tax resisters completely withdraw their cooperation with the federal tax system, and refuse to file a federal tax return. This strategy can slow down the collection process by not providing information to the IRS. However, willful failure to file an income tax return is itself a federal criminal misdemeanor, and the fines for failing to file are typically more severe than those for filing but failing to pay. You may want to consult a war tax resistance counselor and consider carefully the philosophical and practical ramifications of this decision. For an in-depth exploration of this issue, see NWTRCC's *Practical War Tax Resistance #2: To File or Not to File an Income Tax Return.*

By filing you can claim a refund if you are legally entitled to one, or you can claim certain deductions or credits.

There are some advantages to filing a return, so even if you are not required to file you might decide it is worth the trouble. By filing you can claim a refund if you are legally entitled to one, or you can claim certain deductions or credits. Some people with low incomes may be able to get a tax "refund" through the Earned Income Tax Credit even if they did not pay any income taxes. Filing a return is also how people with low incomes qualify for health insurance premium subsidies.

Certain benefits, like student loan assistance, may also be based on numbers from your tax return.

Keeping detailed records of tax-deductible expenses and contributions, reading sometimes complex IRS instructions, and carefully applying for deductions and credits can be a laborious process and one that some war tax resisters view as antithetical to their philosophy of non-cooperation. For other resisters the overriding priority is to stop giving money to the government, even if this means enduring more bookkeeping and red tape.

Charitable Contributions as a Way of Getting Below the Tax Line

Is it possible to earn as much money as you would like and then donate enough to charity that you no longer owe income tax? In general, no.

For one thing, the tax deduction for charitable giving is typically limited to 50% of your adjusted gross income (for some charities, the number is lower—20% or 30%; Congress has been known to temporarily lift these limits, for instance to encourage charitable giving after Hurricane Katrina in 2005). IRS *Publication* 526, *Charitable Contributions*, has more details.

Also, the tax deduction for charitable giving is one of the itemized deductions, which means that in order to use it you lose your standard deduction. For this reason you may have to donate several thousand dollars to charity before you begin to lower your tax at all.

And because you subtract your itemized deductions after you calculate your adjusted gross income, you cannot lower your adjusted gross income by donating money to charity. For this reason, additional charitable deductions will not help you qualify for any tax credits that require you to have a lower adjusted gross income (like the Retirement Savings Tax Credit).

Using Credits and Deductions to Get Below the Tax Line

There are many deductions and credits available to tax filers. Deductions reduce the size of your taxable income, and therefore how much your income is taxed. Credits directly reduce the amount of tax. In most cases, these credits can reduce your tax no further than to zero, but certain refundable credits can reduce your tax below zero so that the government pays you money.

Because there are many deductions and credits, and because frequently new ones are added, old ones discontinued, and existing ones altered by changes in the tax law, this pamphlet

Doing the Math

An example of how one tax resister could have used the deductions and credits available in 2014 to eliminate his income tax bill.

By September 2014, Joe Taxmenot had earned $38,500 at his job, of which he had saved $5,775 in 401k contributions. Also deducted from his paychecks were $300 for tax-free "commuter checks," $2,945 in social insurance taxes, and $2,835 in federal income tax. Joe wanted to resist the federal income tax by getting below the tax line and getting the entire $2,835 back as a refund. Here's how he did it:

He quit his job and started a home business doing freelance manuscript editing. He went through all of the paperwork and fees involved to get a legitimate business license, and advertised in magazines for authors and scriptwriters. He spent $2,000 to get his new business off the ground. He got his first of several freelance jobs in November, and his first check, for $1,500, arrived just before the end of the year.

He sold off some stock he bought during a bubble several years ago. This brought in another $1,250 in income but he had bought the stock for $5,000 so he lost $3,750. He can take $3,000 of those capital losses as a deduction this year and save the remainder for next year's taxes.

$38,500	Employment income
-$5,775	401k deposit
-$300	Commuter checks
-$2,000	Business expense
+$1,500	Business income
-$3,000	Capital loss
$28,925	**TOTAL INCOME**

Joe has been lowering his expenses, but he is still strapped for cash and he needs to put $5,500 into an IRA to get below the tax line. The IRS will let him take credit for putting money into an IRA before he actually makes the deposit, as long as he puts the money in before the April 15th tax deadline. So he declares the contribution on his tax return in February, but waits until he gets his tax refund before he actually makes his deposit.

He put $3,300 in his Health Savings Account over the course of the year. He also takes $2,500 worth of classes from the local university's extension course series to help with his business and editing skills. These things also reduce his adjusted gross income.

$25,625	Total Income
-$3,300	Health Savings Account contribution
-$5,500	IRA contribution
-$2,500	Tuition & fees deduction
$17,625	**ADJUSTED GROSS INCOME (AGI)**

Joe can only take one exemption and the standard deduction because he does not have any dependents and, when he calculated his itemized deductions, they did not amount to much.

$17,625	Adjusted Gross Income
-$6,200	Standard deduction
-$3,950	Personal exemption
$7,475	**TAXABLE INCOME**

Joe looks in the tax table for the tax on $7,475: $748. He then fills out the Retirement Savings Tax Credit form. This form says that because his AGI is $18,000 or below, he can take 50% of the first $2,000 that he put into retirement accounts (such as his 401k and IRA) as a tax credit: a $1,000 credit in his case. This is not a refundable credit, so it only eliminates the tax rather than converting it into an additional refund. But Joe is satisfied and claims victory.

$748	Tax on the $7,475 taxable income
-$748	Retirement Savings Tax Credit
$0	**TAX OWED**

Joe files his return and in a few weeks gets a $2,835 refund check (he puts that and $2,665 from his savings into his IRA as he planned). Over the year, he put $11,275 away for retirement, put $3,300 away to pay his medical bills (or for retirement, if he stays healthy), spent $2,500 on university classes, and another $2,000 to start his home business. After subtracting the social insurance tax that was deducted from his wages, that left him $19,230 to spend however he wants.

$38,500	Employment income
+$1,250	Sale of the dot-com stock
+$1,500	Home business earnings
-$11,275	Retirement savings
-$3,300	Health savings
-$2,500	Tuition & fees
-$2,000	Business expenses
-$2,945	Social insurance tax
$19,230	**FREE-AND-CLEAR**

Joe figures he can live on that much pretty easily. He can even save up a little for a couple of years from now when he runs out of that rotten dot-com stock and has to squeeze things a little tighter. He figures he will probably be pretty good at living on the cheap by then.

His cousin Jane earns $20,000 a year, but, by the time she has paid her taxes—including nearly $1,000 in federal income tax—she has far less free-and-clear take-home income than Joe does. She can't believe Joe earned twice as much she does, takes home much more than she does, and saves more for retirement and health care, but doesn't have to pay any federal income tax. So she decides to go through the numbers herself and see if she could do it too.

only discusses a few. It may be worth your while to learn which of the many deductions and credits you can use.

Earned Income Tax Credit

The Earned Income Tax Credit (EITC, sometimes called the "Earned Income Credit" or EIC) is meant to help people who earn low incomes, particularly those who have children. The amount of the credit varies based on your filing status, your earned income, and the number of children that you have.

You can claim this credit even if you do not owe any income tax for the year, which is to say that the EITC is a "refundable credit." It is possible for a low-income family to get more back from the government in EITC than it paid in combined income tax and social insurance tax. The IRS website has an "EITC Assistant" that you can use to help determine whether you are eligible for this credit.

Some low-income families may be able to get a tax "refund" through the Earned Income Tax Credit even if they did not owe any income taxes.

Millions of people who are eligible for the EITC fail to apply for it. This is in part because some low-income families do not file tax returns at all, and also because applying for the EITC (and filing a tax return in general) is complicated and confusing.

The IRS sponsors free clinics at which volunteers help people with low incomes prepare their tax forms. You can volunteer at one of these clinics even if you do not have any training in tax preparation. The IRS will train you for free. This is a good way to get some free training in tax law that can help you as a low-income tax resister. And, by helping people with low incomes apply for the EITC, you help take money from the government and give it to poor families.

REDUCING OTHER CONTRIBUTIONS TO MILITARY SPENDING

The government gets our money not only from the federal income tax on individuals, but also through social insurance taxes, the income tax on corporations, excise taxes, and tariffs. You can also reduce your contributions to these funding sources in the course of adopting a low income lifestyle.

For more information on these, see Other Taxes That Support War at the NWTRCC website, *nwtrcc.org/other_taxes.php*.

Social Insurance Taxes

Although social insurance taxes (also known as "FICA", the "payroll tax," or, in some contexts, the "self-employment tax") are ostensibly collected to pay for programs like Social Secu-

GARY AND NANCY T. GUTHRIE

Nevada, Iowa

It feels somewhat odd to think of ourselves as "low income" as we are quite well off by most standards. However, we do live relatively simply and have been able to take advantage of legal tax breaks to reduce our taxable income and not owe income taxes. When our son Eric was young and lived at home we qualified for the Earned Income Credit. During his college years the education tax credit came into play. He was also fortunate that his grandparents gave a sizeable gift when he was young that helped pay for his education. In recent years we have been able to take advantage of a savings tax break and a tax break for investment in solar and wind. In addition, we place a lot of extra money into retirement, and with these strategies we still have not paid federal taxes for some time.

For more than a dozen years we operated the Growing Harmony Farm CSA (community supported agriculture), and Nancy worked half-time at Iowa State University so that health benefits were covered. Self-employment with the CSA provided flexibility in our total income, because we could expand markets or contract them as we need to increase or decrease our income. Now Gary does elder care and Nancy works full-time. Living on Gary's parents farm, we do not pay rent or need to buy a home as the family has set up a trust for the farm property. We have the security of living here as long as we are able.

We come from a Christian-based community perspective after living and working in El Salvador for three years in the late 80s and early 90s. We enjoy the challenge of living joyfully maladjusted and relating to members of our farm-based community. Growing vegetables lowers our food expense considerably, and our circumstances allow us to live in the U.S. culture even as we question how to live here with integrity.

KARL HESS

1923 - 1994

About 10 years ago... constant harassment by the Internal Revenue Service caused me to snap my twig and just stop paying taxes altogether. I won't go into the tedious details, but I will note that I announced my decision to the IRS by sending along a copy of the Declaration of Independence. By return mail, my tax collector informed me that a lien would be placed against all my property—that they would take every cent, literally 100 percent, of every penny I might earn and that they could discern.

I asked, then, how they would handle it if I decided to just barter for a living. They had a ready answer: "If you get some turnips for your work, we'll take the turnips." Fortunately for me, either the IRS is surfeited with vegetables, or turnips are a good deal more difficult to track down than cold cash.

And so I survive. The other day I welded up a fish-smoking rack for a family in Washington, D.C. It will earn me a year's supply of smoked fish. At about the same time, I helped a friend dig a foundation. He'll help me lay the concrete blocks for a workshop. Part of my pay for a lecture at a New England college was the use of the school's welding shop, to make some metal sculptures. Three such sculptures have paid my attorney's fees in maintaining the tax resistance which is the reason barter has become such an integral part of my life.

Cash is not altogether gone from my existence. First of all, the taxpaying lady with whom I live generates a bit. Second, there are jobs I can do for hard cash, getting the money before the tax collector. Of course, although I don't pay my taxes, I dutifully file tax returns, publicly discuss my tax resistance, and always overstate, rather than ever try to hide, or falsify, income. Otherwise it wouldn't be tax resistance, but simple fraud.

—This piece was written in the mid-1970s when Hess was living in West Virginia. For more on Karl Hess and his transition from DC insider to back-to-the-lander, see en.wikipedia.org/wiki/Karl_Hess.

rity and Medicare, any surplus that the government collects but does not use to pay for these programs, it "borrows" to pay for other items in its budget, including the military. For this reason, some tax resisters who do not disapprove of programs like Social Security and Medicare still try to resist these taxes.

The federal penalties, both civil and criminal, for refusing to pay social insurance tax are the same as those for refusing to pay income taxes

Social insurance tax is hard to avoid if you earn your income in the above-ground economy. Your employer is required to withhold money from your paycheck starting with the very first dollar you earn, and you cannot qualify for a refund no matter how little you make.

If you are self-employed, be aware that social insurance tax is assessed on incomes much lower than the minimum threshold for the income tax. In addition, if you are self-employed, you are legally required to pay a portion of the tax by certain deadlines, four times a year.

The federal penalties, both civil and criminal, for refusing to pay social insurance tax are the same as those for refusing to pay income taxes. The IRS does not distinguish between these two kinds of tax when applying penalties.

There are a few exceptions to the general rule that everyone must pay social insurance tax. For instance, self-employed Amish people (and those of a few other religious groups) can be exempt, and some ministers can avoid social insurance tax on their salaries.

Corporate Income Tax

You can reduce your contribution to corporate income taxes by reducing your consumption of corporate-provided goods and services, thereby reducing your contribution to the profits of corporations.

The federal government taxes the sale of things like alcoholic beverages, gasoline, airline tickets, ammunition, vaccines,,,

Excise Taxes

The federal government taxes things like alcoholic beverages, tanning salons, gasoline, airline tickets, ammunition, vaccines, local telephone service, tobacco, cars and car parts, fishing and archery equipment, and coal. The fewer such products you consume, the less excise tax you pay. There are other ways to avoid these taxes, too. For instance, you can avoid the excise tax on alcoholic beverages by producing your own. (It is legal to produce your own beer or wine).

Tariffs

Tariffs are taxes on goods imported into the country that are applied when the goods arrive. Different goods are taxed at

different rates. You can avoid contributing to these tariffs by purchasing fewer foreign-made products. However, when you purchase from domestic producers, you contribute to their profits and therefore to the income taxes they owe and pay. This is an example of where lowering consumption in general may be the best policy.

Other Taxes

If you have less income and you spend less money, you will also reduce your state and local tax liability.

Gandhi's independence campaign in India boycotted goods that the British colonial occupation monopolized and taxed. Gandhi encouraged Indians to produce their own salt and cloth, both to withdraw financial support from the British monopolies and to encourage the development of domestic industry.

Another set of rebellious British colonials used a similar tactic during the American Revolution—making homespun cloth in patriotic "spinning bees" and boycotting British monopoly tea.

What of today's anti-imperialists? What commercial transactions does the government tax that it would have a harder time taxing if they were the fruits of household industry rather than the marketplace?

One candidate is homebrewed beer. The federal excise tax on beer is about a nickle per bottle. Homebrewers can resist this tax, learn a craft, and drink good beer—all legally! Imagine "brewing bees" or "drinking bees" at which war tax resisters belt out songs of liberty!

One homebrewer wrote: "I like the symbolism of brewing tax-free beer. Gandhi's campaign had a value beyond its bottom-line pounds-and-pence figure. Spinning cloth was a way of consciously participating on a daily basis in the resistance, and wearing homespun cloth was a way of broadcasting your commitment to those around you. Besides, brewing beer is fun and when you're done you've got beer!"

LIVING ON LESS: SOME PRACTICAL MATTERS

"The effectiveness of this strategy is multiplied if one advertises the fact that you have legally and deliberately tried to reduce your tax obligations as a way of reducing your support for oppressive government policies. Tell your tax preparer, your family, and your colleagues about your strategy. Encourage them to try it...

"The beauty of tax-reduction strategies is that they are moral on all

JUDY CONRAD

Elkin, North Carolina

August 2006, at 62 years old, I retired on Social Security after 17 years of conscientious tax refusal—most of those years living below a taxable income. I reached my retirement goal—reducing income to match my social security check. Today (2014) that income is $781 per month with Medicare and Medicaid. At the end of life I will choose death with hospice rather than expensive medical treatment.

Photo by Ellen Thomas.

My tax refusal decision was reached in 1989 after a Witness for Peace trip to Nicaragua and Guatemala. I simply could no longer pay for bullets, bombs and torture to kill innocent people.

My initial 1989 refusal to pay a $5,000 tax bill resulted in a collection process in 1990. The IRS collected $48.00 from a bank account. In 2000 the IRS's 10-year statute of limitations for collection expired., freeing me from the $15,000 tax liability, penalties and interest.

I no longer file taxes. My current income is below taxable level, living simply, off-grid, in a one-room cabin on my grandmother's farm.

My grandmother's Quaker roots and NWTRCC help sustain my witness.

This 17-year journey has blessed me in many ways:

- *Transforming, humbling compassion for the billions of earth's poor;*
- *An immutable framework for resistance to this country's destructive consumerism, greed, violence, based on fear;*
- *A deep knowing that keeping the dream alive, like the flutter of a butterfly wing, has eternal, unknowable, consequences for all life.*

KATHERINE FISHER

Newton, Massachusetts

I found out about war tax resistance when I attended a session at the New England Yearly Meeting of Friends where an older friend talked about her experience with it. While I was in college, the wars in Afghanistan and Iraq started. I thought about how the government does that in my name, and I didn't want to participate in it. After college, when the time came to do my taxes for the first time, I got serious. I went through a clearness process with my Quaker meeting -- a great part of the Quaker tradition if you're making a big decision. A group of people from my Meeting asked me questions to help me think this through. After that process I found that I was clear to do it, and it helped to have the support of my community.

I started out resisting by filing my tax forms and just sending along a letter saying I wasn't going to pay. I resisted 100% of my income taxes because I know that whatever I do pay will just go into the general fund and about half of that goes to war-related expenses. I did that for several years, getting letters from the IRS saying, "you owe us this money; please call us." Eventually the IRS seized money from my bank accounts and salary, although there is still some outstanding. I had put my resisted taxes in an escrow account, so that helped reimburse some of the seized money and was a practical way of dealing with that consequence.

I did that for the first bunch of years, and then I started resisting by keeping my taxable income low, partly by putting money into an IRA for the tax credit. I've actually been able to reduce my taxable income down to nothing for the last few years, and that's been really good.

I don't know if I'll continue to refuse this way, but there's something about keeping my income low and my life simple that makes me feel like I'm living out my faith in a clear way in accordance with my values. I also get to be part of a community of really awesome people who are looking at the world in a way that makes sense even when stuff seems insane around us. I want to tell everybody, "Hey, we don't have to just do what the government says all the time. Just because they want to have a war doesn't mean we have to participate in every way that they're trying to make us."

levels. By saving for retirement with tax-free dollars, you have benefited not only yourself but younger people who would otherwise sacrifice to care for you. Wisely invested, this money can create economic growth and increased prosperity. Charitable donations can be used to strengthen organizations that act as a counterweight to the state and make your community more pleasant and livable. Most importantly, you are not spending your wealth to blow the arms off of Iraqi children."

—Jessica Ramer

Family Life and Responsibilities

Resisting war taxes can require difficult choices. Within the context of partnership and family, these choices also impact others...

Resisting war taxes can require difficult choices. Within the context of partnership and family, these choices also impact others who may not feel the same level of commitment, or who did not themselves choose the risks. When war tax resistance means reducing income or accepting involuntary financial hardship due to seizures, levies, and liens, this can magnify the ordinary tensions, conflicts, and difficulties of family life.

You can reduce your need for money with cooperative childcare, home schooling, handed-down clothing, used furniture, homemade toys, gardening, and neighborhood support systems. Reducing your income may also allow you reduce the hours you work away from home, which gives you the advantages (financial and otherwise) of stay-at-home parenting.

It may not always be easy, but the clearest and most enduring teacher for your children will be the example you give of living conscientiously.

"The example of integrity of lifestyle that I sought was a more valuable legacy to my daughter than financial security."

—Clare Hanrahan

Home Business and Self-Employment

Self-employment has many advantages for war tax resisters. Self-employed people qualify for additional tax deductions and credits, including deductions for legitimate business expenses, and have more control over what they choose to withhold for or report to the IRS. Self-employment allows you to closely regulate your income and withholding—including social insurance tax withholding, which is difficult to resist if you are not self-employed.

Home-based enterprises include anything from web design to tutoring to candle making to on-line auctioning and everything in between. By working from home, you save resources you would otherwise devote to commuting, purchasing meals, a workplace wardrobe, and child care—resources you can use to enrich other areas of your life.

For more information on war tax resistance and self-employment, see *Practical #4: Self Employment: An Effective Path for War Tax Refusal.*

The Underground Economy

The "underground economy" consists of those exchanges that are never reported to the government. Millions of Americans bring in a significant portion of their earnings from this underground economy, which represents something like ten percent of the gross domestic product. Scholars believe that some 18–19% of legally-reportable income in the United States remains under-the-table, which translates to about $500 billion in taxes each year that the government fails to collect because of its inability to discover and enforce a tax on these transactions.

Millions of Americans bring in a significant portion of their earnings from the underground economy.

Participation in the underground economy is an effective way to avoid the whole spectrum of taxes: income tax, social insurance tax, excise taxes, and sales tax.

From time to time, policy makers float proposals to introduce a national sales tax or value-added tax. Should such a radical tax plan ever come to pass, the underground economy will become much more crucial to war tax resisters.

Getting out of Debt

Perhaps, like many Americans, you owe a lot of money. Credit card debt, mortgage debt, student loans, and other forms of debt are a common obstacle to living on a reduced income. You may find that you have to work hard to get out of debt before you can begin to reduce your income to get below the tax line.

You may find that you have to work hard to get out of debt before you can begin to reduce your income to get below the tax line.

If so, there's nothing for it but to get started as soon as possible. As the proverb says: "A journey of a thousand miles begins with a single step." If you work now to lower your expenses so that you are able to dedicate more of your income to paying off your debts, the skills you learn in reducing and sticking to a budget will be skills that serve you well when you are living under the tax line on a lower income.

IDEAS FOR MEETING BASIC NEEDS ON A LOW INCOME

Education

If you are paying or saving for higher education costs for yourself or for a member of your immediate family, you may be able to take advantage of a number of tax deductions and credits that allow you to earn more than you otherwise would

DAVID KING
Wyoming

I worked on the technological problems of self-sufficient living for many years, concentrating on the use of solar energy as the primary source of household power, and I found that a motor home — or a trailer house — makes a splendid dwelling if it has been designed and constructed to be energy-efficient (very well insulated) and frugal in its use of heat, water, and electricity. The operating expenses of such a home can easily be reduced to a few hundred dollars per year (assuming it stays parked in one place).

But the lifestyle I have developed consists of more than just an unusual dwelling; it is a comprehensive set of practices that have led me to substantial economic success while reducing the extent to which I am victimized by the government and other huge social/economic institutions. Through the practice of this lifestyle, I have lowered my living expenses to not much more than what I spend in the supermarket, and an income of about $250 per month can support me very comfortably indeed.

Quite a long time ago I encountered something called Micawber's Equation. (Micawber is a character in one of Charles Dickens' books.) It looks like this:

> *Income 20 pounds a year: expenditure 19 pounds, 19 shillings and sixpence* = HAPPINESS
>
> *Income 20 pounds: expenditure 20 pounds and sixpence* = MISERY

The more I thought about this, the more it seemed to make really good sense to me. I derived, as a variant of Micawber's equation, something I call "Micawber's Ratio." It is simply the ratio of your income to your living expenses. If that ratio is greater than one, you live in happiness. If that ratio is equal to one, you are just barely managing to make ends meet. If your Micawber's Ratio is less than one, you are (or eventually will be) living in misery. I believe this is a much more sensible assessment of a person's economic condition than is the commonly-used measurement based solely on income. My own Micawber's Ratio is over 3. But my annual income is only about $11,000. Am I living in poverty? Some people think so. (My income is so "low" that I am exempt from the income tax.) But my standard of living is higher than that of many of those same people. It is my lifestyle that enables this.

True prosperity is measured by the satisfaction of a person's material desires, not by the number of dollars in his pocket.

GARY CAVILIER

Las Vegas, Nevada

During the first ten years at the Las Vegas Catholic Worker, we received a 10 a week stipend and a room and board (use of donated food). We could also use the Catholic Worker vehicle. Then we were living in voluntary poverty with the homeless.

When Julia Occhiogrosso and I decided to do foster care in 1996 and could not get licensed at the Catholic Worker house because so many people come in and out each day, we found an empty lot seven miles north and a contractor and many of our volunteers in the construction industry said they would help us build a home. It was like an old fashioned barn raising, many volunteers donated their help, and the house was built for $30,000 plus the lot which cost $22,000.

We started foster care as soon as the home was finished, and ended up adopting the first two kids we received, two boys who are now 12 and 13 years old. We no longer live in voluntary poverty, in fact our home is in the suburbs. The Catholic Worker pays the costs of our home and utilities (about $675 per month) as well as a stipend. I also have 2 part-time jobs doing bookkeeping for two peace groups. Still with the Catholic Worker income and part-time income, our earned income is below what the minimum wage would be for 2 full-time workers. We also receive a low-income adoption subsidy of $708 per month ($354 per child) until the boys are 18, and we receive about $4,000 per year from the Earned Income Credit and Additional Child Tax Credit.

When people join our community, they receive room and board and the same stipend as us, but there is a difference in that we are commuting from the suburbs, they are living in a poor neighborhood. So far community members have been very supportive of our family experiment.

We currently have more than enough money to meet our needs and some wants. We have had enough to attend amusement parks and buy skateboards and some of those cool (and expensive) clothes teenagers seek, while still not making enough to pay income taxes

and still remain below the tax line (see IRS P*ublication* 970, T*ax* B*enefits for* E*ducation*).

Of course there are many opportunities for education that are available outside of the university. Every time you learn a new skill by "doing it yourself" you become more well-rounded and less reliant on commercial transactions to get you through life. Many universities are now offering free on-line courses to anyone who wants to sign up. Education can also be bartered: For instance, one tax resister who wanted to learn Spanish swapped lessons with a Spanish-speaker who wanted to polish his English skills. This way two people got language tutoring free-of-charge.

Housing

Cooperative housing arrangements—such as collectives, intentional communities, and community land trusts—can honor alternative lifestyles and encourage people to cooperate in decision-making, share resources, and relate responsibly to land and housing.

You can meet short-term shelter needs inexpensively by house-sitting and offering plant and pet care. You might also secure housing while providing a valuable social service by offering companion care for the elderly or disabled.

Banking

If you keep your money in a bank you might consider alternative banking institutions or credit unions. Though such savings remain vulnerable to levy or seizure, as they would be in a bank, the funds can be more useful to the community while they remain on deposit. Credit unions are also exempt from the federal corporate income tax on the profits they make, whereas banks are subject to this tax.

HEALTH CARE AND MEDICAL EMERGENCIES

By attending to preventive health care and a healthy lifestyle in general, the odds improve that you will lower your health expenses. But when you play the odds, sometimes you win and sometimes you don't. Fortunately, there are ways to pay for health insurance and health care that don't require you to earn additional taxed income.

Health Savings Accounts

The Health Savings Accounts (HSA) program started in 2004. It allows you to earn a certain amount of money income-tax-free each year if you put that money into an HSA.

You can withdraw from your HSA to pay for health expenses, including your health insurance deductible, without being taxed on the money you withdraw. You do not have to spend it all during the year in which you deposited it (which is the case for the somewhat similar tax advantaged "flexible spending" accounts).

The Health Savings Accounts (HSA) program started in 2004. It allows you to earn a certain amount of money income-tax-free each year if you put that money into an HSA.

When you reach retirement age, you can withdraw money from your HSA without having to spend the money on health expenses—just as though it were a retirement account like a traditional IRA or 401k—although any non-health-related withdrawals will be treated as taxable income in the year you make the withdrawal.

You can only have an HSA if you have a high-deductible health insurance plan. What "high-deductible" means is subject to change, so you should check the current law when you try to find a qualifying plan.

Deducting Health Expenses

Health expenses can, under some circumstances, be used as tax deductions that make it easier to earn enough money to meet your health care needs while remaining under the tax line.

If you are self-employed, you can deduct the cost of your health insurance policy. If your employer gives you health insurance as a benefit, you are not taxed on the value of this benefit.

Some employers offer a Health Reimbursement Arrangement (HRA) in which the employer pays into an account from which you as an employee can be reimbursed for medical expenses—these reimbursements are also untaxed.

Some employers offer Flexible Spending Accounts, also known as "cafeteria" plans. Your account is funded by deductions from your paycheck, and you can withdraw money from your account to pay for medical expenses. The money in the account is not subject to income tax either when you earn and deposit it or when you withdraw and spend it. However, you must spend all of the money you have put into the account during the year in which you deposited it (plus a few months grace period) or you lose the money.

You can itemize health expenses to the extent that they exceed 7.5% of your adjusted gross income. However, if you itemize you forfeit your standard deduction. For this reason, you have to have enough itemized deductions to make up for your standard deduction before you get any benefit from itemizing. If you have extraordinary health costs in some years, or if you will be itemizing for some other reason, this may be worthwhile, so you may want to get in the habit of

keeping receipts for your health expenses.

Health Insurance under the Affordable Care Act

In 2014, the federal government began subsidizing health insurance premiums for low-income people under the terms of the Affordable Care Act (sometimes called "Obamacare").

Some low-income war tax resisters may find that they now qualify for Medicare, while the rest are very likely to find that the federal government will subsidize a large percentage of the cost of their private health insurance.

The subsidy takes the form of a tax credit, which you calculate on your income tax return at the end of the year and which is based on your adjusted gross income. The same techniques that you use to reduce your adjusted gross income in order to eliminate your federal income tax will have the side effect of increasing your health insurance subsidy.

The subsidy takes the form of a tax credit, which you calculate on your income tax return at the end of the year

The government pre-pays this subsidy to your insurance company throughout the year so that you, in turn, pay a lower monthly premium. This means you must estimate at the beginning of the year what your adjusted gross income is likely to be at the end of the year so the government knows how much of your premium to pay for you.

At the end of the year, when you file your return and determine your actual adjusted gross income, if this differs from the estimate you made at the beginning of the year, the government may credit you if it under-subsidized you, or ask you to repay some amount if it feels it over-subsidized you.

This introduces a complication for those low-income resisters who do not file tax returns. They may, as a result, also have to relinquish these subsidies, and may find that their unsubsidized health insurance premiums have risen.

For more information, see: IRS *Publication* 5120: *Facts about the Premium Tax Credit*; IRS *Publication* 5121: *Facts about the Premium Tax Credit*; IRS: *Questions and Answers on the Premium Tax Credit*

LONG-TERM AND OLD AGE SECURITY

As a low income war tax resister, you need to consider how to support yourself in your later years. You may qualify for Social Security, or you may not have contributed the required minimum, or you may choose not to draw from that fund on principle. Whatever the case, you will need to prepare for the inevitable uncertainties and insecurities of old age. (See, also, *Practical #7 on health care, social security and aging issues.*)

Tax-Advantaged Retirement Accounts

Tax-advantaged retirement accounts allow you to save money for retirement while avoiding or delaying some taxes. There are several varieties of these accounts. In combination with the retirement savings tax credit, they are powerful tools for the low-income tax resister who wants to stay below the income tax line while still making a comfortable income and while saving for retirement.

Some tax-advantaged retirement accounts are "tax-deferred," which means that you are not taxed on the money when you put it in the account, but only when you withdraw it during your retirement. Other accounts work the other way around—you are taxed on the money now, but not when you withdraw it (and any interest or investment gain it has earned) at retirement time.

In either case, you are taxed on the money in these accounts at the same rate as you are on any other income—it is not taxed at a special rate. If you are still below the tax line when you take money out of a tax-deferred retirement account at retirement, you will not be taxed on it then even if you also were not taxed when you deposited the money. Similarly, with the other variety of account, if you were below the tax line when you deposited the money, and therefore you were not taxed on the money then, you will not be required to pay any taxes on the money when you withdraw it at retirement even if you are otherwise above the tax line then.

If you put money into a tax-deferred retirement account, you are merely postponing the time at which you will have to decide how to avoid paying taxes on that amount. In order to stay tax-free when you retire, you will have to either remain under the tax line or resist in some other way (but see the section on Traditional-to-Roth rollovers for another option).

If you put money into a tax-deferred retirement account, you are merely postponing the time at which you will have to decide how to avoid paying taxes on that amount.

What Are IRAs, Roth IRAs, 401ks, 403bs, SEPs, and SIMPLEs?

A traditional IRA is a tax-deferred retirement account. You can deposit up to a few thousand dollars each year. However much you deposit is deducted from your income for the year on your tax return and so you do not face income tax on it that year (though you will still face social insurance tax). Later, when you reach retirement age and withdraw money from your IRA, it will be taxed then as income at whatever tax rate the government is charging then.

A Roth IRA is not tax-deferred. You can deposit up to a few thousand dollars each year. Unlike the traditional IRA, the

SUSAN VAN HAITSMA

Austin, Texas

I began resisting income tax payment in 1985 while I was an employee in a small business. I earned above the taxable level and filed each year until 1990, when the IRS began its levy process. I left the job and became self-employed doing housecleaning, which has provided my main source of income since that time. I earn approximately $6,000 per year, working part-time.

From 1987 - 1998, I lived as resident caretaker of the Friends Meeting House in Austin, Texas. Lodging was legally offered as nontaxable compensation for the labor I did as caretaker of the property. Since 1998, I have lived in a house that my partner owns, and our arrangement is similar to the Friends caretaker position: I do the upkeep on the property as my contribution to the household.

I don't have health insurance. Because of my income level, I qualify for a city-funded medical assistance program, which provides routine health care and hospitalization. I have received excellent care through this program.

I haven't owned or driven a car since 1990, partly as a way to reduce expenses and partly as a response to US warmaking in the Middle East. I use the bus for most local and long distance travel.

Working part-time for cash income allows time for volunteer projects. Since 1998, I have been active with a local counter-recruitment group, Sustainable Options for Youth. Challenging military recruitment dovetails with resisting war taxes. As a conscientious objector to war, it's a natural connection.

FRED ECKS

South San Francisco, California

I've lived simply for many years, largely out of ecological concerns. In following the steps laid out in Your Money or Your Life, I eventually found myself with significant savings. This led me to decide to leave paid employment and live below taxable levels starting at the end of 2001, as the Bush administration's policies took hold.

My basic needs are very low. My partner and I live together on a houseboat, so our monthly housing expense is just the slip fee (currently $255/month for the two of us). I have a high-deductible health plan ($95/month) and health savings account. I contribute the maximum to my IRA each year, giving an additional tax credit. I have no debt, so my base monthly expenses run about $500/month total, including food.

I volunteer for a shift at an independent movie theatre every few weeks, in exchange for passes. I see lots of movies, all free. I've ushered at major plays, seeing them for free. I take classes at the community college, which offers excellent instruction for very little money. I walk or ride my bicycle most places, so transportation expenses are minimal.

I love spending time on the water, so I splurged on a sailboat a few months ago. I work on the boat myself, learning how everything is done. I take friends out for bay cruises all the time.

I find this to be a way of life in balance, where my actions, my financial life, and my values are all in alignment. I minimize my environmental impact, I don't contribute to the war machine, and I don't wake up to an alarm clock, either.

money you deposit into a Roth IRA counts as part of your yearly income and you are taxed on it like any other income. However, when you withdraw money from your IRA at retirement time you do not have to pay taxes then either on your contributions or on any interest or investment income they have earned.

A 401k is like a traditional IRA, but it is run by your employer. You fund it by withholding money from your paycheck, and you can typically put in more money each year than you can with an IRA. Some employers "match" a portion of your contributions with their own contributions. There is also a "Roth" 401k, which is like a regular 401k but is not tax-deferred.

A 403b is like a 401k for employees of certain schools, universities and non-profit entities (there is also a "Roth" 403b). SEPs and SIMPLEs are varieties of tax-advantaged retirement account that self-employed people and small businesses can establish.

The Retirement Savings Tax Credit

If you have a low income, you can get a tax credit as large as $1,000 if you contribute money to a tax-advantaged retirement account. This means that if you would have been taxed $1,000 based on your taxable income, you will instead be taxed nothing. You can qualify both for this credit and for the usual deduction if you contribute to a tax-deferred account.

If you have a low income, you can get a tax credit as large as $1,000 if you contribute money to a tax-advantaged retirement account.

You apply for this credit by filling out Form 8880. For more information, see *sniggle.net*/TPL/*index5.php?entry*=8880.

> "I *filed my taxes yesterday. Total federal income tax:* $0.00. *Total state income tax:* $0.00. *This makes four years in a row without paying a dime in income tax. Ever since the 'retirement savings contribution credit' went into effect as a bone thrown to the poor as part of the tax cut for the rich in* 2001, *I've lived below taxable levels. I strive to maintain this as a form of protest against the actions of the federal government in recent years." —Fred Ecks*

Advantages of a Traditional-to-Roth Rollover

In general, you are not supposed to take money out of a tax-advantaged retirement account until you reach the age of 59½ (you are taxed and penalized if you do). There are some exceptions.

One thing you are permitted to do is to transfer money from a traditional IRA to a Roth IRA. If you do this, you are taxed on the amount you transfer as if it were income you earned during the year you make the transfer.

This can be advantageous to the low-income tax resister.

If you have a year in which you earn very little money and so are in very little danger of being taxed, you can generate some extra "income" by doing such a transfer (just enough income so that you won't have to pay taxes on it either). That way, when retirement time comes, you won't be in danger of being taxed on the money then either.

> "*In 2004, I earned about* $18,000. *I ran the numbers and determined that I could have earned as much as* $25,000 *and still be under the federal income tax line. So I transferred* $6,500 *from my traditional* IRA *to a Roth* IRA. *That* $6,500 *is considered part of my income for* 2004 (*I left some wiggle room*: $18,000 + $6,500 = $24,500).
>
> "*This sort of transfer is legal, and there's no penalty (as there would be if I just withdrew the money from the traditional* IRA *rather than transferring it to a Roth* IRA)—*but I do have to pay the tax on that* $6,500 *now instead of later. However, I pay that tax at my current rate of taxation, which, because my total income is so low, is* 0%. *So that* $6,500 *went from being money that was due to be taxed eventually to being money that was never taxed and never will be.*
>
> "*This sort of transfer is sensible not only for those of us with a little space in our* 0% *zone, but for anyone who thinks that they'll be in a higher income tax bracket when they retire than they are today. Of course, this is just guesswork, but in a case like mine where today's rate is* 0%, *it's a no-risk no-brainer."*—*David Gross*

Can the IRS Seize Your Retirement Account?

The IRS may seize money from your retirement account. If you take withdrawals from the account, it may try to seize this money as you withdraw it. The IRS is reluctant to seize money from tax-advantaged retirement accounts before you withdraw from them, and generally will not unless you are what they call a "flagrant" tax evader. By IRS standards, conscientious war tax resisters can easily be considered "flagrant."(*Internal Revenue Manual*: 5.11.6 *Notice of Levy in Special Cases*).

If they seize money from a tax-advantaged retirement account before you withdraw it, legally this is considered a withdrawal. It will not be subject to an early-withdrawal penalty, but in the case of tax-deferred accounts the withdrawal will be considered part of your income during the year it is seized. This may mean that you will owe additional tax that year or that the extra income will push you above the tax line.

Uncertainties Concerning Future Tax Law

When Congress set up these tax-advantaged retirement account programs, it made an implicit bargain that the tax law

of the future will be similar to current tax law. Of course, the people running Congress at that future date are probably not going to be the same people who made this bargain, and they will have their own agendas.

Some radical tax-reform proposals might make a hash of the plans of retirees. For example, if the federal income tax were replaced by a national sales tax, those people who paid their taxes up-front and put their retirement savings into a Roth IRA would have to pay taxes all over again when they withdraw and spend their money.

So, as with so much else, when we try to organize our lives (and our retirement savings) using the law as a guide, we put ourselves at the mercy of lawmakers. Caveat emptor.

Government Social Insurance Programs — Some Considerations

If you qualify for Social Security benefits, when you approach retirement age you must decide whether or not to apply for them. Some war tax resisters choose to remain outside of the Social Security system both at the contributing and receiving ends. Other resisters choose to participate in the Social Security program and are interested in knowing how eligibility is determined. People with low incomes—who may also have little or no savings, pension, or health insurance, and who may have contributed little to Social Security over the years—need to know their options to help them plan for the years when they may no longer be able to work.

Some war tax resisters choose to remain outside of the Social Security system both at the contributing and receiving ends.

NWTRCC's *Practical* #7 has a lot of information and stories from war tax resisters on Social Security, Medicare, and other options for older war tax resisters.

THE BEST THINGS IN LIFE ARE FREE

You know that some of the best things in life are free, but you may not know that many of the things people pay cold hard cash for can also be obtained free-of-charge.

> *"Capitalism, with its 'free market economy,' its 'jobs' and its 'wages,' is only one part of how we actually create and maintain livelihoods in our families and communities. When we peel away the misleading idea of one giant 'Economic System,' we can begin to see the workings of many different kinds of economies that are alive and well, supporting us below the surface. These are not the economies of the stock-brokers and the 'expert' economists. These are our economies, people's economies, the economies that we build with our everyday lives and relationships....*

"[W]e as creative and skilled people have already created different kinds of economic relationships in the very belly of the capitalist system. We have our own forms of wealth and value that are not defined by money. Instead of prioritizing competition and profit-making, these economies place human needs and relationships at the center. They are the already-planted seeds of a new economy, an economy of cooperation, equality, diversity, and self-determination: a 'solidarity economy'." — Ethan Miller

Barter

Bartering can connect people in a network of mutual support that promotes community and honors individual skills. Although the IRS considers barter and trade to be taxable transactions, in most cases the agency never learns about the transactions at all.

Over the course of a year between 2005 and 2006, Kyle MacDonald traded one red paperclip for a pen in the shape of a fish, which he traded for a ceramic doorknob in the shape of a face, which he traded for a camping stove, which he traded for an electric generator, which he traded for a neon Budweiser sign and a full keg of beer, which he traded for a snowmobile, which he traded for a some-expenses-paid trip to Yahk, British Columbia, which he traded for a 1995 Ford moving van, which he traded for a recording contract, which he traded for a year's rent in an apartment in Phoenix, which he traded for an afternoon with the rock star Alice Cooper, which he traded for "a motorized KISS snowglobe with multi-colored lights and above all else a variable speed dial," which he traded for a role in the movie *Donna on Demand,* which he traded for a house in Kipling, Saskatchewan.

Freecycling, Freeganism, and Freeware

Freecyclers use email lists or Internet classified ad boards to publish lists of the goods that they would like either to give away or to obtain. Freecyclers will tell you that they can find anything from building materials to furniture to textbooks to perfume to computer parts to baby products to bicycles to guitars and more—all completely free of charge.

Freecyclers use email lists or Internet classified ad boards to publish lists of the goods that they would like either to give away or to find.

"Freegans" (a play on the word "vegan") are people who prefer to live on things that they can get free-of-charge by living off of society's cast-offs. One freegan, Adam Weissman, told a reporter: "I am able to take long vacations from work, I have all kinds of consumer goods, and I eat a really healthy diet of really wonderful food: white asparagus and cactus fruit, three different kinds of mushrooms and four different kinds of precut salad. And I'm just thinking of what is in my refrigerator

JUANITA NELSON

1923 - 2015

When my partner Wally Nelson and I became tax refusers in 1948, it included not filing, not answering notices to supply information, and making sure we had something to refuse.

Living on a reduced income is related to war tax refusal only as a progression of awareness: that our entire economic life is tied into violence. It seemed logical that the less we participated, the less we'd be giving to that system.

We decided to leave city life in 1970 and went first to New Mexico, then in 1974 we moved to land at Woolman Hill, a Quaker conference center in Western Massachusetts. We have lifetime use of a couple acres of land under a Memorandum of Understanding. Because we didn't have to pay for land, and we built our house from largely salvaged materials, we had no housing payments.

The house is heated with wood, with two gas lights, and may be the only home in Franklin County with a permit to have an outhouse. I use a telephone at Traprock Peace Center, just through the woods. On three fourths of an acre we were able to grow enough organic produce to supply at least 70 percent of our own food and to bring in about $5,000 a year for income.

Wally died at age 93 in 2002. I continue in our house in much the

same way, although I don't drive and no longer have to grapple with the expenses of aged vehicles. Friends give me rides when needed and have been supportive in so many other ways. Volunteers help with the gardening and some of the heavier chores.

Our community of support, the core being Pioneer Valley War Tax Resisters, was most helpful as Wally needed more help in his last years. They built railings, chopped wood, provided rides to meetings and demonstrations and doctor's appointments, cooked, and were always there as needed. The last weeks of Wally's life were spent with friends who graciously squeezed us into their home to make Wally more comfortable.

We never had health insurance and did not want to take social security. Hospitalizations have been covered by programs for the poor. I talked directly with private practitioners, letting them know that I would pay something but not the standard fee. Mostly they don't charge; sometimes we agree on something up to 20 percent of the fee. We were able to arrange hospice for Wally when he needed it and had also enrolled in MassHealth for low priced prescriptions.

This way of life has been challenging and sometimes a lot of fun. Part of the challenge is being led into deeper exploration. From this perspective I definitely recommend settling in an area with kindred spirits of all ages to make it easier to help each other along the way.

—Juanita wrote this description of her life in 2007. A few years later she began to grow more fragile and living alone became more difficult. In 2012 she moved from the house on Woolman Hill to live with friends. The house was turned back to the Woolman Hill conference center. Juanita died at age 91 in March 2015. The Nelsons were mentors for many in the war tax resistance/simple living network and served as models for a simple living lifestyle. Search online and you'll find more about Wally and Juanita Nelson, including some oral histories and interviews. Juanita also appears in NWTRCC's film *Death and Taxes*.]

right now.... We found flat-screen TVs, working boom-boxes and stereos. I have put together most of my wardrobe. Last year's designer clothing in perfect shape is discarded because it's no longer fashionable, so I wear a lot of designer labels."

Some of the best computer software is free, and the free open-source software sector is one of the biggest and most successful gift economies ever. It rivals the engines of Capitalism and the power of the State in its ability to marshal labor and ingenuity toward productive goals. By switching from commercial software to free open-source software, you help this economy grow, and you help shrink the tax-generating economy of commercial software.

> *"About 50 teachers, engineers, executives and other professionals in the Bay Area have made a vow to not buy anything new in 2006—except food, health and safety items and underwear....*
>
> *"Compacters can get as much as they want from thrift shops, craigslist, freecycle.org, eBay and flea markets, as long as the items are secondhand. And when they're in doubt, they turn to their fellow Compacters for guidance.... One especially appealing aspect of the Compact is its social component, members say. Fellow Compacters offer advice, moral support, help locating needed items and partners for thrift-store runs." — Carolyn Jones,* San Francisco Chronicle, *February 13, 2006*

Gleaning

Urban gleaning relies on the many edible plants that are planted mostly for ornamental purposes — plum trees growing along sidewalks, olive trees in road medians, rosemary bushes....

The U.S. Department of Agriculture defines gleaning as "the collection of crops from farmers' fields that have already been mechanically harvested or on fields where it is not economically profitable to harvest." In some parts of the world, such gleaning is an informal and expected part of agriculture; in others, it is considered unusual and is best handled by asking explicit permission from the farm owner.

Urban gleaning relies on the many edible plants that are planted mostly for ornamental purposes—plum trees growing along sidewalks, olive trees in road medians, rosemary bushes planted in front of businesses, edible weeds like dandelions, and the like. Knowing what to look for and when to

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Alastair Bland, an anthropology student at U.C. Santa Barbara, spent ten weeks "living off the land" in a town near campus in 2003. He ate figs, apples, pomegranates, passion fruit, guavas, persimmons, blackberries, citrus fruits and arugula from front yards and urban landscaping, and gathered fish, octopus, scallops, lobster and seaweed from the ocean. "I really was eating the best stuff on Earth, and I was thriving on it," he says.

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look can yield a bounty in your own neighborhood.

Slugging

Slugging, also known as casual carpooling, is an informal variety of public transit. The slugs, those who want a ride, wait at a well-known spot from which it is convenient for drivers to pull-over and pick up passengers. Drivers who need additional passengers (for instance, to meet the requirements for a carpool lane or for reduced tolls) pick them up. Because of the mutual benefit, no money is exchanged.

Slugging, also known as casual carpooling, is an informal variety of public transit.

Frugal Eating

Food is a big part of most people's budgets. It also is fairly easy to squeeze for budget savings.

The best way to stretch your food budget is to eat out less. It is much less expensive to prepare food at home. The U.S. Department of Agriculture has put a lot of time into preparing and taste-testing frugal and healthy menus. You can find these thrifty food plans and even a recipe book on-line.

Cooperative community gardens allow people to share skills in growing and preserving food. Raising produce locally and responsibly promotes sustainable agriculture while contributing to health and fitness, both in the exercise involved in tending a garden, and in the high quality of the food produced.

According to a decade-long study by University of Arizona anthropologist Timothy Jones, some 40–50% of the edible food produced in the United States is never eaten. This figure includes everything from food left to rot in the fields where it grows, to food spoiled in transport, to the last couple of inches of soured milk in the carton in your fridge. There is clearly a lot of room for efficiency and frugality to stretch your food dollar while reducing waste.

CONCLUSION

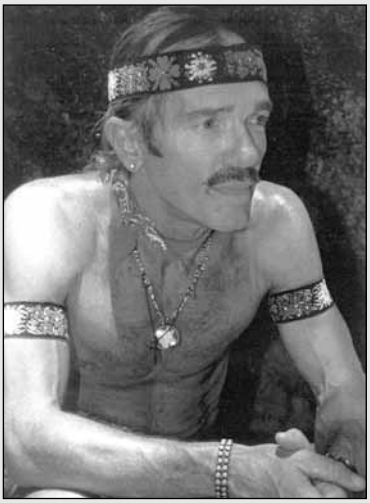
Living on a low income can be an effective way for you to resist the federal income tax, and it has many other benefits: it lowers your environmental footprint, reduces other taxes, orients your life away from consumerism, and encourages solidarity with the involuntarily poor.

Certainly the least we can do, as people who oppose the war machine and who recognize that taxes are its fuel, is to join the millions of Americans who already live under the income tax line.

Explore the war tax resistance literature, discuss this with oth-

DON SCHRADER

Albuquerque, New Mexico



I *have paid no federal income tax for war for* 35 *years, and* I *pledge never to pay the rest of my life.* I *lived well all of* 2013 *on* $4,882—*less than one-half the federal income taxable level for me as a single* 68-*year old.* For 2013, *my two major expenses of the* $4,882 I *lived on were* $2,880 *rent* ($240 *a month including utilities*) *and* $1,673.36 *for food.*

I *am glad* I *own no car, no refrigerator, no* TV, *no cooking stove, no gun, no washer/dryer, no computer, no big house, no cell phone, no air conditioner, no credit or debit cards, no charge account, no jet travel, no business suit....* I *am glad* I *consume no booze, no meat, no dairy, no cooked food, no restaurant meals, no cigarettes, no junk food, no prescription drugs, no illegal drugs....* Freedom *for me is not having and not wanting these things*!

I *buy nothing at* Walmart, McDonald's, *or large shopping malls.* I *shop at thrift stores, yard sales and the flea market.* I *write down every penny* I *spend every day and add it up.* Most *of the money most* USAers *spend is for crap no one needs*! I *have no right to more than* I *need while others in this world have less than they need.*

I *have owned no car since* 1979 *and* I *have ridden in no car since* 2001. Cars *cause wars for oil, catastrophic climate chaos, poisoned air, highways smothering fertile soil.* I *love to walk*! Sometimes I *ride a bus or train.*

My *home is a sunny* 9½' *x* 12' *rented room with six windows in the house of a friend.* My *room is heated largely by the sun in cold weather.*

I *have no doctor, no dentist and only* Medicare Part A (*free and automatic*

at 65). I prevent and heal disease naturally. I stopped eating cooked food in 1998. Cooking food destroys up to 85% of all its nutrients. Cooked food is slow poison. To avoid killing raw plant foods' enzymes (the life energy), never heat over 105 degrees Fahrenheit. I aim for the best nutrition for the least money. I eat much fruit (avocados, grapefruit, apples, lemons...) and my blended smoothies containing alfalfa or lambsquarter from my garden, soaked millet, flaxseed, garlic, apricot kernels, puncture vine, and in cold weather, ginger.

Every morning at home I do many exercises for 1½ hours. I sunbathe naked most days all year around on my small backyard "Riviera Beach." I like to go to bed between 9–10 pm and get up at 6–7 am. Nothing substitutes for enough sleep.

I receive $412 a month now in retirement Social Security. I have never received food stamps.

Nothing in my life is more important than refusing to pay federal income tax for war — no matter who is president. The best way to pay no federal income tax for war, with no fines and no threats from the IRS, is to live simply — below the federal income taxable level.

I refused to be a soldier in 1969 during the Vietnam War. For me as a conscientious objector to all wars, to pay federal income tax to train and equip other USAers, largely the poor and people of color, to become professional hired killers to murder on command with no conscience would be more evil than being a soldier myself! Marching for peace while paying for war is like praying for health while hogging out on junk food! I have no right to pay tax to do to other people what I do not want them to do to me.

I am deeply indebted to many persons, living and dead, who have taught me, loved me and inspired me!

Write me at 1806 Walter SE, Albuquerque, NM 87102.

ers, and choose the path of best resistance and the level of risk best suited to your circumstances.

Juanita Nelson, reflecting on her life of voluntary simplicity, said:

> "...I *was in pursuit of a life that holds up to the light practically every breath that one breathes in terms of nonviolence, in terms of how the practice matches the preachment."*

In the day-to-day practice of simple living, we may come to celebrate for spiritual reasons the lifestyles we first might have embarked upon for political ones.

SIMPLE LIVING RESOURCE LIST

ORGANIZATIONS

Shareable
Hub SoMa Coworking
901 Mission Street
San Francisco, CA 94103
http://www.shareable.net/
nonprofit news, action and connection hub for the sharing transformation

The Center for a New American Dream
6930 Carroll Avenue, suite 900
Takoma Park, MD 20912
(877) 68-DREAM
newdream@newdream.org
http://www.newdream.org/
helps Americans consume responsibly to protect the environment, enhance quality of life, and promote social justice

Green America
1612 K Street NW, Suite 600
Washington DC 20006
(800) 584-7336
http://www.greenamerica.org/
includes information on cooperative living, barter and LETS

Fellowship for Intentional Community
RR 1 Box 156-W
Rutledge MO 63563-9720
(660) 883-5545
http://fic.ic.org/
resources for intentional communities, cohousing groups, ecovillages, and people seeking a home in community

ORGANIZATIONS (*cont'd*)

School of Living
215 Julian Woods Lane
Julian, PA 16844
(814) 353-0130
Office@schoolofliving.org
http://www.schoolofliving.org/
self-empowering ways of living that aim to establish decentralized, ecologically-sound, self-governed and humane communities

Financial Integrity
P.O. Box 15320
Seattle, WA 98115
http://www.financialintegrity.org/
hands-on practices that integrate classic financial wisdom into daily financial activities

Simple Living Works!
(805) 400-0182
SimpleLivingWorks@yahoo.com
equips people of faith to challenge consumerism, live justly and celebrate responsibly

BOOKS

***War Tax Resistance*—A *Guide to Withholding Your Support from the* Military**
Available from War Resisters League, 339 Lafayette Street, New York, NY 10012. $6 postpaid

Unjobbing by Michael Fogler
War tax resister Michael Fogler shows you how to bring your life into alignment with your values and to break away from imprisoning, unfulfilling jobs.

Your Money or Your Life by Joe Dominguez and Vicki Robin
Offers a clear, step by step process to align financial behavior with personal values.

Radical Simplicity by Jim Merkel
Not so radical as the title implies, Merkel provides a perspective of a way of life which integrates housing, food, community, work, and finances with values.

Voluntary Simplicity by Duane Elgin
Winner of the 2006 Goi Peace Award, Elgin wrote this book over 25 years ago, a groundbreaking work for a movement toward simple, sustainable living.

The Simple Living Guide by Janet Luhrs
How to live a simpler, deliberate life, and savor it.

Choosing Simplicity by Linda Breen Pierce
This book dives into the lives of people who simplified, telling their individual stories.

The Complete Tightwad *Gazette* by Amy Dacyczyn
Money-saving tips for everything in life, from groceries to gifts and travel.

Debt Resisters' Operations Manual by Strike Debt
Insights into the predatory debt system and strategies for fighting common forms of debt and building debt resistance. Free online at http://strikedebt.org/drom.

WEBSITES

Center for a New American Dream
http://www.newdream.org/
helps Americans consume responsibly to protect the environment, enhance quality of life, and promote social justice

Better Times
http://www.bettertimesinfo.org/
access to sustainable, simple, and frugal living

The Picket Line
http://sniggle.net/TPL/
living within my means without paying federal income tax—honestly, peacefully, and legally

Internal Revenue Service
http://www.irs.gov/
helps America's taxpayers understand and pay their taxes

Tax Credit Resources
http://www.taxcreditresources.org/
detailed information about federal and some state tax credits, particularly those that can be claimed by persons with low-to-moderate income

RESOURCES

Available from NWTRCC

Practical War Tax Resistance Pamphlet Series:

#1: *Controlling Federal Tax Withholding*

#2: *To File or Not To File an Income Tax Return*

#3: *How to Resist Collection, or Make the Most of Collection When it Occurs*

#4: *Self Employment: An Effective Path for War Tax Resistance*

#6: *Organizational War Tax Resistance: Employers, Contractors, and Financial Institutions*

#7: *Health Care, Aging, Social Security, and War Tax Resistance.*

(Single copies #1-3 75¢ each, #4-7 $1 each; call for bulk rates.)

War Tax Resistance: A Guide to Withholding Your Support from the Military, a comprehensive book on the subject. Published by War Resisters League, 5th Edition, 2003 (annual update inserted), 144 pages. ($10)

***War Tax Resisters and the* IRS**, a brief outline of WTR motivations, methods and consequences. ($2.50 each)

War Tax Resistance Network, regional listings of contacts, counselors, activists, and support groups. Free

For a full and updated resource list, please see our website or call the number below for a copy.

This booklet was produced by the National War Tax Resistance Coordinating Committee. NWTRCC is a coalition of local, regional, and national groups supportive of war tax resistance. Additional copies are available for $1.00 each. It can be read or downloaded for free on our website.

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