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THE IRS FRAUD EXPOSED

INTRODUCTION

So, you want to know the truth about America's tax laws and income tax system. This document contains the absolute truth about the tax system. A truth that our government prays you will never learn, or even become aware of. The truth is; United States citizens are **not** subject, under the letter of the law, to the payment of income taxes on domestic income, and are **not** required by law to file a Form 1040 for the purpose of reporting, or paying the income tax on, their own domestic income. The truth is the IRS has been a fraudulent and illegal operation for over 60 years. The truth is the IRS routinely violates the Law, the Regulations and the United States Constitution. The IRS is an operation that is more representative of the Gestapo than the American Constitution, routinely trampling the rights of innocent citizens. The IRS is the most un-American agency in the country today.

The truth is that America's tax system is based on voluntary compliance and self assessment, and that's right from the IRS itself, which we'll see later. But what does that actually mean, and why do they say that? "Voluntary compliance and self assessment" Did you know that you "comply voluntarily" ?

You see in America, under the law, the citizens are free, and FREE means not taxed, except when done lawfully. If you don't believe me, let's look and see what the tax laws actually say. Before we begin, I would just like to point out that I am not trying to tell anyone what they personally should do in the future. I'm simply going to show you what the law actually says about income taxes, how those laws are supposed to be applied, and then given what the law actually does say, what it is possible to legally do under those laws.

The Constitution of the united States of America, the Supreme Law of the Land, establishes a limited federal government in America, representative of WE THE PEOPLE. Wherein the Federal government is forever bound as the SERVANT of the PEOPLE, never to become their master. In this context, "Limited" means "bound by law"! The IRS has turned this relationship upside down, effectively enslaving the People to the existing political system and parties, denying the People their FREE CHOICE ,and effectively creating a political system where it is virtually impossible to object to the activities of our supposedly representative government.

Most Americans fear the IRS out of ignorance of the law. This information has been assembled in an effort to help all American citizens overcome their own unfounded, hysterical fears of the IRS by making them knowledgeable about the law imposing income taxes, and how those laws affect you, the American citizen.

At the end of this document there is an e-mail source, in order for you to obtain practical information on what you can do to stop paying taxes for which you are not lawfully obligated.

THE CODE HAS BEEN BROKEN

The **Paperwork Reduction Act Notice** of 1980 is the key to exposing and understanding the truth about America's tax laws. The truth has been in print (the code) since 1916, and reaffirmed in print as recently as 1985, when the IRS complied with the mandates of the Paperwork Reduction Act by providing to the Office of Management and Budget (OMB) the Table shown in 26 CFR 602.101. The IRS cannot ask you for more information than this Table shows is required, in association with any demand for information made under any given code section from Title 26 (the Internal Revenue Code). (In an effort to reduce paperwork and the administrative costs associated with its maintenance.)

The following chapters, all showing the actual legal code sections that the IRS itself cites, should serve as proof beyond any reasonable doubt what-so-ever that the income tax laws are being intentionally misapplied to all American citizens. To understand just how important the Paperwork Reduction Act is to the tax laws, keep in mind that since 1980 the IRS has been required by law to provide a notice of it (Notice 609) with every single piece of correspondence they issue to individuals. You can find a complete copy of this notice on Page 1 of any Form 1040 Tax Instruction Booklet, but the IRS wont tell you about the Table in the Code of Federal Regulations where you can look up the information collection requirements of any given code section.

United States Code Annotated - General Index

The United States Code is voluminous and very complex. Let's start at the beginning. Here, in the General Index for the United States Code Annotated from 1994, under the major heading Citizenship, we try to find an entry for Income Tax. But we only find:

CITIZENSHIP, cont'd.

.....

Illegitimate Children 8 1409

Immigration, this index

Imprisonment,

Citizens by foreign governments 22 1732

Detention of citizens prohibited except by
Act of Congress 18 4001

Indians,

Generally 8 1401

.....

Where is income tax? There is nothing listed or shown for Income Tax in the General Index under 'Citizenship'. It would be there between 'Imprisonment' and 'Indians' if it existed. It's not listed. There are no income tax code statutes shown here in the General Index as being applicable under 'Citizenship' because, as you will see, the income tax does not apply to a citizen's domestic income earned by **right**, and the law accurately records that fact.

Here, in the General Index again, we see the entries for Citizens under the major heading Income tax.

INCOME TAX, Cont'd.

.....

Citizens,

About to depart from U.S., waiver of requirements
as to termination of taxable year 26 USC 6851

Living abroad, exclusion of earned income and
foreign housing costs from gross income 26 USC 911

Civic Leagues,

.....

How many code sections are shown here as being applicable to citizens under income tax? There are two sections, and they both have to do with what? They both have to do with FOREIGN countries. So, here in the General Index Annotated, we immediately get our first indication that the income tax laws may be substantially different than what we have been led to believe is true by our government. Furthermore, if one looks up "Income Tax" under the major heading of "Aliens" in the General Index Annotated, one will find nine pages of code sections listed as being applicable, eight of those pages relate to income tax sections relevant to nonresident aliens.

Income Duty of 1861

Most people in America believe that income taxes first started in America between 1913 and 1916. That is not correct. Income tax first appeared in the law at the beginning of the Civil War, in 1861. The text of the law read:

INCOME DUTY

SEC. 89. And be it further enacted, That for the purpose of modifying and reenacting, as hereinafter provided, so much of an act, entitled "An act to provide increased revenue from imports to pay interest on the public debt, and for other purposes," approved fifth of August, eighteen hundred and sixty-one, as relates to income tax;...

The first income tax was an incomeDUTY, imposed as a duty on foreign IMPORTS, as a FOREIGN TAX. Duties are collected at the Ports of Entry to a nation, **THEY ARE NOT IMPOSED ON DOMESTIC ACTIVITIES.**

A Note From the Commissioner

If we look at what the IRS tells us today about income taxes on the first page of the Form 1040 Tax Instruction Booklet from 1994, we find a "Note From the Commissioner", which is usually one of the first things in the booklet. This one is from Margaret Richardson, the current Commissioner of the IRS. It states in part:

Dear Taxpayer,

Thank you for making this nation's tax system the most effective system of voluntary compliance in the world. The key to maintaining that system is ensuring that you are treated fairly and equitably, that your privacy is protected, and that our tax system is as simple and understandable as possible....

Margaret Milner Richardson

The first sentence here is:

"Thank you for making this nation's tax system the most effective system of voluntary compliance in the world."

There it is! Voluntary Compliance. Why do they say that? What does that mean? And how does it effect you, a sovereign American Citizen? We will come back to those questions in a bit, but I would point out here that this opening statement is not unusual. Nearly every instruction booklet from past years has opened with some variation of this statement from the Commissioner.

The next thing we're going to take a look at is the **Privacy Act & Paperwork Reduction Act, Notice 609**, which is **required by law** to be supplied to you by the IRS with any correspondence you receive from the IRS. It states in pertinent part:

Privacy Act and Paperwork Reduction Act

Notice 609

The Privacy Act of 1974 and Paperwork Reduction Act of 1980 say that when we ask you for information, we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it and whether your response is voluntary, required to obtain a benefit, or mandatory under the law.

This notice applies to all papers you file with us, including this tax return. It also applies to any questions we need to ask you so we can complete, correct, or process your return; figure your tax; and collect tax, interest, or penalties.

Our legal right to ask for information is Internal Revenue Code sections 6001, 6011, and 6012(a) and their regulations. They say that you must file a return or

statement with us for any tax you are liable for. Your response is mandatory under these sections.....

We ask for tax return information to carry out the tax laws of the United States. We need it to figure and collect the right amount of tax.....

If you do not file a return, do not provide the information we ask for, or provide fraudulent information, the law says that you may be charged penalties and, in certain cases, you may be subject to criminal prosecution.....

Please keep this notice with your records. It may help you if we ask for other information. If you have questions about the rules for filing and giving information, please call or visit any Internal Revenue Service office.

In the third paragraph it states:

"Our legal right to ask for information is Internal Revenue Code Sections 6001, 6011 & 6012(a) and their regulations. They say that you must file a return or statement with us for any tax you are liable for."

Now does that say you have to file a return for taxes that you are not liable for? **No!** Does it state who is liable? **No!** Does it even state what liability is? **No!** And that raises the legal questions, what is liability, and who is liable?

Now keep in mind that this does not actually say that this is their right to ask you (the citizen) for information. It doesn't actually say from whom information may be requested, it just establishes that a legal right to request information does exist. But from whom may information actually be requested under these laws? Well, they cite three code sections in this notice, what do they say?

6001. Notice or regulations requiring records, statements, and special returns.
Every person liable for any tax imposed by this title or for the collection thereof, shall keep such records, render such statements, make such returns, and comply with such rules and regulations as the Secretary may from time to time prescribe. Whenever in the judgment of the Secretary it is necessary, he may require any person, by notice served upon such person or by regulations, to make such returns, render such statements or keep such records as the Secretary deems sufficient to show whether or not such person is liable for tax. The only records which an employer shall be required to keep under this section in connection with charged tips shall be charge receipts, records necessary to comply with section 6053(c), and copies of statements furnished by employees under section 6053(a).

Notice that the first three words in this code section are:

"Every person liable". Does this code section actually establish liability or, does it simply list the consequences of being liable, leaving the reader to "assume" that he or she is in fact made liable elsewhere in the Code. Indeed it does not establish liability, it merely lists the consequences of being liable. It is interesting to note, that the second sentence here says:

"Whenever in the judgment of the Secretary it is necessary, he may require any person, by notice served upon such person or by regulations, to make such returns, render such statements or keep such records as the Secretary deems sufficient to show whether or not such person is liable for tax."

Have you ever received notice from the Commissioner? Are you sure that you're required to make such returns, render such statements or keep such records? Which records, which statements, and which returns are required?

Do you see in the third sentence where it refers to "employers". Does this code section apply to employers? Are employers liable for tax? (see Section 3403 Liability for Tax)

Section 6011 was the next section cited in Notice 609 by the IRS as their right to request information, and it says:

6011. General requirement of return, statement, or list.

(a) General rule.

When required by regulations prescribed by the Secretary any person made liable for any tax imposed by this title, or with respect to the collection thereof, shall make a return or statement according to the forms and regulations prescribed by the Secretary. Every person required to make a return or statement shall include therein the information required by such forms or regulations.....

The first sentence states in pertinent part:

"... any person made liable..."

Does this code section actually make anyone liable, or again, does it just list the consequences of being made liable, leaving the reader to assume or presume, again, that liability exists, or is actually established elsewhere in the code? Neither of these code sections, 6001 nor 6011, actually establish liability. They simply establish the consequences of being liable, or being made liable. So, we're going to look for Code sections that do state some person is liable, or made liable for the payment of the tax, that would trigger the filing requirements established by these sections.

The last section referenced by the IRS in Notice 609, as their right to ask for information, Section 6012, states in pertinent part:

6012. Persons required to make returns of income.

(a) General rule. Returns with respect to income taxes under subtitle A shall be made by the following:

(1)(A) Every individual having for the taxable year gross income which equals or exceeds the exemption amount, except that a return shall not be required of

an individual -

(i) who is not married, is not a surviving spouse,

is not a head of a household and for the taxable year has gross income of less than the sum of the exemption amount plus the basic standard deduction applicable to such an individual.

(ii) who is a household and for the taxable year has gross income of less than the sum of the exemption amount plus the basic standard deduction applicable to such an individual.

(iii) who is a surviving spouse and for the taxable year has gross income of less than the sum of the exemption amount plus the basic standard deduction applicable to such an individual.

(iv) who is entitled to make a joint return and whose gross income, when combined with the gross income of his spouse, is, for the taxable year, less than the sum of twice the exemption amount plus the basic standard deduction applicable to such a joint return, but only if such individual and his spouse, at the close of the taxable year, had the same household as their home.

Clause (iv) shall not apply if for the taxable year such spouse makes a separate return or any other taxpayer is entitled to an exemption for such spouse under section 151(c).....

This section states

:

"Returns with respect to income taxes under Subtitle A shall be made by the following:"

and Subsection (1)(A) says,

"Every individual having for the taxable year..."

So, the filing requirement identified here is being established for "individuals". Now, where is the tax imposed on individuals that would correspond to this filing requirement, and what is the exact legal nature of the specific requirement that is established by this section, under that section (the imposing statute)? This Code section would appear to be properly related to individuals and their corresponding filing requirement, but what are its legal limitations, as recorded in the law?

Structural Organization of Title

First, a short explanation regarding the organization of the Tax laws in the United States Code. The tax law of the United States of America is in Title 26 of the United States Code (Internal Revenue Code). Title 26 is broken into a number of Subtitles, each Subtitle being a distinct and separate section of the law as the table below shows:

Tax or Topic	Subtitle	Chapters	Sections
Income Taxes	A	1 to 6	1
Estate & Gift Taxes	B	11	2001
Employment Taxes	C	21 to 25	3101
Miscellaneous Excises	D	31 to 47	4041
Alcohol, Tobacco and Certain Other Excises	E	51 to 54	5001
Procedure and Administration	F	61 to 80	6001
Joint Committee on Taxation	G	91 to 92	8001
Financing Presidential Election Campaigns	H	95 to 96	9001
Trust Fund Code	I	98	9500

This examines the laws under Subtitle A Income taxes, Subtitle C Employment taxes, and Subtitle F Procedure and Administration, which applies and implements the other Subtitles under the law. The code sections we just looked at 6001, 6011 and 6012 are all from Subtitle F. Income taxes are in Subtitle A, consisting of chapters 1-6 of Title 26, Employment taxes are in Subtitle C, consisting of chapters 21 - 25.

It is important to understand that each Subtitle establishes a distinct and separate program, or "tax", with its own individual authority to administer within that Subtitle, over its code sections. These authorities do **not** automatically cross over into the other Subtitles and **cannot** be invoked as an authority in the other Subtitles unless it is shown as applicable within the law and its provisions (regulations).

Each Subtitle imposes its own tax, and establishes the groups of persons subject to that tax, within that specific subtitle. Just because one group of people is subject to one tax under one subtitle, does not necessarily imply that group is automatically also subject to the taxes imposed by other subtitles. To demonstrate this point one could ask "Do you pay Subtitle E taxes?". For most people, the answer is a resounding "**NO**". Why not, you may ask, isn't everyone subject to the law? The answer, of course, is that the group of persons subject to Subtitle E taxes are those people who engage in the manufacture and sale of alcohol and tobacco products.

As you will see, the group of people who are subject to the Subtitle C Employment Tax laws are those people who have voluntarily chosen to participate in the Social Security program. Who then, is the subject of the Subtitle A Income Tax laws, and what exactly is the true nature of this tax and its associated filing requirements? Well, Section 6012 said:

"... with respect to income taxes under Subtitle A ...",

and we are looking for the Code section where the income tax is imposed on individuals, so, we go to Title 26, Subtitle A, Chapter 1, Section 1, which states:

TITLE 26 INTERNAL REVENUE CODE (IRC)

SUBTITLE A INCOME TAXES

Chapter 1. NORMAL TAXES AND SURTAXES

Subchapter A. Determination of Tax Liability

PART 1. Tax On Individuals

1. Tax Imposed.

(a) Married individuals filing joint returns and surviving spouses. There is hereby imposed on the taxable income of

(1) every married individual (as defined in Section 7703) who makes a single return jointly with his spouse under Section 6013, and

(2) every surviving spouse (as defined in Section 2(a)), a tax determined in accordance with the following table:

If taxable income is:	The tax is:
Not over 32,450	15% of taxable income
Over 32,450 but not over 78,400	4,867.50, plus 28% of the excess over 32,450.
Over 78,400	17,733.50, plus 31% of the excess over 78,400

(b) Heads of households. There is hereby imposed on the taxable income of every head of a household (as defined in section 2(b)) a tax determined in accordance with the following table:

If taxable income is:	The tax is:
Not over 26,050	15% of taxable income
Over 26,500 but not over 67,200	3,907.50, plus 28% of the excess over 26,500
Over 67,200	15,429.50, plus 31% of the excess over 67,200

(c) Unmarried individuals (other than surviving spouses and heads of households) There is hereby imposed on the taxable income of every individual (other than a surviving spouse as defined in section 2(a) of the head of a household as defined in section 2(b)) who is not a married individual (as defined in section 7703) a tax determined in accordance with the following table:

If taxable income is:	The tax is:
Not over 19,450	15% of taxable income
Over 19,450 but not over 47,050	2,917.50, plus 28% of the excess over 19,450
Over 47,050	10,645.50, plus 31% of the excess over 47,050

(d) Married individuals filing separate returns. There is hereby imposed on the taxable income of every married individual (as defined in section 7703) who does not make a single return jointly with his spouse under section 6013, tax determined in accordance with the following table:

If taxable income is:	The tax is:
Not over 16,225	15% of taxable income
Over 16,225 but not over 39,200	2,433.75, plus 28% the excess over 16,225
Over 39,200	8,866.75, plus 31% of the excess over 39,200

(e) Estates and trusts. There is hereby imposed on the taxable income of -

(1) every estate, and

(2) every trust, taxable under this subsection a tax determined in accordance with the following table:

If taxable income is:	The tax is:
Not over 3,300	15% of taxable income
Over 3,300 but not over 9,900	495 , plus 28% of the excess over 3,300
Over 9,900	2,343 plus 31% of the excess over 9,900

(f) Adjustments

Does all of this look familiar? It should, this is the Income Tax you probably pay every April 15th of every year and it sure looks like everyone has to pay, doesn't it?

But wait, notice that the language in each of the paragraphs of this section reads in the form:

"...there is hereby imposed on the **taxable income** ... a tax ...". (emphasis mine)

Notice that in all of these paragraphs the tax is **not** actually imposed on the individual him or herself, it is imposed on the taxable income of the individual. So, that leads to the question, what is taxable income? What everybody in America apparently does: is assume that they have taxable income, and then assume that they have liability for tax, and then they assume that Form 1040 is the correct form to file to satisfy that liability for tax on taxable income that they have as individuals, So they fill out Form 1040 and send it in to the IRS to pay the tax. But, is that the correct and proper legal procedure to follow under the law? Certainly that is what the IRS tells us to do, but what does the law actually say? What information is legally required from U.S. citizens to satisfy this liability for tax on taxable income established in Chapter 1, Section 1, by the (income) tax imposed?

For the answer to that question we must go back to the Paperwork Reduction Act. The Paperwork Reduction Act effectively says that the United States government **cannot require, or collect**, more information from citizens than is absolutely necessary to satisfy the requirements of the law. And under this Act, which was passed in 1980, the IRS was required to file with OMB, the Office of Management and Budget, a list of all the code sections that required information to be collected from individuals, together with the cross-referenced list of forms to be used to satisfy those legal information collection requirements for any given code section.

This table is incorporated into this law in the Code of Federal Regulations in 26 C.F.R. 602.101, whose introduction states that the purpose of this regulatory section is to comply with the legal requirements imposed on the government by the Paperwork Reduction Act. The IRS itself prepared and supplied this Table to OMB. It took the IRS five years to comply with the mandate of this Act to document the specific filing requirements associated with any given section, and after you see the table you will understand why the IRS did not want to release this information for over five years.

It states in pertinent parts:

PART 602 - OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT

Section 602.101. OMB Control numbers.

(a) Purpose.. This part collects and displays the control numbers assigned to collections of information in Internal Revenue Service regulations by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1980. The Internal Revenue Service intends that this part comply with the requirements of (OMB regulations implementing the Paperwork Reduction Act), for the display of control numbers assigned by OMB to collections of information in Internal Revenue Service regulations....

26 CFR (4-1-94 Edition)

CFR part or section where identified and described No.	Current OMB Control Number
1.1-1	1545-0067
1.23-5	1545-0074
1.25-1T.....	1545-0922
	1545-0930
1.25-2T.....	1545-0922

1.6012-0..... 1545-0067

1.6012-1..... 1545-0074

In the portion of the table reproduced above, the left hand column shows the code section (where the income tax is imposed, Chapter 1 Section 1, designated here in the table as 1.1-1), and the right hand column shows the OMB Document Control Number (DCN) assigned to the information collection request (the form), that is required by the code section to satisfy its legal requirements. Note that there is only one form shown here as being required by the law that imposes the income tax, and note that the form that is to be used to satisfy the requirements of this code section, where the income tax is imposed, carries **OMB DCN 1545-0067**. Also note that the same form is required by Regulation 1.6012-0, which corresponds to the individual's filing requirement established in Section 6012, which has already been reviewed.

It should be noted that 6012 (from Subtitle F - Procedure and Administration) is used to enforce all of the individual filing requirements established and imposed in the other Subtitles, but it does not expand or establish any new or additional requirements in association with any given section. So, while 1.6012-1 can be used to enforce (and require) the use of Form 1040 in association with those sections that actually do require it (1.23-5 etc.), **IT DOES NOT AND CANNOT EXPAND THE REQUIREMENT OF SECTION 1**, as shown in the table. It can enforce the requirement shown, but it cannot expand that requirement for section 1.

So, if Form 1040 is the proper form for United States citizens to file to satisfy their liability on taxable income, under the law, as listed by the IRS; that OMB Document Control Number, **1545-0067**, will show up on the top of a Form 1040.

Department of the Treasury - Internal Revenue Service

Form 1040 U.S. Individual Income Tax Return 1993

For the year Jan 1-Dec 31, 1993, or other tax year beginning, 1993 ending ,19

OMB No. 1545-0074

Here is the reproduced top portion of a Form 1040 from 1993, and there in the upper right hand corner, it says OMB No. 1545- 0074. Does that number match the number shown in the table as being required by the code section that imposes the tax? **No!** It's the **wrong** number! The Table in the Code of Federal Regulations shows that the law requires the form with OMB Document Control Number 1545-0067, **not** 1545-0074.

It's probably worth saying that 1545 is the prefix assigned by OMB to all IRS documents. But OMB Document Control Number 1545-0074 is assigned to Form 1040, and the form required by the law carries DCN 1545-0067. So what form does carry the OMB Document Control Number 1545-0067?

Form 2555 Foreign Earned Income OMB No. 1545-0067

For Use by U.S. Citizens and Resident Aliens Only 1993

Here, you see at the top of the form, in the upper right hand corner it says: OMB No. 1545-0067. Now that matches the entry in the CFR Table! And what is the title of this form? **Form 2555 Foreign Earned Income!** And what does it say underneath the title?

"For Use by U.S. Citizens and Resident Aliens Only"

Now does Form 1040, say anything about who is supposed to use it ? **No**, it doesn't! But Form 2555 Foreign Earned Income states who is supposed to use it, "**U.S. citizens and resident aliens only**". This is the form that's listed in the law as being required to satisfy the information reporting requirements associated with the individual's liability for income tax on "taxable income", imposed by Section 1 in Chapter 1, the income tax, and, it is the same form shown as being required under Section 6012, which was cited by the IRS itself in Notice 609.

I'll mention that here again, under the law, we find that the income tax, for citizens, appears to be related only to foreign income; the tax is imposed not upon the citizen but upon any foreign earned income of the citizen. Remember we started with the General Index for the United States Code Annotated and found that under Income Tax, under Citizens, it only referenced foreign countries, and here again, we find that the only form required under the law, only reports foreign income. The law is consistent so far, isn't it? It doesn't agree with what we are told to believe by the IRS, but it agrees with itself, without contradiction, doesn't it?

So what is the proper legal use of Form 1040? The next document will help explain things.

TREASURY DECISION 2313

Income Taxes

Treasury Department

Office of Commissioner of Internal Revenue

Washington, D.C., March 21, 1916

To collectors of internal revenue:

Under the decision of the Supreme Court of the United States in the case of **Brushaber v. Union Pacific Railway Co.**, decided January 21, 1916, it is hereby held that income accruing to nonresident aliens in the form of interest from the bonds and dividends on the stock of domestic corporations is subject to the income tax imposed by the act of October 3, 1913.

Nonresident aliens are not entitled to the specific exemption designated in paragraph C of the income-tax law, but are liable for the normal and additional tax upon the entire net income "from all property owned, and of every business, trade, or profession carried on in the United States," computed upon the basis prescribed in the law.

The responsible heads, agents, or representatives of nonresident aliens, who are in charge of the property owned or business carried on within the United States, shall make a full and complete return of the income therefrom on Form 1040, revised, and shall pay any and all tax, normal and additional, assessed upon the income received by them in behalf of their nonresident alien principals.

The person, firm, company, copartnership, corporation, joint-stock company, or association, and insurance company in the United States, citizen or resident alien, in whatever capacity acting, having the control, receipt, disposal, or payment of fixed or determinable annual or periodic gains, profits, and income of whatever kind, to a nonresident alien, under any contract or otherwise, which payment shall represent income of a nonresident alien from the exercise of any trade or profession within the United States, shall deduct and withhold from such annual or periodic gains, profits, and income, regardless of amount, and pay to the office of the United States

Government authorized to receive the same such sum as will be sufficient to pay the normal tax of 1 per cent imposed by law, and shall make an annual return on Form 1042. (emphasis added)

This is the only place that I have ever been able to find the proper explanation, actually, any explanation what-so-ever from the United States government, for the proper use of Form 1040. Treasury Decision 2313, handed down in 1916, instructs the collectors of the Internal Revenue on how to implement the income tax laws as imposed under the 16th Amendment. This Treasury Decision is the result of a Supreme Court ruling, referenced in the first paragraph as "**Brushaber v. Union Pacific Railway Co.**", which was decided January 21, 1916, and from which

"... it is hereby held that the income accruing to nonresident aliens in the form of interest from the bonds and dividends on the stock of domestic corporations is subject to the income tax imposed by the act of October 3, 1913."

The second paragraph states:

"Nonresident aliens are not entitled to the specific exemption designated in paragraph C of the income-tax law, but are liable for the normal and additional tax upon the entire net income from all property owned, and of every business, trade, or profession carried on in the United States," computed upon the basis prescribed in the law."

Now, the first paragraph says that nonresident aliens are subject to the tax. The second paragraph says that nonresident aliens are liable for the tax and that they are not allowed to claim the exemption designated as paragraph C. That implies that citizens are allowed to claim the exemption in paragraph C, and that citizens are not liable for the tax, because they are not subject to the tax, because it was not specified in paragraph one that citizens are subject. Now let's read the third paragraph, and keep in mind that we are going to look for a Paragraph C in the United States Code that exempts citizens from income tax. The third paragraph states:

"The responsible heads, agents, or representatives of nonresident aliens, who are in charge of the property owned or business carried on within the United States, shall make a full and complete return of the income therefrom on Form 1040, revised, and shall pay any and all tax, normal and additional, assessed upon the income received by them in behalf of their nonresident alien principals."

Now there's the proper legal use of Form 1040. It is to be used by United States citizens to report the income of his or her foreign principals. It is **not** to be used to report the citizen's own personal domestic income. Again, this is the only place where I have ever seen a legal explanation from the government for the proper legal use of Form 1040, and now I think you know why. Form 1040 is to be used by withholding agents to report the income of foreign principals. It is **not** to be used by U.S. citizens to report their own income, and that's why voluntary self assessment and voluntary compliance are so important to the IRS. Because the current mythical system doesn't work unless the citizen voluntarily MISAPPLIES the law and uses the wrong form mistakenly, to voluntarily assess his own domestic income for income tax.

This Treasury Decision references the Supreme Court decision **Brushaber v. Union Pacific Railroad Co.**, so it is time to step back, and get a little background information.

The first thing we're going to do is look at what the Constitution says about taxation. The limitations in the Constitution restricting the direct taxation of individuals and their property are found in Article 1 in two different sections. Both sections specifically restrict the Federal government as to how it may lay direct taxes on the citizens. Article 1, Section 2, Clause 3 states:

"Representative and direct taxes shall be apportioned among the several states which may be included within this union, according to their respective numbers"

and Article 1, Section 9, Clause 4 states:

"No capitation or other direct tax shall be laid, unless in apportionment to the Census or enumeration herein before directed to be taken."

These basic sections of the Constitution have never been repealed or amended. The Constitution still **forbids** the direct taxation of individuals, their property, and their rights, unless the tax is apportioned to the State governments for collection.

In 1895, Congress tried to pass an Act that imposed income taxes on the interest and dividends of U.S. citizens on deposit in U.S. banks. This Act was immediately struck down in **Pollock vs Farmer's Loan and Trust Co. (157 US 429)**, wherein the Supreme Court ruled that

it is unconstitutional to impose an income tax on the interest and dividends of United States citizens on deposits in U.S. banks. The court ruled that the tax was unconstitutional because it was a direct tax that was not apportioned as required by the Constitution. This decision has never been overturned.

Then, in 1913 Congress passed the **16th Amendment** which says,

"Congress shall have power to lay and collect taxes on income, from whatever source derived, without apportionment among the several states, and without regard to any census or enumeration."

So that changed everything, right? Well no! That is not what the Supreme Court ruled. What the Supreme Court ruled, in **Brushaber vs Union Pacific R.R. Co.** and in **Stanton vs Baltic Mining Co.**, is that since the provisions of Article I, requiring that direct taxes be apportioned, were not repealed, they are still in full force and effect. And, that since the language of the 16th Amendment specifies that the income tax is to be a tax without apportionment, then it cannot be a direct tax, because otherwise the Constitution would inherently contradict itself, which cannot be allowed to happen. Article I cannot prohibit direct taxation unless apportioned, while the 16th Amendment grants the power to lay direct taxes without apportionment, because then the Constitution would inherently contradict itself and could no longer serve as a valid foundation for our Law. So, to specifically prevent the Constitution from contradicting itself, the Supreme Court ruled that since the 16th Amendment provides for an income tax without apportionment, then the income tax cannot be a direct tax.

But, there are only two major classes of taxation authorized in the Constitution; **direct** taxes and **indirect** taxes So, if the income tax cannot be a direct tax, then it must be an indirect tax. Indirect taxes are classified into three minor categories in the Constitution: imposts, duties and excises. If you remember, the income tax started in 1861 as an Income Duty, imposed only on foreign imports, so obviously it was contained and allowed within the Constitutional category of duties. As a duty it was only imposed on the flow of foreign goods into America, **NOT DOMESTIC GOODS, NOR DOMESTIC INCOME.**

Obviously today, the income tax is not currently being enforced as a duty, so the questions are: "Did the 16th Amendment create a new congressional power to tax directly?", and; "How did the 16th Amendment change the income tax?".

The answer to the first question was supplied by the Supreme Court in **Stanton v. Baltic Mining Co., 240 US 112 (1916)**, stating:

"...by the previous ruling, it was settled that the provisions of the 16th Amendment conferred no new power of taxation but simply prohibited the previous complete and plenary power of income taxation possessed by Congress from the beginning from being **TAKEN OUT** of the category of indirect taxation to which it inherently belonged.." (emphasis added)

The Supreme Court clearly states that the 16th Amendment did **not** create a new power to tax the People in a direct fashion without apportionment, **AS IS FRAUDULENTLY CLAIMED BY THE IRS.** So, if it is **NOT A DIRECT TAX** then it is still an indirect tax, but, possibly, no longer a duty. Then; "What kind of tax is the income tax now?"

In the "previous ruling" referenced above, **Brushaber v. Union Pacific R.R. Co. 240 US 1 (1916)**, the court stated:

"...taxation on income was in its nature an excise ..." ,and
"...taxes on such income had been sustained as excises in the past...".

The Court ruled that the 16th Amendment effectively transformed the income tax from an indirect duty to an indirect excise. It is not a direct tax without apportionment. And, if we examine the law closely, that is exactly what we find; that the income tax is imposed and applied under the law, as an indirect excise.

So, what is an excise tax ? Fortunately, the Supreme Court used to know what it was doing, and both of these decisions, Brushaber and Stanton, refer you to another case handed down five years earlier, **Flint vs Stone Tracy Co. 220 U.S. 107 (1911)**, in which the Supreme Court ruled that excise taxes are:

"...taxes laid on the manufacture, sale or consumption of commodities within the country, upon licenses to pursue certain occupations and upon corporate privileges; the requirement to pay such taxes involves the exercise of the privilege and if business is not done in the manner described no tax is payable...it is the privilege which is the subject of the tax and not

the mere buying, selling or handling of goods."

The Supreme Court effectively establishes with this ruling that excise taxes are manufacturing taxes, sales taxes, and taxes on privileges. Privileges in the form of either licenses to pursue certain occupations, corporate privileges, and any other privileges granted to the individual by the government as well. One of these other privileges, is the privilege of being protected by the United States government in a foreign country under a tax treaty. The government normally would have no jurisdiction or ability to protect you or your business interests in a foreign country, but because of the existence of the tax treaty with that foreign government, your business is protected by the U.S. government outside their jurisdictional boundaries (the United States). In other words you would be receiving a **benefit** from the government wherein the government could legally expect reciprocity in the form of a legitimate tax. That benefit, namely protection, being afforded by the tax treaty, is construed to be a privilege granted to you by the government; and therefore, the income earned in that foreign country under the tax treaty, is privileged income and subject to the income tax.

And that is why the General Index shows that there are only two code sections that apply to citizens, both having to do with foreign countries. And that is why the form that is actually required by the law is Form 2555 -Foreign Earned Income. Because that is the privileged income that you have as "taxable income", upon which you have liability to satisfy. And that is the **only** filing requirement that you have as an individual American citizen under the law!!! If you have no foreign earned income under tax treaties and no foreign principals to whom money is paid, then you don't have to file anything under the letter of the law because other income, domestic income, is earned by right, not privilege. It is a long and well established rule of law that the government cannot tax your rights, nor may it tax the proceeds derived from the simple exercise of those rights, and the law accurately reflects and captures that Constitutional truth. It is the IRS that ignores the truth, ignores the law, ignores the implementing regulations and tramples your citizen's rights into the mud, because, as you will see, their actions are certainly not supported by the law, or even properly, legally authorized under it.

There is no requirement to file a Form 1040 reporting your own domestic income because the form is only supposed to be used by non-resident aliens and those U.S. citizens who serve as "agents" to aliens, and have foreign principals to whom monies are being paid. As the "agents" for those foreign principals they are required to deduct and withhold and pay the income tax, not on their own income, but on the income of the foreign principals, who do not possess the same rights as a citizen.

Now, the reason why these facts are so little known in America, and in the legal community itself, is that if you just look up the **Brushaber vs Union Pacific R.R. Co.** decision and read it quickly it appears that the Supreme Court tells the U.S. citizen (Brushaber) that the tax is constitutional and he has to pay it. It reads as if the citizen is being told by the Court that he has to pay the income tax. But, the fact of the matter is Frank Brushaber was the U.S. agent for a group of foreigners who had stock in the Union Pacific Railroad. Under the 16th Amendment he (Brushaber) and the Union Pacific Railroad were both made withholding agents and were both ordered by the government to deduct, withhold and pay over the income tax to the government, on the foreigners' income from the stock.

Now, Frank Brushaber filed this suit on behalf of his foreign principals, who had no standing as foreigners in the U.S. courts to file themselves, and that is why Brushaber's name is on the decision. The foreigners lost the suit. The foreigners were essentially told by the courts that it was a privilege to be allowed to have access to the United States marketplace and earn income there. That privilege is granted by the U.S. government, which is given, in the Constitution, full authority over foreigners in America and foreign affairs with other nations. The Court determined that it is the U.S. government that allows foreigners the privilege of earning money in America, therefore; any income that they earn under that extended privilege is taxable income, and the citizen who acts as the foreigner's agent has to withhold and pay the income tax to the federal Government. In this case the citizen essentially got told by the court that you have to pay the tax because you're the withholding agent for these foreigners upon whom the income tax is imposed.

But the decision simply isn't written up so that it's clear about the circumstances of the case. You have to research it thoroughly. If you just look it up, it looks like the U.S. citizen, Frank Brushaber, gets told by the government, "the tax is Constitutional, and you have to pay it", and the IRS has found it very easy to deceive the American people as to the true nature of this Supreme Court decision because of the way this decision is written. In fact, if you call the IRS and ask them why the income tax is Constitutional, they will answer that the Supreme Court ruled it was Constitutional in **Brushaber v. Union Pacific Railroad Co.** But they won't tell you that this was a case about the taxation of foreigners, **AND HAS ABSOLUTELY NOTHING TO DO WITH THE DIRECT TAXATION OF CITIZENS**, as fraudulently claimed by the IRS for over 60 years.

Finally, from the Congressional Research Service in 1979:

SOME CONSTITUTIONAL QUESTIONS REGARDING THE FEDERAL INCOME TAX LAWS

By

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May 25, 1979

... In *Brushaber v. Union Pacific R.R. Co.* (1916), the Supreme Court held that the income tax, including a tax on dealings in property, was an indirect tax, rather than a direct tax, and that:

"the command of the amendment that all income taxes shall not be subject to the rule of apportionment by a consideration of the source from which the taxed income may be derived FORBIDS the application to such taxes of the rule applied in the *Pollock* case by which alone such taxes were removed from the great class of excises, duties, and imposts subject to the rule of uniformity and were placed under the other or direct class." 240 U.S. 1 18-19 (1916)

This same view was reiterated by the Court in *Stanton v. Baltic Mining Co.* (1916) in which the court stated that the: "Sixteenth Amendment conferred no new power of taxation but simply prohibited the previous complete and plenary power of income taxation possessed by Congress from the beginning from being taken out of the category of indirect taxation to which it inherently belonged." 240 U.S. 112 (1916)

Therefore, it is clear that the income tax is an "indirect" tax of the broad category of "Taxes, Duties, Imposts and Excises," subject to the rule of uniformity, rather than the rule of apportionment.....

Withholding Agent Defined

Remember that the third paragraph of Treasury Decision 2313 essentially says that (withholding) "agents", or "representatives", are going to withhold tax (from nonresident aliens). But, what is the legal definition of a "Withholding Agent", who appears to be the legal entity responsible for the withholding and payment of income taxes?

Chapter 79, from Subtitle F Procedure and Administration, contains many of the legal definitions for the terms used in Title 26.

7701 Definitions.

(a). When used in this Title, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof--

(1). Person - The term "person" shall be construed to mean and include an individual, a trust, estate, partnership, association, company or corporation.

(16). Withholding Agent. - The term "Withholding Agent" means any person required to deduct and withhold any tax under the provisions of sections 1441, 1442, 1443, or 1461."

First note that the word "person" is not restricted to meaning just people. For purposes of the application of the tax laws, "person" means any entity subject to the tax laws. But, nevertheless, it appears as though a withholding agent can definitely withhold tax, can't he? Well, let us look at what is truly authorized by these Code Sections referenced here in the definition. The first thing to point out is that all of the code sections that start with `14' are in Chapter 3 of Title 26. Chapter 3 is titled:

WITHHOLDING OF TAX ON NONRESIDENT ALIENS AND FOREIGN CORPORATIONS

These sections, 1441, 1442, 1443, and 1461, cited in the definition of a Withholding Agent, state:

1441. Withholding of Tax on Nonresident Aliens.

(a) General rule. Except as otherwise provided in subsection (c) all persons, in whatever capacity acting having the control, receipt, custody, disposal or payment of any of the items of income specified in

subsection (b)(to the extent that any of such items constitutes gross income from sources within the United States), of any nonresident alien individual, or of any foreign partnership shall deduct and withhold from such items a tax equal to 30 percent thereof, except that in the case of any items of income specified in the second sentence of subsection (b), the tax shall be equal to 14 percent of such item.

(b) Income items. ...

Section 1441 only authorizes withholding from nonresident aliens.

1442 . Withholding of tax on foreign corporations.

(a) General rule. In the case of foreign corporations subject to taxation under this subtitle, there shall be deducted and withheld at the source in the same manner and on the same items of income as is provided in Section 1441 a tax equal to 30% thereof.

(b) Exemption. Subject to such terms and conditions as may be provided by regulations prescribed by the Secretary, subsection (a) shall not apply in the case of a foreign corporations engaged in trade of business in the United States if the Secretary determines that the requirements of subsection (a) impose an undue administrative burden and that the collection of the tax imposed by section 881 on such corporation will not be jeopardized by the exemption.

(c) Exception for certain possessions corporations. For purposes of this section, the term "foreign corporation" does not include a corporation created or organized in Guam, American Samoa, the Northern Mariana Islands, or the Virgin Islands or under the law of any such possession if the requirements of subparagraphs (A),(B), and (C) of section 881(b)(1) are met with respect to such corporation.

Section 1442 only authorizes the withholding from foreign corporations.

1443 Foreign Tax Exempt Organizations

(a) Income subject to section 511. In the case of income of a foreign organization subject to the tax imposed by section 511, this chapter shall apply to income includible under section 512 in computing its unrelated business taxable income, but only to the extent and subject to such conditions as may be provided under regulations prescribed by the Secretary.

(b) Income subject to section 4948. In the case of income of a foreign organization subject to the tax imposed by section 4948(a), this chapter shall apply, except that the deduction and withholding shall be at the rate of 4 percent and shall be subject to such conditions as may be provided under regulations prescribed by the Secretary.

Section 1443 only authorizes the withholding from foreign tax exempt organizations.

The last section referenced in the definition of a Withholding Agent, 1461, states:

1461 Liability for withheld tax.

Every person required to deduct and withhold any tax under this chapter is hereby made liable for such tax and is hereby indemnified against the claims and demands of any person for the amount of any payments made in accordance with the provisions of this chapter.

Section 1461 says withholding agents are made liable for the payment of taxes they withhold from individuals (foreigners). Well, what do you know? Here is a code section where someone is made liable for such tax. And who is made liable? The withholding agents are made liable for the tax, and that triggers the filing requirements of 6011. Remember 6011, we were looking for someone who was made liable for payment of the tax, and here it is. 6011 is the filing requirement for withholding agents, not citizens, or even individuals. Withholding agents are made liable in Section 1461 for the payment of taxes withheld, and that liability triggers the filing requirements associated with and under Section 6011. And who are Withholding agents authorized to withhold income taxes from? **Foreigners, and foreigners only.** And what else does 1461 also say, that they are :

"indemnified against the claims and demands of any person for the amount of any payment made in accordance with the provisions of this chapter".

And what Chapter is this from? Chapter 3 - Withholding from Foreigners. And that means that if they wrongfully withhold from someone other than a foreigner, like a citizen, they're **not** indemnified from claims against them for wrongful withholding. So, U.S. citizens who have income tax wrongfully withheld from them, can sue the withholding agent to have those moneys returned.

Who are the withholding agents? Well, your bank is a withholding agent, your stock broker is a withholding agent, your employer is **NOT** a withholding agent. Your employer is your employer and employers are defined for purposes of implementing the employment taxes imposed in Subtitle C, and they don't have anything to do with income taxes under Subtitle A, other than the fact that they are apparently authorized to withhold income taxes at the source which we are going to look at in a minute. It is clear that withholding agents can only withhold from foreigners, and that they are only indemnified for withholding under Chapter 3, which, as we have seen, is only from foreigners.

We have just examined the complete legal authority of a "Withholding Agent" to withhold income taxes and, as you can see for yourself, there is **no** authority anywhere in the law for a withholding agent to withhold income tax from a U.S. citizen. WHY? Because the tax is **not** imposed on the domestic income of citizens earned by right!

Remember the mysterious paragraph C, that nonresident aliens cannot claim, referenced in the third paragraph of Treasury Decision 2313. Here is Section 6654 - Failure by individual to pay estimated income tax. Take careful note of paragraph (e)(2)(C).

6654. Failure by individual to pay estimated income tax.

(a) Addition to the tax. In the case of any underpayment of estimated tax by an individual, except as provided in subsection (d), there shall be added to the tax under chapter 1 and the tax under chapter 2 for the taxable year an amount determined at an annual rate established under section 6621 upon the amount of the underpayment (determined under subsection(b)) for the period of the underpayment (determined under subsection

(c)).

.....

(e) Exceptions.

(1) Where tax is small amount

(2) Where no tax liability for preceding taxable year.

No addition to tax shall be imposed under subsection (a) for any taxable year if -

A) the preceding taxable year was a taxable year of 12 months,

B) the individual did not have any liability for tax the preceding taxable year, and

C) the individual was a citizen or resident of the United States throughout the preceding taxable year.

(3) Waiver in certain cases ...

When you file a Form 1040, what you are actually doing is paying estimated income tax. And this Section, 6654, addresses the failure by an individual to pay estimated income tax. Subsection (e) addresses the exceptions for that failure. Within subsection (e), Subsection (2) provides that where there is "no tax liability for preceding taxable year" then "No addition to tax shall be imposed under subsection (a) for any taxable year if" the conditions in subparagraph (A),(B)and (C) are met.

Remember that citizens don't have any liability for tax on domestic income, according to the Paperwork Reduction Act tables in the Code of Federal Regulations relating to the tax imposed and the liability established under Chapter 1 Section 1 - Tax Imposed. It is nonresident

aliens who are liable according to Treasury Decisions 2313.

Now let's look at conditions (A) and (B) as well. (A) says, "the preceding taxable year was a taxable year of 12 months". Well, just about everyone satisfies that condition, and (B) says: "the individual did not have any liability for tax for the preceding taxable year". We've seen that all citizens who do not have foreign earned income or foreign principals satisfy this condition, and then we have, again, (C) "the individual was a citizen or resident..." . Citizens and residents aliens are excepted from the failure to pay. Here is the mysterious paragraph C referenced in Treasury Decision 2313, excepting citizens from the failure to file and pay estimated income tax.

If you still are skeptical and don't believe me, here's Section 1.1441-5 from The Code of Federal Regulations.
26 C.F.R. 1.1441-5 Claiming to be a person not subject to withholding.

(a) Individuals. For purposes of chapter 3 of the code an individual's written statement that he or she is a citizen of the United States may be relied upon by the payer of the income as proof that such individual is a citizen or resident of the United States. This statement shall be furnished to the withholding agent in duplicate. An alien may claim residence in the United States by filing form 1078 with the withholding agent in duplicate in lieu of the above statement.

(b) Partnerships and Corporations.

This corresponds to Section 1441 of the United States Code which we reviewed earlier. It clearly states:

"For purposes of chapter 3 of the Code an individual's written statement that he or she is a citizen or resident of the United States may be relied upon by the payer of the income as proof that such individual is a citizen or resident of the United States."

And therefore, is **not** subject to the withholding of income taxes. This is confirmed in **Publication 515**, the instruction booklet from the IRS, to the employer, on how to implement the withholding regulations. In the section of this booklet titled "WITHHOLDING EXEMPTIONS AND REDUCTIONS" it states,

WITHHOLDING EXEMPTIONS AND REDUCTIONS

You should withhold any required tax if facts indicate that the individual, or the fiduciary, to whom you are to pay the income is a nonresident alien. However, the alien may be allowed an exemption from withholding or a reduced rate of withholding as explained here.

Evidence of Residence. If an individual gives you a written statement stating that he or she is a citizen or resident of the United States, and you do not know otherwise, you do not have to withhold tax. An alien may claim U.S. residence by filing with you, Form 1078, Certificate of Alien Claiming Residence in the United States...

Why? Because as we have seen, under the law, the tax is **not** imposed on the domestic income of citizens, or resident aliens as it turns out, and therefore there is no need to withhold from those persons, as the instructions accurately point out.

That brings us to Section 3402 Income Tax Collected at Source. This is where most employers believe they're authorized to withhold income tax from citizens.

3402. Income tax collected at source

(a) Requirement of withholding.

(1) In general.

Except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures

prescribed by the Secretary....

(n) Employees incurring no income tax liability Notwithstanding any other provisions of this section an employer shall not be required to deduct and withhold any tax under this chapter upon a payment of wages to an employee if there is in effect with respect to such payment a withholding exemption certificate furnished to the employer by the employee certifying that the employee -

(1) incurred no liability for income tax imposed under subtitle A for his preceding taxable year, and

(2) anticipates that he will incur no liability for income tax imposed under subtitle A for his current taxable year....

(p) Voluntary withholding agreements. The Secretary is authorized by regulations to provide for withholding -

(1) from remuneration for services performed by an employee for his employer which does not constitute wages, and

(2) from any other type of payment with respect to which the Secretary finds that withholding would be appropriate under the provisions of this chapter, if the employer and the employee, or in the case of any other type of payment the person making and the person receiving the payment, agree to such withholding. Such agreement shall be made in such form and manner as the Secretary may by regulations provide. For purposes of this chapter (and so much of subtitle F as relates to this chapter) remuneration or other payments with respect to which such agreement is made shall be treated as if they were wages paid by an employer to an employee to the extent such remuneration is paid or other payments are made during the period for which the agreement is in effect ...

As you can see in Subsection (a) it says: "every employer making payment of wages shall deduct and withhold upon such wages a tax...". If one does not read this whole section carefully, it appears that employers are authorized to withhold income taxes from your wages. But after reading subsections (n) and (p) carefully it is clear that if you tell your employer that you have no liability, with a Statement of Citizenship as referenced in 26 CFR 1.1441-5, and that you will not volunteer to agree to such withholding, then the employer is **not** required to withhold tax, and in fact has no legal authority left in the law, under which withholding could be legally authorized.

Now, what's really happening in the work place? "Voluntary withholding agreements" under subsection (p), that's what's really happening. When you file a W-4 with your employer, and specify the number of deductions you are claiming on it, you are voluntarily authorizing your employer to withhold income taxes from you. Naturally, he honors your voluntary request. But, if you gave him a statement of citizenship instead of a W-4, he would not have any legal authorization at all, anywhere in the law, to withhold any taxes from you. And the employer is instructed not to withhold income taxes under such circumstances in Publication 515.

To see that Section 3402 - Income tax collected at source isn't really a legal authority to withhold income tax (rather, it is an authority to withhold employment tax) on "wages" (Even Section 61 doesn't include "wages"), one need only look as far as Section 7806.

Section 7806 - Construction of Title.

(a) Cross references. The cross references in this title to other provisions of law, where the word "see" is used, are made only for convenience, and shall be given no legal effect.

(b) Arrangement and classification. No inference, implication, or presumption of legislative construction shall be drawn or made by reason of the location or grouping of any particular section or provision or portion of this title, nor shall any table of contents, table of cross references, or similar outline, analysis, or descriptive matter relating to the contents of this title be given any legal effect. The preceding sentence also applies to the side notes and ancillary tables contained in the various prints of this Act, before its enactment into law.

As you can see the descriptive title of Sec. 3402. Income Tax Collected at Source, **HAS NO LEGAL EFFECT!** The actual legal authorities established by the law are the limited authorities established by the actual wording of the code section paragraphs. (That is why I'm showing you the actual code sections here. Can your accountant do this with his claims? How about your lawyer? I would like to meet anyone in the country who can rebut this presentation of law, which is why you need to know about this.) **Section 3402 authorizes the collection of employment taxes on WAGES, not the collection of income taxes on INCOME.**

A W-4 is the "voluntary agreement" referenced in subsection (p) of 3402. Through its execution, you voluntarily create "taxable income" in your name for Social Security purposes, and further request the withholding of income tax from your wages when you specify a number of deductions to be taken.

A Statement of Citizenship may serve as the "withholding exemption certificate" referenced in subsection (n) of 3403.

Wages
20 CFR 404.1041 Wages.

(a) the term "wages" means remuneration paid to you as an employee for employment unless specifically excluded....

(b) if you are paid wages it is not important what they are called. Salaries, fees, bonuses and commissions on sales or on insurance premiums are wages if they are paid for employment.....

20 CFR 404.1003 Employment.

Employment means, generally any service covered by social security performed by an employee for his or her employer...

20 CFR 404.1004 What work is covered as employment.

(a) General requirements of employment. Unless otherwise excluded..., the work you perform as an employee for your employer is covered as employment under social security if one of the following situations applies:

(1) You perform the work within the United States...

(2) You perform the work outside the United States and you are a citizen or resident...

OK. Is that all clear? Maybe this will help:

20 CFR 404.1001 Introduction

(a)(1) In general, your social security benefits are based on your earnings that are on our records... you receive credit only for earnings that are covered for social security purposes. The earnings are covered only if your work is covered. If you are an employee.....Some work is covered by Social Security and some work is not. Also, some earnings are covered by social security and some are not. It is important that you are aware of what kinds of work and earnings are covered so that you will know whether your earnings should be on our records.

(2) If you are an employee, your covered work is called "employment."...

(3) If your work is "employment" your covered earnings are called "wages".

I'm sorry, ISN'T THIS WHERE WE STARTED with WAGES. Don't you just love circular legal definitions that define themselves with

references to variations of themselves? I mean, I hope you don't just think I'm making this up on my own. I couldn't dream this stuff up, ever.

Discussion on Wages

The term "wages" is also redefined in Title 26 (in Section 3101 for purposes of use in Chapter 21 and in Section 3401 for purposes of use in Chapter 24) where it does not relate to anything but Employment taxes, for Social Security purposes, under Subtitle C. **WAGES HAVE NOTHING TO DO WITH INCOME TAXES UNDER SUBTITLE A.** Legally, "Wages" are "covered earnings". "Covered earnings" are earnings that are taxed, at your request, for the purpose of accumulating "credits" to be used in calculating future Social Security benefit payments.

If you have given a Social Security number to your "employer" on a W-4 you have "wages", and you are an "employee" and your work is called "employment". If you do not participate in Social Security or choose to NOT provide your social security number, then you are NOT "legally" an "employee", and you just have earnings, NOT "wages", and you just have a job not "employment", and you have a boss, not an "employer". Your employer became an "employer", when he voluntarily applied for an EIN (employment identification number) to participate in the Social Security system as a WITHHOLDER OF EMPLOYMENT TAXES (employer) under subtitle C. These definitions (descriptive paragraphs) are in Title 20 - Education, because just like public schooling, Social Security is VOLUNTARY, not mandatory (one can choose a private school, and one can choose a private retirement program, if he wishes).

As a final point it should be noted that 404.1001(a)(5)(b) also states:

"...We generally do not include rules that are seldom used..."

LIKE CITIZENS THAT DON'T PARTICIPATE IN SOCIAL SECURITY !

3406. Backup Withholding.

(a) Requirement to deduct and withhold.

(1) In general. In the case of any reportable payment, if -

(A) the payee fails to furnish his TIN to the payor in the manner required,

(B) the Secretary notifies the payor that the TIN furnished by payee is incorrect,

(C) there has been a notified payee under-reporting described in subsection (c), or

(D) there has been a payee certification failure described in subsection (d), then the payor shall deduct and withhold from such payment a tax equal to 31 percent of such payment.

(2) Subparagraphs (c) and (d) of paragraph (1) apply only to interest and dividend payments. Subparagraphs (C) and (D) of paragraph (1) shall apply only to reportable interest or dividend payments

and,

3451. Income Tax Collected at Source on Interest, Dividends and Patronage Dividends.

(a) Requirement of withholding. Except as otherwise provided in this subchapter, the payor of any interest, dividend or patronage dividend shall withhold a tax equal to 10 percent of the amount of the payment.

(b) Special Rules.

(1) Time of Withholding. Except as otherwise provided in this subchapter, for the purposes of this subchapter-

(A) any payment of interest, dividend, or patronage dividend shall be treated as made, and

(B) the tax imposed by this section shall be withheld, at the time of such interest, dividend, or patronage dividend is paid or credited.

So if anyone tries to backup withhold from your SALARY OR WAGES, you ask him where that's authorized in the law, because these sections ONLY APPLY TO INTEREST AND DIVIDENDS.

There is **NO** authority, anywhere in the law, to backup withhold income tax from the wages or earnings of a United States citizen, only foreigners. If you have given a statement of citizenship to an broker (agent), that agent cannot even backup withhold from your interest and dividends legally because the Statement of Citizenship relieves the agent from the duty of withholding income tax from that person !

The following Code section, 6041, is where the reporting of income on a Form 1099 originates. It states, in pertinent parts:

6041. Information at source.

(a) Payments of \$600 or more. All persons engaged in a trade or business and making payment in the course of such trade to another person, of rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable gains, profits and income (other than payments to which section 6042(a)(1), 6044(a)(1), 6047(e), 6049(a), or 6050(N)(a) applies, and other than payments with respect to which a statement is required under the authority of section 6042(a)(2), 6044(a)(2), or 6045), of \$600 or more in any taxable year, or, in the case of such payments made by the United States, the officers or employees of the United States having information as to such payments and required to make returns in regard thereto by the regulations, hereinafter provided for, shall render a true and accurate return to the Secretary, under such regulations and in such form and manner and to such extent as may be prescribed by the Secretary, setting forth the amount of such gains, profits and income, and the name and address of the recipient of such payment

.....

(c) Recipient to furnish name and address. When necessary to make effective the provisions of this section, the name and address of the recipient of income shall be furnished upon demand of the person paying the income. (emphasis added)

Now, do you see any requirement to provide an SSN, or any other number, to a payor who will be reporting your earnings on a Form 1099, INSTEAD of on a Form W-2 ? No, its not there.

As stated, this is the code section where the use of the Form 1099 originates (reporting payments to individuals NOT "covered" by Social Security). Carefully note that this reporting requirement DOES NOT REQUIRE a Social Security number, a TIN, or any other number from the individual. This section ONLY requires the NAME and ADDRESS of the recipient. So give your clients (and/or your employer) your name and address on a Statement of Citizenship (as specified in C.F.R. 1.1441-5 Claiming to be a Person Not Subject to Withholding), refuse to supply a social security number on a W-4 (because it is voluntary), and tell them to report your earnings on a Form 1099 instead of on a Form W-2 using your name and address as specified in the United States Code. Does that really sound so tough? Without a SSN on the Form 1099, the IRS computers will not recognize that income as "taxable income", and consequently, will never try to collect tax on it. In fact there is some question as to whether these reports, without SSNs, ever even get entered into the IRS computer systems because without an SSN, or some other number, the record will never "link" to any "person" for reporting or auditing purposes by the IRS, and therefore is useless information that can never be utilized by the "system". Why bother enter it?

If your employer (or his lawyer) is worried about IRS penalties, show them:

Sec. 6724. Waiver; definitions and special rules.

(a) Reasonable cause waiver. No penalty shall be imposed under this part with respect to any failure if it is shown that such failure is due to reasonable cause and not to willful neglect.

This shows that your employer and clients cannot be penalized by the IRS if you have provided the correct documentation when making your requests (see C.F.R. 1.1441-5 Claiming to be a Person Not Subject to Withholding). Certainly, being relieved of the duty of withholding tax (Publication 515) under the presentation of Statement of

Citizenship is "reasonable cause".

It is interesting to note that section 3403 - Liability for Tax, states:

3403. Liability for tax.

The employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment. (emphasis added)

There you go, the employer is liable! The employers are liable, and that triggers the filing requirements of Section 6001, remember, where "Every person liable...". It's the employers who are liable, and the withholding agents who are made liable, and both of those sections, 6001 and 6011, establishing the associated filing requirements, are there so that the government can prosecute anyone who withholds income taxes and doesn't pay them over to the Federal Treasury. Remember that Section 6001 referenced "employers" in its third sentence? This is why, according to Section 3403 "THE EMPLOYER SHALL BE LIABLE", not the individuals. And, of course, Section 6001 relates to those "persons" who are liable - the employers.

These are the only code sections in existence that establish liability for the payment of income tax, other than the limited liability for foreign earned income imposed and established by Chapter 1, Section 1 - Tax imposed (the income tax), which we have already examined. There are no other Code Sections anywhere in the United States Code that establish liability for payment of the income tax. And as you have seen, what the U.S. citizens are liable for is the payment of income tax on privileged (under tax treaties) foreign earned income, not domestic income earned by right. It is Voluntary.

"You are among the millions of Americans who comply with the tax law voluntarily."

(1992 Form 1040 Tax Instruction Booklet)

"Two aspects of the Federal Income Tax system, voluntary compliance with the law and self-assessment of tax, make it important for you to understand your rights and responsibilities as a taxpayer. Voluntary compliance places on the taxpayer the responsibility for filing an income tax return. You must decide whether the law requires you to file a return. If it does, you must file your return by the date it is due." (IRS

Publication 21)

"The IRS's goal is to increase the rate at which taxpayers voluntarily pay their taxes from the current 82.3% to 90% by 2001." (The Washington Post front page Dec. 2, 1993 - "IRS Hopes Change")

"Each year American taxpayers voluntarily file their tax returns and make a special effort to pay the taxes they owe." (Johnnie M. Walters IRS Commissioner, 1971 Form 1040 Booklet)

"Our tax system is based on individual self-assessment and voluntary compliance." (Mortimer Caplin, IRS Commissioner, 1975

IRS IR Audit Manual)

"The mission of the service is to encourage and achieve the highest possible degree of voluntary compliance." (Donald C.

Alexander, IRS Commissioner, Federal Register, March 1974)

"The IRS's primary task is to collect taxes under a voluntary compliance system. (Jerome Kurtz IRS Commissioner, 1980 IR Annual Report)

"We have a voluntary compliance system." (Fred Goldberg, IRS Commissioner, Nightline with Ted Koppel, Apr. 13, 1990)

and finally, from the Supreme Court of the United States of America, the highest authority in the land:

"Our system of taxation is based on voluntary assessment and

payment, not upon distraint (force)." (United States v. Flora, 362 US 145 (1958))

This is a whole page full of statements that the IRS has made, in public, to the media and the People, regarding the "true nature of our tax situation". The sources are quoted. In these, the IRS repeatedly states over and over again that citizens comply with the tax laws voluntarily, and that our tax system is based on voluntary compliance and self assessment, and now you know why. Because if the citizen does not voluntarily comply, and through his own ignorance of the law, misapply the code and use the wrong form, the whole system fails. And that's why they say it's voluntary, because under the law, it is. And, if you do comply voluntarily, then they can use against you the information that you provided on the Form, because the courts have ruled that when you perform a voluntary self assessment (file a Form 1040), you establish the liability for payment of the tax necessary for the IRS to collect and enforce the amount assessed.

But there is **no** statutory liability imposed on citizens for the payment of income tax on domestic income, **only** foreign income under tax treaties. You, the citizen, create your own liability for the income tax that grants the IRS the jurisdictional authority to enforce and collect the numbers you show on your return when you voluntarily perform that self assessment using the wrong form. And, it doesn't matter that you misapplied the law or used the wrong form; you establish the liability voluntarily with the assessment, and it is then legal, and you owe it. You have to pay it, and they can enforce it if you don't. And if they find anything incorrect or fraudulent on the return, they can assess penalties and interest because the assessment was incorrect or not done properly.

I don't know if anybody noticed, but if you look back to the table in 26 CFR 602.101, where we saw the OMB Document Control Numbers required by Section 1.1-1, on the next line 1.23-5 appears, which does require the form numbered 1545-0074, Form 1040. Some of you may have noticed this and thought I was trying to slip one by you. So, here's 1.23-5.

26 CFR 1.23-5 Certification Procedures.

(a) Certification that an item meets the definition of an energy-conserving component or renewable energy source property. Upon request of a manufacturer of an item....the Assistant Commissioner shall certify ... that :

(1) the item meets the definition of insulation (see

.....

This is from the Code of Federal Regulations, and it starts:

"Certification procedures. (a) Certification that an item meets the definition of an energy-conserving component or renewable energy source property..."

Section 1.23-5 is the renewable energy resource credit. If you want to claim this deduction, or that credit, you have to file Form 1040, because it's the proper legal vehicle or mechanism through which that deduction is claimed. And there are a lot of other deductions and credits and legal reasons why Form 1040 would be required. If you want to claim a refund, you have to file Form 1040, because that's the established legal mechanism through which a citizen claims a refund. If you want to claim certain credits, or take certain deductions, you have to file Form 1040 because that is the legal mechanism through which those credits and deductions are claimed. But, if all you want to do is satisfy the liability for tax on taxable income that you as a citizen have, without claiming any deductions, or taking any credits, then the only form that you are required to file is Form 2555, not Form 1040. Because Form 2555 is the only form required by law, the proper vehicle for you to use to satisfy the liability you have for income tax as an individual citizen, according to the law. So, how does the IRS get away with doing what they have been doing for so long?

Remember that if you want to claim a refund, you **MUST** file a Form 1040 because it is the legal mechanism through which a refund is claimed!! This is why they deceptively withhold from you when you are young and start working at your first job. You are young and naive, and know nothing about the tax law and they take advantage of your ignorance and withhold more than is necessary. You are gradually conditioned, or programmed, to file a return **TO GET A REFUND, NOT to pay the tax.** Then when you get older, you've been filing the Form 1040 all your life, so you continue doing what you did all along, ignorantly; because you are no longer filing to get a refund, **NOW YOU'RE FILING TO PAY A TAX THAT YOU ARE NOT LIABLE BY LAW TO PAY !**

IF ALL YOU WANT TO DO IS SATISFY YOUR LIABILITY, YOU DO NOT USE FORM 1040.

CITIZENS USE FORM 2555 to satisfy liability! At least that's what the law says! That's because, as far as individuals are concerned,

THE INCOME TAX IS STILL JUST A FOREIGN TAX !

I know old habits are hard to break, and that all of this information doesn't agree with what you have been told to believe all of your life,

and in fact, doesn't seem possible, but keep reading because the truth is far stranger than fiction and the law records the truth.

Remember earlier, the question was raised: "What is taxable income? Section 63 is the code section that the IRS claims establishes what "taxable income" is. It states:

63. Taxable income defined

(a) In general. Except as otherwise provided in subsection (b), for purposes of this subtitle, the term "taxable income" means gross income minus the deductions allowed by this chapter (other than the standard deduction).

(b) Individuals who do not itemize their deductions

.....

The IRS claims that since the definition of "taxable income" references "gross income" (defined in Section 61), then everything that anybody makes that is listed in Section 61 is taxable income and must be reported. That is the complete and total argument that the IRS makes in its demand for income taxes.

Section 61 states:

61. Gross income defined.

(a) General definition. Except as otherwise provided in this subtitle, gross income means all income from whatever source derived, including (but not limited to) the following items:

- (1) Compensation for services, including fees, commissions, fringe benefits and similar items;
- (2) Gross income derived from business;
- (3) Gains derived from dealings in property;
- (4) Interest;
- (5) Rents;
- (6) Royalties;
- (7) Dividends;
- (8) Alimony and separate maintenance payments;
- (9) Annuities;
- (10) Income from life insurance and endowment contracts;
- (11) Pensions;
- (12) Income from discharge of indebtedness;
- (13) Distributive share of partnership gross income;
- (14) Income in respect of a decedent; and
- (15) Income from an interest in an estate or trust.

(b) Cross references.

For items specifically included in gross income, see part II (Sec. 71 and following). For items specifically excluded from gross income, see part III (Sec. 101 and following).

So, "gross income" is defined as:

"compensation for services, gross income derived from business, gains derived from dealings in property, interest, rents, royalties, dividends, alimony, annuities, income from life insurance, pensions, income

from discharge of indebtedness, distributive share of partnership..."

You can see that the definition of gross income has all of these things listed. But, I would like you to remember that in 1895 the Supreme Court ruled in **Pollock v Farmers Loan & Trust Co.** that it is unconstitutional to impose an income tax on the interest and dividends of U.S. citizens on deposit in U.S. banks. Both of those items are listed here in section 61. Interest is number (4) and Dividends is number (7). And the Supreme Court further ruled in **Stanton v Baltic Mining Co.** in 1916, that no new power of taxation was conferred by the 16th Amendment.

So, if it was unconstitutional before the 16th Amendment, and no new power was conferred by it; How can Section 61 be constitutional when it states that interest and dividends are part of gross income and will be taxed? Well, we have to look at what the law shows for how Section 61 is supposed to be implemented and applied.

This version of Section 61 that is shown above is from the CURRENT 1986 version of the Code. The PREVIOUS version of the Code is from 1954. This Section, 61, is nearly identical in both versions, except for the following footnote shown in the 1954 version:

"Source: Sec. 22(a), 1939 Code, substantially unchanged"

For some reason the footnote was dropped when the law was recodified in 1986. It is not known why the footnote was dropped in 1986, but it is very important because, as you can see, the footnote identifies the source of Section 61 as being Section 22(a) in the 1939 code, the last codified version previous to the 1954 version. Being able to research the source of a law is very important to determining how that law is supposed to be properly applied under the law. Without a review of the source materials it is very difficult to accurately determine how a law was ORIGINALLY intended to be applied, and the courts, of course, only have authority over the law, under, and to the extent of, its original intent. So we go to Section 22(a) in the 1939 code, and we see that the format has changed, but indeed, the substance is pretty much the same as in 1986.

SEC. 22. GROSS INCOME.

(a) General Definition.-"Gross Income" includes gains, profits, and income derived from salaries, wages, or compensation for personal service ... of whatever kind and in whatever form paid, or from professions, vocations, trades, businesses commerce or sales, or dealings in property, whether real or personal, growing out of the ownership or use of or interest in such property; also from interest, rent, dividends, securities, or the transaction of any business carried on for gain or profit, or gains or profits and income derived from any source whatever....

But it's very important to understand how Section 22 was implemented and applied in 1939 in order to understand how Section 61 is supposed to be applied today. The two sections are inextricably linked in such relevant fashion, and the answer to our question of how Section 61 can be Constitutional, given the Pollock decision, can only be found by a thorough examination of this relationship.

As you can see here, from the Code of Federal Regulations, Index of Parallel Tables - 1991 enabling regulations for the 1939 code sections, it clearly shows that Section 22, under the 1939 code, was implemented under Title 26, Part 519.

CFR INDEX PARALLEL TABLE

1991 Enabling sections

26 U.S.C. (1939 I.R.C.)

22	26 Part 519
40	26 Part 1
62	26 Parts 509,513,514,520,521
143-144	26 Part 521
....	

The next table reveals what Part 519 is:

CHAPTER 1 - INTERNAL REVENUE SERVICE

DEPARTMENT OF THE TREASURY

(Parts 500 to 529)

SUBCHAPTER G - Regulations Under Tax Conventions

Part

500 [Reserved]

501 Australia

502 Greece(x)

503 Germany(x)

504 Belgium

505 Netherlands

506 Japan

507 United Kingdom

509 Switzerland(x)

510 Norway

511 Finland

512 Italy

513 Ireland.....(x)

514 France(x)

515 Honduras

516 Austria(x)

517 Pakistan(x)

518 New Zealand

519 Canada

520 Sweden(x)

521 Denmark.....(x)

Part 519 is the Canadian Tax Treaty. What Section 61 actually defines, under the letter of the law; are the sources of taxable income under the foreign tax treaty with Canada. It does not define the domestic sources of taxable income. It defines the Canadian sources, under the Canadian Tax Treaty.

The countries shown in the table with an '...(x)' (ed.'s addition) are the countries with whom America has current tax treaties, in effect today (1996). However, since the Canadian Tax Treaty expired in 1993, Part 519 is now shown as reserved for future use in this Table, and Section 61 no longer has any legitimate application within Title 26 (IR Code) for the purpose of defining what gross income is (except, perhaps, under other tax treaties).

But, most citizens are ignorant of the law, they're ignorant of the application of the law, they're ignorant of the history of the law and these Court rulings, and the IRS relies on and takes advantage of that ignorance. The IRS relies on your ignorance, and your wrongfully self assessing the tax by using the wrong form. And legitimately, under the law, that's not the way the law is actually applied, nor was it ever intended to be applied in such fashion.

The IRS claims that Section 6201 grants them the authority to assess income taxes. It states:

6201. Assessment authority.

(a) Authority of Secretary. The Secretary is authorized and required to make the inquiries, determinations, and assessments of all taxes imposed by this title, or accruing under any former internal revenue law, which have not been duly paid by stamp at the time and in the manner provided by law. Such authority shall extend to and include the following:

- (1) Taxes shown on return. The Secretary shall assess all taxes determined by the taxpayer or by the secretary as to which returns or lists are made under this title.
- (2) Unpaid taxes payable by stamp.
 - (A) Omitted stamps. ...
 - (B) Check or Money Order not duly paid. ...
- (3) Erroneous income tax prepayment credits.

.....
(b) Amount Not To Be Assessed.

- (1) Estimated income tax. No unpaid amount of estimated income tax required to be paid under section 6654 or 6655 shall be assessed.....

Are income taxes paid by stamp? **No!** Now, are you beginning to understand why the IRS wants you to voluntarily file a return? Because subparagraph (a)(1) here gives them the authority to assess taxes shown on returns. But, let's suppose you don't file a return; what authority is left? Well, Subsections 2 and 3 are left. "(2) Unpaid Taxes Payable By Stamp." Again, are income taxes payable by stamp? No, they're not. And (3): "Erroneous Income Tax Prepayment Credits". That's it. That's the true extent of the authority to assess taxes under the law 1- Taxes shown on returns (done voluntarily), 2 - unpaid taxes payable by prepayment credits (withheld taxes). So where is the legal authority to assess income taxes not shown on a return? (for individuals who do not file).

Now, it's interesting to note, down at the bottom of 6201, it also states "(b) Amount Not To Be Assessed. (1) Estimated income tax. No unpaid amount of estimated income tax required to be paid under section 6654 or 6655 shall be assessed". Remember, 6654 (e)(2)(C), your exception to the failure to file? Right here under 6201 their claimed authority, it states that if 6654 applies, no unpaid amount of estimated income tax is required to be paid. If there is no return, the IRS has no legal authority to assess income taxes, and surprisingly enough, they admit that, so they claim Section 6020 applies. The IRS claims that Section 6020 allows them to prepare and file a Form 1040 return for those individuals who refuse to do so voluntarily. It states:

6020. Returns prepared for or executed by Secretary.

(a) Preparation of return by Secretary. If any person shall fail to make a return required by this title or by regulation prescribed thereunder, but shall consent to disclose all information necessary for the preparation thereof, then, and in that case, the Secretary may prepare such return, which being signed by such person, may be received by the Secretary as the return of such person.

(b) Execution of return by Secretary.

(1) Authority of Secretary to execute return. If any person fails to make any return required by any internal revenue law or regulation made thereunder at the time prescribed therefor, or makes, willfully or otherwise, a false or fraudulent return, the Secretary shall make such return from his own knowledge and from such information as he can obtain through testimony or otherwise.

(2) Status of returns. Any return so made and subscribed by the Secretary shall be prima facie good and sufficient for all legal purposes. (emphasis added)

As you can see Subsection (a) says:

"If any person shall fail to make a return required by this title or by regulations prescribed thereunder, but shall consent to disclose all information necessary in that case, the Secretary may prepare such return..."

Subsection (a) requires consent from the citizen. So the IRS claims that Subsection (b) is what applies. Subsection (b) says:

"if a person fails to make any return required by any internal revenue law or regulation made thereunder at the time prescribed therefor, or makes, willfully or otherwise, a false or fraudulent return, the Secretary shall make such return from his own knowledge and from such information as he can obtain through testimony or otherwise."

Here, the Secretary is authorized, in fact required, to file forms for individuals if they fail to do so. So, if the Secretary was required; why do they charge citizens with the failure to file ? The only requirement that can be found in the law is for the Secretary. It's the secretary that fails the requirement to file the assessment forms, not the citizen. Also note that the Secretary must sign (subscribe) the return for it to be valid (prima facie).

So, the IRS claims that 6020(b) authorizes them to file a Form 1040 for a citizen who refuses to do so voluntarily. However, the Internal Revenue Manual, in Chapter 5200, addresses the proper legal use and invocation of 6020(b). It states:

5290. Refusal to file - IRC 6020(b) Assessment Procedure.

5291. Scope

(1) This procedure applies to employment, excise and partnership returns the following returns will be involved:

- (a) Form 940 - Employer's Annual Federal Unemployment Tax Return
- (b) Form 941 - Employer's Quarterly Federal Tax Return
- (c) Form 942 - Employer's Quarterly Tax Return for Household Employees
- (d) Form 943 - Employer's Annual Tax Return for Agricultural Employees
- (e) Form 11-B - Special Tax Return - Gaming Devices
- (f) Form 720 - Quarterly Federal Excise Tax Return
- (g) Form 2290 - Federal Use Tax Return on Highway Motor Vehicles
- (h) Form CT-1 - Employer's Annual Railroad Retirement Tax Return
- (i) Form 1065 - U.S. Partnership Return of Income

It clearly states that:

"This procedure applies to employment, excise and partnership tax returns".

Does that say that 6020(b) applies to individual return? No, it doesn't. It applies to employment excise and partnership tax returns. And look at what forms it states they are authorized to file under 6020(b):

" Form 940 ... 941 ... 942 ... 943 ... 11-B ... 720 ...

2290 ... CT-1 ... and ... 1065"

End of list. Is Form 1040 listed here? **No**, it is not! Form 1040 is not one of the forms that the IRS is actually authorized to file under Section 6020(b), according to the Internal Revenue Manual itself! 6020(b) is authorized only for employment, excise & partnership tax returns.

Why? Because, the tax is **not** imposed in a direct fashion on the domestic income of U.S. citizens. And, again in the Internal Revenue Manual (IRM), at 5293.1 it states:

Returns Prepared Under IRC 6020(b)

5293.1

General.

(1) If the taxpayer fails to file employment, excise and partnership tax returns by the specified date, the return should be prepared under the authority of IRC 6020(b).....

Does that say individual returns? **No!** Again it emphasizes employment, excise and partnership returns only, not individual returns.

Finally at IRM 5293.1(7) it states:

(7) In unable to locate situations when the proprietors, partners or responsible officers and assets cannot be located and:

(a) when their SSNs can be determined process the returns and follow the guidelines in IRM 5263 for returns without full payment; or

(b) when their SSNs cannot be determined, close the delinquency using TC (transaction code) 593 with the proper closing code. (see the guidelines in IRM 5235(2)(c).

Now, what do Social Security numbers have to do with delinquencies under Subtitle A? Why would they close a delinquency simply because there is no Social Security number for the individual? Why is a Social Security number necessary to have an income tax delinquency? Social security numbers, under the law, have nothing at all to do with income taxes! They are only to be used for the administration of the Subtitle C - Employment Tax laws contained in chapters 21 through 25. The improper use of 6020(b) can be further exposed by a review of Sections 6061 and 6065.

6061. Signing of returns and other documents. Except as otherwise provided by sections 6062 (Signing of corporation returns) and 6063 (Signing of partnership returns), any return, statement, or other document required to be made under any provision of the internal revenue laws or regulations shall be signed in accordance with forms or regulations prescribed by the Secretary.

6065. Verification of returns. Except as otherwise provided by the Secretary, any return, declaration, statement, or other document required to be made under any provision of the internal revenue laws or regulations shall contain or be verified by a written declaration that it is made under the penalties of perjury.

Section 6061 states:

"Any returns, statements or other documents required to be made under any provision of the internal revenue laws or regulations shall be signed in accordance with forms or regulations".

And Section 6065 states:

"any return declaration, statement, or other document required to be made under any provision of the internal revenue laws or regulation shall contain or be verified

by a written declaration that it is made under the penalties of perjury".

Furthermore, Section 6020 subsection (b)(2) stated:

"Any return so made and subscribed by the Secretary shall be prima facie good and sufficient for all legal purposes."

I have never seen a substitute Form 1040, prepared by the IRS, that was either signed, or sworn to. Obviously that would be a violation of these laws. The IRS is required by law to sign these documents, but they refuse to do so, because they know they're acting outside the authority authorized under the law and actually contained within the Revenue Manual. They know that if they sign the documents, they will assume the liability for the wrongful claims made on them. They do not want to do that, so they refuse to sign. They fill it all out and send it to you, for you to sign. They refuse to validate their own work with a signature as required under the law, but they demand that you, the citizen, honor this fraudulent work with payment, without anyone from the government ever validating it for you or swearing that it's true. It is a violation of the law, but the citizens generally accede to the demands, and out of ignorance, they comply. But the fact of the matter is: the law supports you, the citizen, and does not support the United States government.

Finally the Delegation Orders actually filed at the District offices, delegating the Authority to prepare and execute returns under 6020(b) read:

INTERNAL REVENUE SERVICE

SOUTHWEST REGION

Order No.

DD-OKC-150, Rev. 5

OKLAHOMA CITY DISTRICT

CR: SD-61

DELEGATION ORDER

Date of issue: Nov 27 1987

Effective Date: Nov 27 1987

Subject:

AUTHORITY TO EXECUTE RETURNS

Authority is redelegated to Revenue Officers, GS-9 and above to prepare and execute the following returns on behalf of the District Director under Section 6020(b) of the Internal Revenue Code.

Form 940, Employer's Annual Federal Unemployment Tax Return;

Form 941, Employer's Quarterly Federal Tax Return;

Form 942, Employer's Quarterly Tax Return for Household Employees;

Form 943, Employer's Annual Tax Return for Agricultural Employees;

Form 11-B, Special Tax Return - Gaming Services;

Form 720, Quarterly Federal Excise Tax Return;

Form 2290, Federal Use Tax Return on Highway Motor Vehicles;

Form CT-1, Employer's Annual Railroad Retirement Tax Return; and

Form 1065, U.S. Partnership Return of Income

This authority may not be redelegated.

This order supersedes Delegation Order DD-OKC-150 (Rev. 4) dated

December 13, 1984

Reference: Treasury Regulations 301.6020-1(b)

Commissioner Delegation Order No. 182 (rev. 1)

IRM 5292

K. J. Sawyer

District Director

This list agrees completely with the Forms shown as authorized under 6020(b) in the Internal Revenue Manual itself. The IRS cannot produce a delegation order for any district in the country authorizing the preparation or execution of a Form 1040. Although this Delegation Order is for Oklahoma City, the Orders for the other District Offices are exactly the same.

So, how does the IRS get away with the fraud that they have been perpetrating on the American People. WE ARE IGNORANT. Amazingly enough, the IRS computer systems have been properly programmed and will not trigger or initiate a collection action against a citizen of the United States of America, UNLESS THEY ARE FED FRAUDULENT INFORMATION by an IRS employee.

This is, of course, exactly what the IRS does! If you have ever received a letter from the IRS you can look and see, usually in the upper right hand corner area, what the CP number of the letter is. CP stands for Computer Paragraph. All of the IRS's collection correspondence is generated by computers and under the Paperwork Reduction Act all of it must be documented and properly authorized. The Internal Revenue Manual contains an explanation relating the proper legal use of each of these CP codes and corresponding letters. The Manual clearly shows that the letters generated by the computers that relate to individuals carry a TWO DIGIT CP CODE. The Manual further shows that all BUSINESS accounts are addressed with letters that use a THREE DIGIT CP CODE. All of the three digit CP Code Letters ARE RESERVED FOR USE WITH BUSINESSES. It is the those Business letters that individuals wrongfully receive that threaten enforced collection of the income tax. If you have one, see what the CP Code on your letter is. If it carries three digits: you are the victim of IRS FRAUD and EXTORTION.

What the IRS illegally does is post a code on your Individual Master File (IMF) in the computer, that deceives the computer into believing that YOU ARE A BUSINESS instead of an individual. That fraudulent entry is used by the computer systems to wrongfully trigger a collection action against a citizen, which action is, in reality, reserved for use ONLY against businesses, because the computer knows that citizens are not actually liable.

THE IRS MUST DEFRAUD ITS OWN COMPUTER SYSTEM TO INITIATE A COLLECTION ACTION AGAINST A CITIZEN. ONCE THAT FRAUDULENT BUSINESS CODE IS ILLEGALLY POSTED ON YOUR IMF, THAT IMF, THE IRS'S OWN DOCUMENT, CAN BE USED AS PRIMA FACIE EVIDENCE IN COURT AGAINST THEM TO EXPOSE THE FRAUDULENT AND ILLEGAL NATURE OF THEIR ACTIVITIES AND ACTIONS.

If you are ignorant, and unaware of the fraud that they have committed you will not be able to stop their illegal theft of your property, perpetrated under this fraudulent deception of their own computer systems.

After the IRS illegally makes up a return that they illegally refuse to sign, and fraudulently deceive the computers into initiating the correspondence related to a collection action, they illegally create a deficiency within that return.

6211. Definition of a deficiency.

(a) In general. For purposes of this Title in the case of income, estate, and gift taxes imposed by subtitles A and B and excise taxes imposed by chapters 41, 42, 43, and 44, the term "deficiency" means the amount by which the tax imposed by subtitle A or B, or chapter 41, 42, 43, or 44, exceeds the excess of -

(1) the sum of

(A) the amount shown as the tax by the taxpayer upon his return,

if a return was made by the taxpayer and an amount was shown as the tax by the taxpayer thereon, plus

(B) the amounts previously assessed (or collected without assessment) as a deficiency, over -

(2) the amount of rebates, as defined in subsection (b)(2), made....

This section clearly states:

"... in the case of income, estate, and gift taxes imposed by Subtitles A & B ... "

Deficiencies are clearly based on Subtitle A and Subtitle B taxes (and the excise taxes in Chapters 41, 42, 43 & 44 - Subtitle D). So why is the IRS using the record of earnings collected under Subtitle C Employment Taxes when calculating deficiencies?? The IRS is **wrongfully and illegally** using the record of earnings created under the Subtitle C Employment Tax laws, for Social Security purposes and foreigners, to demand that you, the citizen, pay income tax on those domestic earnings. And that record of earnings comes not from any income tax withholding requirement under Subtitles A or B, it comes from the employment taxes imposed in Subtitle C. The record of earnings belonging to the citizen is coming from their voluntary participation in the social security program; whereby a social security number is provided to an employer on a W-4, who then withholds the taxes on wages for social security purposes under Subtitle C authorizations. We've already seen that income tax can only be withheld from foreigners, not from citizens, unless it is requested on a Form W-4 (where you specify deductions)!

Then the IRS takes that Subtitle C information and wrongfully and illegally uses it to demand Subtitle A Income taxes on those Subtitle C records of earnings. But this code section, 6211 states that a deficiency can only be based on Subtitle A and Subtitle B requirements, not Subtitle C. So the IRS is in violation of the law to claim that there is a deficiency based on that record of earnings. But that's what they do and they will continue to do it as long as you allow a record of earnings to accumulate under your name and social security number. As long as payers have your social security number and make reports to the IRS using that social security number the IRS is going to wrongfully and illegally use the information created under those subtitle C regulations to demand that you pay income taxes imposed under Subtitle A on foreigners. After fraudulently creating a deficiency the IRS wrongfully claims a lien on property.

6321. Lien for taxes.

If any person liable to pay any tax neglects or refuses to pay the same, after demand, the amount (including any interest, additional amount, addition to tax, or assessable penalty, together with any costs that may accrue in addition thereto) shall be a lien in favor of the United States upon all property and rights to property, whether real or personal, belonging to such person. (emphasis added)

The IRS refuses to say how, or under what code section, they have determined that individual citizens are **LIABLE** for tax on **DOMESTIC** income, **THEY JUST PRETEND** you are, and hope you don't know any better! The next thing the IRS tries to do is levy property held by third parties. The Authority they claim for this is Section 6331.

6331 Levy and distraint.

(a) Authority of Secretary. If any person liable to pay any tax neglects or refuses to pay the same within ten days after notice and demand, it shall be lawful for the Secretary to collect such tax (and such further sum as shall be sufficient to cover the expenses of the levy) by levy upon all property and rights to property (except such property as is exempt under section 6334) belonging to such person or on which there is a lien provided in this chapter for the payment of such tax. Levy may be made upon the accrued salary or wages of any officer, employee, or elected official, of the United States, the District of Columbia, or any agency or instrumentality of the United States or the District of Columbia by serving a notice of levy on the employer (as defined in section 3401 (d)) of such officer, employee or elected official.

This clearly states:

"Levy made be made upon the accrued salary or wages of any officer, employee, or elected official of the United States, the District of Columbia, or any agency or instrumentality of the United States or the District of Columbia."

Subsection (a) establishes the authority of the Secretary that limits the authority of all the other Subsections b, c, d, e, and f in this Code section. Who does Subsection (a) say levy may be made on? "Officers, employees or elected officials of the United States government".

Does this section apply to citizens or individuals? No, it does not. It explicitly states who it does apply to and citizens are not included. It only grants an authorization to levy federal employees. And this subsection is being wrongfully invoked all over the country to seize

property from US citizens who don't really owe income tax on domestic income. And if you don't believe me, that 6331 only grants an authority to levy the salary of federal employees, we can go to the United States Code Annotated for 6331 and read Note 5 where the authors of the law stated the purpose and original intent of this law. It states:

"Note 5. Purpose. This section was enacted to subject salaries of federal employees to the same collection procedures as are available against all other taxpayers, including employees of a state."

This section was specifically enacted to subject just federal employees to levy. Now it references the "same collection procedures as are available against all other taxpayers" but, the IRS refuses to site them or establish what they may be. Apparently they feel that Section 6331 is the only code section in Title 26 that they can rely on for levy, and clearly, it does not apply to U.S. citizens, only federal employees. And, as it turns out, it only applies to federal employees who are living and working in federal territories or federal states, like the Virgin Islands, Puerto Rico, Marianna Islands etc.; so that the IRS can collect income tax from federal employees who are enjoying the privilege of working and being protected in those foreign territories.

The Criminal Investigative Division

It states in the Internal Revenue Manual (IRM), in Chapter 1100, at Section 1132.75:

1132.75

Criminal Investigative Division

The Criminal Investigative Division enforces the criminal statutes applicable to income, estate, gift, employment, and excise tax laws involving United States citizens residing in foreign countries and nonresident aliens subject to Federal income tax filing requirements.

Now you show me the corresponding section, anywhere in the law or the IRM, that would cover citizens NOT "RESIDING IN FOREIGN COUNTRIES", but living and working in the United States!

This, of course, supports and agrees completely with the claim that the income tax is STILL JUST A FOREIGN TAX, as it is accurately recorded in the law. It also supports the charge that the IRS is exceeding the LIMITED authorities established for it under the law and operating unlawfully.

There has never been a LEGAL criminal investigation of any U.S. citizen living and working in the United States of America in the history of the IRS. CID HAS NO LEGAL AUTHORITY OVER THE DOMESTIC AFFAIRS AND ACTIVITIES OF CITIZENS, at least that is what the law records. Everything the IRS does to citizens in America is illegal, occurring within a complete vacuum of law.

That brings us to CHAPTER 75. - . CRIMES, OTHER OFFENSES AND FORFEITURES, and Section 7203, which is typically the statutory charge in a court of law against a citizen. It is titled; "Willful failure to file return, supply information, or pay tax". It states:

7203. Willful failure to file return, supply information, or pay tax.

Any person required under this title to pay any estimated tax or tax, or required by this title or by regulations made under authority thereof to make a return, keep any records, or supply any information, who willfully fails to pay such estimated tax or tax, make such return, keep such records, or supply such information, at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than \$25,000 (\$100,000 in the case of a corporation) or imprisoned not more than 1 year, or both, together with the costs of prosecution. In the case of any person with respect to whom there is failure to pay any estimated tax, this section shall not apply to such person with respect to such failure if there is no addition to tax under section 6654 or 6655 with respect to such failure. In the case of a willful violation of any provision of section 60501, the first sentence of

this section shall be applied by substituting "felony" for "misdemeanor", and "5 years" for "1 year".

Now, it's worth pointing out that Section 7203 is a penalty statute, and that the government tries to skip right over the part of a trial where they identify an actual violation of law and charge you with it. They try to skip right over the requirement to explain what actual statutory violation has occurred, and leap right to the penalty phase. When accused, one has the right to demand to know what the underlying statutory infraction is that has caused and justified the invocation of this penalty statute. One should demand to know what statutory violations the IRS has based the penalty charge on, and guess what? The IRS cannot cite a statutory violation upon which the penalty is based, given the facts herein.

I'd further like to point out that Section 7203 specifically says,

"Any person required under this title..."

and this next section, also from Chapter 75, redefines the term "person" for use in Chapter 75.

7343. Definition of the term person.

The term "person" as used in this chapter includes an officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee or member is under a duty to perform the act in respect of which the violation occurs.

Now does this say that the term 'person' includes individuals ? **No!** The term "person" is redefined for purposes of use within Chapter 75 to mean only corporate officers. But it is not redefined right up there in Section 7203 where it says, "any person"; you have to read through the whole chapter to get to the redefinition of the term "person" in order to recognize that Section 7203 was never intended to be applied against any citizen, who didn't or wasn't acting in the capacity of a corporate or partnership officer with responsibility?

Section 7203 is here to file against the corporate officers who fail to honor their legal responsibilities to report and pay the tax on the privileged income the corporation is making. It is not a statutory section that authorizes criminal penalties against the common citizen, or even individuals.

Furthermore, this Section clearly states:

"... this section shall not apply to such person with respect to such failure if there is no addition to tax under section 6654 ..."

Do you remember 6654 (e)(2)(C), the citizen's exception to the failure to pay, where no addition to tax shall be imposed if there is no liability and the individual was a citizen or resident? The same paragraph C referenced in Treasury Decision 2313? How can Section 7203 possibly be used against individual citizens, given this specific language within the statute itself? Do you really need a lawyer to read these English sentences to understand what they mean ?

Therefore, consider the following:

1) Our Founding Fathers created a constitutional REPUBLIC as our form of government. The Constitution gives the federal/national government LIMITED powers. All powers not delegated to the United States, are reserved to the States respectively or to the People. The Union was created to be the servant of the People! The United States Constitution is the Supreme Law of the land. (Article VI, Clause 2)

2) The Constitution gives the Congress the power to lay and collect taxes to pay the debts of the government, provide for the common defense and general welfare of the United States, subject to the following rules, pertaining to the only two classifications of taxes permitted by the Constitution: Direct Taxes, which are subject to the rule of apportionment (to the states for collection), and Indirect Taxes - imposts, duties and excises, subject to the rule of uniformity.

3) The government is NOT ALLOWED, by either one of the two classifications, TO TAX DIRECTLY citizens or permanent resident

aliens of the United States, in the United States. The intent of the founders was to keep the government the servant of the People, and to prevent it from becoming the master. (Article I, Section 2, Clause 3)

4) The census is taken every ten years to determine the number of representatives to be allotted to each state and the amount of a direct tax that may be apportioned to each state determined by the percentage its number of representatives bears to the total membership in the House of Representatives. (Article I, Section 2, Clause 3 and Article I, Section 9, Clause 4)

5) It was established in the Constitutional convention of 1787 that the Supreme Court of the United States would have the power of "judicial review", i.e., the power to declare laws passed by the United States Congress to be null and void if such a law or laws were in violation of the Constitution, to be determined from the original intent as found in Madison's Notes recorded during the Convention, the Federalist Papers, and the ratifying conventions found in Elliott's Debates.

6) Due to the characteristics of the second classification of taxation authorized in the Constitution, the Supreme Court called it an Indirect Tax, and it is divided into three distinct categories of taxes: IMPOSTS, DUTIES and EXCISES. These taxes were intended to provide for the operating expense of the government of the United States.

7) Duties and Imposts are taxes laid by the government on things imported into the country from abroad, and are paid at the ports of entry.

8) The Supreme Court says that "EXCISES are:... taxes laid upon the manufacture, sale and consumption of commodities within the country, upon licenses to pursue certain occupations and upon corporate privileges" (See *Flint v. Stone Tracy Co.* 220 US 107 (1911))

9) In 1862, Congress passed an Act (law) to create an "Income Duty" to help pay for the war between the states. A duty is an indirect tax which the federal government cannot impose on citizens or residents of a state having sources of income within a State of the Union.

10) Congress passed an Act in 1894 to impose a tax on the incomes of citizens and resident aliens of the United States. The constitutionality of the Act was challenged in 1895 and the Supreme Court said the law was UNCONSTITUTIONAL BECAUSE IT WAS A DIRECT TAX THAT WAS NOT APPORTIONED as the Constitution required. (See *Pollock v. Farmer's Loan & Trust Co.*, 157 US 429 (1895))

11) In 1909 Congress passed the 16th Amendment to the Constitution that was allegedly ratified by three-fourths (3/4) of the states; it is known as the "Income Tax Amendment".

12) Some officials within the IRS, along with professors, politicians, teachers and some judges have said, and are saying, that the 16th Amendment changed the Constitution to allow a direct tax without apportionment.

13) The above persons are NOT EMPOWERED to interpret the meaning of the United States Constitution! As stated above (Fact 5), this power is granted by the Constitution to the Supreme Court, but is limited to original intent. The supreme Court is NOT EMPOWERED to function as a "social engineer", to amend or alter the Constitution as they have been doing. A change or "amendment" can only be lawfully done according to the provisions of Article V of that document.

14) The U.S. Supreme Court said in 1916 that the 16th Amendment DID NOT change the Constitution because of the fact that Article I, Section 2, Clause 3, and Article I, Section 9, Clause

4, were not repealed or altered; the U.S. Constitution cannot conflict with itself. The Court also said that the 16th Amendment MERELY PREVENTED THE INCOME DUTY FROM BEING TAKEN OUT OF THE CATEGORY OF INDIRECT TAXATION. (Brushaber v. Union Pacific R.R. CO. 240 US 1 (pg. 16) (1916))

15) After the Supreme Court decision, the office of the Commissioner of Internal Revenue issued Treasury Decision 2313, ([Order] dated March 21, 1916; Vol. 18 January-December, 1916, page 53). It states in part: "...it is hereby held that income accruing to nonresident aliens in the form of interest from the bonds and dividends on the stock of domestic corporations is subject to the income tax imposed by the Act of October 3, 1913."

16) In another Supreme Court decision in 1916, the Court, in CLEAR LANGUAGE, settled the application of the 16th amendment: by the previous ruling (Brushaber) it was settled that the provisions of the 16th Amendment CONFERRED NO NEW POWER OF TAXATION but simply prohibited the previous complete and plenary (full) power of income taxation possessed by Congress from the beginning from being taken out of the category of indirect taxation to which it inherently belonged....(Stanton v. Baltic Mining Co., 249 US 112 (1916))

17) The United States Constitution gives the national government the exclusive authority to handle foreign affairs. Congress has the power to pass laws concerning the direct or indirect taxation of foreigners doing business in the United States of America. It has possessed this power from the beginning, needing no amendment (change) to the U.S. Constitution to authorize the exercise of it.

18) The DIRECT classification of taxation was intended for use when unforeseen expenses or emergencies arise. Congress, needing funds to meet the emergency, can borrow money on the credit of the United States (Article I, Section 8 Clause 2). The founding fathers intended that the budget of the United States be balanced and a deficit be paid off quickly and in an orderly fashion, through a DIRECT tax. The tax bill is given to the Senate of the Union. The bill is "apportioned" by the number of representatives of each State in Congress; therefore, each State is billed its apportioned share of the Direct tax equal to the number of votes its Representatives could employ to pass the tax. How the states raise the money to pay the bill is not a federal concern. (Article I, Section 2, Clause 3)

19) In the Brushaber and Stanton cases, the Supreme Court said the 16th Amendment did not change income taxes to another classification. So, if the income tax is an indirect excise, then how is it applied and collected? According to the Supreme Court: "Excises are taxes laid upon the manufacture, sale and consumption of commodities within the country, upon licenses to pursue certain occupations and upon corporate privileges; the requirement to pay such tax involves the exercise of the privilege and if business is not done in the manner described no the tax and not the mere buying, selling or handling of goods."

QUESTION: If all RIGHTS come from God (citizens of the States retained all RIGHTS except those surrendered as enumerated in the Constitution) and PRIVILEGES are granted by government AFTER APPLICATION FOR PRIVILEGE IS MADE BY THE CITIZEN, then WHAT IS THE PRIVILEGE THAT THE INCOME TAX IS APPLIED AGAINST?

ANSWER: As established in the Constitution, the federal government cannot directly tax a citizen living within the States of the Union. Citizens possess RIGHTS; these RIGHTS cannot be converted to privileges by the government. The only individuals who would not have these rights and be liable to regulation by government are NONRESIDENT ALIENS doing business and working within the United States or receiving domestic source profits from investment instruments in America, and United States citizens working in a foreign country and taxable under TREATIES between the two governments.

20) WITHHOLDING AGENTS withhold income taxes. The only section in the Internal Revenue Code that defines this authority is section 7701(a)(16).

21) Withholding of money for income tax purposes, according to section 7701(a)(16), is only authorized under sections 1441 - Nonresident aliens, 1442 - Foreign Corporations, 1443 - Foreign Tax Exempt Organizations, and 1461- Withholding Agents' Liability for Withheld Tax.

22) Internal Revenue Manual Chapter 1100, Organization and Staffing, section 1132.75 states: "The Criminal Investigative Division enforces the criminal statutes applicable to income, estate, gift, employment, and excise tax laws involving United States citizens RESIDING IN FOREIGN COUNTRIES and nonresident aliens subject to Federal income tax filing requirements..."(emphasis added)

23) The implementation of IRS Treasury Regulation 26 CFR 1.1441-5 is explained in Publication 515 on page 2: "If an individual gives you a written statement, in duplicate, stating that he or she is a citizen or resident of the United States, and you do not know otherwise, you may accept this statement and are RELIEVED OF THE DUTY OF WITHHOLDING TAX."

24) The ONLY way a U.S. citizen or permanent resident alien , living and working in a State of the Union can have taxes deducted from their pay, is by voluntarily making an application (Form SS-5) to obtain a social security number, and then entering that number on an IRS Form W-4 - Employee's Withholding Allowance Certificate, and signing it to permit withholding of "Employment Taxes". That is why the IRS pressures children to apply for social security numbers at an early age, and why citizens are pressured to "get used" to using the number, and employers are pressured to obtain the voluntary execution of a Form W-4 immediately from all those being hired. However, no federal law or regulation REQUIRES workers to have a social security number, or to sign a W-4 to qualify for, obtain, or retain a job..

25) Karl Marx wrote in his Communist Manifesto, ten planks needed to create a communist state. The second plank is: " A HEAVY PROGRESSIVE OR GRADUATED INCOME TAX"

26) The attorney who successfully challenged the Income Tax Act of 1894, Joseph H. Choate, recognized the communist hand in the shadows. He told the United States Supreme Court: "The Act of Congress which we are impugning (challenging as false) before you is communistic in its purposes and tendencies, and is defended here upon principles as communistic, socialistic - what shall I call them - populistic as ever have been addressed to any political assembly in the world."

27) The Supreme Court agreed; and Justice Field wrote the Court's opinion, concluding with these prophetic words: "Here I close my opinion. I could not say less in view of questions of such gravity that go down to the very foundations of the government. If the provisions of the Constitution can be set aside by an Act of Congress, where is the course of usurpation to end? The present assault upon capital is but the beginning. It will be but the stepping-stone to others, larger and more sweeping, till our political contests will become a war of the poor against the rich; a war growing in intensity and bitterness."

28) Internal Revenue Code Section 6654(e)(2)(C) states:no liability....if the individual was a citizen or resident alien of the United States throughout the preceding taxable year.

The IRS contends the success of the self-assessment system depends upon VOLUNTARY COMPLIANCE -- EVIDENTLY SO!

As you can see, the laws regarding Income taxes under Subtitle A and Employment taxes under Subtitle C, their corresponding authorities and powers, are being illegally mixed and wrongfully invoked in a fraudulent and improper fashion against all U.S. citizens. That means that you, as a citizen can disable and prevent that wrongful use of the information simply by handling your financial affairs in a particular fashion.

The law specifically states that you do not have to give your social security number to anyone except the Social Security Administration. You must also show it on the forms that you file with the IRS. But, as we've seen, you don't have to legally file any forms with the IRS, UNLESS you have foreign earned income under a tax treaty or foreign principals with domestic income. And if you refuse to supply your social security number to your employer on a W-4, or if you revoke your application for a Social Security number and rescind your participation in the Social Security program; then you have no legal requirement to supply a social security number to anyone at all; and there will never be any record of any earnings that is created under Subtitle C employment tax laws that the IRS can wrongfully and illegally use to demand that you pay income tax on.

Now, if you would like to learn more about opting out of the Social Security system, or if you would like help with stopping the wrongful withholding of income taxes by your withholding agents, I have an information package that you can use to address those situations with your employer and withholding agents.

But, the most important thing to understand, and the secret to living and working in the United States of America tax free, without repercussions or harassment from the IRS, is understanding that Social Security is a voluntary program and that people who do not use a social security number **NEVER RECEIVE CORRESPONDENCE FROM THE IRS** regarding the collection of tax because that correspondence is never issued!

There is **no** law that requires you to participate in social security, and if you wish, you can opt out of the program, or conversely, you can just exercise your rights under the law and refuse to disclose your social security number to your employer, or anyone, for that matter, except the Social Security Administration. Thereby totally disabling, in a completely legal fashion, the information collection mechanism that the IRS relies upon to wrongfully demand income tax payments from citizens. If the IRS insists on illegally misusing the information collected under Social Security, we, the People, are left with no other option but to legally prevent its collection in the first place, in order to prevent its misuse against us. As irrefutable proof that Social Security is indeed a voluntary program, I offer the following:

In Texas, the Justice Department argued for the EEOC (Equal Employment Opportunity Commission) against an employer who had, under IRS advice, refused to hire an individual who would not provide a social security number. The complaint was styled as a **DISCRIMINATION** action. The discrimination involves both religious convictions and national origins (Americans are not required).

The IRS **refused** to appear in court to defend its advice to the employer, who immediately folded when confronted in court with a team of Justice Department lawyers suing him for discrimination. (Who wants to be in court against the Justice Department without any legal facts to stand on and no witness to call?) The IRS typically passes out incorrect or misleading information to the employer, and then refuses to appear in the court room to defend the advice that the Employers are acting on.

The case proves beyond the shadow of any doubt what-so-ever that it is **NOT** necessary to use a social security number in association with your personal finances and earnings, **IF YOU CHOOSE NOT TO!**

EXCERPTS FROM

EEOC v. Information Systems Consulting

CA3-92-0169-T

IN THE UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF TEXAS

DALLAS DIVISION

1. From the EEOC's Letter of Determination, Dated May 2, 1990

(p.2)

The evidence supports the charge that there is a violation of Title VII of the 1964 Civil Rights Act, as amended,... Section 706(b) of Title VII requires that if the commission determines there is a reasonable cause to believe that the charge is true, is shall endeavor to eliminate the alleged unlawful employment practice by informal methods, of conference, conciliation, and persuasion, having determined there is reasonable cause to believe the charge is true, the Commission now invites the parties to join with it in a collective effort toward a just resolution of this matter.

2. From the Affidavit of Tim Fitzpatrick, September 29, 1989 (p.3):

After discussions with the IRS, the company discovered that if Mr. Hanson did not provide the company with a Social Security number, the company would be in violation of the Internal Revenue Regulations and subject to various penalties.

3. From the Plaintiff's Response to Defendant's Motion to

Dismiss, April 1, 1992 (p.8-9)

"....the Internal Revenue Code and the Regulations promulgated pursuant to the code do not contain an absolute requirement that an employer provide an employee social security number to the IRS. Internal Revenue Code Section 6109(a)(3) states:

Any person required under the authority of this title to make a return, statement or other document with respect to another person, shall request from such person, and include in any such return, statement or document, such identifying number as may be prescribed for securing proper identification of such person.

26 U.S.C. 6109(a)(3) (Supp. 1992)"

The IRS regulation interpreting section 6109 provides:

"If he does not know the taxpayer identifying number of the other person, he shall request such number of the other person. A request should state that the identifying number is required to be furnished under the law. When the person filing the return, statement, or other document does not know the number of the other person, and has complied with the request provision of this paragraph, he shall sign an affidavit on the transmittal document forwarding such returns, statements, or other documents to the Internal Revenue Service so stating..

Treas. Reg. 301.6109-1(c) (1991)"

"The applicable IRS statute and regulation place a duty on the employer to request a taxpayer identifying number from the employee. If document must be filed and the employer has been unable to obtain the number but has made the request then the employer need only include as affidavit stating that the request was made."

The Government also avers that:

"In 1989, Internal Revenue Code Section 6676, 26 U.S.C. and 6676 (1989), set forth the penalties for failing to supply the IRS with identifying numbers as required by the code....a \$50.00 penalty will be imposed for failure of an employer to provide an identifying number on any document filed with the IRS unless it is shown that the failure was due to reasonable cause and not willful neglect. The Treasury Regulation interpreting the Statute states:

Under Section 301.609-1(c) a payor is required to request the identifying number of the payee. If after such a request has been made, the payee does not furnish the payor with his identifying number, the penalty will not be assessed against the payor.

Treas. Reg. 3106676-1 (1989)"

"Public Law 101-239, Title VII, Section 7711(b)(1), Dec. 19, 1989, 103 Stat. 2393, repealed Section 6676 of the Internal Revenue Code, 26 USC 6723 (Supp. 1992) has governed the failure to comply with information reporting requirement. However, Internal Revenue Code Section 6724, 26 USC 6724 (Supp. 1992), provides for a waiver of any penalties assessed under the code upon a showing of reasonable cause. Section 6724(a) provides:

No penalty shall be imposed under this part with respect to any failure if it is shown that such failure is due to reasonable cause and not willful neglect.

26 USC 6724(a) (Supp. 1992)"

4.) From the Consent Decree, dated November 4, 1992 (p.4)

The defendant ... shall be permanently enjoined from terminating an employee or refusing to hire an individual for failure to provide a social security number.... If an employee or applicant for employment advises the defendant that he does not have a social security number....., the defendant shall request, pursuant to Section 6724 of the Internal Revenue Service Code {sic}, 26 USC 6724, a waiver of any penalties that may be imposed for failing to include an employee social security number on forms and documents submitted to the IRS.

OBVIOUSLY, SOCIAL SECURITY IS VOLUNTARY - NOT MANDATORY !

Social Security is a fraudulent, PONZI PYRAMID con game. There is no money in any "social security" account, anywhere in the country. NOT ONE security is held anywhere in the world by the social security system. If Congress does not make an annual appropriation for Social Security payments EVERY YEAR, the program ends, JUST LIKE THAT. "What happened to all the money in my account", you may wonder? THERE IS NO MONEY IN YOUR ACCOUNT, THERE NEVER WAS. IT WAS ALL SPENT THE DAY IT ARRIVED AT THE SOCIAL SECURITY ADMINISTRATION.

Carlos dePonzi was a Count in the early 1900s who "operated" the first fraudulent "pyramid" investment cons; wherein money from later investors is directly and immediately used to "pay off" earlier investors, WITHOUT EVER INVESTING IN ANY REAL THING. Each "level" of "investors" is successively promised higher and higher rates of return, with the testimony of earlier "investors", "documenting" how well the program worked for them, as part of the sales pitch, until there are no more "investors" (read fools, or pigeons) left to enroll in the "pyramid". Of course, at that point in the con the "operators", and all the money "invested", disappear forever, never to be seen again! Congress of course made these fraudulent cons illegal for anyone to operate, EXCEPT THE GOVERNMENT, who has been doing it ever since under the name "Social Security". They just got rid of the private competition!

In summary, if you allow earnings to be reported under your Social Security number to the IRS, the IRS will illegally use that social security information to demand that you pay income tax on those earnings. This demand is NOT supported by the law.

If you are less than 40 years of age, and you believe that you will ever see, even a dime, from Social Security, perhaps you had better go back and read again the preceding paragraphs! Or, maybe, you really deserve your "social security", and the "benefits" you receive from it.

THE BEST KEPT SECRET IN AMERICA is that the IRS NEVER contacts or issues tax collection correspondence regarding income tax to citizens who don't have, or don't use, a social security number in connection with their financial affairs and earnings!

This correspondence is never received because it is never issued by the IRS computers. It is never issued because the IRS computers have no earnings records upon which a fraudulent entry may be made by an IRS employee to cause the initiation of any collection action.

KNOWLEDGE OF THE FEDERAL TAX LAWS IN FEDERAL COURTS

Former Federal District Judge Harry Claiborne admitted that, while he was a federal judge he knew nothing of federal tax law, yet decided tax cases.

In *Bursten v. US*, 395 f 2d 976, 981 (5th. Cir., 1968), the court acknowledged:

"We must note here, as matter of judicial knowledge, that most lawyers have only scant knowledge of the tax laws."

In *Lord v. Kelly*, 240 FSupp 167, 169 (D. Mass., 1965), it states the judges are under IRS scrutiny.

Even though the judges and lawyers admittedly do not know the tax laws, they sit in judgment and prosecute and/or defend the average citizen. Even though this is the case, the citizen being charged with a tax crime is supposed to have more knowledge than the law professionals and is held accountable by these professionals.

Under the criminal law, a criminal defendant has a right to rely upon decisions of the courts and this is a separate defense; see the Albertini

case from the 9th Circuit. But further, if these decisions concerning a specific point of law are themselves conflicting, there is the additional defense of uncertainty of the law.

The nature of the income tax is itself conflicting. At the state level, most of the state courts hold that the tax is an excise, while a minority line of authority holds that it is a direct property tax. The reverse is true at the federal level, with most appellate courts holding that it is a direct tax and a minority holding that it is an excise; see the attached list. Since there is no doubt that this conflict is present within the cases, this demonstrates a very serious due process problem of uncertainty in the law.

To violate a clearly known legal duty, one must plainly know the law. But when the law itself is unclear, there correspondingly cannot be a clearly known legal duty.

The Relevant Chronological History

1. 1861 - Income tax first appears in American law as an income DUTY (see The Income Duty of 1861). I am sure you are aware that duties are imposed on foreign imports, not domestic productivity, and as such, this tax did not affect U.S. citizens domestic income or productivity.

2. 1898 - In *Pollock v. Farmers Loan & Trust Co.* (1898) the Supreme Court strikes down an Act of Congress that attempted to expand the application of the income tax and impose it on the interest and dividends from funds on deposit at U.S. banks, ruling that the tax was UNCONSTITUTIONAL because it was a direct tax without apportionment, as required by Article 1 for all direct (see Referenced Sections of the Constitution).

3. 1913 - The 16th Amendment is passed and allegedly ratified by 3/4ths of the States, although to this day, the Federal government still will not produce or release for examination the ratification documents supposedly received from the states.

4. 1916 - The *Brushaber v. Union Pacific R.R. Co.* (1916) decision rules that the 16th amendment IS constitutional because it is NOT a direct tax, but rather, is an INDIRECT EXCISE tax, which does not have to be apportioned. The Court refers the reader to *Flint v. Stone Tracy Co.* (1911) for the definition of what an excise tax is. This ruling means that the 16th Amendment has no legal effect except to move the income tax from the indirect category of duty to the INDIRECT category of EXCISE. In *Flint vs. Stone Tracy* the Court ruled that excise taxes are:

"taxes on the manufacture, consumption and sale of commodities within the country, on licenses to pursue certain occupations and on corporate privileges."

Given this fact, how would income tax be applied to income NOT derived from these three defined taxable excise activities ? Treasury Decision 2313 was issued by the commissioner of the IRS as a result of this Supreme Court decision. It clearly states that non-resident aliens are liable for the tax, and that the income of those nonresident aliens is to be reported on Form 1040. It does NOT say "citizens" or "all persons" because it was properly understood that citizens are not subject to the tax unless they are engaging in PRIVILEGED activities. Citizens have a RIGHT TO WORK, and our rights cannot be taxed. In fact, this Treasury Decision explicitly references an exemption (for citizens, at Sec. 6654. Failure to Pay Estimated Tax, Exceptions), as paragraph C, that nonresident aliens cannot claim.

5. 1916 - In *Stanton v. Baltic Mining Co.* (1916) the Court rules that the 16th Amendment:

"CONFERS NO NEW POWERS OF TAXATION"

upon Congress. It does not create a new authority to tax citizens

directly without apportionment (because it is an indirect tax), according to the Supreme Court itself. So if it was unconstitutional to tax the interest and dividends (of citizens) before the 16th (according to Pollock), and no new powers to tax are created by the 16th, how can the income tax be constitutionally imposed today on those sources when Pollock has never been overturned or reversed ?

6. 1918 - The 75 year Canadian Tax treaty is signed and Section 22(a) (now Section 61) is added to the USC, defining the sources of taxable income from Canadian sources, subject to the income tax under the foreign tax treaty with Canada (see The Proper Application). Income earned in a foreign country under a tax treaty is privileged income, and therefore, is subject to the income tax under the Brushaber decision.

7. 1918 - 1935 The income tax is properly collected, not from all U.S. citizens, but only from those who enjoy income from privileged or licensed activities, as determined by the Supreme Court in Brushaber. The income tax is also properly collected from foreigners earning money in the U.S., from any source, per the instructions issued in Treasury Decision 2313.

1935 - Social Security begins (Subtitle C - Employment taxes) and those who voluntarily take a number and provide it to an employer voluntarily subject their wages to tax. This begins the withholding of tax from U.S. citizens, but not for income tax purposes (under Subtitle A), just for Social Security (Subtitle C). The W-4 (or its predecessor) provides a legal authority for the withholding of employment tax from the citizen by the EMPLOYER. The use of W-4s originates under Sec. 3402. Income Tax Collected at Source , subsection (p) - Voluntary Withholding Agreements. This Form becomes the legal basis and ONLY legal authority in the U.S. Code under which the withholding of tax from U.S. citizens is authorized. Social security taxes are now withheld from wages.

1939 - 1944. World War II and lots of new money for the government (and debt for the People) is provided by the bankers, who just 2 years earlier supposedly did not have a penny to loan to farmers and businesses, but suddenly had unlimited billions for a war the America people did not even want to be in.

1942 (approximately) The Victory tax is imposed and it is withheld from citizens wages along with the Social Security taxes. (This tax was probably unconstitutionally direct, but no one objected, so the point is moot.)

1944- Present. The victory tax expires, but the withholding of tax continues after Form W-4 is modified to include a voluntary request to "claim a number of deductions". This of course relates to income tax, NOT Social Security (or employment taxes under Subtitle C). The W-4 is now a voluntary withholding agreement that covers BOTH Employment taxes AND Income taxes, which are withheld at the voluntary request (on the W-4) made by the employee.

It should be carefully noted that Employers are authorized BY STATUTE to withhold EMPLOYMENT taxes under Subtitle C (26 USC 3402), and authorized BY REQUEST (on the W-4 under 26 USC 3402(p)) to withhold INCOME tax (imposed in Subtitle A) from citizens. The STATUTORY authority to withhold INCOME tax is granted to WITHHOLDING AGENTS under Subtitle A, NOT EMPLOYERS. The definition of a "withholding agent" is provided in Sec. 7701(a)(16) - Withholding Agent Defined, where the agent is authorized to deduct and withhold from foreigners, and only foreigners, exactly as the tax was authorized and collected for the first 16 years (1916-1932) of its existence as an excise tax (under the 16th).

The last paragraph accurately reflects the legal reality of today's situation. While you are correct that the tax laws are imposed as "liabilities" NOT filing requirements, the only code sections that exist in the U.S.C. that actually specify or establish liability for tax are Sec. 1461. Liability for Withheld Tax and Sec. 3403. Liability for Tax. If you believe that there is another code section that establishes liability for the income tax, PLEASE CITE IT NOW.

If you believe that Sec. 1. Tax Imposed establishes LIABILITY, you need to read it more closely. It imposes a tax on "taxable income", but does not mention liability. If Section 1 creates liability, who is liable? Where does it say that? The truth is that 26 CFR 602.101 - The Form

Required reveals the true extent of any liability that may be imposed under Section 1 as being limited to a liability for "taxable income", earned in foreign countries under foreign tax treaties, which is a PRIVILEGED source of income and, therefore, subject to the indirect excise income tax.

I am sure that you are aware that taxes are not withheld from 1099 earnings, unless they relate to a foreigner. The statutory authority to withhold income tax is limited to withholding agents (over foreigners, as shown by 7701(a)(16)), and employers (from employees, i.e. "covered workers"); what statutory authority would your payors invoke to withhold tax from you? Please provide a cite of the specific code section you believe establishes this authority. I would remind you that the ONLY authorities to backup withhold income tax are established in Sec. 3406 - Backup Withholding and Sec. 3451 - Income Tax Collected at Source on.... Both of these sections only provide an authority to backup withhold against interest and dividends (and patronage dividends). Before anyone can take your money THEY BETTER HAVE A STATUTORY AUTHORITY TO DO SO or they will suffer the legal consequences of attempting to perpetrate theft through fraud. If you believe that there is another code section that authorizes the Backup Withholding of income tax, PLEASE CITE IT NOW.

Furthermore, the Code provides that where a failure to withhold tax is due to "reasonable cause" rather than negligence on the part of the payor, no penalties are imposed (see - Sec. 6724. Waiver; Definitions and Special Rules and 26 CFR 301.6676-1(a)) on the payor. You can be provided with a Statement of Citizenship as provided for in C.F.R. 1.1441-5 Claiming to be a Person Not Subject to Withholding, relieving the withholding agent of the duty of withholding income accepts these statements as "reasonable cause" for failure to withhold , which is why payors are never penalized or asked to pay "back" taxes, or withhold taxes on my earnings. Publication 515 - Employer's Instructions (IRS instructions to employers on how to implement the income tax withholding regulations) also clearly states that if someone gives you (as an employer) a Statement of Citizenship you are relieved of the duty of withholding (income) tax from that individual. Since you do not participate in Social Security and are not an employee with "covered earnings", there is no requirement under Subtitle C to withhold employment tax. No statutory authority to withhold means no tax can legally be withheld . No privileged "taxable income" (and 26 CFR 602.101) means no legal requirement to file a return because no statutory liability exists! NO withholding, NO liability, NO return, NO penalties, NO enforcement actions, NO TAX == FREEDOM. (free MEANS "not taxed". Citizens are FREE, RIGHT!)

Try to ask attorneys 3 questions to prove to them that they have been misled by the IRS concerning these income tax laws.

The first two are easy, the third has never been answered, BY ANYONE (including the IRS and the Justice Dept.)

QUESTION:

Where are the laws regarding income tax contained in the U.S. Code ?

ANSWER:

Title 26, Subtitle A. (Subtitle C is Employment taxes NOT Income taxes.)

QUESTION: How many Chapters are there in that Subtitle ?

ANSWER : 6 (Chapters 1 - 6)

QUESTION:

Where in those 6 chapters do you find the withholding of income tax from American citizens ?

Please respond with a cite of the specific code section that you claim establishes this authority. If you cannot provide a cite of a law from Subtitle A authorizing this, I would expect an admission from them that the law doesn't really say what they thought it did, and that these issues should be investigated and addressed by our government.

(PS. Don't waste too much of your time trying to find this, IT DOESN'T EXIST)

This is NOT a Tax Protest

Although the IRS will try to claim that all of this information (from the law itself) is "tax protest", THAT IS A LIE. This is TAX LAW, in

fact, IT IS THE IRS THAT PROTESTS THE TAX LAW, by protesting its VERY LIMITED APPLICATION as proscribed in the law, as shown on these pages. The fact of the matter is the phrase "Illegal Tax Protester Schemes" is defined in the law in the Internal Revenue Manual in Section 5431.4. It states:

Illegal Tax Protester Scheme Definitions

1. Constitutional Basis---Refusal to include tax return information on Form 1040/1040A because of violation of Constitutional rights. In lieu of information required on Form 1040/1040A, the illegal tax protester either shows "--0--", "none", "Object", or a Fifth Amendment annotation in all of the blanks or will include a broad general statement regarding his/her constitutional rights (including 4th Amendment and 16th Amendment). This is commonly referred to as a Porth/Daly type return.
2. Fair Market Value---Reducing gross income because of declining value of dollar. The gross income is listed on the face of the return and there is a large adjustment to income which makes adjusted gross income small enough for standard deduction to eliminate taxable income. The adjustment to gross income is on Schedule D, Schedule of Capital Gains and Losses, or Form 2106, Employee Business Expenses, for Form 1040.
3. Gold/Silver Standard---Any return with a statement that only gold or silver backed currency can be taxed.
4. Blank Form 1040/1040A---These generally fall into two categories. In one category the individual files a return with only a name and address, and possibly signature and Form(s) W-2 is attached. This scheme is usually verified upon correspondence with the taxpayer. In the second category the individual files a return similar to the Porth type return, i.e. the lines contain "object", "Fifth Amendment", etc., with the exception that Form(s) W-2 is attached. In both instances, the return could or could not list marital status and/or exemptions.
5. Non-Payment Protest---Non-Payment or underpayment of tax based upon some type of protest statement written or attached to the return.
6. Protest Adjust---This is similar to Non-Payment Protest, in that the return contains specific unallowable items (e.g., deductions, exclusions, etc.) identified to some type of protest.
7. Mail Order Ministries---Individual receives income from non-religious sources and declares that it is non-taxable because of "vow of poverty". This scheme also involves returns where the individual includes all or substantially all of gross income as a contribution deduction on Schedule A of Form 1040. Some individuals will complete Form 1040 and then take an unusually large contribution deduction on Schedule A of Form 1040, normally 50% or more of the adjusted gross income.
8. Protester Letters and Cards---The receipt of letters and cards (without tax return) protesting the use of taxes for war, defense and/or other government spending policies, and indicating that this will affect their reporting and payment of taxes.
9. Family Estate Trust---The trusts are filed on Forms 1041. Terms such as "family", "equity pure", "prime", or "constitutional" are used in the title of the trust. Income is from "wages" or "Contract" sources and deductions are for personal living expenses, such as housing, medical, auto, child care, interest or taxes. Generally, an individual will establish a trust, give his/her wages or other income to the trust, and the trust pays for the expenses of the individual. The expenses claimed as administrative expenses of the trust, resulting in the individual paying no tax and the trust paying little or no taxes.
10. W4---Excessive Overstatement of Allowances---This scheme is usually employed in conjunction with one of the other schemes

mentioned above. The claiming of excessive allowances is usually directed towards eliminating withholding of Federal taxes from wages.

11. Forms 843 and Amended Returns--- Some individuals are filing Form 843 Claims and/or Amended Form 1040 (1040X) returns to obtain a total refund on all taxes paid in prior years, even though returns have not been filed for the prior years.

Now, you tell me which of these defined categories of "Tax Protest Schemes" that "applying the law properly" as specified in this document, would fall into.

EMPLOYER NOTIFICATION PACKAGE

Regardless of whether or not you choose to continue to participate in Social Security, you may, at any time, legally choose to NOT have your earnings credited to you under the social security program, simply by refusing to supply your social security number on a W-4 to your employer. Under such circumstances, the employer is required to immediately stop all withholding of taxes, both employment and income.

If you want a copy of the correspondence letters and legal documents necessary to give to your employer to suspend, or effectively end, your participation in the social security system, thereby depriving the IRS of the information whose misuse they rely upon to harass you for taxes you don't legally owe under the strict letter of the law, then:

SEND \$125.00 check, or money order to:

**General Delivery
Republican Grove Post Office
Republican Grove, Virginia**

24577

So that we may print a personalized set of documents for you to have and use, please include your own complete formal name and address, the name and address of your employer, and the name of the contact person at the employer, to whom this correspondence should be addressed.

THIS PACKAGE INCLUDES	
Cover letter to the employer	W-4 Termination Letter
Back up withholding Letter	Transmittal Letter
Proper Handling of Documents Letter	Statement of Citizenship in duplicate
Affidavit of Facts Regarding Social Security and attached Exhibits, including	
Two letters from the Social Security Administration stating that it is voluntary	
Cites of 42 U.S.C. 405, 26 U.S.C. 7701(a)(16), 1441, & 1461	
Instructions from Publication 515	
Excerpts from the EEOC v. Information Systems Consulting Decree	
The EEOC Religious Discrimination Fact Sheet	
PLUS	
A letter to your employer should he "attempt" to refuse your Statement of Citizenship	

If you have any questions at all, you may [E-MAIL](mailto:fedinfo@halifax.com) us at:

fedinfo@halifax.com

We will be happy to answer you promptly.

