

# The Income Tax Is On Foreign Income!

## "OMB Numbers"

Prior to 1980, agencies of the federal government were sending out reams of forms and questionnaires to collect information from U.S. Citizens with no lawful authority for such paperwork.

To solve this problem, Congress passed the **1980 Paperwork Reduction Act** which made the Office of Management and Budget (OMB) the watchdog that would require government agencies to apply to OMB on OMB Form SF83 "Request For OMB Review" for an OMB "approval control number" to be assigned to an agency "information collection request", based on the statutes and regulations that the agency (such as the IRS) claimed as their lawful authority to require the use of the particular form. A form lacking an OMB number could be ignored by the public as "bootleg".

So let's look at the requirement under the law to file IRS Form 1040.

The requirement to file an income tax return is found in Subtitle F, "Procedure and Administration", Chapter 61, Subchapter A, Part II, Subpart B, code section 6012, which is titled "PERSONS REQUIRED TO MAKE RETURNS OF INCOME", and which begins: "Returns with respect to income taxes under subtitle A shall be made ...", and which then leads to Chapter 1, Subchapter A, "Determination of tax liability", Part 1, "Tax on individuals", code section 1, titled "TAX IMPOSED", which imposes the "income" tax on "individuals".

So which form did the national offices of both the IRS and the OMB in Washington, D.C. agree in writing is the required form for a U.S. Citizen to use when filing an "income" tax return.

26 Code of Federal Regulations, or 26CFR for short, is where we find the implementing regulations for Title 26, Internal Revenue Code. In Part 602 of the Parallel Table of Authorities under 26CFR is where the OMB control numbers assigned to various IRS forms are displayed. Internal Revenue Code section 1, "income" tax imposed on individuals, and its implementing regulation, 26 CFR 1.1-1, is assigned OMB

control number 1545-0067. The first four digits, 1545, are the IRS's standard OMB prefix. The second set of four digits are for the particular agency form. In this case, 1545-0067 was assigned to the form to be used by "individuals" to file an income tax return. So which IRS form bears OMB approval control number 1545-0067? Form 1040, right? After all, tens of millions of Americans file it year after year. Thousands of piles of 1040 forms are stacked up in libraries, post offices and tax preparation offices each Spring throughout the country. Go to the IRS building in any city, and you'll see wall displays crammed full of Form 1040. But OMB approval control number 1545-0067 is not displayed on Form 1040. The number displayed in the upper right hand corner of Form 1040 is 1545-0074. The IRS form displaying OMB approval control number 1545-0067 is IRS Form 2555, "Foreign Earned Income"! There is no place on Form 2555 to enter the amount of money earned. It's an information return only! The top of Form 2555 says "attach to front of Form 1040". Form 1040 is merely a supplemental worksheet for the required Form 2555. Now here's a good question: did you have any foreign earned income last year? Or did you just swear that you did by completing Form 1040 and signing it under penalties of perjury? The top of Form 1040 says "U.S. Individual Income Tax Return". The top of Form 2555 says "for use by U.S. Citizens and resident aliens only". Apparently, the IRS knows the difference between an "individual" and a "Citizen"!

## Standing Treasury Decision 2313

On March 21, 1916, the Department of the Treasury issued Treasury Decision Number 2313.

Here are a few excerpted quotes from T.D. 2313 in reference to the Supreme Court's 1916 *Brushaber* decision:

"... it is hereby held that income accruing to nonresident aliens in the form

*of interest ... and dividends ... is subject to the income tax imposed by the act of October 3, 1913. The responsible heads, agents, or representatives of nonresident aliens ... shall make a full and complete return of the income therefrom on ... Form 1040 ...".* TD 2313 has never been canceled or replaced and is still standing today, as is the *Brushaber* decision.

## Citizen Not Liable For Estimated Income Tax

If you work for yourself, you're probably familiar with the burden of preparing quarterly estimated taxes. No doubt you or your tax preparer has always jumped through this seasonal hoop since the IRS sends you a package with forms to prepare and file, and a payment to be made. Let's see what the Internal Revenue Code says. Code section 6654 deals with the payment of estimated income taxes. Subsection (e) of section 6654 is "Exceptions" and paragraph (2) is titled "Where no tax liability for preceding taxable year". Line (c) states, quote: "No addition to tax shall be imposed if the individual was a citizen or resident of the United States throughout the preceding taxable year." Did you catch that? If you are a "citizen or resident of the United States throughout the preceding taxable year", you fall within the exceptions to the estimated tax. As my father always says, the best place to hide something is in plain sight, because nobody will be looking there! The IRS has been printing the truth in plain view for years.

## IRS Criminal Investigation Division

Section 1132.75 of the Internal Revenue Service Manual states that the jurisdiction of the Criminal Investigation division is for: "United States citizens residing in foreign countries and nonresident aliens subject to Federal income tax filing requirements ...". There's no mention of U.S. Citizens within the States of the Union, is there?