



# The Simple Truth About Income Tax

Thomas Freed

# The Simple Truth About Income Tax v2.0

Copyright © 2024 by Thomas Freed

All rights reserved. No part of this book may be used or reproduced by any means, graphic, electronic, or mechanical, including photocopying, recording, taping or by any information storage retrieval system without the written permission of the publisher except in the case of brief quotations embodied in critical articles and reviews.

My books and documents may be ordered through [www.IRSzoom.com](http://www.IRSzoom.com)

Printed in the United States of America

Dedicated to John B. Kotmair, Jr.,  
my father,  
and all the members of the  
Save A Patriot Fellowship,  
in Westminster Maryland.

Please support and join this amazing group  
of true American patriots working to restore  
America's Constitution and fundamental freedoms.

Join us through [www.Tax-Freedom.com](http://www.Tax-Freedom.com)  
or  
[www.LibertyWorksRadioNetwork.com](http://www.LibertyWorksRadioNetwork.com)

## Introduction

My pen-name is Thomas Freed and I'm hoping that this little book will be America's gateway to restoring our true freedom to *We, the American People*, through a stronger knowledge of the Truth about the taxation of "income" in America under our Constitution, actual history, and true laws. I believe that by restoring that lost knowledge through a dedicated pursuit of the Truth, we will restore to the American people our lost Freedom and Liberty, and soon, our prosperity if we do not change, and this has now become my life's purpose in serving God until the end of my days.

To begin I was born in Norfolk, Virginia in 1957. My father was an air-combat jet-fighter test-pilot in the Navy, which meant we moved frequently. We lived in Lakehurst, New Jersey, Norfolk, Virginia, San Diego, California, and Winchester, Massachusetts (the Navy sent dad to MIT), and eventually ended just outside of Washington, D.C., in Alexandria Virginia where he worked out of the Pentagon in the F-111 fighter/bomber program as the lead test-pilot. At the end of Seventh grade we moved to NW Washington, D.C., near Rock Creek Park. So, from eighth grade through high-school I went to Sidwell Friends high School in Washington, D.C., where I played football, baseball, and soccer and enjoyed history and math. I attended Tufts University in Medford, Massachusetts, where I earned a Bachelor of Science in Computer Science.

After college, I went to work for a software contractor at the Defense Advanced Research Projects Agency (DARPA). During my time there, I developed the initial administrative projected-budgeting software for the Strategic Defense Initiative Offices (SDIO), known at the time as Reagan's "Star Wars" program, which ultimately became its own "project" Office within the government, after being spun out of the DARPA offices in the mid-80s. Following my work at DARPA, I worked as an independent software systems developer at the Radiation Safety Branch of the National Institutes of Health (NIH), where I wrote the Radiation Safety Management System used across the entire NIH research campus for monitoring the use of the radioactive isotopes that were used at that time by the medical research community within its research programs on that NIH campus. I worked at NIH for about eight years before embarking on this "Truth or Die" venture in the early 90s by creating my initial educational website, [www.Tax-Freedom.com](http://www.Tax-Freedom.com), which eventually resulted in my creating its companion website [www.IRSzoom.com](http://www.IRSzoom.com), where anyone can get help answering any piece of IRS correspondence that they have received, for \$50 or less per letter.

So, for the past 35 years, I've dedicated my life to helping people answer the IRS with law in order to safely navigate the complexities of the U.S. income tax system, and deal with the mal-administration of the income tax laws, which I believe to be the most misunderstood piece of legislation in American history. My journey began with the realization that the income tax, as it is applied today, deviates significantly from what is actually in the law, and far exceeds the original intent under the statutes enacted by Congress under the Constitution. The Underwood Simmons Tariff Act of Oct. 3, 1913, the original income tax legislation of 1913 imposed a new income tax on foreign "*persons*", both their labor and their "income", **but did not impose any tax** on the labor of American citizens conducted within the 50 states by *Right* under the

Constitution. It wasn't until the Victory Tax, a temporary two-year war revenue measure to fund World War II was imposed in 1942, that Americans were asked to pay tax on their labor. When the Victory Tax expired, Congress reenacted a new law that did not impose any new tax, but which worked to allow the continued withholding of money from Americans' paychecks for tax based on their misunderstanding of the new withholding law, which actually imposed no new income tax on any person, and thus **only** operated under the American people's *erroneous* assumption and *false* belief that the federal personal income tax of 1913 had been imposed on them, instead of **only** on the foreign persons from whom it had been collected, and was paid by, for the first 32 years of the income tax's existence, from 1913 to 1945.

Thus, since the end of World War II, the American people have been subjected to a *fraudulent* tax system that withholds money from their paychecks as "tax", while none of these collected funds are actually deposited into the U.S. Treasury as required by law under Title 26 Section 7809. Instead, the funds are illegally and unconstitutionally routed to the Federal Reserve Bank. But the Federal Reserve Bank is a private corporation! Why is a private corporation cashing the so-called "tax" checks? This misapplication of public funds has profound implications. When Congress needs money for disaster relief or other purposes, they find the Treasury empty and are forced to borrow more debt from the Federal Reserve bankers, thus increasing the national debt and ultimately effectively enslaving the American people to the servicing of that debt (36 trillion and counting), which is what is really happening now, **not** lawful and constitutional taxation.

Through my work, published at [www.Tax-Freedom.com](http://www.Tax-Freedom.com), I have exposed the fact that this system of unlawful, extortionate enforcement of this peonage-like debt-service upon the American people, under the guise and pretense of taxation and the collection of tax, is not a true tax system at all, but is really a form of the *involuntary servitude* that is prohibited by the 13th Amendment. The enforcement of this debt service system of course, uses financial control rather than physical coercion to control the population (no whips, leg-irons, or chains needed, just liens and levy for "tax"), making it a modern form of virtual peonage by involuntary servitude. To educate the American people and expose this system of unconstitutional debt service that has been created and implemented in place of a system of constitutional taxation, I've written two books: 1) this book, "The Simple Truth About Income Tax" (now as an updated version 2), which is a 75-page PDF that explains the original income tax legislation of 1913 and the constitutional jurisdictional consequences to the enforcement "system" and operations of the IRS, DOJ, and federal courts under the new income tax law enacted by Congress as of January 2018, and 2) "The American Tax Bible", which is a comprehensive 780-page compendium of all the legal information about the IRS and our tax laws I have found and developed in brief pleadings over the last 30 years to help Americans deal with the IRS administratively and in court. Both books explain the true history and actual legal framework put in place for the collection of the income tax, detailing how the courts have enforced the tax as a *direct* tax without limitation under the 16<sup>th</sup> Amendment, without the proper authority at law or subject-matter jurisdiction to do so, because without an *enabling enforcement clause* in the 16th Amendment, it **cannot** be shown that the U.S. Congress is constitutionally authorized to write new law to enforce a new taxing power, allegedly created by the adoption of the 16<sup>th</sup> Amendment, *i.e.*: creating a new power to tax *directly* and without any constitutional *limitation*

being made applicable to that new taxing power. But showing that the constitutional authority of Congress to write that new law **exists**, is an essential, irreplaceable, and inescapable element of lawfully establishing that a fully granted *subject-matter jurisdiction* of the court exists and can be lawfully taken to allow the court to act to enforce any law under any *power* alleged granted by the Constitution or an Amendment.

In addition to my books and written work on the [www.Tax-Freedom.com](http://www.Tax-Freedom.com) website, I've developed a digital document library that is now available to the public through [www.IRSzoom.com](http://www.IRSzoom.com). This resource helps individuals respond to IRS letters for less than \$50 per letter, which is a fraction of the cost of hiring a tax attorney and or a settlement company (the advertisers). The IRSzoom document library offers legal responses to all of the various IRS demand and collection letters, empowering the American people to assert their Rights, and challenge the unlawful withholding of their earnings and collection of the income tax (also unlawfully done). My free educational website, [www.Tax-Freedom.com](http://www.Tax-Freedom.com), provides access to this information and these IRSzoom documents work together to promote an ever growing awareness within the minds of the American People of the true nature of the federal personal income tax system and its horrendous mal-administration by the IRS, DOJ, and the judges of the federal courts (and the 50 states too – at least all those states that also have an income tax).

Everybody in America knows that there is something very, very, wrong and un-American with the way that the IRS operates today to enforce the federal personal income tax against the American people, taxing their labor and *fruits of labor* **directly** and **without limitation**. My work collectively exposes the fact that the heart of the problem really lies in the existence of the Federal Reserve Bank and its unconstitutional monopolistic control over all of our currency and credit, and the entire monetary system, which so-called reserve bank (which has **no** reserves and is **not** a bank) was established in 1913, together with and at the same time as the 16<sup>th</sup> Amendment and the original federal income tax legislation. This unconstitutional, in fact communistic, “system” allows the Federal Reserve to buy print money (\$100 bills for 4 cents a note) and control its issuance and circulation in pace of Congress, while the income tax removes the excess currency from the hands of *We the People* in order to suppress the potential inflation that results from printing fiat currency and passing it out freely (in order to buy the votes of the poor), while deceiving the population into believing that it is “money”, when it is not. As a result, the American people are left with an unconstitutional “money” and an unconstitutional so-called “government” *operation* that literally exists to steal the *fruits of labor* (a portion of our paychecks) and enslave the people to a system of debt-service under the guise and pretense of taxation, **without** proper law or constitutional authority to do so; leading of course, to repeated economic cycles of boom and bust that only further enrich the wealthy and further empower the federal and state government and their ever-growing, ever more invasive bureaucracies, which will all ultimately be undone and “crashed” by the insurmountable debt and the oppression that results from **losing** financial control of our own “money” and “tax systems, and future. Our children, grand-children, and all their descendants, our progeny, will be destroyed and enslaved, while being kept ignorant (just like before - remember), if we do not rise up and eliminate entirely this insidious, unconstitutional, evil, enslaving, communistic federal personal income tax “system” based on this unconstitutional peonage-like system of involuntary (and unknowing) debt service, **which is NOT a legitimate system of constitutional taxation.**

Over the past 30 years, my life’s “mission” has been to enlighten and educate the American People about our **unconstitutional** and **fraudulent** currency and tax systems, in order to try and restore our nation’s financial sovereignty, together with a new system of constitutional taxation in place of the one of peonage debt service that all Americans currently suffer under now. By coming to understand the true legal basis of the federal income “tax”, and the historical context of its mal-administration and wrongful and unlawful enforcement as a **direct** tax instead of as an **indirect** tax, it is my hope that *We the People* can reclaim control of our country and currency and take back control of our own finances, and supposedly representative government, which must be held accountable for its sedition and virtual treason that have betrayed the American People and thrown us to the wolves, analogously speaking. Through education and legal advocacy, I aim to dismantle the system of financial enslavement that exists now and is destroying both America and the American People, and their quality of life, to an ever-greater degree every year. This must be done now in order to restore a representative system of governance in America, and to end the debt-service system that unconstitutionally and unlawfully rules us and is **destroying** us now.

The re-enactment of the personal federal income tax law, Title 26 U.S.C. Section 1 – *Tax imposed*, by President Trump in December of 2017, made effective as of January 1, 2018, has actually **opened the door** to **fully exposing** and finally **terminating**, once and for all, the *unlawful* and *unconstitutional* enforcement of the federal personal income tax that has been perpetrated *seditionously* for the last 75 years by the IRS, the DOJ, and the federal judiciary through their unconstitutional use of **judicial legislation** to re-write the income tax laws. It was done in order to virtually enslave the American People to the peonage-like servicing of the 36 trillion dollars in debt (headed for 50 trillion) that is owed to the Federal Reserve Banksters as a result of the unconstitutional currency system adopted in 1913. But because of that congressional legislative Act in 2017, of re-enacting the income tax law, the current system of **erroneous** and **fraudulent** enforcement of the *direct* taxation of “*income*” without constitutional *limitation*, can be legally **brought down**, and it **must** now **fall** in order for *We the People* to be able to take back our country, our paychecks, our liberty, our freedom, and our *rights*!

So, without further ado, let us examine next the legal effect resulting from the re-enactment of the federal personal income tax law by Congress in December 2017, effective as *controlling* law as of January 2018.

**THE UNCONSTITUTIONAL INCOME TAX IS TERMINATED  
WITH THE NEW INCOME TAX LAW  
(H.R. 1 - Dec. 2017)**

The new federal personal income tax law, H.R. 1, - that was enacted into law by Congress in December 2017, and made effective as of January 1st, 2018, has the **immediate** legal effect of:

1. Completely **destroying** the I.R.S.' current *de facto* income tax collection and enforcement *practices* and *operations* by **entirely removing** them **completely** from all legitimate constitutional authority to enforce the *direct* taxation of *income*, under alleged authority of the 16th Amendment alone, against American citizens, by taxing their labors and *fruits of labor* **directly** and **without** any applicable constitutional *limitation*, as the IRS, Department of Justice (DOJ) have been unlawfully and unconstitutionally doing for the last 75 years;
2. It strips the federal DOJ naked of all of the unconstitutional arguments that it has been making in the courtrooms of America for the last 75 years, - about the federal personal income tax allegedly being authorized under the 16th Amendment, - in order to fraudulently sustain the federal court's (the U.S. Tax Court, district courts, and Circuit Courts of Appeals) *erroneous* enforcement of an alleged *direct* and *unapportioned* tax upon the *income* of *We the People* derived from the American citizens' *Right to Work*; - which arguments are now exposed as wrongful, illegitimate and **fatally erroneous**, and
3. It completely exposes the federal judiciary's erroneous and prejudicial enforcement of the federal personal income tax under the 16th Amendment over the last 60 years of American history, as nothing but a **complete** and **total** **judicially committed fraud** that plainly and clearly can now be seen as the true *judicial* conspiracy of **sedition** that it is; - to undermine and remove the constitutional *limitations* placed upon the federal taxing powers, in order to enforce the unconstitutionally *direct* taxation of the *labors* and *work* ("*wages*" and "*salaries*") of the American People, in order to fund, **not** the legitimate operation of the U.S. government, but **only to fund** the progressive, liberal, Fabian, socialist programs effecting the re-distribution of wealth that have been used by the politicians to create the *welfare* based, **unconstitutional class warfare** system of taxation that has resulted in the destructive division, into separate *classes*, of the American People and America itself. Our Freedom, Liberty, private property *rights*, and *equal rights* are being assaulted and destroyed by the judicial abuse of authority that has been perpetrated across the last 75 years; - beyond that which is constitutionally authorized to lawfully tax; - in order to wrongfully enable the federal *judiciary* to operationally usurp the exclusive legislative authority of the U.S. Congress through the unconstitutional enforcement of **only** the subverting ***judicial legislation*** and ***Fabian opinions*** they have issued in blatant violation of, and in place of, the actual written tax laws that are authorized and constitutionally exist in the United States Code of Title 26 that authorize an *indirect* tax on the sources of federally taxable earnings ("*income*")



after deductions) that are derived from any activity that is lawfully subject to the payment of some *Duty, Impost, or Excise* tax.

What? You may say - **that's crazy. What are you talking about?** It's the same tax as it's always been! There's nothing new in the law that could do that!

Yes, - that's right, it's the same *income tax* law that it has always been, and now they have **admitted it** on the Congressional Record, and their world is about to change, - well, actually, **implode**.

Congress has no idea of what they have done, or of the true extent or size of the catastrophe within the tax enforcement system, that they have wrought with the new income tax law, and few Americans, if any, have realized it yet, - but any honest lawyer will tell you (after reading this) that everything you are about to read (and have read up to this point in this article) is irrefutably true.

**FACT:** For the last 75 years the IRS has been issuing income tax collection correspondence to Americans asserting that American citizens owe the payment of an income tax on their work, labor, and all earnings because of the adoption of the 16th Amendment. This claim to a legal taxing authority over income is all over their website; it is in all their "*frivolous Arguments*" document publications, where they repeatedly assert that the *income* taxing authority is established under the 16th Amendment; - and where they label as *frivolous* any reference made to the *limitations* on the taxing powers imposed under Article I of the Constitution as they argue the 16<sup>th</sup> Amendment did away with any *limitation* on the power to tax "income". And this is effectively argued in the pleadings made on the record of the court by the United States DOJ as a plaintiff, in every tax case prosecuted in the federal courts in the last 60 years.

**FACT:** The Department of Justice attorneys argue in every single income tax case prosecuted in the federal courts, that the income tax is owed by the individual defendant as a function of the 16th Amendment alone, without use or need of any "applicability" of authority under the constitutionally authorized *indirect* Article I, Section 8, clause 1, *impost, duty* and *excise*, taxing powers.

**FACT:** For the last 60 years the federal courts have been **wrongfully** allowing and upholding the *constitutionally prohibited*, and therefore **unconstitutional**, *direct* taxation of the alleged *gross income* of the American People, created as a function of all of their *labors* and *work*, as a *direct tax* without *apportionment*, under alleged authority conferred under the 16th Amendment to tax "... *income, from whatever source derived, without apportionment, and without regard to any census or enumeration.*"

**FACT:** The 16th Amendment has no *enabling enforcement clause* in it, that would constitutionally authorize the U.S. Congress to write any law to enforce any power alleged *newly created* or *authorized* under authority of the Amendment alone.

**FACT:** There are Amendments to the Constitution, both before and **after** the 16th Amendment, which do have, and clearly contain, an *enabling enforcement clause* within them, irrefutably proving the **absence** within the 16th Amendment, of such alleged grant of any new *enforceable* power, **is intentional**.

**FACT:** In assessing the legal effect of the 16th Amendment, the Supreme Court plainly said in 1916 that "*the Sixteenth Amendment conferred no new power of taxation*".

". . . The provisions of 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** . . ." *Stanton v. Baltic Mining Co.*, 240 U.S. 103, 112-13 (1916)

**FACT:** The Article I, Section 8, clause 1, authorities to tax **only indirectly**, by *uniform impost, duty, and excise*, **do not reach the labors of the American people with legal effect**. This is why the federal government has argued for sixty years that the 16th Amendment was the sole basis for the enforcement of the income tax imposed by Section 1 of Title 26 United States Code (Title 26 is also called the I.R.C.).

In speaking of the Article I taxing *powers*, *i.e.*: the *power* to tax by 'Duties,' 'Imposts,' and 'Excises,' the Supreme Court has consistently said:

"The subject matter of taxation open to the power of the Congress is as comprehensive as that open to the power of the states, though the method of apportionment may at times be different. "The Congress shall have power to lay and collect taxes, duties, imposts and excises." Art. 1, § 8. If the tax is a **direct** one, it **shall be apportioned** according to the census or enumeration. If it is a **duty, impost, or excise, it shall be uniform** throughout the United States. Together, these classes include **every form of tax appropriate** to sovereignty. *Cf. Burnet v. Brooks*, [288 U. S. 378](#), [288 U. S. 403](#), [288 U. S. 405](#); *Brushaber v. Union Pacific R. Co.*, [240 U. S. 1](#), [240 U. S. 12](#)." *Steward Mach. Co. v. Collector*, 301 U.S. 548 (1937), at 581

"The [income] tax **being an excise**, its imposition must conform to the canon of **uniformity**. There has been no departure from this requirement. According to the settled doctrine the uniformity exacted is geographical, not intrinsic. *Knowlton v. Moore*, *supra*, p. [178 U. S. 83](#); *Flint v. Stone Tracy Co.*, *supra*, p. [220 U. S. 158](#); *Billings v. United States*, [232 U. S. 261](#), [232 U. S. 282](#); *Stellwagen v. Clum*, [245 U. S. 605](#), [245 U. S. 613](#); *LaBelle Iron Works v. United States*, [256 U. S. 377](#), [256 U. S. 392](#); *Poe v. Seaborn*, [282 U. S. 101](#), [282 U. S. 117](#); *Wright v. Vinton Branch Mountain Trust Bank*, [300 U. S. 440](#)." *Steward Mach. Co. v. Collector*, 301 U.S. 548 (1937), at 583

"Whether the tax is to be classified as an "**excise**" is in truth not of critical importance. If not that, it is an "**impost**" (*Pollock v. Farmers' Loan & Trust Co.*, 158 U. S. 601, 158 U. S. 622, [158 U. S. 625](#); *Pacific Insurance Co. v. Soble*, 7 Wall. 433, [74 U. S. 445](#)), or a "**duty**" (*Veazie Bank v. Fenno*, 8 Wall. 533, [75 U. S.](#)

[546, 75 U. S. 547](#); *Pollock v. Farmers' Loan & Trust Co.*, [157 U. S. 429](#), [157 U. S. 570](#); *Knowlton v. Moore*, [178 U. S. 41](#), [178 U. S. 46](#)). **A capitation or other "direct" tax it certainly is not.** *Steward Mach. Co. v. Collector*, 301 U.S. 548 (1937), at 581-2

**'We think that they [the 3 powers] were used comprehensively, to cover customs and excise duties imposed on importation, consumption, manufacture, and sale of certain commodities, privileges, particular business transactions, vocations, occupations, and the like.'** Duties and imposts are terms commonly applied to levies made by governments on the importation or exportation of commodities. **Excises are 'taxes laid upon the manufacture, sale, or consumption of commodities within the country, upon licenses to pursue certain occupations, and upon corporate privileges.'** Cooley, Const. Lim. 7th ed. 680.

The tax under consideration, as we have construed the statute, **may be described as an excise upon the particular privilege of doing business in a corporate capacity, i.e.**, with the advantages which arise from corporate or quasi corporate organization; or, when applied to insurance companies, for doing the business of such companies. As was said in the Thomas Case, 192 U. S. supra, **the requirement to pay such taxes involves the exercise of privileges**, and the element of absolute and unavoidable demand is lacking. If business is not done in the manner described in the statute, no tax is payable.

**If we are correct in holding that this is an excise tax, there is nothing in the Constitution requiring such taxes to be apportioned according to population.** *Pacific Ins. Co. v. Soule*, 7 Wall. 433, 19 L. ed. 95; *Springer v. United States*, 102 U.S. 586, 26 L. ed. 253; *Spreckels Sugar Ref. Co. v. McClain*, 192 U.S. 397, 48 L. ed. 496, 24 Sup. Ct. Rep. 376. "*Flint v. Stone Tracy Co.*, 220 US 107, 151-152 (1911)" *Thomas v. United States*, [192 U.S. 363](#), 48 L. ed. 481, 24 Sup. Ct. Rep. 305

"Excises are **"taxes laid upon 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.**" Cooley, Const. Lim., 7th ed., 680." *Flint*, supra, at 151; *Flint v. Stone Tracy Co.*, 220 U.S. 107 (1911)<sup>1</sup>

Which is mirrored in Black's Law Dictionary and in the lines of precedential authority:

---

<sup>1</sup> Again, *Flint v. Stone Tracy Co.* is controlling and Constitutional law, having been cited and followed over 600 times by virtually every court as the authoritative definition of the scope of excise taxing power.

"Excise taxes are taxes "laid upon the manufacture, sale or consumption of **commodities** within the country, upon licenses to pursue certain occupations, and upon **corporate privileges**." *Flint v. Stone Tracy Co.*, 220 U.S. 107, 31 S.Ct. 342, 349 (1911); or a tax on privileges, syn. "privilege tax". *Black's Law Dictionary* 6<sup>th</sup> Edition

So, the granted taxing powers are conclusively defined within the U.S. Constitution:

"Mr. Chief Justice Chase in *The License Tax Cases*, 5 Wall. 462, 72 U. S. 471, when he said: "It is true that the power of Congress to tax is a very extensive power. It is given in the Constitution, with only one exception and only two qualifications. Congress cannot tax exports, and it must impose **direct taxes by the rule of apportionment**, and **indirect taxes by the rule of uniformity**. Thus limited, and thus only it reaches every subject, and may be exercised at discretion."

And although there have been from time to time intimations that there might be some tax which was **not** a direct tax **nor** included under the words "duties, imposts and excises," such a tax, for more than one hundred years of national existence, **has as yet remained undiscovered**, notwithstanding the stress of particular circumstances [that] has invited thorough investigation into *sources* of revenue."

And with respect to the power to tax *income* the Supreme Court has said:

"The act now under consideration does not impose direct taxation upon property solely because of its ownership, but the tax is within the class which Congress is authorized to lay and collect under article 1, [section] 8, clause 1 of the Constitution, and described generally as taxes, duties, imposts, and excises, upon which the limitation is that they shall be uniform throughout the United States.

Within the category of indirect taxation, as we shall have further occasion to show, is embraced a tax upon business done in a corporate capacity, which is the subject-matter of the [income] tax imposed in the act under consideration. The Pollock Case construed the tax there levied as direct, because it was imposed upon property simply because of its ownership. In the present case the tax is not payable unless there be a carrying on or doing of business in the designated capacity, and this is made the occasion for the tax, measured by the standard prescribed. **The difference** between the acts is **not merely nominal**, but rests upon **substantial differences between the mere ownership of property and the actual doing of business in a certain way**." *Flint v. Stone Tracy Co.*, 220 US 107, 150 (1911)

Which is repeatedly supported:

"As has been repeatedly remarked, the corporation tax act of 1909 was not intended to be and is not, in any proper sense, an income tax law. This court had

decided in the *Pollock* Case that the income tax law of 1894 amounted in effect to a direct tax upon property, and was invalid because not apportioned according to populations, as prescribed by the Constitution. The act of 1909 avoided this difficulty by imposing not an income tax, but an excise tax upon the conduct of business in a corporate capacity, measuring, however, the amount of tax by the income of the corporation, with certain qualifications prescribed by the act itself. *Flint v. Stone Tracy Co.* 220 U.S. 107, 55 L. ed. 389, 31 Sup. Ct. Rep. 342, Ann. Cas. 1912 B, 1312; *McCoach v. Minehill & S. H. R. Co.* 228 U.S. 295, 57 L. ed. 842, 33 Sup. Ct. Rep. 419; *United States v. Whitridge* (decided at this term, 231 U.S. 144, 58 L. ed. --, 34 Sup. Ct. Rep. 24.” *Stratton’s, supra* at 414

So imposts and duties are taxes on imported and exported goods, *i.e.*: *commodities* and *articles of commerce* that are imported into, and or exported from, the United States of America. Imposts are also taxes on **foreign "persons"** and their activities in the United States (foreign individuals & companies, & organized operations like a foreign trust, charity, etc.). Imposts and duties are also taxes that could be imposed on *persons* in the **U.S. territories** and **possessions**, and on America citizens who are **living and working in a foreign country** under a **tax treaty** with the United States that allows the federal taxation of the American *persons* in that foreign country, under the active tax treaty.

But *taxation* by *Imposts* and *Duties*, by definition, **fundamentally** does **not** reach the *fruits of labor* of the American people with legal effect or force of law as a tax when the *labor* is conducted exclusively within one of the fifty states.

And *Excise* taxes are now accepted as being **limited in definition and scope**, by both statute and precedent (cited over 600 times), as decided by the Supreme Court in *Flint v. Stone Tracy Co.*, 220 U.S. 107 (1911), now accepted as *constitutional law*, where the court held that **excise** taxes are: "*taxes laid upon the manufacture, sale or consumption of commodities within the country, upon licenses to pursue certain occupations, and upon corporate privileges ...*".

And Title 15 U.S.C. Section 17, plainly and clearly states that: "***The labor of a human being is not a commodity or article of commerce...***". Under the U.S. Constitution this law **removes** "*the (domestic) labor of a human being* (American **citizens**)" **from** *subjectivity* to any and all **taxation by excise** under Article I, Section 8. This is of course why the United States' IRS, DOJ, and the entire federal judiciary (at this point) have had to claim in court for the last 60 years that it is the 16th Amendment that authorizes the income tax, **and not Article I, Section 8, clause 1.**

Thus, under Article I of the Constitution, there is an admitted **total lack** of fundamental **subjectivity** of the citizens to any and all *Impost, Duty* or *Excise* taxation of their *Labor* in the fifty states, which is **unconstitutional**, *i.e.*: the *indirect* taxation of the citizen's *fruits of labor*, or a tax upon the simple **exercise** of his or her *Right to Work* (resulting in the payment of "*salary*" or "*wages*" as the *fruits of labor*) **cannot apply** to the labors of American citizens, or their *fruits of labor*, because it is **neither** constitutionally **nor** statutorily authorized, **nor** made enforceable by law, as it is fundamentally **outside** of the legal reach, and scope of legal effect and force of

law, of **all** of the granted Constitutional authorities to tax *indirectly* under the granted authorities of Article I, Section 8, clause 1 of the U.S. Constitution.

The reason why this is so important to understand, is because this basic information, concerning the proper, limited, application and enforcement of the constitutional, and constitutionally granted, powers to tax, is essential in properly and fully understanding the legal issue of the **limited** *subject-matter jurisdiction* of the federal courts that exists with respect to the enforcement of taxation of the individual American citizens. A proper and complete understanding of this legal issue, immediately leads to the realization that there is no constitutionally granted *subject-matter jurisdiction* that can be taken over a civil action to adjudicate and or enforce the claims that are alleged by the United States in any *Complaint* filed in a legal action that is filed in the federal courts to pursue the enforcement of the payment of a personal income tax against an individual American citizen as a defendant because there is no *constitutionally granted power* to tax *labor* under Article I, and there is **no** *enabling enforcement clause* in the 16<sup>th</sup> Amendment to *constitutionally* authorize the U.S. Congress to write new law to enforce any newly alleged power to tax, allegedly created by the adoption of the Amendment in 1913.

In the United States of America, under the U.S. Constitution, our U.S. Congress is limited in its *powers* to **only** the enactment of legislation (and to write law) to administer and enforce the specifically enumerated *powers* that are *constitutionally* granted to it, to exercise in law. And our federal courts are then constitutionally **only** allowed to enforce the written laws (and **only** as written in the law) that the U.S. Congress **was** *constitutionally* authorized to write under an applicable *enabling enforcement clause* of the Constitution (Art. I, Sec. 8, clause 18 – the original *Necessary and Proper enabling enforcement clause*) or of an Amendment. The U.S. courts cannot enforce anything that is not constitutionally authorized to be written by Congress as law, and they cannot enforce things like *ideas*, or *philosophy*, or custom, or habit, or ritual, or *practice*, or their own preferences or beliefs, or even *common sense*. The U.S. courts can only enforce the written law of the statutes of the Titles of United States Code, *as* they are written by a *constitutionally authorized* U.S. Congress. They can enforce nothing else, and have no other purpose to their existence, **nor** is there any other *subject-matter jurisdiction* that they may lawfully take over any other matter or type of legal dispute. All other matters are decided in the states' courts, under State law.

And of course, under the Constitution of the United States of America, a statute (law), can only be written by Congress, where, **first**: - the original Constitution or an Amendment grants a specific *power* to be exercised by the Congress (as is done in Article I, Section 8, clause 1 and the 13<sup>th</sup> Amendment); and **second**: where the Constitution **specifically grants** the authority to the U.S. Congress **to write law to enforce** that granted *power* (as is done in Article I, Section 8, clause 18 and the 13<sup>th</sup> Amendment, as well as others). So there **must** be an enforcement authority that is clearly granted with specific applicability to the *power* alleged *exercised* in *operational practice* by the U.S. government, *i.e.*: with respect to tax enforcement, - by the IRS, the DOJ, and the federal courts themselves.

So, the three required elements of our constitutional law in America, necessary to establish the *subject-matter jurisdiction* of a federal court that can be lawfully taken over any legal action, sufficient to allow that court to entertain and adjudicate the legal action in the court, are:

### SUBJECT MATTER JURISDICTION OF THE FEDERAL COURTS

- (1) a specific power must be granted by the Constitution (or an Amendment) for the U.S. Congress to exercise in law;
- (2) a specific grant of authority for Congress to write law must be made by the Constitution (or an Amendment) with respect to the administration and enforcement of the specific power granted in (#1) above<sup>2</sup>; and,
- (3) a specific statute must be legislatively enacted by the constitutionally authorized Congress, with specific application to the enforcement of the specific *power* alleged granted (and exercised in operation) under (#1) above and made enforceable at law under constitutionally authorized law under (#2) above.

These fundamental elements of constitutional law, controlling the ability of a federal court to lawfully take a granted *subject-matter jurisdiction* over a legal claim (for tax) made by a plaintiff (like the United States) in the federal district court, combined with the irrefutable **lack** of an *enabling enforcement clause*, which does **not** exist in the 16th Amendment as adopted, make the United States' claims in the courts that the 16th Amendment is the foundational authority for the enforcement of the income tax against the individual citizens, on the mere basis of being a "person" with alleged "gross income", appear **dubious** at best, and a **complete and total lie** at worst, as this lack of fully granted constitutional authority to write law under the 16th Amendment also explains the *alleged* tax-protestors' claims of the last 50 years, that - if the tax is under the 16th Amendment, then it **must** be voluntary, as **no** law is *constitutionally* authorized to be written by Congress by an *enabling enforcement clause* in the Amendment; - and therefore **no law can exist, or does exist**, for the court to lawfully enforce under alleged authority of the 16th Amendment. No tax law can affect the *income* of the citizens directly and without the underlying foundational use of the **enforceable indirect Impost, Duty and Excise** taxing powers and authorities of Article I first being shown to be somehow applicable to the *person* or his or her *activity*.

So the lower federal district and circuit courts have, over time, *seditionously reversed* the Supreme Court's original and true holding in 1916 - that the *income* tax is authorized and is constitutional under the granted and enforceable *indirect* Article I taxing authorities, as a measure of the amount of the indirect tax that is imposed on the *income* derived from the *impost, duty* or *excise taxable* activities by *persons* engaging in those taxable activities, - who are made subject by the tax law to the payment of the uniform *impost, duty* or *excise* tax that is imposed on the earnings derived from the activity by the *persons* conducting it; - which **tax does not constitute** an unconstitutional, *unapportioned direct* tax. It's a *function* of *indirect* taxation by *Impost, Duty, or Excise* where "income" is the *yardstick* that **measures** the amount of tax owed on the earnings

---

<sup>2</sup> *i.e.*: a specific enabling enforcement clause of the Constitution, **or one of its** Amendments, must be shown to have been made applicable to the **specific** *taxing power* alleged *constitutionally* granted, and *operationally practiced* by the IRS under (#1) above;

derived from the taxable activity. Under the U.S. Constitution, as held by the Supreme Court, “income” is **not** the *object* of the tax, **nor** is it the *subject* of *taxation*. It is the *yardstick* by which the amount of tax is *measured*. But **without** an applicable *Impost, Duty, or Excise* tax being **imposed on the activity from which the underlying earnings are derived, there is no tax to pay.** The Supreme Court plainly held in 1916, in the *Brushaber v. Union Pacific RR Co.*, 240 US 1 (1916) and *Stanton v. Baltic Mining Co.*, 240 U.S. 103 (1916) cases, that the *income* tax is an *indirect* tax under Article I and is **not** a *direct* tax under the 16th Amendment. Again:

“. . . The provisions of 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** . . .”  
*Stanton v. Baltic Mining Co.*, 240 U.S. 103, 112-13 (1916)

"It is clear on the face of this text that it does not purport to confer power to levy income taxes in a generic sense - an authority already possessed [under Article I, Section 8] and never questioned - or to limit and distinguish between one kind of income taxes and another, but that the whole purpose of the Amendment was to relieve all income taxes when imposed from apportionment from a consideration of the source whence the income was derived." *Brushaber*, supra, at 17-8

"The various propositions are so intermingled as to cause it to be difficult to classify them. We are of opinion, however, that the confusion is not inherent, but rather arises from the conclusion that the Sixteenth Amendment provides for a hitherto unknown power of taxation, that is, a power to levy an income tax which although direct should not be subject to the regulation of apportionment applicable to all other direct taxes. **And the far-reaching effect of this erroneous assumption will be made clear** by generalizing the many contentions advanced in argument to support it, . . .” *Brushaber*, supra, at 10-11

“...it clearly results that the [direct tax] proposition and the contentions under it, if acceded to, **would cause one provision of the Constitution to destroy another**; that is, they would result in bringing the provisions of the Amendment exempting a direct tax from apportionment into **irreconcilable conflict** with the general requirement that all direct taxes be apportioned. ... This result ... would create radical and destructive changes in our constitutional system and multiply confusion.” *Brushaber v. Union Pac. R.R.*, 240 U.S. 1, 12

"The Sixteenth Amendment, although referred to in argument, has no real bearing and may be put out of view. As pointed out in recent decisions, it does **not extend the taxing power to new or excepted subjects**, but merely removes all occasion, which otherwise might exist, for an apportionment among the States



of taxes laid on income, whether it be derived from one source or another. *Brushaber v. Union Pacific R.R. Co.*, 240 U.S. 1, 17-19; *Stanton v. Baltic Mining Co.*, 240 U.S. 103, 112-113."

These holdings in 1916 of course merely reasserted the Court's long-standing recognition of the constitutional fact that the federal *taxation* of labor (without apportionment to the states for payment of the *direct* tax), is **not** a constitutionally granted taxing power, as *labor* has historically been perceived by the courts as a constitutionally protected *Right*, and outside of the granted internal *Excise* taxation powers.

"As in our intercourse with our fellow-men certain principles of morality are assumed to exist, without which society would be impossible, so certain inherent rights lie at the foundation of all action, and upon a recognition of them alone can free institutions be maintained. These inherent rights have never been more happily expressed than in the Declaration of Independence, that new evangel of liberty to the people: 'We hold these truths to be self-evident' — that is so plain that their truth is recognized upon their mere statement — 'that all men are endowed' — not by edicts of Emperors, or decrees of Parliament, or acts of Congress, but 'by their Creator with certain inalienable rights' — that is, rights which cannot be bartered away, or given away, or taken away except in punishment of crime — 'and that among these are life, liberty, and the pursuit of happiness, and to secure these' — not grant them but secure them — 'governments are instituted among men, deriving their just powers from the consent of the governed.'

"Among these inalienable rights, as proclaimed in that great document, is the right of men to pursue their happiness, **by which is meant the right to pursue any lawful business or vocation**, . . . "It has been well said that "**The property which every man has in his own labor, as it is the original foundation of all other property, so it is the most sacred and inviolable [right] . . .**" Adam Smith's *Wealth of Nations*, Bk. I. Chap. 10." [in Justice Field's Concurrence in *Butchers' Union Co. v. Crescent City Co.*, 111 U.S. 746, 756 4 S.Ct. 652 (1884)]

Justice Field was not alone in his assessment. He was joined in his concurrence by Justice Bradley, who, joined by JJ. Harlan and Woods, also concurred, but on the basis of Field's reasoning, stating at p. 762:

"The right to follow any of the common occupations of life is an inalienable right; it was formulated as such under the phrase "pursuit of happiness" in the Declaration of Independence, which commenced with the fundamental proposition that "all men are created equal, that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness." This right is a large ingredient in the civil liberty of the citizen."

"Included in the right of personal liberty and the right of private property - partaking of a nature of each- is the right to make contracts for the acquisition of property. Chief among such contracts is that of personal employment, in which labor and other services are exchanged for money or other forms of property. If this right be struck down or arbitrarily interfered with, there is a substantial impairment of liberty in the long established constitutional sense." Justice Pitney in *Coppage v. Kansas*, 236 U.S. 1, 14, 59 L.Ed. 441, L.R.A. 1915C, 960, 35 S.Ct.Rep. 240 (1915)

"But the fundamental rights to life, liberty, and the pursuit of happiness, considered as individual possessions, are secured by those maxims of constitutional law which are the monuments showing the victorious progress of the race in securing to men the blessings of civilization under the reign of just and equal laws, so that, in the famous language of the Massachusetts Bill of Rights, the government of the commonwealth 'may be a government of laws and not of men.' For, the very idea that one man may be compelled to hold his life, or the means of living, or any material right essential to the enjoyment of life, at the mere will of another, seems to be intolerable in any country where freedom prevails, as being the essence of slavery itself." *Yick Wo v. Hopkins*, 118 U.S. 356, 370 (1886)

But today, the lower federal district and circuit courts have reversed this clear *indirect* "income tax" holding that was made by the Supreme Court in 1916, by invoking as controlling, not these true, controlling Supreme Court cases cited above (*Brushaber & Stanton*), but instead they invoke one of their own **contradictory inferior opinions** from the below list of inferior circuit court decisions that openly declare, **erroneously** (and obviously so), that the federal personal income tax is authorized by the 16th Amendment as a **direct unapportioned** tax that is laid on all of the *income* of all *persons*, regardless of the **lack** of *subjectivity* to any *Impost, Duty, or Excise*.

*United States v. Collins*, 920 F.2d 619, 629 (10th Cir. 1990),

(which simply asserts the tax is *direct* and unapportioned, reversing *Brushaber* without actually citing or quoting any text from that case opinion);

*Parker v. Comm'r*, 724 F.2d 469 (5th Cir. 1984).

(which also asserts the tax is *direct* and unapportioned, reversing *Brushaber* without citing or quoting any actual text from the case opinion);

*Lovell v. United States*, 755 F.2d 517 (7th Cir. 1984),

(which simply cites to *Parker v. Comm'r*. to make its assertions);

*United States v. Sloan*, 755 F.2d 517, 519 (7th Cir. 1984),

(which simply cites to *Lovell* and *Collins* to make its assertions);

*In re Becraft*, 885 F.2d 547, 548 (9th Cir. 1989), (which simply cites to *Lovell* and *Parker*

There is absolutely no doubt that today, the IRS Agents and Officers assess the federal personal *income* tax within its institutional practices, **only** as a *direct unapportioned* tax that is allegedly authorized under the 16th Amendment. This is according to their own claims that are routinely

made in all of their correspondence letters seeking payment and enforcement of the federal personal income tax. In fact, today, the United States' IRS and DOJ label as *frivolous* any assertion or argument made by any citizen asserting that the *income* tax is not authorized as a *direct* and *unapportioned* tax under the 16th Amendment **without** any *limitation* being made applicable to the *power* alleged granted thereunder. Their position, verbatim, from their published *Frivolous Positions* documents is reproduced here:

**"6. Contention: The Sixteenth Amendment does not authorize a direct non-apportioned federal income tax on United States citizens.**

Some assert that the Sixteenth Amendment does not authorize a direct non-apportioned income tax and thus, U.S. citizens and residents are not subject to federal income tax laws.

**The Law:** The constitutionality of the Sixteenth Amendment has invariably been upheld when challenged. And numerous courts have both implicitly and explicitly recognized that the Sixteenth Amendment authorizes a non-apportioned direct income tax on United States citizens and that the federal tax laws as applied are valid. In *United States v. Collins*, 920 F.2d 619, 629 (10th Cir. 1990), cert. denied, 500 U.S. 920 (1991), the court cited to *Brushaber v. Union Pac. R.R.*, 240 U.S. 1, 12-19 (1916), and noted that the U.S. Supreme Court has recognized that the "sixteenth amendment authorizes a direct nonapportioned tax upon United States citizens throughout the nation."

**Relevant Case Law:**

*In re Becraft*, 885 F.2d 547 (9th Cir. 1989) – the court affirmed a failure to file conviction, rejecting the taxpayer's frivolous position that the Sixteenth Amendment does not authorize a direct non-apportioned income tax.

*United States v. Collins*, 920 F.2d 619, 629 (10th Cir. 1990) – the court found defendant's argument that the Sixteenth Amendment does not authorize a direct, non-apportioned tax on United States citizens similarly to be "devoid of any arguable basis in law."

*Lovell v. United States*, 755 F.2d 517, 518 (7th Cir. 1984) – the court rejected the argument that the Constitution prohibits imposition of a direct tax without apportionment, and upheld the district court's frivolous return penalty assessment and the award of attorneys' fees to the government "because [the taxpayers'] legal position was patently frivolous." The

appeals court imposed additional sanctions for pursuing “frivolous arguments in bad faith.”

Broughton v. United States, 632 F.2d 706 (8th Cir. 1980) – the court rejected a refund suit, stating that the Sixteenth Amendment authorizes imposition of an income tax without apportionment among the states.

Stearman v. Commissioner, T.C. Memo. 2005-39, 89 T.C.M. (CCH) 823 (2005), aff'd, 436 F.3d 533 (5th Cir. 2006) – the court imposed sanctions totaling \$25,000 against the taxpayer for advancing arguments characteristic of tax-protester rhetoric that has been universally rejected by the courts, including arguments regarding the Sixteenth Amendment. In affirming the Tax Court’s holding, the Fifth Circuit granted the government’s request for further sanctions of \$6,000 against the taxpayer for maintaining frivolous arguments on appeal, and the Fifth Circuit imposed an additional \$6,000 sanctions on its own, ...”

So, it is absolutely **irrefutable** that the IRS Revenue Agents and Officers operating today, **only** assess the personal income tax **as a direct** tax **without apportionment**. This *policy* statement above, from the IRS' "*Frivolous Arguments*" document, is what is practiced, *operationally*, by the IRS Agents and Officers, and it is what is argued by the DOJ in court. The fact that the 16th Amendment **never** gives Congress the authority to write law with respect to the enforcement of this alleged *direct* taxing power allegedly created under the 16th Amendment, is just **unlawfully** ignored by the IRS, the DOJ, and the federal courts. But it should be an **irreconcilable subject-matter jurisdiction problem** for any honest federal judge.

And so, as a result of the federal courts improperly using for the last 45 years these inferior, isolated, self-circular court decisions (upholding the *direct unapportioned* taxation of *income* under the 16th Amendment), actually completely **reversing** the Supreme Court's true holding (upholding **only** the *indirect* and *uniform* taxation of *income* under Article I, Section 8, clause 1), the federal personal income tax has been enforced for 50 years in the lower federal Tax Court, district courts, and Circuit Courts of Appeals, **erroneously**, as a *direct* and *unapportioned* tax, **without** any applicable *limitation*, in blatant violation of the prohibition on such *direct* taxation that is still **constitutionally prohibited** by Article I, Section 2, clause 3 and Article I, Section 9, clause 4 of the U.S. Constitution, which provisions have **never** been repealed or amended **regardless** of the adoption of the 16th Amendment.

Which brings us back to the focus of this exposé, and the beginning of this paper, - the new *income* tax law, H.R. 1 (Dec. 2017), made effective as law as of January 1, 2018.

You see in 2011 the United States Congress passed a new rule in the U.S. Congress, requiring that before any legislative Bill could be brought forward to the House floor for debate, it had to contain within the Bill, and first have published in the Congressional Record, a plain and clear *Constitutional Authority Statement* plainly identifying the specific constitutional clause that

allegedly provided the grant of authority serving as the constitutional foundation for the Congress to be constitutionally authorized to write the Bill to create new law to control the matter as proposed therein. So the question is, what did they put in the *Constitutional Authority Statement* for H.R. 1, the new income tax law now in effect and legally *controlling* as of January 1, 2018? Did they write "the 16th Amendment", **as argued for 50 years by the DOJ** and held by the judges of the inferior federal courts, or did they write something else? Like, maybe, **"Article I, Section 8, Clause 1"**, as I have been teaching and arguing for 35 years? What they wrote is indeed: **"Article I, Section 8, Clause 1"** and **not** the "16<sup>th</sup> Amendment".

First, it should be noted that the re-enactment of Title 26 U.S.C. (I.R.C.) Section 1, as done in H.R. 1, of course constitutes a re-enactment of **exactly the same** *income* taxing powers, and *scheme of taxation*, as previously **existed** under the previous version of the income tax law, *i.e.*: the 1986 IRC code provisions of Title 26 U.S.C. (IRC) Section 1. Congress has simply adjusted the number of tax-brackets from seven to five, with different earnings thresholds and tax-rates associated with each of the new tax-brackets, and with a new set of allowed or disallowed deductions and exemptions for everyone. But it is basically and essentially, an undeniable re-implementation of **exactly** the same *scheme* of *graduated, bracketed, gross-income* taxation (under IRC § 61) of *taxable income* (IRC § 63), as that which has existed since 1913. But, supposedly, under this new law, nothing substantial or *constitutionally* foundational is believed to have been changed regarding the fundamental taxing *power* exercised, *i.e.*: to tax *income*; and everything about the *scheme* is basically left unchanged, *schematically* speaking, being **nearly** identical to the law as it was before H.R. 1. However, the "*Constitutional Authority Statement*" for the new law (Title 26 U.S.C. (I.R.C.) Section 1 - *Tax imposed*) plainly states:

The screenshot shows the legislative page for H.R. 1 - An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018. A pop-up window titled "Constitutional Authority Statement" is open, displaying the following text:

**Constitutional Authority Statement**  
 [(Congressional Record Volume 163, Number 178 (Thursday, November 2, 2017))  
 From the Congressional Record Online through the Government Publishing Office  
[www.gpo.gov](http://www.gpo.gov)]  
 By Mr. BRADY of Texas:  
 H. R. 1  
 Congress has the power to enact this legislation pursuant  
 to the following:  
 Article I, Section 8, Clause 1 of the Constitution of the  
 United States.  
 [Page H8444]

Below the pop-up, the page header reads "H. R. 1" and the main title is "One Hundred Fifteenth Congress of the United States of America". At the bottom, it states "AT THE FIRST SESSION" and "Began and held at the City of Washington on Tuesday, the third day of January, two thousand and seventeen".

Let's look at that, closer:

### Constitutional Authority Statement

[Congressional Record Volume 163, Number 178 (Thursday, November 2, 2017)]

From the Congressional Record Online through the Government Publishing Office

[www.gpo.gov](http://www.gpo.gov)

By Mr. BRADY of Texas:

H.R. 1.

Congress has the power to enact this legislation pursuant to the following:

Article I, Section 8, Clause 1 of the Constitution of the United States.

[Page H8444]

### About Constitutional Authority Statements

On January 5, 2011, the House of Representatives adopted an amendment to House Rule XII. Rule XII, clause 7(c) requires that, to be accepted for introduction by the

It plainly states that the Constitutional Authority for the **re-enactment** of the new income tax law under H.R. 1 of November 2017, is **not** the 16th Amendment **at all**, but relies solely on "**Article I, Section 8, Clause 1 of the Constitution of the United States.**" for its authority.

**Uh-oh!** You mean it **isn't** the 16th Amendment? Do you mean that the *erroneous* claim of authority made for the last 60 years, allegedly under that Amendment, to tax *income directly* and **without limitation, can never** be made again by the IRS in administering the tax, or by the DOJ again in court in attempting to enforce it through legal actions, in both civil and criminal tax prosecutions! Is that what you mean? Yes, that's **exactly what I'm telling you!**

Finally, the true and correct constitutional authority for the federal personal income tax is plainly and clearly specified in the law, on the Congressional House record, as being established under **only Article I, Section 8, clause 1** of the U.S. Constitution, which contains **only** the grant of the required constitutional authority to tax, *indirectly*, by *impost, duty* and *excise*, which *powers, by law* (Title 15 USC Sec. 17) do **not** lawfully reach the *labors* or *income* of the American People with *force of law* though the proper and lawful invocation and enforcement upon individual *persons* of **only** the granted *indirect* taxing powers. *i.e.:* taxation **only** by *Impost, Duty, and Excise, i.e.:* taxes on imports, exports, commodities, articles of commerce, foreign persons, activity in certain foreign places, *privileged* corporate *persons*, certain licensed *persons*, other taxable *privileges*, and the first transaction at the wholesale level after interstate transport of certain commodities (petroleum fuels).

The new income tax law, H.R. 1, by **completely removing** the 16th Amendment as an arguable constitutional basis and legal foundation for the imposition, withholding, collection, and enforcement of the personal income tax in the federal courts *as* a *direct* tax, - **completely strips** the IRS, the DOJ, and the federal judiciary of all of their constitutional authority to lawfully enforce the federal personal income tax through the federal courts on American citizens, after

January 1st, 2018, in the **unconstitutional** and **unlawful** manner that has been illegally practiced and wrongfully utilized since 1945 to force all Americans to pay a supposed “income tax” that doesn’t actually exist in the *constitutionally* authorized law as a tax that is laid on the *fruits of labor* earned by American citizens in the fifty states when derived from the citizens’ simple exercise of their God-given, constitutionally guaranteed, *Right to Work*.

The federal personal income tax, as we now *erroneously* think we know it, **is over**. The **fraudulent** and **seditionous** enforcement of the “income tax” by the IRS, DOJ, and the federal judges as **direct tax without limitation** is **terminated permanently forever**. The IRS, the DOJ, the federal judiciary are all exposed and **eviscerated**. The emperor **wears no clothes**. The **monstrous income tax FRAUD** that has been perpetrated by the IRS, the DOJ, and federal courts, on the American People, is now fully exposed as **fraud** and **sedition** it has always been, **naked** to the world for all to see. And the arrogance and *erroneous opinions* of the federal judiciary are also now exposed as nothing but the treasonous sedition they have always been. *i.e.*: as *communistic* and **not constitutional** (see the 2<sup>nd</sup> Plank of Communist Manifesto).

Repugnant, disgusting, corrupted, polluted, perverted, **ultra vires** *judicial* behavior and *opinions*, all committed for sixty years outside of the granted constitutional authority that exists for the court to lawfully act under, is all exposed. Naked to the world. - as **again**:  
“*The Emperor Wears NO Clothes*”.

It has all been *conspiratorial seditionous treason* that has been committed by **judicial fraud** and **theft**. Nothing more, and **nothing less**. The judicial crimes of the last sixty years, fraudulently perpetrated on the American People by the federal judiciary in the *name of tax only*, under the *guise* and *pretense* of an unlimited *direct tax* under authority of the 16<sup>th</sup> Amendment, has all been nothing but a series of *unlawful* and *wrongful conversions* of the constitutionally protected *private property* of *We the People*, under *color of law* and *color of office*, committed in the *name of tax only*; - **for there is no law** taxing labor because **none is constitutionally** authorized **without apportionment**, and there is **no enforceable direct tax**, **nor** any new taxing power, that is created by, or conferred under, the 16th Amendment because no such *direct taxing power* is constitutionally made enforceable against the individual *person*<sup>3</sup>, as opposed to one of the “*several states*”.

**All** American citizens, in **all** 50 states, are **all** now **EXEMPT** by constitutional law from any required payment or withholding of the federal personal income tax from their paycheck or *wages*, earned at their place of employment in one of the fifty states, and everyone should therefore now claim **EXEMPT** on their W-4 form, as provided in law thereupon, under the *supremacy-clause exemption from the employer's authority to withhold*, that is made at Title 26 USC (IRC) Section 3402(n), for **informed** employees to claim.

Go ahead, "Google" it, - "H.R. 1 Constitutional Authority Statement". See for yourself. Then Google: "26 USC 3402" and scroll down to subsection (n). See if I'm the one lying to you, or if maybe I'm the one **showing you in law the only path BACK to FREEDOM** through the **restoration** of a *constitutional* government.

---

<sup>3</sup> Article 1, Section 2, clause 3 - "Representatives and direct Taxes shall be apportioned amongst the several states which may be included within this Union"

Without the use of the 16th Amendment to erroneously allege a *direct* tax on *income* that is owed by all *persons*, there can be no lawful enforcement of the personal *income* tax on the *income* of the American People, by any Department, Agency, *Service*, or any other group of men that exist within the federal government, - like the IRS, the DOJ, the federal judiciary, or even the "United States of America" (as a plaintiff in the courts), without there first being the **clear applicability** of some ***Impost, Duty, or Excise* tax to measure**, that lawfully and properly taxes the underlying *taxable* (business, commodity, or *trade* based) activity from which the income is derived.

So, if there is no *impost, duty, or excise* tax that exists in the written law of the United States Code (the written laws) that applies to the underlying *taxable activity*, resulting in *taxable income*, then there is no need or authority to use "***gross income***" to **measure** a non-existent tax.

And, since there is no *impost, duty, or excise* tax that exists in the written law of the United States Code (the written laws) that reaches either the "*wages*" or "*salary*" of the American People, earned by *Right*, as those *terms* ("*wages*" and "*salary*") are not included in IRC Section 61 defining the *sources* of *gross income* constituting *taxable income* of an American citizen; and since *labor* is excluded by law under Title 15 USC Section 17 from any *excise* taxation of *labor*; then no *impost, duty, or excise* tax can reach the *labor* of *We the People* with legal effect. However, one should carefully note that those *sources* are specifically included in IRC Section 1441(b), where the "*wages*" and "*salary*" that are earned by the **non-resident alien persons**, identified in law under IRC Section 1441(a), and who are made subject to the collection and the payment of the tax under the original legislation that was enacted as a tax in the form of an *Impost* that is imposed on ***foreign activity, as enacted*** under the Underwood-Simmons Tariff Act of Oct. 3, 1913. That is because a "tariff" of course, is one form of an *Impost*, which is a tax **only** on foreign activity and imports.

And, since it is **only** the ***foreign person*** who is made subject under the provisions of IRC Sections 7701(a)(16), to the collection of the federal personal income tax imposed in the code sections of Subtitle A (Chapters 1-6) of Title 26, which is where the original 1913 *income tax* laws are found in today's law (aside - Subtitle A is the body of law that was enacted by Congress in 1913 as the federal personal income tax law, enacted under the original *income tax* legislation of the *Underwood-Simmons Tariff Act of Oct. 3, 1913*), then it has now become impossible (under the new H.R. 1 *income tax* law, under Article I, Section 8, authorities) for any party or *person* to lawfully withhold or collect any federal *income tax* from the *wages* or other payments that are made to an informed American citizen in one of the fifty states.

Oh, by the way, a **Tariff**, as enacted within the *Underwood-Simmons Tariff Act of Oct. 3, 1913*, is one form of an *impost*, - which *taxing power*, when exercised in the 50 states, is **limited** in *constitutional operation* to the taxation of **only *foreign persons*** and imported ***foreign*** goods, commodities, and other ***taxable "articles of commerce"***. An *impost*, in the form of an enacted tariff, has **no internal** application to the **domestic** activity of American citizens conducted by *Right* within the fifty states, without any involvement with foreign goods or foreign *persons*.



So, as I said in the beginning:

The new federal personal income tax law, H.R. 1, - that was just enacted into law by Congress in December 2017, and already made effective as of January 1st, 2018, has the **immediate** legal effect of:

1. completely **disboweling** and **destroying** the I.R.S.' current personal income tax collection and enforcement *practices* and *operations*, by **removing them entirely and completely from all legitimate constitutional authority** to act to enforce the *direct* taxation of *income* under the 16th Amendment, as *practiced* for the last 60 years; Exposing 60 years of **IRS THEFT & UNLAWFUL CONVERSION BY FRAUD.**
2. strips the federal Department of Justice **naked** in the courtroom of all of its illegitimate and unconstitutional arguments that have been made in the courtroom for the last 60 years to sustain the federal courts' *erroneous* enforcement of a *direct* and *unapportioned* tax upon the *income* of *We the American People* under alleged authority of the 16th Amendment (Exposing 60 years of **DOJ FRAUD & CRIMINALITY**); and
3. completely exposes the federal judiciary's unlawful enforcement of the federal personal income tax under the 16th Amendment over the last 60 years of American history, as nothing but a **complete** and **total judicially committed fraud** that plainly and clearly can now be seen as the true *judicial* conspiracy of **sedition** that it is, - to undermine and remove the constitutional limitations placed upon the federal taxing powers, in order to enforce the unconstitutionally *direct* taxation of the *labors* and *work* ("*wages*" and "*salaries*") of the American People, in order to fund, **not the legitimate operation of the government**, but the constitutionally **unauthorized** progressive, liberal, Fabian, socialist programs effecting the re-distribution of wealth that are used to create the *welfare-class* and *class warfare* tax system that is resulting in the destruction of America, its people and their Freedom, Liberty, private property, wealth, economy, *equal rights*, and quality of life all across America by expanding the judicial authority to enforce taxation beyond that which is actually constitutionally authorized, to enable the federal *judiciary* to constitutionally usurp the legislative authority of the Congress, through the *judicial* enforcement of **only** the perverted **judicial legislation and Fabian inspired communistic opinions**, in place of the actual written constitutional tax law that exists **and has existed from the beginning.** (Exposing 60 years of **JUDICIAL ERROR, ARROGANCE, SEDITION, FRAUD, and TREASON**)

And now you know that not only is this **not** crazy, but it is also **ALL irrefutably TRUE.**

Oh yea, by the way, I'm justified in calling this all out as unconstitutionally *communistic*, because it is the 2<sup>nd</sup> Plank of the Communist Manifesto that calls for the *graduated* and *class based* taxation of a population that is kept **divided** by the different *classes* of the population that

are defined by the non-uniform tax law (and tax-rates), created by the different tax-brackets established thereunder; - with different rates of tax for each bracketed *class* of the population, as perpetrated under the communistic system of unconstitutional taxation that we suffer under today (for the last 72 years- since 1945), rather than the system of *uniformity* in taxation and equality of treatment of the individual *persons*, that is constitutionally required of both the authorized *direct*, and *indirect* taxation of *We the People* in America and our activities.

That 2nd Plank of the Communist Manifesto, explicitly states:

**"A heavy progressive or graduated income tax."**

So, now you know where the income tax enforcement operations of the IRS, the DOJ, and federal judiciary really came from, for the last 60 years; - because it isn't Article I of the Constitution of the United States of America, or the 16th Amendment!

Our government, and especially the federal judiciary, stand **condemned** by their own **ignorance** and **arrogance**, and **sedition treason**. By its own congressional admission, now **made** in the written **formal Congressional Record** of the United States of America, they are now known to be nothing but **guilty** as **sin itself**.

And now, there is only one path left to them, by which they may escape to find their way back to *justice* and *righteousness*, **repent**.

### The Simple Truth About Income Tax & American Tax Bible

[www.Tax-Freedom.com](http://www.Tax-Freedom.com)

[www.IRSzoom.com](http://www.IRSzoom.com)

[www.AmericanTaxBible.com](http://www.AmericanTaxBible.com)

[Tom@IRSzoom.com](mailto:Tom@IRSzoom.com)

[www.TaxBible.com](http://www.TaxBible.com)

*Thomas Freed*

(703) 899-7369

(540) 937-3098

So next, we need to look at and understand exactly what it is that the original income tax legislation actually did when it was enacted by Congress in 1913 so that we will fully understand what's been illegally and unconstitutionally going on since WWII.

So without further ado, let's carefully examine in the next chapter that piece of legislation, the original Supreme Court decisions supporting and allowing it, and the laws (statutes) of Title 26 of the United States Code that resulted from its enactment in 1913.

## The Simple Truth

The original income tax legislation, passed in 1913, is the most misunderstood piece of legislation in human history. Many Americans know that there is something very, wrong and un-American with the way the federal government applies and enforces the income tax. The government of course, through the IRS, operates under the belief that it is entitled to tax the income derived from all of the American people's labors, investments, and property. But, is the government truly entitled under the law to control and claim a share of the fruits of our labor and property, and tax our income directly, in the way that it does? More than just a few Americans feel that the legal confusion surrounding the income tax is being used to effect the destruction of America's constitutional Republic, and has already been used to substantially diminish the fundamental freedoms of the American people by forcing the population to serve the government, rather than have the government properly represent We the People.

This short paper is intended to cut through all the confusion about the law, because in reality there is no confusion **in** the law, and cut through the maze of legal distractions asserted by the United States government to mislead the American people and the Courts about the income tax, to quickly and absolutely demonstrate the proper application of the income tax under today's laws, and, to clearly and succinctly show how the government has unlawfully misused and misapplied the law to wrongfully force all Americans to pay an income tax that they do not actually owe, and that in fact, has clearly never actually been imposed under the law on their income derived from domestic activities in America.

To understand the income tax and how it is actually imposed under the law, we need to read and remember the first sentence of the Supreme Court Opinion in the decision settling the challenge to the income tax law when it was originally passed in 1913.

In *Brushaber v. Union Pacific R.R. Co*, 240 U.S. 1, (1916) (Exhibit A), the case the government itself cites to establish the constitutionality of the income tax laws, it clearly states in the very first sentence of the Opinion of the Court, delivered by Chief Justice White:

“..., the appellant filed his bill to enjoin the corporation from complying with the income tax provisions of the **tariff** act of October 3, 1913.”

*Brushaber v. Union Pacific R.R. Co*, 240 U.S. 1, 9 (1916) (**emphasis added**)

---

It is very important that you take careful note of the language used by Chief Justice White in this first sentence because he is giving you part of the **KEY** to understanding the entire income tax law in this sentence. These words were not just carelessly selected by the Chief Justice for inclusion without consideration. They were very carefully considered and selected for their particular and specific meaning before being presented to America as the Opinion of the Court. The appellant is the person filing the appeal. The “bill” is his lawsuit contesting the provisions of the act.

Please take careful notice of the **fact** that Chief Justice White **clearly and unequivocally identifies the income tax** in the first sentence of the Opinion **as part of a tariff act**.

Do you know what a **tariff** is? – By definition, it is a tax laid on **foreign** imports or activity.

A tariff is a tax, or a schedule of rates for a tax, on foreign goods or activity entering or being imported into America. A tariff is one form of an “impost”, which is of course, one of the three kinds of indirect taxes authorized by the Constitution in Article 1, Section 8, Clause 1, for the government to lay and collect to provide for the operation of the government's legitimate functions. However, as a tax on

the importation of goods and activity from a foreign country into America, **a tariff clearly is not, and cannot be, legally or lawfully applied to the strictly domestic activities of American citizens.**

So, the Supreme Court states that the income tax was originally part of a tariff act (law). But that certainly does not agree with how the tax is enforced by the I.R.S. today, does it? So, how is the law really imposed and applied **in the law**? Has it been changed, or under the law, is there still evidence in the law that it is still, and has always been, nothing more than a tariff? Does the Court help us understand the answers to these questions that must be immediately raised by the revelation that the income tax is originally, actually, part of a tariff act?

In the *Brushaber* decision cited above, Chief Justice White in the Opinion of the Court further tells us that:

**“2. The act provides for collecting the tax at the source; that is, makes it the duty of corporations, etc., to retain and pay the sum of the tax ...”**

*Brushaber v. Union Pacific R.R. Co.*, 240 US 1, 21-22 (1916) **(emphasis added)**

Here, the court clearly tells us that the scheme of the income tax, as provided by the tariff act, is that of a tax that is collected at the source, by third parties identified as “*corporations, etc.*” The entire scheme of the tax as it was originally imposed under the law is described by the Court in this sentence. The Court identifies that this “...*collecting the tax at the source;*” is how the income tax is actually imposed in the law because “*The act provides...*”, and it identifies how the tax is to be collected and paid under the actual laws that were passed into existence, as it “...*makes it the duty of corporations, etc. to retain and pay the sum of the tax...*”.

This “*collecting the tax at the source*” - by withholding from payments before they are ever even received by the subject taxpayer, is of course what the income tax was really all about in 1913.

The Opinion of the Court clearly states that the act creates and imposes a legal “*duty*” on the “... *corporations, etc., to retain and pay the sum of the tax*”. This legislatively created “*duty*” of the “*corporations, etc.*”, identified and referenced here by the Supreme Court, is actually defined in the law and has been since the inception of this tax in 1913. Title 26 U.S. Code Section 7701(a)(16) (Exhibit B) clearly states:

#### **§ 7701 Definitions.**

(a) When used in this Title ...

....

**(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.”

This is today’s statutory definition (the law), from Title 26 of the United States Code, also called the Internal Revenue Code or IRC. It is also the same law and definition, essentially, as existed in 1913 under the original income tax provisions of the Underwood-Simmons Tariff Act of October 3, 1913 (the original income tax legislation). It is the complete and entire legal authority to withhold income taxes that exists in the law under the Subtitle A authorities of Title 26, and has been continuously since 1913.

This “*Withholding Agent*” is the entity defined in the income tax laws (Title 26 - Subtitle A) with the legal “*duty*” to “*retain and pay the sum of the tax*” as identified by the Supreme Court in the *Brushaber* Opinion, or re-stated – the duty to withhold the income tax at the source **from all subject persons under the Subtitle A income tax authorities and mandates.**

The definition of the legal term “*Withholding Agent*” is simple and straight-forward. To understand its complete enacted authority all one need do is read the actual code sections invoked by the statutory definition. The code sections, 1441, 1442, 1443, and 1461 which are cited in the definition of a *Withholding Agent*, each provide as follows: (Exhibit B)

#### **§ 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. **(emphasis added)**

Section 1441 **only** authorizes the withholding of income tax from **nonresident aliens**, “*to the extent that any of such items constitutes gross income from sources within the United States*”. Next:

#### **§ 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 of income tax from **foreign** corporations. And the next:

#### **§ 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 specifies provisional treatment for some foreign organizations that are partially tax exempt. Finally, the last code section referenced in the definition of a Withholding Agent, Section 1461, explicitly 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. **(emphasis added)**

Section 1461 says that the *Withholding Agents* are **made liable for the payment of the income taxes** that they have **withheld** from **subject persons - who are ALL foreign**. This is the only code section in all of the income tax laws of Subtitle A where anyone is actually **made liable for the payment of the income tax by a statute** (law). And who is **made liable** by this statute? The *Withholding Agents* are made liable for the payment of the tax that they have withheld from the subject foreign persons. It is **not** even the persons who are actually the subjects of the tax, the non-resident aliens and foreign corporations, that are made liable for the payment of the tax, **it is the collectors (the Withholding Agents)** that are.

The injection of this third party, the *Withholding Agent*, into the income tax collection scheme of *collection at the source* keeps the income tax **indirect** because the tax is collected by a third party – the *Withholding Agent*, and the burden is shifted from that third party to the subject foreign taxpayer through withholding. Under the actual provisions of the statutes, the tax is **not** collected directly by the government from the subject taxpayer, but is collected indirectly by the third party *Withholding Agents*. Under the actual provisions of the statutes, the sovereign American citizens and corporations are **not taxed** and cast in the role of subject taxpayers, but rather are empowered **as tax collectors**. It is the subject **foreign** non-resident entities, individuals and corporations, that are actually cast in the role of **subject taxpayers** by the law.

Finally I would like to point out that Section 1463 states who is to be penalized if the tax is not properly withheld and paid into the U.S. Treasury:

#### **§ 1463. Tax paid by recipient of income**

**If—**

- (1) any person, in violation of the provisions of this chapter, fails to deduct and withhold any tax** under this chapter, **and**
- (2) thereafter the tax** against which such tax may be credited **is paid**, the tax so required to be deducted and withheld shall not be collected from such person; but this section shall in **no case relieve** such person **from liability for interest or any penalties** or additions to the tax otherwise applicable **in respect of such failure to deduct and withhold**. **(emphasis added)**

This code section says that **it is the *Withholding Agent*** who is responsible for and **must pay** the **penalties and interest** that are due on the tax that was not properly withheld, reported, and paid into the Treasury, **not** the subject non-resident alien taxpayer. Is that how the IRS enforces the tax today?

But this is all straight from the law, **as it exists today**, and **this agrees completely with what the Supreme Court wrote in its *Brushaber* Opinion in 1916**: that the income tax is part of a tariff act, withheld at the source by *Withholding Agents* **from subject persons – who are all foreign**. The tax is laid in the original act, and still in the law today, as a **tariff** that is **withheld only** from **foreign** persons - because **only non-resident foreign persons** and **foreign corporations** can be **lawfully forced** to pay a **tariff on their domestic activities** in the **fifty states**.

Perhaps this is where the confusion about the income tax originates. It is not a direct tax under some new authority established by the 16<sup>th</sup> Amendment, but rather an **indirect** one under Article 1 Section 8, Clause 1 – and, according to the Supreme Court, is withheld at the source and paid by third parties, the “*corporations, etc.*” with a “*duty*” to “*retain and pay the sum of the tax*”, *i.e.*: the *Withholding Agents*. The domestic activity (within America) of an American citizen cannot properly be made the subject of any tariff laws because tariff laws only apply to foreign activity. However, the domestic activity of a non-resident alien or foreign corporation is properly subjected to the payment of an income tariff because it actually constitutes foreign activity and not domestic activity because it is conducted by a foreign entity in America who is not an American citizen or resident. It is foreign activity and foreign activity alone that is legally and properly subjected to the payment of an income **tariff**, which by definition, can **only** be imposed on **foreign** activity (or the income derived from it), and **not** on **domestic** activity or the income derived from it.

After the *Brushaber* decision was taken and the Opinion of the Court was delivered by Chief Justice White, the Treasury Department released Treasury Decision 2313 (Exhibit C) on March 21, 1916. It states, in summary:

### **T.D. 2313**

“Under the decision of the Supreme Court of the United States in the case of *Brushaber v. Union Pacific Railway Co.*, decided January 24<sup>th</sup>, 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.”

This Treasury Decision is the only place where I have ever seen a legal explanation from the federal government for the proper legal use of Form 1040. Form 1040 was originally to be used by

*Withholding Agents* to report the income of **nonresident alien foreign principals**. Under the actual laws enacted it was 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 to mistakenly, voluntarily assess his own domestic income for a *foreign* income (tariff) tax that he is obviously not lawfully subject to because **tariffs cannot be legally applied to a citizen's domestic economic activity in the fifty states**.

So we clearly see, that the United States government knew (at one time at least) that the income tax was (and under the law still is) a tax in the form of a tariff that was only imposed on and withheld from non-resident foreign persons and corporations. Under the scheme of the tax adopted in the tariff act, the foreign entity, non-resident aliens and foreign corporations, are the actual taxpayers **and subjects** of the income tax, and the sovereign entities, the American citizens and corporations, **were and are cast in the role of the tax collector, not the subject taxpayers**. The only tax they paid was on the income of foreign persons that they themselves had withheld monies from when services or properties were paid for. Under the letter of the actual law the citizens did not, and still under the law do not, pay tax on their own income, only the foreigners'. We very clearly see all of this in the Statutes at Large in 1939 (Exhibited)

This is how the income tax was applied and enforced for the first thirty one years it existed, from 1913 to 1944. American citizens did not pay the income tax on their own income during this period, as many older folks will tell you, because the law was properly enforced. Then, in 1944 the Subtitle C *Employment* tax laws were passed to authorize the withholding of tax for the new Social Security program, and, for the first time, also authorized the withholding of the income tax from any person who requested it on a Form W-4, rather than only withholding from the actual subject foreign persons as the law had provided for the previous thirty one years as shown above. Additionally, widespread use of Form 1040 began for the first time for the legal purpose of obtaining a refund, or in order to claim deductions, credits, expenses, etc., which all require the filing of a Form 1040 in order to be claimed.

However, the scheme of the income tax under Subtitle A was not changed by this addition to the code in 1944 of the employment tax laws of Subtitle C. The employer of Subtitle C is not the *Withholding Agent* of Subtitle A. Subtitle A and Subtitle C are separate programs (taxes) in the law, each constituting its own distinct authority over its own tax program. They do not share each other's powers and they each play a distinct and different role within their own Subtitle. They are distinct and separate authorities implementing different requirements of the law. Subtitle A provides the income tax laws that were passed in 1913, and Subtitle C specifies the social security and employment tax laws which were passed 32 years later in 1945. The employment tax laws of 1945 are distinct and separate from the income tax laws passed in 1913. The Subtitle A income tax laws actually imposing the income tax, and providing for its withholding by *Withholding Agents*, were never altered, re-written or expanded to actually impose the tax on domestic activity, it was just authorized under Subtitle C to be withheld by the employer from any employee **who requested that it** be withheld on a Form W-4, *Employee's Withholding Allowance Certificate*. However, **no** law requiring the filing of a Form W-4 to obtain employment has ever been passed. Do you understand that the term "Allowance" means "permission". Why are they asking for your "permission" to collect an imposed "tax"? Could it be there is none imposed?



## Structural Organization of Title

Perhaps a short explanation regarding the organization of the laws in the United States, and specifically, the tax laws, will be helpful at this point in keeping our understanding clear. The United States Code is the collection of all of the laws in America. In order to make the law easy to use it has been divided into separate books or “Titles” which are based on subject matter, each containing its own. For instance, Title 27 is Intoxicating Liquors, Title 18 is Crimes & Criminal Procedure. Title 20 is Education, etc. Practically all of the tax laws of the United States of America are in Title 26 of the United States Code. Title 26 is also called the Internal Revenue Code or I.R.C. Title 26 is broken into a number of Subtitles, each Subtitle being a distinct and separate section of the law or program within it, as the table below shows:

<u>Tax or Topic of Title 26</u>	<u>Subtitle</u>	<u>Chapters</u>	<u>Sections</u>
<b>Income Taxes</b>	<b>A</b>	<b>1 to 6</b>	<b>1</b>
Estate & Gift Taxes	B	11 to 13	2001
<b>Employment Taxes</b>	<b>C</b>	<b>21 to 25</b>	<b>3101</b>
Miscellaneous Excises	D	31 to 47	4041
Alcohol, Tobacco & 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 book explains the true scheme of the tax, as identified by the Supreme Court, and the correct application of the laws under Subtitle A - Income taxes, as they **actually** exist. Income taxes are in Title 26, Subtitle A, which consists of chapters 1 through 6. Employment taxes are in Subtitle C, consisting of chapters 21 – 25, an entirely different part of the law and Title (enacted 32 years later in 1945).

It is important to understand that each Subtitle establishes a distinct and separate program, or "tax", with its own individual authorities to exercise within that distinct Subtitle. These authorities do not automatically cross over into the other Subtitles and cannot be legitimately invoked as an authority in the other Subtitles. i.e. the *Withholding Agent* does not withhold employment taxes (does the bank withhold employment tax (social security) from interest payments on Certificates of Deposit), and Subtitle C does not impose an **income** tax on any individual, it provides for the administration of the social security and employment taxes – which under the law are a completely separate and distinct set of taxes and programs from Subtitle A income tax. Subtitle C provides the tax laws related to the implementation of the Social Security tax and other employment taxes. It does not impose the income tax, which is in Subtitle A.

Each Subtitle imposes its own tax and establishes its own groups of persons that are subject to that specific Subtitle’s tax. 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 who are subject to the Subtitle E taxes are only those persons who engage in activities relating to the manufacture, transportation and sale of alcohol and tobacco products, and have involvement with certain other excise taxes as proscribed in Subtitle E.

The group of people who are subject to the Subtitle C Employment Tax laws are the foreign persons who are required by law to participate in the Social Security program and the American citizens who have **voluntarily** chosen to apply for a Social Security number to provide to their employer. But that's another story (– actually it's the same story – pass a law that really only applies in a mandatory fashion to foreigners, and then over time, make all Americans believe that it applies to them, when **in fact it does not!**).

## The Constitutional Federal Foreign Jurisdiction

The Constitution, of course, gives the federal government complete authority over all foreign affairs and foreign persons in America. Article 1, Section 8, Clauses 3 and 4 of the Constitution grant powers to the federal government over foreign affairs, agreements, and persons; and Article I, Section 10, Clauses 1, 2 and 3 of the Constitution prohibit the States from enacting agreements with foreign entities. This absolute federal jurisdiction over all agreements with foreign governments and over all foreign persons in America is part of the legal authority allowing for the passage of a tariff act authorizing the collection of an income tax from foreign persons on their activity in America.

To see that the income tax actually created by the tariff act is **only** imposed by law within this **foreign jurisdiction** that the federal government possesses under the constitution over all foreign matters, and is **not** actually imposed domestically beyond that foreign jurisdiction on citizens and residents within America, one only need examine the difference in the treatment under the law between non-resident aliens and resident aliens in regards to the withholding of tax at the source to realize and understand this fact.

From the legal definition of the *Withholding Agent* we clearly see that non-resident aliens are subject to the withholding of income tax under Section 1441. However, as soon as a non-resident alien becomes a **resident** alien, then he/she is no longer subject to the withholding of income tax at the source by the *Withholding Agent* because he/she is no longer part of the definition of the *Withholding Agent's* authority over subject persons. The statutory definition of the *Withholding Agent*, from Title 26 U.S.C. Section 7701(a)(16), only specified that withholding was required under Sections 1441, 1442, 1443 and 1461, as we have seen. Once the **non-resident** alien become a **resident** alien they are no longer the subject of the tax, and it is no longer authorized to be withheld from them because they are no longer within its jurisdictional reach because as a resident of one of the fifty states the aliens' activity is now recognized by the law as being domestic and not foreign, and therefore outside the federal territorial and subject matter jurisdictions.

The resident alien's economic activity is no longer within the foreign jurisdictional authority of the federal government because they are now under the territorial jurisdictional authority of the state government that they are resident within. Tariffs are imposed on foreign activity, not domestic. As soon as the non-resident alien becomes a resident ("resident" is defined in the law) his activity is recognized by the law as being moved **from** the "foreign" category that is subject to a tariff, and **into** the "domestic" category, which is outside the subjectivity to any tariff, and the withholding of tax from their payments terminates. Domestic activity is not subject to any tariff because a tariff is a foreign tax. Even when the activity is conducted by a foreign person who has become a resident in the U.S. (but who is still foreign) the tax is not withheld at the source because the resident is not subject to the payment of a tariff, because a resident's activity is not considered foreign, but domestic, and is therefore not lawfully subject to payment of a tariff on foreign activity. If resident aliens aren't even subject to the income tax it is of course absurd to even suggest that American citizens are, or ever were the proper subjects of this income tax in the form of a foreign tariff – that is all government mythical fiction and propaganda, as we will expose.

The indirect collection scheme of the income tax, which is collected at the source by withholding from subject persons, and which is paid by the third party *Withholding Agent* who is made liable, and is not paid by the actual subject of the tax (the foreigner), has never changed in 111 years. The rate of tax to be ultimately owed under Section 1, and the percentage of earnings to be withheld under Sections 1441 and 1442 have all been adjusted both up and down at different times through the years, and the language of the statutes establishing the amounts of the allowable deductions, credits and expenses has been continuously altered as well, but the fundamental scheme of the income tax laws under Subtitle A has never changed in 111 years – it is now, and has always been, a tax that is collected at the source from subject persons by a third party, by withholding at the source from subject payments. The subject persons are **all foreign**, of course, because the tax is clearly, from a simple and straight forward reading of the law, nothing more than an indirect tariff on the income derived from the economic activity of foreigners under the federal jurisdiction, it is not a direct tax on the domestic activity or income of any American citizens under the territorial jurisdiction of the fifty states. Liability has nothing to do with the imposition of the tax upon the taxpayer; tax is just taken from foreign persons by *Withholding Agents*, who are then made liable by the law for turning over the collected tax to the Treasury. Note that Section 1461 indemnifies the *Withholding Agent* from any claims made by the foreign taxpayer regarding the taking (withholding) of the tax. If no tax is collected by withholding when it should have been, then Sections 1461 and 1463 clearly and simply state that it is the *Withholding Agent* who is liable for the uncollected tax, penalties and interest, not the (foreign) taxpayer receiving payments. Under the actual laws the IRS should never approach a taxpayer directly to collect any uncollected tax because that constitutes direct taxation, only the *Withholding Agents or the payors* may be approached according to the law – that keeps it all indirect and constitutional.

And that is the entire extent of the proper legal domestic application of the income tax (in America) under the law. There are no other provisions anywhere in all of Subtitle A - Income Taxes, authorizing the withholding of this tax from any other persons, foreign or otherwise, or stating that any other person other than the *Withholding Agent* is liable, or is made liable, for either the payment of the income tax, or for the payment of any penalties or interest incurred as a result of a failure to pay.

The income tax is an **indirect** foreign tax in the form of a tariff that is collected at the source by withholding (agents) from subject persons - **who are all foreign and properly subjected to the payment of a tariff**. But, **tariffs do not apply to domestic economic activity**, and the scheme of the income tax - withholding at the source from subject persons, has never changed in 111 years. The same provisions exist in the law now as did in 1913, when the Supreme Court ruled (of course) that the whole thing is certainly Constitutional under Article 1, Section 8, Clause 1 authorizing the government to lay taxes: imposts, duties and excises.

This understanding, based on these legal facts presented here regarding the withholding of income tax from subject persons under Subtitle A, represents what is still in the law today in subtitle A, the federal personal income tax. **The income tax does not apply to domestic economic activity, because domestic activity cannot be lawfully made the subject of, or be subjected to, any tariff act or tariff tax of foreign activity.**

# The Lies We Tell

If what we have just reviewed is true (**and it is**), then the United States government, obviously, has not been forthcoming with the American People about the Truth about the income tax, and the federal judiciary and lower courts are clearly, as guilty as sin. How has the United States government been able to deceive the American people so successfully about the truth about the income tax for so long?

Title 26, Section 1, Tax Imposed (Exhibit D) has long been misrepresented to the American People by the courts and the government as the code section that imposes the tax on the citizens' incomes. However, what information return or Form is actually required by law to satisfy the information return requirement actually established by the statute imposing the tax in Section 1. Is there a place where one can look up what form is required by any written law, and if so, what Form does the law require a citizen to fill out and file to satisfy the requirement of the law under Section 1, Tax imposed ? Obviously the U.S. government and the courts want the American people to believe that Form 1040 is the required Form, **but what is actually in the law - as being required by law?**

The Paperwork Reduction Act of 1980 provides that the United States government cannot require or collect more information from citizens than is actually necessary to satisfy the requirement of the law. 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 (each) code section.

This table is incorporated into the law in the Code of Federal Regulations in 26 C.F.R. (section) 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 states (Exhibit E) 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....

---

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

In the portion of the table reproduced above, the left hand column shows the code section (where the income tax is imposed; in PART 1, Chapter 1, Section 1, designated here in the table as **1.1-1**), and the right hand column shows the OMB Document Control Number that's assigned to the information collection request (the **form**), that is required by the code section to be filed to satisfy its legal information return requirements. Note that there is only **one** form shown here as being required by the law that imposes the income tax, and also note that the form that is to be used to satisfy the requirements of this code Section (1), where the income tax is imposed, carries OMB Document Control Number **1545-0067**.

So then, if Form 1040 is the proper form for United States Citizens to file to satisfy the legal filing requirement created by Section 1, that OMB Document Control Number (DCN), **1545-0067**, will show up on the top of a Form 1040 (Exhibit E).

Form <b>1040</b> Label (See instructions on page 16.)	Department of the Treasury—Internal Revenue Service		2006	(99) IRS Use Only—Do not write or staple in this space.
	U.S. Individual Income Tax Return			
L A B E	For the year Jan. 1-Dec. 31, 2006, or other tax year beginning , 2006, ending , 20		OMB No. 1545-0074	
	Your first name and initial	Last name	Your social security number	
	If a joint return, spouse's first name and initial	Last name	Spouse's social security number	

Here (above) is the reproduced top portion of a Form 1040 from 2006, 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 Section 1 where the tax is imposed? **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 that imposes the income tax, Section 1, carries Document Control Number **1545-0067**. So what Form does carry the OMB Document Control Number 1545-0067 ?

Form <b>2555</b>	<b>Foreign Earned Income</b>	OMB No. 1545-0067
Department of the Treasury Internal Revenue Service	▶ See separate instructions. ▶ Attach to Form 1040.	<b>1999</b> Attachment Sequence No. <b>34</b>
<b>For Use by U.S. Citizens and Resident Aliens Only</b>		
Name shown on Form 1040	Your social security number	

Here, you see (above) 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 for Section 1. And what is the title of this form? **Form 2555 Foreign Earned Income !** (Exhibit E) And what does it say underneath the title of the Form?

***"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 citizen's information Return requirement for the income tax on ***"taxable income"*** imposed by Section 1, Tax Imposed. The only income a citizen is required to report

under the law is income earned in a foreign country! Income earned in a foreign country could be properly subject to the payment of a tariff since it constitutes foreign activity, as it will be shown.

So we see that Treasury Decision 2313 properly stated the correct legal use of Form 1040 in 1916. It was to be used by United States Citizens to report the income of his or her **foreign principals**. It was **not** to be used to report the Citizen's **own** earnings and income because that is reported on a Form 2555 – *Foreign Earned Income*, and that legal fact was still recorded in the law in 1994 as we have shown above. It's only the foreign earnings that a citizen is required to report and pay tax on under the Tariff Act.

Now this scheme for the tax, of indirect collection at the source by withholding, as identified above, that we have found in today's laws, is the scheme for the income tax that the Supreme Court tested in 1913. No other scheme of tax was tested. And the Court of course said in the *Brushaber* case that the income tax was Constitutional as imposed by the tariff Act. But, if a citizen was required by law to report and pay tax on his own domestic earnings or income - **that would constitute direct taxation** without apportionment - **which is barred by the Constitution**, which is why **there is no such requirement**. Article 1, Section 9, Clause 4 of the Constitution clearly states:

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

Additionally, Article I, Section 2, Clause 3 of the Constitution says:

**"Representatives and direct taxes shall be apportioned** among the several states which may be included in this union, according to their respective numbers..."

These two clauses combine to mean that the government can never demand money from the citizens directly in the name of tax, but rather must collect direct taxes from the state governments. So, if according to the last census 10% of the population lived in California, and the federal government passes a 10 billion dollar direct tax, then the State government of California, not its citizens and residents, would have to pay 1 billion dollars (10%) to the U.S. Treasury.

The 16th Amendment **does not say** that the income tax is to be direct. It 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."**

The 16th Amendment says that the income tax is to be without apportionment, but **it does not say that the tax is to be direct**. That interpretation would cause the 16<sup>th</sup> Amendment to come **into direct conflict and be in direct contradiction to the existing provisions of Article I** regarding direct taxation, and in direct contradiction with the actual tariff laws enacted by Congress, as shown herein. Thereby **engineering by interpretation, an inherent contradiction** within the Constitution. A contradiction that does not actually or necessarily exist by virtue of the actual language of the document, but which must be engineered through a faulty interpretation of it. This - the engineering by interpretation of an inherent and irreconcilable contradiction within the Constitution itself, cannot be allowed by the judges to happen.

So, the income tax **must be either an indirect tax, OR a direct tax. It cannot be both**. Under the Constitution, no tax can be both direct – collected from the state governments, and indirect – collected from the people. **ITS GOT TO BE ONE OR THE OTHER**. We have found very clearly in the law an indirect implementation for the collection of the tax through the legislatively created *duty* of the

*Withholding Agents* to retain and pay the sum of the tax, precisely as identified by the Supreme Court in 1913. Since there is clearly an indirect scheme implemented in the law for collection of the income tax, it does not make any legal sense at all, and in fact is ridiculous to argue, that there is also a scheme of direct implementation of the tax imposed through mandatory direct self-assessment by Return (Form 1040) with direct payment to the Treasury, enforced by direct collection from the subject taxpayers by the IRS. The tax can **only** be **either** direct **or** indirect, it **cannot be both**. That is why there is no liability for tax established anywhere in the statutes except for Section 1461, which **indirectly** establishes the liability of the *Withholding Agents* for the tax that they have withheld from the subject foreign taxpayers, and that is why Form 1040 is not actually required by law to be filed by any citizen to pay the tax on income derived from domestic activities, and that is why the IRS cannot show any law that makes an American citizen liable for income tax on his own income – it doesn't exist.

It is wrong and unlawful for the IRS to attempt to **replace by interpretation the written provisions** of Article I, with something not actually written in the 16<sup>th</sup> Amendment, or anywhere else in the Constitution; and in so doing engineer an apparent inherent contradiction within the Constitution itself. It is not legitimate for the I.R.S. to attempt to replace the two written and un-repealed provisions of Article I regarding the prohibition on direct taxation unless laid in proportion to the census and apportioned to the States for collection, with an interpretation of the 16th amendment that attempts to transform the indirect income tax tariff into an allegedly direct tax without apportionment that is imposed on all domestic activity, and not just the foreign activity addressed in the original tariff legislation.

The written provisions of Article I of the Constitution regarding direct taxation must be upheld and given force of law until they are actually repealed or amended by Congress; - and the IRS must be forced to recognize and operate within these existing Constitutional limitations on the government's powers of taxation. Article I **explicitly prohibits** the government from acting as it does – i.e.- enforcing the income tax as though it were a direct tax that did not have to be proportionately laid or apportioned to the states for collection, and then arriving at the front door of the homes of the good American people to demand arbitrary amounts of money in the name of tax under color of law. The Constitution absolutely prohibits this. Why is the IRS allowed to ignore and violate these provisions of the Constitution?

These facts concerning the 16<sup>th</sup> Amendment authorizing only indirect taxation, not a direct one, and confirming that the constitutional prohibition on direct taxation still exists, are confirmed by the Congressional Research Service Report #79-131A, composed by Congressional legislative Attorney Howard Zaritsky in 1979 (Exhibit F).

In the beginning of this brief it was shown that the **Supreme Court stated** that the **income tax provisions were part of a tariff act**. Form 2555 - *Foreign Earned Income*, the title of the Form that is actually required by law (as we have seen), requires the reporting of income earned in a foreign country. Could that foreign income somehow also be subject to a tariff tax, since it is earned outside the United States and would be under the jurisdiction over foreign affairs that the federal government does possess? But how could the federal government hold jurisdiction in a foreign country? Doesn't that foreign country's government have jurisdiction over its own affairs, like the American government has over its affairs? Yes, of course it does, unless there is an agreement between governments, like a tax treaty; that often mutually allows each government some taxing powers over its own people in the foreign land.

Section 1, Tax Imposed (Exhibit D), imposes a tax on the "taxable income" of each subject group identified in the law. Section 63 is the code section that identifies 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)... (emphasis added)

Since the definition of "taxable income" references "gross income" we are led straight to Section 61, which 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).

This version of Section 61 that is reproduced above is from the current 1986 version of the United States Code. The previous version (re-codification) of the United States Code dates to 1954. This Section, 61, is nearly identical in both codified versions of the law, except for the following footnote that is shown in the 1954 I.R.C. version of the Statute (Exhibit G):

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

For some reason this footnote was dropped in the code from Section 61 when the law was recodified in 1986 (except in the annotated Code). 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 Statutes at Large, the previous version of the Code before 1954.



Being able to research the source of a law is very important in determining how that law is supposed to be properly applied under its original intent. Without a review of the original source materials it is very difficult to accurately determine how a law was originally intended to be applied. The original intent, and the original implementation of the original legislation, are very important to properly determine how a law should be lawfully applied and enforced today. Section 22(a) from the 1939 code is printed below and we can see that the substance of the language is similar to that in the 1986 version already shown.

**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....

In order to understand how Section 61 is actually applied under the law today, **it is absolutely essential to know and understand how Section 22 was implemented and applied in 1939, and before,** because that implementation has been carried forward “*substantially unchanged*” according to the now missing footnote.

Research reveals the following table, shown here from the Code of Federal Regulations, Parts 500-599, *Index of Parallel Tables - 1991*, enabling sections from the 1939 I. R. Code, it clearly shows that **Section 22**, under the 1939 code (but still annotated in the law in the enabling sections) was implemented under Title 26, **Part 519** (Exhibit G2).

**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, 521
143—144.....	26 Part 521
211.....	26 Part 521
231.....	26 Part 521
800—938.....	26 Part 507
3791.....	26 Part 509

The next table reveals what Part 519 actually 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 .....  
503 Germany .....  
504 Belgium .....  
505 Netherlands .....  
506 Japan .....  
507 United Kingdom .....  
509 Switzerland .....  
510 Norway .....  
511 Finland .....  
512 Italy .....  
513 Ireland.....  
514 France .....  
515 Honduras .....  
516 Austria .....  
517 Pakistan .....  
518 New Zealand .....  
**519 Canada** .....  
520 Sweden .....  
521 Denmark.....

Part 519 was a **Canadian Tax Treaty** (that has since expired). And what Section 61 actually defined in law, through the inherited limited implementation of Section 22 from the 1939 code - which was carried forward *substantially unchanged*, was only the sources of taxable income under that 75 year-long tax **treaty** with Canada that was signed in 1918 and expired in 1993, and was replaced by NAFTA.

Section 61 does not define the **domestic** sources of taxable income at all, according to this table. As far as American citizens are concerned, Section 61 only defines the **Canadian sources** of taxable, gross income under the **Canadian Tax Treaty**. Which agrees with everything else in the law that we have seen regarding the subtitle A income tax being a foreign tax in the form of a tariff as identified by the Supreme Court in the Brushaber and Baltic Mining opinions of 1916!

However, since the Canadian Tax Treaty expired in 1993, Part 519 is now shown as reserved for future use in this Table. Section 61 no longer has any application at all to Canadian income because there is no longer any tax treaty between the two nations (we have NAFTA instead). But for 75 years from 1918, when it was first signed, to 1993 when it expired, the 75 year tax treaty with Canada is identified here as the jurisdiction under which Section 22 was originally applied and imposed. Subsequently after recodification in 1954, Section 61 should have carried the same limitation and been applied the same way in order to be properly applied, because the law wasn't changed - being brought forward "*substantially unchanged*", and after all, the income tax was (and still is) a foreign tax in the form of a tariff that is withheld at the source from subject persons, **who are all foreign**. It is not a domestic tax at all.

In case you hadn't already guessed, the government and the courts are still working hard (again) to continue to deceive the American People about the true nature of the income tax. Since the Canadian Tax treaty expired in 1993, the IRS has slowly begun to try to hide these facts about the law that reveal its true nature in order to continue to try to hide the truth from the American People and media. The IRS has since, removed entirely from the table, the entry for section 1.1 showing that Form 2555 - Foreign Earned Income is actually required by Section 1, not Form 1040. And they have since had OMB assign to Form 2555 the same OMB Document Control Number that is on Form 1040 (1545-0074) so that the separate requirements of each form can no longer be kept track of through legal reference by interested parties, But no new publication of any other requirement has occurred either. So NO form at all is shown now as being required to satisfy any filing requirement associated with Section 1 under the law!

But here from the General Index for the United States Code Annotated where one can cross-index subject matter to statutes, we see the entries for *Citizens* under the major heading *Income Tax* (Exhibit H):

### INCOME TAX, Cont'd.

.....

Citizens,

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

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

Civic Leagues,

....

There are only two code sections listed as being applicable to American citizens, and they both have to do with **living and working in a foreign country** – “About to depart from U.S.” and “Living abroad”. The General Index for the United States Annotated Code still today almost immediately confirms what we were originally told by the Supreme Court 1916, that the income tax laws **are a foreign tariff**. There are no other entries for citizens or citizenship showing applicability to income tax listed anywhere in the entire Index.

Furthermore, if one looks up "Income Tax" under the major heading of "**Aliens**" in this General Index, one will find **nine pages** of applicable code sections listed, and nearly eight of those pages list the statutory cross-applicability to **nonresident aliens** (Exhibit I)

And, finally, in the Internal Revenue Manual (IRM), Chapter 1100, Section 1132.75 (Exhibit J) we find a statement of jurisdiction for the IRS in the form of a statement of enforcement authority for the Criminal Investigative Division:

#### **1132.75**

#### **Criminal Investigative Division**

The Criminal Investigative Division enforces the criminal statute applicable to income, estate, gift, employment, and excise tax laws (other than those excepted in IRM 1112.51) involving **United States Citizens residing in foreign countries** and **nonresident aliens** subject to Federal income tax filing requirements. ... (emphasis added)

There is no other corresponding section anywhere in the I.R.M. that provides any other authority or jurisdiction for the IRS to investigate American citizens for potentially criminal charges. Citizens who are **not residing in foreign countries**, but are living and working in America, **are not under the federal jurisdiction** and are **not under** any IRS jurisdiction **properly derived** from the subject matters of income tax, or even federal taxation.

This of course, again, agrees completely with everything else that we have found in the law about the income tax (tariff). Evidencing again that the income tax in America has always been, and is **still, just a foreign tax** in the form of a **foreign tariff** that is **collected at the source** in America, **indirectly**, through the **“duty”** of *Withholding Agents* to **“retain and pay”**, or withhold, **“the sum of the tax”** **from subject persons** – who are **ALL FOREIGN**; and which tax is also paid by Citizens - **but only as a tariff** on the income they **earn in a foreign country under a treaty, or in the U.S. territories and possessions**. All, exactly as identified by the Supreme Court in its controlling Brushaber opinion:

“... the appellant filed his bill to enjoin the corporation from complying with the **income tax provisions of the tariff act** of October 3, 1913.”

*Brushaber v. Union Pacific R.R. Co*, 240 US 1, 9 (1916)

This evidence is overwhelming and conclusive. **Under the legal authority of a tariff act the IRS has no territorial or subject matter jurisdiction to tax the domestic activities or income of an American citizen.**

## Summary and Conclusion

The Truth about the Income Tax is that **everything you have EVER been taught about it by your government is a lie !**

The Truth is that **it does not exist to fund the operation of the government or to pay for its programs. It exists to unlawfully control you and your resources.**

### IT EXISTS SO THAT YOU CANNOT RESIST !

It exists so that you **cannot** oppose the government's policies whether you feel represented by them or not! It exists so that the politicians, social planners, and bankers can co-opt control of America in order to increase their own spheres of influence and power, and of course, personal wealth, at the expense of the good of the Nation, for the betterment of an elitist few. The Truth is that for over sixty years it has **not** been necessary for the government to tax the income of the citizens to pay for the government's functions, and the income tax is **not** used for purposes of raising revenue for the government, as is mistakenly believed by most of the good American People. The Truth is that raising money was **never the intended purpose** of the income tax; social engineering, the redistribution of wealth by politicians in order to buy votes in elections, and the desire of an elitist group of bankers to ascend to ever greater levels of political power and control through economic control of the nation and its politicians and politics, are the real reasons for the income tax.

The Truth about the Income Tax is that it is the mechanism that has been unlawfully used by the government to co-opt and **seize control** of America and its People's wealth and their labor in order to engage in social engineering that it is not authorized by the Constitution to engage in! The Truth is that it is the mechanism that has been used by the government to reverse the role of government in America as the servant of We the People, and to usurp the People's rightful role and itself become the Master. It is We the People who are the sovereign power and are the Masters of the American "house", not the government. The government is supposed to serve us - We the People, the true sovereign, as our representative, not rule us as our Master. The Truth about the income tax is that it is the reason why we are now **ruled** by the government, rather than **represented** by them!

The Truth about the income tax "system" in America today is that while the letter of the law, **as it is actually written in the law** as shown, is Constitutional, **the IRS does NOT enforce the written Law**, it enforces a myth that does not actually exist anywhere in the law: the myth of the communistic "fair share", which words do not exist or appear together anywhere in the United States Code, our laws. The truth of the matter is that the **collection and enforcement** system that the IRS operates **blatantly violates BOTH the written law AND the Constitution in order to make you subservient to the government!**

Certain elements of the government itself are irreconcilably in conflict with the Supreme Law of the land - the Constitution of the United States of America. They are actively engaged in an outright rebellion against the Constitutional provisions prohibiting direct taxation of the People unless apportioned to the States for collection and laid in proportion to the census. The federal government is absolutely barred now, and always has been, by the Constitution from demanding money directly from the citizens in the name of tax. The IRS blatantly violates this prohibition.

The limitations on direct taxation in Article I of the Constitution **have never been repealed or amended**, but they are ignored and actively and openly violated by the government and the courts.

The government willfully and intentionally violates these provisions of the Constitution, choosing to intentionally ignore the controlling clauses of Article I prohibiting direct taxation, and thereby attempting to render meaningless these unrepealed, unamended, provisions of the Constitution.

Specifically, the Executive Branch of the government in the form of the I.R.S., has intentionally chosen to use an obviously faulty and incorrect interpretation of the 16th Amendment to enter into a conspiracy of sedition against the American People in order to operate and propagate an unconstitutional system of intimidation and theft in place of legitimate taxation. A system, that freely gives far more power to the government than it is authorized by the Constitution to possess.

Most Americans are surprised to learn that the Constitution contains within it the authorization for a fundamental system of taxation sufficient to provide for both the operation of the government's legitimate functions and the solvency of the nation - paying off debt and balancing the budget, wherein the federal government is **absolutely prohibited** from demanding tax from We the People directly.

I'll repeat that: **the Constitution prohibits the Federal government from demanding money directly from the People in the name of tax.** That is the real reason why the income tax is actually imposed as a tariff on foreign activity, it is otherwise prohibited.

Furthermore, in 1916 the Supreme Court reiterates its finding in *Brushaber* in the very next case, *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, in both the *Brushaber* and *Stanton* decisions of 1916, declare that the income tax, under the newly enacted 16th Amendment, does **not create** for the government any **new power** to tax; i.e.: directly and without apportionment (to the states) or proportionate imposition (under the census). Ruling that because the tax is without apportionment (by virtue of the wording of the Amendment itself), then the tax that is authorized by the Amendment **must be an Indirect tax** because the un-repealed and unamended provisions of Article I, Section 2 - Clause 3, and Article 1, Section 9 - Clause 4 still prohibit any direct tax from being laid unless it is laid in proportion to the census, and is apportioned to the State governments for collection. Note that the Court states that the 16<sup>th</sup> Amendment operates to **prevent** the income tax **from being taken out of the category of indirect taxation.** Clearly, according to the Supreme Court, the 16<sup>th</sup> Amendment does **not** authorize the income tax as an unlimited direct tax.

Since these pre-existing prohibitions and requirements on direct taxation in Article I were not repealed, annulled, or amended in conjunction with the passage of the 16th Amendment, clearly Congress never intended to remove these limiting restrictions and prohibitions on direct taxation. Therefore, in order for the Constitution to remain consistent and not become inherently, irreconcilably, self-contradictory it is absolutely necessary to interpret the 16th Amendment as authorizing the Income Tax as an indirect tax (like a impost-tariff or an excise), **not** a direct one.

This is completely and totally evident when one reads the Opinion of the Supreme Court in the *Brushaber* case, clearly stating in the first sentence of the first paragraph that the income tax is a **tariff**. I'll repeat that one last time: **the Supreme Court says the income tax is a tariff.** By now you should

know that a **tariff is a foreign tax, not paid by citizens on domestic activities**, but is **only** paid by persons importing foreign goods and products, or on the income of a **foreign non-resident person**.

The Constitution, we know, gives the U.S. government authority and jurisdiction over all foreign affairs: treaties with foreign nations, foreign trade policies, and foreign persons in the United States (including in the fifty states). The income tax under the letter of the law, it turns out, **is a foreign tariff taxing that foreign jurisdiction, AND NOTHING MORE !** A Tariff, of course is one form of an "impost", which is one of the three categories of **indirect** taxation provided for in the Constitution (imposts, duties, and excises at Article 1, Section 8, Clause 1), just like the Supreme Court said in 1916.

Article I still today **absolutely prohibits the Federal government from taxing the American People directly** unless the tax is laid in proportion to the census and apportioned to the State governments for collection. We the People have substantially more right to rely on these Constitutional guarantees of protection from heavy-handed and direct takings in the name of tax, than the government has right to rely on the false claim that the 16th Amendment authorizes a direct tax on the income of all Americans.

Certain elements of the government have chosen to operate in direct contradiction to this indirect finding / ruling / fact that the income tax under the law is really an indirect tariff, since Franklin Roosevelt was president. This rebellion within the government has, to this day, gone unannounced, hidden, and remains unpublicized, and is still unaddressed by the media and the courts (Supreme?). But the havoc and tyranny and despotism unleashed upon the American People by these treasonous snakes is obvious and apparent to anyone today familiar with the very un-American horror known as IRS tax collection and enforcement operations.

The 1916 Supreme Court decisions were sound because the court recognized the potential inherent conflict created by the passage of the 16th Amendment - i.e. Article 1 demands that direct taxes be apportioned to the states for collection and prohibits direct taxation unless laid in proportion to the census, while the 16th Amendment says the income tax is a tax without apportionment and without regard to any census or enumeration. If the income tax is construed to be a direct tax, we have **engineered the creation of an inherent, irreconcilable contradiction** within the Constitution. A contradiction that is engineered only **by our interpretation**, - a contradiction that does not actually exist within the language of the Amendment.

In order to maintain the consistency of the Constitution, and in order to prevent it from coming into irreconcilable direct conflict with itself, the Court determined that the 16th Amendment **does not create any new power to tax**, i.e.: it's NOT a power to tax directly and without apportionment. So, by virtue of the language of the Amendment itself, as a tax laid without apportionment, the income tax must be imposed as an indirect tax and not a direct tax, in order to not violate these other provisions of the Constitution in Article I limiting and controlling direct taxation. Indirect taxes must only be uniform, apportionment is not required.

Now, Indirect taxes are divided into three categories by the Constitution. Imposts, duties, and excises. Imposts and duties are primarily related to the import and export of goods into and out of the country, as are tariffs, and are mostly collected at the border. But the *Brushaber* Supreme Court opinion tells us at 240 U.S. 1, 21-22, *supra*: "2. *The act provides for collecting the tax at the source; that is, makes it the duty of corporations, etc. to retain and pay the sum of the tax ...*", and thus we are immediately led to the legal definition of the *Withholding Agent* by the legislatively created *duty to retain and pay*, or withhold, and their actual legal authority defined in the law under Subtitle A – Income Taxes. The income tax is stated by the Supreme Court in its Opinion to be a **tariff** that is **withheld at the source from payments to subject persons**, rather being collected at the border as with most tariffs. Collecting an income tax tariff at the border would of course be a completely un-workable scheme, thus we have implemented in law the *withholding at the source* from taxable payments made to the foreign taxable persons.

Now, while the Court in *Brushaber* calls the income tax provisions under review part of a **tariff** act - it recognizes that where applied to certain privileged or licensed activities (like selling alcohol, tobacco or firearms), the income tax is also entitled to be enforced as an excise. This is partly because "excise" is the only category of **indirect** taxation left for the income tax to "fit" into when applied outside of the foreign jurisdiction (and not as a tariff) under the U.S. Constitution.

In *Flint v Stone Tracy Co.*, 220 US 107, (1911) the court ruled that "Excise taxes are taxes laid upon the manufacture, sale or consumption of commodities within the country, upon licenses to pursue certain occupations, and upon corporate privilege; ...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." Excise taxes are assumed by those persons who engage in activities that are made subject to the excise tax (like buying and selling alcohol or tobacco), and thus arise the claims (partly) that the tax is "voluntary", i.e.- must be assumed by (voluntarily) engaging in some taxable activity. If one does not want to pay the tax, he simply can choose not to participate in the taxable activity.

The IRS today however, alleges and operates as if, and under the claim that, the 16th Amendment did indeed authorize the income tax as a direct tax without any limitations. This position is based on an obviously erroneous interpretation of the 16th Amendment that it did authorize a new power to tax, i.e.: directly and without limitation. Foolishly reasoning that since the tax is authorized by the 16<sup>th</sup> Amendment to be without apportionment, then it must also be direct - **even though the Amendment does not actually say that; - while ignoring the inherent conflict engineered within the Constitution by virtue of that interpretation**, and while ignoring the explicit correct logic, reasoning, and decision of the Supreme Court handed down earlier in the *Brushaber* and *Stanton* Opinions, which should stand as the final word from the legal system. Many federal judges and courts have apparently chosen to ignore the Supreme Court's rulings, opinions, and controlling decisions, and have handed down decisions that are in direct conflict with both the Supreme Court ruling and any consistent interpretation or reading of the Constitution of the United States of America, and the actual provisions of the statutes.

So, certain elements within the government have apparently chosen to ignore the Constitution and the Supreme Court, and operate in direct contradiction to, and in conflict with, the actual written law, the Constitution, and the Supreme Court rulings and opinions and decisions, in outright rebellion against all of them. It's a rebellion within the judiciary that must be addressed and ended by the Supreme Court.

This rebellion within the government itself remains unpublicized and unaddressed to this day, and therein lies the heart of the problem in America today over the income tax system. It's not the laws, or Section 61, or Section 1, or anything else the government may charge or allege in its futile attempts to undermine and suppress the People's knowledge of the Truth; - **it is this socialist rebellion within the government itself that is the problem**. And the conflict between the People and the government over this issue will never be resolved until this treasonous rebellion within the government by the judicial and executive branches is recognized and addressed, and **halted**, restoring a Constitutional operation to our government's existence and tax collection and tax enforcement systems.

Personally, I know the Supreme Court got it right in 1916. The income tax authorized by the 16th Amendment is **clearly a tariff** under the laws that were passed and we must enforce this understanding on the government or we will have allowed the effective total destruction (by interpretation) of the U.S. Constitution and one of its most important provided protections: the prohibition on and protection from continuous and unlimited, arbitrary and capricious, heavy handed and forcibly direct takings (theft) by the federal government committed only in the name of tax, under guise and pretense of taxation.



Might I remind you that “A *heavy progressive or graduated income tax*” is actually the **2nd plank of the Communist Manifesto**. Did you **know or realize that your government is practicing/pushing communism**, and is **forcing you to do the same by wrongfully imposing the income tax on your labor and earnings as a direct tax**? Thomas Jefferson stated that if we can prevent the government from wasting the labors of the people under the pretense of taking care of them, then they must become happy. It would seem that we have forgotten his charge to us. The government and our court's duplicitous behavior concerning the income tax is despicable, amoral, and in the end - unlawful and unconstitutional, and ultimately History will condemn all those who participated in engineering and maintaining this monumental fraud in the name of tax under mere color of law against the American People under guise and pretense.

As a final note, it should be pointed out that if this tax was properly enforced today, and had been withheld by all Americans and American companies from payments made to non-resident aliens and foreign corporations since 1913, one can't help but wonder how much smaller our immigration problem would be today. How many illegal aliens would go home if %30 was withheld from their payments? How many fewer would have come, or would come in the future, to America, knowing monies would not be paid, but instead would be withheld? How many more who are here, would have already *melted* and become legal residents and possibly citizens in order to escape the withholding? The United States government's refusal to properly enforce these actual income tax laws is part of the reason why we have such a large immigration problem and so many immigrant labor issues today here in the United States of America.

**If you are taxed then you are not Free,**

**If you are Free then you are not taxed!**

**Ye shall know the Truth and THE TRUTH SHALL SET YOU FREE !**

**You are encouraged to GIVE THIS TO A FRIEND, and to TEACH this understanding!**

**SO WHAT WILL IT BE: THE SIMPLE TRUTH or THE LIES WE TELL?**

**Will you put your Faith in God and Truth, and become once again FREE?**

**or will you misplace your faith with the men in government ruling you?**

**TRUST God NOT MAN. Believe the Truth, NOT the lies you are told to control you.**

**Learn more about the TRUTH that you need to know, that your government will never tell you, at:**

**[www.Tax-Freedom.com](http://www.Tax-Freedom.com)**

**and GET HELP answering the IRS at [www.IRSzoom.com](http://www.IRSzoom.com) for \$50 or lesss per letter**

**If you want more information, GET the American Tax Bible at the [IRSzoom.com](http://IRSzoom.com) on-line "store".**

**Thomas Freed**

Supporting

Exhibits

# U.S. Supreme Court

**BRUSHABER v. UNION PACIFIC R. CO., 240 U.S. 1 (1916)**

240 U.S. 1

**FRANK R. BRUSHABER, Appt.,**

v.

**UNION PACIFIC RAILROAD COMPANY.**

No. 140.

**Argued October 14 and 15, 1915.**

**Decided January 24, 1916.**

[240 U.S. 1, 2] Messrs. Julien T. Davies, Brainard Tolles, Garrard Glenn, and Martin A. Schenck for appellant.

Mr. Henry W. Clark for appellee.

[240 U.S. 1, 5] Solicitor General Davis, Assistant Attorney General Wallace, and Attorney General Gregory for the United States.

[240 U.S. 1, 9]

Mr. Chief Justice White delivered the opinion of the court:

As a stockholder of the Union Pacific Railroad Company, the appellant filed his bill to enjoin the corporation from complying with the **income tax provisions of the TARIFF act of October 3, 1913** ( II., chap. 16, 38 Stat. at L. 166). Because of constitutional questions duly arising the case is here on direct appeal from a decree sustaining a motion to dismiss because no ground for relief was stated. **(emphasis added)**

The right to prevent the corporation from returning and paying the tax was based upon many averments as to the repugnancy of the statute to the Constitution of the United States, of the peculiar relation of the corporation to the stockholders, ....

[240 U.S. 1, 21]

....

**2. The act provides for collecting the tax at the source; that is, makes it the duty of corporations, etc., to retain and pay the sum of the tax** on interest due on bonds and mortgages, unless the owner to whom the interest is payable gives a notice that he claims an exemption. This duty cast upon corporations, because of the cost to which they are subjected, is asserted to be repugnant to due process of law as a taking of their property without compensation, and we recapitulate various contentions as to discrimination against corporations and against individuals, [240 U.S. 1, 22] predicated on provisions of the act dealing with the subject. **(emphasis added)**

**(a)** Corporations indebted upon coupon and registered bonds are discriminated against, since corporations not so indebted are relieved of any labor or expense involved in deducting and paying the taxes of individuals on the income derived from bonds.

## Title 26 United States Code

### § 7701 Definitions.

(a) When used in this Title ...

....

**(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.** (emphasis added)

---

### § 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. (emphasis added)

---

### § 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. (emphasis added)

---

### § 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.

---

### § 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. (emphasis added)

(T.D. 2313)  
Income tax

Taxability of interest from bonds and dividends on stock of domestic corporations owned by nonresident aliens, and the liabilities of nonresident aliens under section 2 of the act of October 3, 1913.

Treasury Department  
Office of Commissioner of Internal Revenue  
Washington, D.C., March 21, 1916

To collectors of internal revenue:

Who is subject? 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.

Who is liable? 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.

Who files Form 1040? Regarding whose income? 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.

## § 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 \$36,900	15% of taxable income.
Over \$36,900 but not over \$89,150	\$5,535, plus 28% of the excess over \$36,900.
Over \$89,150 but not over \$140,000	\$20,165, plus 31% of the excess over \$89,150.
Over \$140,000 but not over \$250,000	\$35,928.50, plus 36% of the excess over \$140,000.
Over \$250,000	\$75,528.50, plus 39.6% of the excess over \$250,000.

### (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 \$29,600	15% of taxable income.
Over \$29,600 but not over \$76,400	\$4,440, plus 28% of the excess over \$29,600.
Over \$76,400 but not over \$127,500	\$17,544, plus 31% of the excess over \$76,400.
Over \$127,500 but not over \$250,000	\$33,385, plus 36% of the excess over \$127,500.
Over \$250,000	\$77,485, plus 39.6% of the excess over \$250,000.

### (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) or 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 \$22,100	15% of taxable income.
Over \$22,100 but not over \$53,500	\$3,315, plus 28% of the excess over \$22,100.
Over \$53,500 but not over \$115,000	\$12,107, plus 31% of the excess over \$53,500.
Over \$115,000 but not over \$250,000	\$31,172, plus 36% of the excess over \$115,000.
Over \$250,000	\$79,772, plus 39.6% of the excess over \$250,000.

### (d) Married individuals filing separate returns

There is hereby imposed on the taxable income of every married individual (as defined in section 7703)

**PART 602—OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT**



(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. This part does not display control numbers assigned by the Office of Management and Budget to collections of information of the Bureau of Alcohol, Tobacco, and Firearms.

Exhibit E

**§ 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 (together with 26 CFR 601.9000) comply with the requirements of §§ 1320.7(f), 1320.12, 1320.13, and 1320.14 of 5 CFR part 1320

(b) *Cross-reference.* For display of control numbers assigned by the Office of Management and Budget to Internal Revenue Service collections of information in the Statement of Procedural

**§ 602.101**

**26 CFR (4-1-94 Edition)**

Rules (26 CFR part 601), see 26 CFR 601.9000.

(c) *Display.*

CFR part or section where identified and described	Current OMB control No.
1.1-1	1545-0067
1.23-5	1545-0074
1.25-1f	1545-0022
	1545-0030

CFR part or section where identified and described	Current OMB control No.
1.50A-6	1545-0005
1.50A-7	1545-0005
1.50B-1	1545-0005
1.50B-2	1545-0005
1.50B-3	1545-0005
1.50B-4	1545-0005
1.50B-5	1545-0005
1.51-1	1545-0219
	1545-0241

The Code Section that imposes the tax. Section 1, Tax Imposed.

The Forms' OMB Document Control Number Id's.

The only Form listed for Code Section 1

Is this why Form 1040 is not shown as being authorized for use by IRS employees under IRC Sec. 6020(b)? As shown in IRM 5291 and the corresponding Delegation Order #182 ?

This number DOESN'T match the requirement shown in the law.

Form **1040** Department of the Treasury—Internal Revenue Service **U.S. Individual Income Tax Return** (O) **1993**

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

Label (See instructions on page 12.) Use the IRS label. Otherwise

Y  
O  
U  
R  
F

Your first name and initial \_\_\_\_\_ Last name \_\_\_\_\_

If a joint return, spouse's first name and initial \_\_\_\_\_ Last name \_\_\_\_\_

Home address (number and street). If you have a P.O. box, see page 12. \_\_\_\_\_ Apt. no. \_\_\_\_\_

Your social security number \_\_\_\_\_

Spouse's social security number \_\_\_\_\_

For Privacy Act and Paperwork Reduction

OMB No. 1545-0074

Form **2555**

Department of the Treasury  
Internal Revenue Service

**Foreign Earned Income**

▶ See separate instructions. ▶ Attach to front of Form 1040.

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

BUT THIS DOES !

OMB No. 1545-0067  
**1993**  
Attachment Sequence No. 34

Name shown on Form 1040

Your social security number

**Part I** General Information

1 Your foreign address (including country)

2 Your occupation

decision and the new constitutional provision.

The Sixteenth Amendment provides that:

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

In *Brushaber v. Union Pacific R. R. Co.*, 240 U.S. 1 (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. at 18-19 (1916).

This same view was reiterated by the Court in *Stanton v. Baltic Mining Co.* 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. at 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.



SEC. 61. GROSS INCOME DEFINED.

[Sec. 61(a)]

(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, and similar items;<sup>(1)</sup>
- (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.

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

The footnote in the new 1954 version of the I.R. Code.

26 USCS § 61

INCOME TAXES

§ 61. Gross income defined.

(a) General definition. Except as otherwise provided in this subtitle [26 USCS §§ 1 et seq.], gross income means all income from whatever source derived, including (but not limited to) the following items:

- (1) Compensation for services, including fees, commissions, 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) [26 USCS §§ 71 et seq.]. For items specifically excluded from gross income, see part III (sec. 101 and following) [26 USCS §§ 101 et seq.].

(Aug. 16, 1954, ch 736, 68A Stat. 17.)

HISTORY; ANCILLARY LAWS AND DIRECTIVES

Prior law:  
IRC 1939, § 22(a).

Another version also shows Section 22 as the prior law.

**SEC. 22. GROSS INCOME.**

Exhibit G2

(a) **General Definition.**—“Gross income” includes gains, profits, and income derived from salaries, wages, or compensation for personal service <sup>1</sup>(including personal service as an officer or employee of a State, or any political subdivision thereof, or any agency or instrumentality of any one or more of the foregoing), 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. In the case of Presidents of the United States and judges of courts of the United States taking office after June 6, 1932, the compensation received as such shall be included in gross income; and all Acts fixing the compensation of such Presidents and judges are hereby amended accordingly. <sup>2</sup>In the case of judges of courts of the United States who took office on or before June 6, 1932, the compensation received as such shall be included in gross income.

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
211	26 Part 521
231	26 Part 521
800-938	26 Part 507
3791	26 Parts 509, 514, 520

You can see above, that Section 22 is the nearly the same, but note (left) that Section 22 is only implemented under Title 26 Part 519.

Notice that Section 62 is also only implemented under Parts shown in the table below.

(Parts 500 to 599)

**SUBCHAPTER G—REGULATIONS UNDER TAX CONVENTIONS**

Tax conventions are tax treaties!

Part		Page
500	[Reserved]	
501	Australia .....	4
502	Greece .....	13
503	Germany .....	22
504	Belgium .....	32
505	Netherlands .....	69
506	Japan .....	108
507	United Kingdom .....	115
509	Switzerland .....	190
510	Norway .....	216
511	Finland .....	244
512	Italy .....	272
513	Ireland .....	280
514	France .....	294
515	Honduras .....	329
516	Austria .....	337
517	Pakistan .....	349
518	New Zealand .....	358
519	Canada .....	368
520	Sweden .....	399
521	Denmark .....	412
522 — 599	[Reserved]	

And Part 519 is the Canadian Tax Treaty

## INCOME

88

## INCOME TAX—Cont'd

## Children—Cont'd

## Dependents—Cont'd

Employee or both parents deceased, "dependent child" as meaning, fringe benefits, exclusion of certain fringe benefits from gross income, 26 § 132

Election to claim certain unearned income on parent's return, 26 § 1

Exemptions, post, this heading

Foster care payments, exclusion from gross income, 26 § 131

Payments to support, inclusion in gross income, exception, 26 § 71

Placed for adoption, treatment of as child by blood, "dependent" as including, deductions, personal exemptions, 26 § 152

## Qualifying child,

Earned income credit, 26 § 32

Taxable year, eligibility, earned income, credit, 26 § 32

Two or more eligible individuals, earned income, credit, 26 § 32

## Services,

Amounts received not included in parent's gross income, 26 § 73

Assessment against parents, 26 § 6201

Stock ownership, corporate distributions, 26 § 318

## Support of,

Gross income, inclusions, applicability, 26 § 71

Seizure of property for nonpayment, exemption from levy, salary, wages or other income required, 26 § 6334

Surviving spouse, rate of tax, 26 § 2

Unearned income of minors taxed as parent's income, 26 § 1

China Trade Act Corporations, this index

Choses in action excluded from provision concerning nonrecognition of gain or loss from exchanges, 26 § 1031

Christian Science practitioner, exemption from self-employment income tax, notice to ordaining bodies, etc. of opposition to insurance, 26 § 1402

Revocation of exemption, 26 § 1402 nt

Church employee income, defined, self-employment income, 26 § 1402

Church employees, exception, self-employment income tax, 26 § 1402

Church plan. Religious Organizations, generally, this index

## Churches,

Churches, this index

Defined, pension plans, etc.; defined contribution plans, 26 § 415

Religious Organizations, generally, this index

Churning transactions, cost recovery, accelerated system, exclusions, 26 § 168

## Circulation expenditures,

Adjustment to basis for determining gain or loss, 26 § 1016

## INCOME TAX—Cont'd

## Circulation expenditures—Cont'd

Alternative minimum tax, adjustments in computing, amortization over 3-year period, individuals, 26 § 56

## Citizens,

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

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

## Civic leagues,

Exemption from tax, 26 § 501

Inspection of applications for tax exemption, 26 § 6104

Returns, exempt corporations, 26 § 6033

Civil penalties. Fines, penalties and forfeitures, generally, post, this heading

Civil tax purposes, determination if information sought for, treatment of conventions in certain Caribbean countries, etc., items not deductible, 26 § 274

## Claim of right,

Generally, 26 § 1341

## Computation where,

Substantial amount held under claim of right, tentative refund of tax under claim of right adjustment, application, etc., 26 § 6411

Taxpayer restores substantial amount held under claim of right, 26 § 1341

## Claims,

Abatement of tax, 26 § 6404

Indemnification against, taxes withheld at source, 26 § 1461

Refunds, generally, post, this heading

Renegotiation of Government contracts, extension of time for filing, 26 § 6511

United States Court of Federal Claims, generally, this index

Class life system, application to section 1250 property, depreciation deduction, 26 § 167 nt

Class lives, reasonable allowance for depreciation deduction,

Application of system to section 1250 property, 26 § 167 nt

Transitional rules concerning exclusion of subsidiary assets from election concerning, 26 § 167 nt

Clean-burning fuel, defined, deduction, qualified clean-fuel vehicle property and refueling property, 26 § 179A

Clean-fuel vehicle and refueling property, qualified, deduction, 26 § 179A

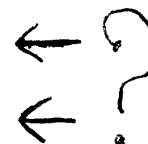
Clean water facilities, contracts or arrangements involving, treatment as service contract, special rules, 26 § 7701

## Clergymen,

Exclusion of rental value of parsonages from gross income, 26 § 107

Self-employment income or net earnings from self-employment, 26 § 1402

Withholding tax, exception, 26 § 3401



BOTH HAVING  
TO DO WITH  
FOREIGN  
ACTIVITY!

413

PAGE 413

Exhibit I

ALIENS

ALIENS—Cont'd  
 Illegal aliens.  
   Border controls, improvement of, apprehension of aliens attempting to enter U.S. illegally, 8 § 1101 nt  
   Correctional facilities grants, violent crime control, 42 § 13701  
   Detention, Breached Bond/Detention Fund, expenses, 8 § 1356  
   Interdiction of, 8 § 1182 nt, EON 12807  
   High seas interdiction, 8 § 1182 nt, PN 4865  
   Migrant and seasonal workers, protection of, Agricultural Labor, generally, this index  
 Illegally in country,  
   Public works employment, prohibition, grants, construction, etc., of local public works projects, 42 § 6705

ALIENS—Cont'd  
 Income tax—Cont'd  
   Gross income,  
     From sources within U.S., 26 § 861  
     Nonresident aliens, post, this subheading  
     Guam residents, 26 § 876  
   Interest, Nonresident aliens, post, this subheading  
   Joint returns, 26 § 6013  
   Limitations, Nonresident aliens, post, this subheading  
 Nonresident aliens,  
   Additions to tax, failure to deduct and withhold, tax paid by recipient of income, effect on certain penalties, 26 § 1463  
   Adjustment and alleviation where more burdensome or discriminatory taxes imposed by foreign countries on U.S.

Nonresident alien starts here on this page, 413

EIGHT (8) PAGES LATER

421

PAGE 421

Nonresident aliens is still running !

ALIENS

ALIENS—Cont'd  
 Income tax—Cont'd  
   Nonresident aliens—Cont'd  
     Withholding of tax—Cont'd  
       Puerto Ricans as included within term "non-resident alien individual", 26 § 1441  
       Rate, 26 § 1441  
       Refunds and credits, 26 § 1464  
       Return deemed filed and tax considered paid, limitations on, credit or refund, 26 § 6513  
       Trade or business within the U.S., defined, 26 § 864  
       Northern Mariana Islands residents, 26 § 876  
     Partnership,  
       Foreign partners, withholding of tax, effectively connected income, 26 § 1446  
       Nonresident aliens, ante, this subheading  
       Partnerships and beneficiaries of estates and trusts, 26 § 875  
       Payment, departure from U.S., 26 § 6851  
       Puerto Rican residents, 26 § 876  
       Rates, citizens and corporations, certain foreign countries, 26 § 891  
       Refund, civil actions for, limitation on right of action, exception, U.S. Court of Federal Claims, 28 § 2502  
       REIT, defined, special rules, investment in U.S. real property, 26 § 897  
       Related person, defined, non-resident alien individuals, repeal of tax, interest from certain portfolio debt investments, 26 § 871  
       Rents or royalties, Nonresident aliens, ante, this subheading  
     Resident aliens,  
       Annual statements, substantial presence test, residency requirements, 26 § 7701  
       Canada or Mexico, commuters from, presence in U.S., residency requirements, 26 § 7701  
       Coordination with section 877 concerning

ALIENS—Cont'd  
 Income tax—Cont'd  
   Resident aliens—Cont'd  
     Lawfully admitted for permanent residence, requirements for treatment as, 26 § 7701  
     Limitations, teachers, trainees, and students, residency requirements, 26 § 7701  
     Medical conditions, exceptions for exempt individuals, substantial presence test, residency requirements, 26 § 7701  
     Nominal presence disregarded, residency requirements, 26 § 7701  
     Presence in the United States, defined, residency requirements, 26 § 7701  
     Professional athlete competing in charitable sports event, exempt individual, 26 § 7701  
     Rules and regulations, definition and residency provisions, 26 § 7701  
     Special rules,  
       First and last year of residency, 26 § 7701  
       Teachers, trainees, and students, residency requirements, 26 § 7701  
       Student, defined, residency requirements, 26 § 7701  
       Substantial presence test, meeting requirements of, 26 § 7701  
       Taxable year, 26 § 7701  
       Teacher or trainee, defined, residency requirements, 26 § 7701  
       Transit between 2 foreign points, presence in U.S., residency requirements, 26 § 7701  
       Withholding of tax, Virgin Islands source income, 26 § 1444  
     Return, Nonresident aliens, ante, this subheading  
     Rules and regulations, Nonresident aliens, ante, this subheading  
     Sale or exchange of capital assets, 26 § 871  
     Secretary, regulations, multiple-party financing transactions, cash contributions, 26

Finally ends here

Resident starts here

Resident ends here

**1132.75** (12-21-87)

## **Criminal Investigation Division**

**The Criminal Investigation Division enforces the criminal statute applicable to income, estate, gift, employment, and excise tax laws (other than those excepted in IRM 1112.51) involving United States citizens residing in foreign countries and nonresident aliens subject to Federal income tax filing requirements by developing information concerning alleged criminal violations thereof, evaluating allegations and indications of such violations to determine investigations to be undertaken, investigating suspected criminal violations of such laws, recommending prosecution when warranted, and measuring effectiveness of the investigation processes. Assists other Criminal Investigation offices in special inquiries, secures information from foreign countries relating to tax matters under joint investigation by district offices involving United States citizens, including those involved in racketeering, stock fraud and other illegal financial activity, by providing investigative resources upon district and/or the Office of the Assistant Commissioner (Criminal Investigation) requests; also assists the U.S. attorneys and Chief Counsel in the processing of criminal investigation cases, including the preparation for the trial of cases.**

Citizens residing where ?

What kind of aliens ?

# ***SUBJECT-MATTER JURISDICTION***

## **OF THE UNITED STATES COURTS**

**REQUIRES THREE ELEMENTS TO EXIST, IN ORDER TO BE LAWFULLY *TAKEN* BY A U.S. COURT, OVER A *CLAIM* FOR TAX:**

- (1) The U.S. Constitution MUST grant a specific *power to tax* for Congress to *exercise* in its operations;**
- (2) The U.S. Constitution MUST provide an *enabling enforcement clause* for Congress to be authorized to write law, to enforce by law the *power* granted in (1);**
- (3) U.S. Congress must actually enact legislation to pass a law imposing and enforcing the specific *taxing power* granted in (1) above, and made *enforceable* in (2).**

**... If ANY of the three required elements is absent, *subject-matter jurisdiction* does NOT exist.**

To see a clear example of how the Constitution grants Congress its powers to tax, together with how those granted taxing powers are also specifically limited, we need only look to **Article I, Section 8, clause 1**, which plainly and clearly states:

*“The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts and excises shall be uniform throughout the United States;”*

Here we plainly have three separate powers to tax that are granted by the original Constitution, *i.e.*: the powers to tax by *Impost, Duty and Excise*. And the stated constitutional *limitation* is that “*all duties, imposts and excises shall be uniform throughout the United States*”

And now, to see how the U.S. Congress is also **constitutionally authorized to write law to enforce** those granted taxing powers, we need only look to the original “*Necessary and Proper*” *enabling enforcement clause* of Article I, Section 8, Clause 18, which states:

*“To make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the government of the United States, or in any department or officer thereof.”*

Both of these constitutional grants of authority, to tax, and to write law to enforce the taxin power granted, are both essential, required, indispensable elements of properly establishing the ability of any federal court to take a fully granted subject matter jurisdiction of the court over a specific claim for tax made by the IRS or DOJ.

The third required element subject matter jurisdiction is of course, that Congress write a law that *exercises* the granted taxing *power* and imposes an authorized tax, that is also constitutionally authorized to be enforced by additional statutes enacted by Congress beyond the statute that imposes the tax.

## **A *Subject-matter jurisdiction* of the Federal Courts to Enforce a Direct Income Tax DOESN'T EXIST**

The federal courts **lack** the *subject-matter jurisdiction* necessary to enforce the administrative claims of the IRS for personal income tax that are being assessed, demanded, and enforced as a function of the IRS' *defacto* operational *practices*. This is true because the nature of the IRS' *defacto* operational *practices*, enforcing the collection and payment of the federal personal income tax by American citizens as a *direct* and *unapportioned* tax **without** applicable constitutional *limitation* under *alleged* authority of the 16th Amendment, is **unconstitutional** because it is **not** done under the legitimate and enforceable authorities of Article I, Section 8, clauses 1 and 18 of the U.S. Constitution.

The lack of a court's *subject-matter jurisdiction* over any legal action, as any attorney will tell you, is **fatal** to a civil action filed by a Plaintiff (in this analysis, the United States); - as a court, without *subject-matter jurisdiction* must *dismiss* the complaint immediately, - and with *prejudice* if the jurisdictional defect cannot be corrected and perfected, because **lacking** *subject-matter jurisdiction*, the court lacks the judicial authority to entertain the action in the court because the court is not given a specific *subject-matter jurisdiction* that it may lawfully take over the dispute by **both** the Constitution and the statutes of the U.S.C., *i.e.*: which work together to establish the required *subject-matter jurisdiction of the court* that it may lawfully take to allow it to entertain and adjudicate the civil or criminal action in the court.

In this case we are talking about **all** civil and most criminal actions (prosecutions) filed by the United States DOJ to pursue enforcement in the federal courts of the federal personal income tax under alleged authority of the 16<sup>th</sup> Amendment. I can **irrefutably prove** that the federal courts **fatally lack** the *subject-matter jurisdiction* necessary to entertain, adjudicate, uphold, and enforce any claims and or *Complaints* for tax under that alleged authority. This information **completely destroys** the IRS and exposes the entire history of the federal courts' income tax enforcement as a **complete and total fraud**. Every single individual person who has ever lost a home, a car, a paycheck, a bank account, their wife, or their life, has been cheated out of their property (and their lives) by an IRS and or a federal court that had no real power to act under any *subject-matter jurisdiction* that can be legitimately and lawfully taken by the court, under an enforceable legal authority that was created by the 16th Amendment, for **irrefutable lack** of any *enabling enforcement clause* in the Amendment that would constitutionally **authorized** the U.S. Congress to write any new laws under that Amendment to enforce any new taxing power newly created thereunder!

Because the IRS claims, and argues, effectively **admitting** in all of its correspondence letters with taxpayers, that they are pursuing the enforcement of the federal personal income tax under alleged authority of the 16th Amendment as an *unapportioned direct* tax; - these claims and this administrative *practice* consequentially **strips** the federal courts **bare** of the *subject-matter jurisdiction* necessary to entertain any subsequently filed civil or criminal enforcement actions to enforce the tax assessed or claimed owed, **because** there is **no** *enabling enforcement clause* in the 16th Amendment that would *constitutionally authorize* the U.S. Congress to write any new law or enforcement statutes, to enforce any new tax, or new taxing power, allegedly created by the



adoption of the Amendment. If Congress is not **constitutionally authorized** to write any statutes to enforce the specific new *power* allegedly authorized by an Amendment, the federal courts cannot take a *subject-matter jurisdiction* under any statute as **none** are constitutionally authorized to be written to enforce that specific *power*.

Thus the required *subject-matter jurisdiction* of the court, over the civil action, to enforce the claim made in the court based on that alleged power, **does NOT exist**; - because the federal courts are courts of *limited* powers, and of a *limited* jurisdiction, that only authorizes them to **enforce** the *constitutionally authorized written laws* of the United States Code (U.S.C.). The federal courts are not empowered to, and cannot, enforce a particular political philosophy, or a religion, or set of beliefs, or ideas, or even common sense or a *de facto practice*, which is not supported by written law and a *de jure* administration of that law. Only the *constitutionally* authorized written law that exists may be used to establish the lawfully granted *subject-matter jurisdiction* of the federal courts over a civil or criminal legal action. Nothing else may be used. And the federal courts must take their *subject-matter jurisdiction* over a civil action, under a statute of the United States Code (Title 26 of the USC) that the U.S. Congress was *constitutionally* authorized to write by an applicable *enabling enforcement clause* of the Constitution or an Amendment with respect, and enacted applicability, to the specific power exercised.

The ability of the federal courts to take jurisdiction over tax trials has been **completely destroyed** because the IRS claims in all of the correspondence it issues to taxpayers, that they are pursuing the enforcement of the personal income tax under alleged authority of the 16th Amendment **alone**, and **not** under authority of **Article I**, Section 8, clause 1, as an *impost, duty, or excise*; - as was held by the Supreme Court in 1916 to be the **constitutional** application of the income taxing powers conferred under the 16th Amendment by its adoption (see *Brushaber v. Union Pacific*, 240 US 1 (1916); *Stanton v. Baltic Mining Co*, 240 US 103 (1916); *Steward Mach. Co. v. Collector*, 301 U.S. 548 (1937), and which **indirect** taxing powers are *constitutionally* all **made enforceable**, by laws from Congress, under the original *Necessary and Proper enforcement clause* of Article I, Section 8, clause 18 of the U.S. Constitution.

**But** there is **irrefutably, NO** *enforcement clause* that exists in the 16th Amendment. Clearly this is why most Americans believed for years that the income tax must be voluntary because **it cannot be enforced with law** without an *enabling enforcement clause* in the Amendment authorizing law to be written by Congress (enforcing the new power granted, - if any power is to be construed as granted). Of course, the U.S. Constitution is not taught in our schools anymore, so these irrefutable controlling constitutional facts have either been forgotten across generations or were never learned or known at all by most of the American people, including our public elected officials! What the attorneys (U.S. and others) really know, if anything, is anybody's guess because they sure don't know the tax laws.

To make a long story short, without Congress being authorized by an **enabling enforcement clause** in the 16th Amendment, authorizing them **to write new law**, then, **no law can exist** for the federal courts to **take** the required *subject-matter jurisdiction* under, to allow the court to enforce the claims resulting from the *operational practices* of the IRS under alleged authority of the 16<sup>th</sup> Amendment, *i.e.*: to pursue the enforcement of a personal income tax that is assessed by the IRS in *practice* as a *direct* unapportioned tax under the 16th Amendment **without** any constitutional *limitation* being

applicable. Rather than seeking **only** the enforcement of a uniform *indirect* tax that is constitutionally authorized and allowed under Article I, Section 8, as upheld by the Supreme Court in 1916 (which is also the reason that the tax is **not** voluntary - it has a limited *enforceable* application, but **only** where a *person* is subject to some *impost, duty or excise* tax (authorized under Article I, Section 8, clause 1), and where that tax is then *measured* by “*income*” derived **only** from the *taxable* activity).

Of course, the argued **lack** of *subject-matter jurisdiction* under the 16th Amendment - for lack of an *enabling enforcement clause* therein, should be the first defense of every civil defendant under the Rules of Federal Civil Procedure, Rule 12(b)(1), and of every criminal defendant under the Rules of Federal Criminal Procedure, Rule 12(b)(2). And there is a **lack** of *personal jurisdiction* under Article I, Section 8 for lack of any *statutory subjectivity* to **any** *impost, duty, or excise* tax. This should be the second defense of every civil defendant under Fed. R. Civ. P. Rule 12(b)(2). Therefore, all of the civil tax enforcement actions filed by the United States must be dismissed from the district courts if properly argued by an attorney (or defendant), and the deeper you look into the supporting evidence of the statutes and the published enforcement regulations and procedures, the clearer this all becomes! And the only criminal charges that can survive are those brought under Title 18 instead of Title 26, - and those Title 18 charges are liable to fall as well if they are based on the **erroneous** enforcement of *direct* taxation under the 16<sup>th</sup> Amendment, instead of the enforcement of *indirect* taxation under Article I. And of course, all of this is irrefutably now proven by the Constitutional Authority Statement for the new income tax law that was signed into law by Donald trump in December of 2017 and made effective and *controlling* as of January 1, 2018, which Statement tells us that the constitutional authority for the federal personal income tax of Section 1 – *Tax imposed* is Article I, Section 8, clause 1, and **not** the 16th Amendment at all!

The confusion and problem have arisen out of the fact that historically there have been **two different, contradictory Standards at Law** that have been invoked and *used* arbitrarily by the federal courts for the last 60 years to try to justify the federal personal income tax under some clause of the Constitution. This problematic **inherent** and **irreconcilable** contradiction and conflict in the federal courts causing the constitutional problem is obvious; so how to deal with it procedurally in the courts is simple once **the problem is recognized** and acknowledged. The inherent contradiction in the two opposing *Standards at Law*<sup>1</sup>, can be used to compel the courts to make a clear choice as to the identification and establishment of its alleged constitutional foundation and true authority for the legal action before the court, going to the proper and complete establishment of the actual *subject-matter jurisdiction* of the court that can lawfully be *taken* by the court over the legal action, which **must begin** with the specification of either the *Impost, Duty, or Excise* taxing powers as those are the **only** taxing powers granted that are made enforceable at law by a constitutionally authorized Congress through an applicable *enabling enforcement clause*). This establishment of the *standard* being used by the court in any case, of course, must be done on the record of the action. But either choice for the alleged constitutional authority supporting the filing

---

<sup>1</sup> The first standard argues the income tax is a *direct* tax authorized under the 16<sup>th</sup> Amendment, despite the **lack** of an *enabling enforcement clause* therein; and the 2<sup>nd</sup> standard argues it is an *indirect* tax under Article I, Section 8, clause 1, but always refuses to say whether it is based on taxation by *Impost, Duty, or Excise*, rendering the standard *vague, arbitrary, and capricious*, because it does not identify the specific taxing power actually invoked to take a *subject-matter jurisdiction*.)

of the action, as either a *direct* tax or an *indirect* one, **kills the civil legal action** under Fed.R.Civ.P. Rule 12(b)(1) or 12(b)(2) (or Fed.R.Crim.P. Rule 12(b)(2)). It's just that simple. The supporting evidence, as to the true constitutionally authorized, lawful *applicability* of the enforcement statutes by the IRS and the DOJ, under **only** Title 27, (Part 70) is clearly published in the CFR, with no applicability shown therein under Title 26 and or the 16th Amendment.

Properly publicized in the legal community, this information will completely destroy in a matter of months the IRS' demands, and the DOJ's prosecutions in court of American citizens, for the payment of a federal personal income tax, and it would also destroy the DOJ's ability to secure judgments in the federal courts to continue to enforce the income tax as it has been doing under a perverted unconstitutional *philosophy* and operational *practice* that attempts to make the income tax under the 16th Amendment the operational equivalent of the unlimited power to tax the labors and *fruits of labor* of *We the People* directly and **without** an applicable constitutional *limitation*, as called for in the 2<sup>nd</sup> plank of the Communist Manifesto, rather than being implemented and enforced **only** as one of the constitutionally *limited* powers to tax *indirectly* that are granted and made enforceable at law by Article I, Section 8, clauses 1 and 18 of the U.S. Constitution, as upheld by the Supreme Court in 1916, as taxation by *Impost, Duty* or *Excise*.

I know this introductory material is already too long, and since a picture speaks a thousand words, I urge you to review the attached, two, very simple diagrams about *subject-matter jurisdiction* that plainly diagram what is wrong with the current "system", and what is actually allowed in the federal courts to tax "*income*" under the under the U.S. Constitution, as held by the Supreme Court. Will you help me to save America from this **monstrous judicial sedition** and **treason** that has been committed, and publicize this information **all across America** about this **fatal** fundamental **lack** of *subject-matter jurisdiction* of the federal courts to entertain and adjudicate civil and criminal actions relating to the enforcement of the federal personal income tax? Every attorney in the country should know how to put on this defense for any income-tax-charged defendant.

I have written all of the *Motions* and court documents necessary to pursue this course of legal defense in any federal court. I also have all of the necessary supporting documents and will be mounting both the *Motions* and the docs on the [www.IRSzoom.com](http://www.IRSzoom.com) on-line document library store, that allows any person in the country to quickly and easily procure the documents necessary to answer any administrative correspondence received from the IRS, and to subsequently properly argue the actual income tax law(s) in the federal court(s) under the U.S. Constitution if that becomes necessary. Starting with this argued *lack* of a specific identification and explanation of *how* the *subject-matter jurisdiction* of the court has been taken, and or how the court has secured *personal jurisdiction* over the defendant when there is no *Impost, Duty, or Excise* taxable activity to tax that has taken place? This perfect legal strategy is ready to be publicized and used by the general public and all private attorneys arguing tax law in the U.S. courtroom, anywhere in America, for any civil or criminal defendant in a tax enforcement action (other than those *persons* who are actually involved in ATF and petroleum fuels activities, where the *excise* tax is actually imposed and made enforceable). I have developed all of this information and "tools" to expose and defeat the unconstitutional system we all currently suffer under now, but I can't do this alone. I need help publicizing the Truth about the "problem", so that this basic and fundamental constitutional knowledge may once again become a part of the American collective consciousness and its awareness. So, would you be willing to help me try to restore constitutionality to the

American system of taxation by spreading word of this little book and encouraging others to acquire and read it, please?

Please carefully review and read the accompanying supporting Exhibit pages, and then feel free to visit my websites at [www.IRZoom.com](http://www.IRZoom.com) and [www.Tax-Freedom.com](http://www.Tax-Freedom.com). And to learn more, get the American Tax Bible at the IRZoom.com store. Thank you for your consideration and support in this critically important matter of historical Truth controlling our people's liberty and freedom and our nation's future prosperity, or ***lack*** thereof, under a *dejure* administration of the U.S. Constitution.

# ***personal jurisdiction* of the federal courts to enforce Income Tax Law**

## **U.S. Constitution**

provides for the Federal power to indirectly tax **INCOME**

### **INDIRECT POWERS**

are established under

### **Article I, Section 8, cl. 1**

**but only as an**

**Impost** or **Duty** or **Excise**  
(on **foreigners** (on **exports**) (on **commodities(ATF), & imports**) **corporations, products, tax collections, etc.**)  
(and the **16th Amendment** now says this includes **ALL income** derived from **these taxable** activities.  
**BUT NO OTHERS !**)  
all enforced under Article I, Section 8, clause 18

The "**Necessary and Proper**" enforcement clause

But **NONE OF THESE enforceable indirect TAXES, TOUCH**

**We the People's RIGHT TO WORK**

(outside of ATF biz, petroleum fuels, etc., so no **personal jurisdiction** exists !)

(so **all civil actions** for income tax under Article I should be **dismissed** under Fed.R.Civ.P. Rule 12(b)(2), **unless** you are a **person involved** in **ATF** or one of these other **excise taxable activities**, and **NOT** many people are!).

*personal jurisdiction* of the federal court, (**lacking** under FRCP R. 12(b)(2)), is necessary for the enforcement of the indirect taxes authorized under Article I; and is based **only** on your **participation** in the identified taxable activities. **Where no taxable activity is conducted by you, no personal jurisdiction exists over your person to allow any federal court to enforce any income taxing powers under Article I upon your wages.**

**NO personal jurisdiction exists** for the federal courts to enforce (under Article I) **an indirect income tax** on the **wages** derived from the **simple exercise** of the American citizen's **Right to Work**, because the taxation of all wages is **not part** of the **indirect taxation powers** of Article I !

# subject-matter jurisdiction of the federal courts to enforce Tax Law

## under the U.S. Constitution

which provides for the Federal power of TAXATION both

as **DIRECT** & **INDIRECT** taxation.

under the:

**16th Amendment** & Art I, Sec 2, cl. 3 & **Art. I, Section 8, cl. 1**  
but only as an

where the tax is: UN-apportioned and with no enforcement clause to authorize Congress to write law. **SO THIS IS NEVER MADE ENFORCEABLE!**

So **NO law can be lawfully written by Congress** to enforce this alleged direct taxing power!

**BUT, THIS IS WHAT THE I.R.S. administratively enforces!**

Art. I direct tax | **Impost** or **Duty** or **Excise** | is apportioned | (on foreign activity and imports) | (on exports) | (on corporations, commodities (ATF), tax collections, & products). | to the 50 states | for collection | not to us, and **All the Article I taxing powers are**

**enforced under the Article I, Section 8, clause 18.**  
"Necessary and Proper" enforcement clause

But **NONE OF THESE enforceable INDIRECT TAXES, TOUCH**

**We the People's RIGHT TO WORK**

(**ALL dismissed** under F.R.C.P. Rule 12(b)(1)) (neither **directly** nor **indirectly** - SO: no personal jurisdiction exists !)  
(**They're unenforceable in federal court!**) (so **all Art. I tax claims** get **dismissed** under Fed.R.Civ.P. Rule 12(b)(2))

subject-matter jurisdiction must be **taken under an authorized statute** of the USC, or it is **lacking** under FRCP R.12(b)(1) subject-matter jurisdiction of the court, derives from a statute that **Congress is constitutionally authorized to write.**

Where **no law from Congress is authorized** by the 16th Amendment, **no jurisdiction exists** for any federal court to enforce any alleged **new** taxing power, **beyond that already established** under Article 1, Section 8, clauses 1 and 18!

**NO subject-matter jurisdiction exists** for the federal courts to enforce a **direct** income tax under the 16th Amendment on the **wages** derived from the **simple exercise** of the **Right to Work!**

The Supreme Court says the tax on income is **inherently indirect**  
see: *Brushaber & Baltic Mining* (1916)

The Constitutional Authority Statement for the new Trump income tax law as of Dec. 2017

## CONGRESS.GOV

### H.R.1 - Tax Cuts and Jobs Act

115th Congress (2017-2018)

**Sponsor:** [Rep. Brady, Kevin \[R-TX-8\]](#) (Introduced 11/02/2017)

**Committees:** House - Ways and Means

**Committee Reports:** [H. Rept. 115-409](#)

**Latest Action:** House - 11/16/2017 Motion to reconsider laid on the table Agreed

**Roll Call Votes:** There has been [1 roll call vote](#)

**Tracker:** Introduced **Passed House** Passed Senate To President Became Law

**Summary (1)** [Text \(3\)](#) [Actions \(22\)](#) [Titles \(5\)](#) [Amendments \(1\)](#) [Cosponsors \(2\)](#)

There is one summary for H.R.1. [Bill summaries](#) are authored by [CRS](#).

#### Shown Here:

Introduced in House (11/02/2017)

#### Tax Cuts and Jobs Act

This bill amends the Internal Revenue Code to reduce tax rates and modify policies, credits

With respect to individuals, the bill:

- replaces the seven existing tax brackets (10%, 15%, 25%, 28%, 33%, 35%, and 39.6%) with four new brackets (10%, 15%, 25%, and 35%),
- increases the standard deduction,
- repeals the deduction for personal exemptions,
- establishes a 25% maximum rate on the business income of individuals,
- increases the child tax credit and establishes a new family tax credit,
- repeals the overall limitation on certain itemized deductions,
- limits the mortgage interest deduction for debt incurred after November 2, 2017,
- repeals the deduction for state and local income or sales taxes not paid or accrued in a trade or business,
- repeals the deduction for medical expenses,
- consolidates and repeals several education-related deductions and credits,
- repeals the alternative minimum tax, and
- repeals the estate and generation-skipping transfer taxes in six years.

For businesses, the bill:

- reduces the corporate tax rate from a maximum of 35% to a flat 20% rate (25% for personal services corporations),
- allows increased expensing of the costs of certain property,
- limits the deductibility of net interest expenses to 30% of the business's adjusted taxable income,
- repeals the work opportunity tax credit,
- terminates the exclusion for interest on private activity bonds,
- modifies or repeals various energy-related deductions and credits,
- modifies the taxation of foreign income, and
- imposes an excise tax on certain payments from domestic corporations to related foreign corporations.

The bill also repeals or modifies several additional credits and deductions for individuals and businesses.

#### Constitutional Authority Statement

[Congressional Record Volume 163, Number 178 (Thursday, November 2, 2017)]  
From the Congressional Record Online through the Government Publishing Office [\[www.gpo.gov\]](#)  
By Mr. BRADY of Texas:

H.R. 1.

Congress has the power to enact this legislation pursuant

to the following:

Article I, Section 8, Clause 1 of the Constitution of the United States.

[Page H8444]

#### About Constitutional Authority Statements

On January 5, 2011, the House of Representatives adopted an amendment to House Rule XII, Rule XII, clause 7(c) requires that, to be accepted for introduction by the House Clerk, all bills (H.R.) and joint resolutions (H.J. Res.) must provide a document stating "as specifically as practicable the power or powers granted to Congress in the Constitution to enact the bill or joint resolution."

Close

## **Constitutional Authority Statement**

[Congressional Record Volume 163, Number 178 (Thursday, November 2, 2017)]  
From the Congressional Record Online through the Government Publishing Office  
[www.gpo.gov](http://www.gpo.gov)

By Mr. BRADY of Texas:

H.R. 1.

Congress has the power to enact this legislation pursuant  
to the following:

**Article I, Section 8, Clause 1 of the Constitution of the  
United States.**

[Page H8444]

### **About Constitutional Authority Statements**

On January 5, 2011, the House of Representatives adopted an amendment to House Rule XII. Rule XII, clause 7(c) requires that, to be accepted for introduction by the

---



SO HOW COME the IRS, the DOJ & the LOWER FEDERAL COURTS (District & Circuit)  
NOW SAY THAT IT IS A DIRECT TAX UNDER THE 16<sup>th</sup> AMENDMENT !!

THE IRS, DOJ, & lower court judges all NOW say, argue, and rule that it is *frivolous* to argue that the federal personal income tax is an *indirect* tax (*Impost, Duty, or Excise*) under Article I, Section 8, clause 1 of the U.S. Constitution, AS OPENLY DECLARED BY CONGRESS IN THE Constitutional Authority Statement, in the Congressional Record, for the NEW TRUMP TAX LAW (shown above and enacted in December 2017, - made effective as of January 2018), rather than a *direct* tax under the 16<sup>th</sup> Amendment, which is what they have been wrongfully and fraudulently arguing and ruling erroneously for 65 years. **Here is the government's ERRONEOUS position, below, verbatim, from their Frivolous Positions Document(s), published on the IRS website.**

**“6. Contention: The Sixteenth Amendment does not authorize a direct non-apportioned federal income tax on United States citizens.**

Some assert that the Sixteenth Amendment does not authorize a direct non-apportioned income tax and thus, U.S. citizens and residents are not subject to federal income tax laws.

**The Law:** The constitutionality of the Sixteenth Amendment has invariably been upheld when challenged. And numerous courts have both implicitly and explicitly recognized that the Sixteenth Amendment authorizes a non-apportioned direct income tax on United States citizens and that the federal tax laws as applied are valid. In *United States v. Collins*, 920 F.2d 619, 629 (10th Cir. 1990), cert. denied, 500 U.S. 920 (1991), the court cited to *Brushaber v. Union Pac. R.R.*, 240 U.S. 1, 12-19 (1916), and noted that the U.S. Supreme Court has recognized that the “sixteenth amendment authorizes a direct nonapportioned tax upon United States citizens throughout the nation.”

**Relevant Case Law:**

*In re Becraft*, 885 F.2d 547 (9th Cir. 1989) – the court affirmed a failure to file conviction, rejecting the taxpayer’s frivolous position that the Sixteenth Amendment does not authorize a direct non-apportioned income tax.

*United States v. Collins*, 920 F.2d 619, 629 (10th Cir. 1990) – the court found defendant’s argument that the Sixteenth Amendment does not authorize a direct, non-apportioned tax on United States citizens similarly to be “devoid of any arguable basis in law.”

*Lovell v. United States*, 755 F.2d 517, 518 (7th Cir. 1984) – the court rejected the argument that the Constitution prohibits imposition of a direct tax without apportionment, and upheld the district court’s frivolous return

The IRS, DOJ, and lower courts still say that the federal personal income tax is a direct tax under authority of the 16th Amendment; - which it NEVER WAS, and never-the-less, it now CANNOT BE, - after the new Trump tax law enacted in Dec. 2017.

The IRS, DOJ, and the federal JUDGES ARE LYING TO YOU AMERICA!  
Just BLATANTLY LYING !!

penalty assessment and the award of attorneys' fees to the government "because [the taxpayers'] legal position was patently frivolous." The appeals court imposed additional sanctions for pursuing "frivolous arguments in bad faith."

*Broughton v. United States*, 632 F.2d 706 (8th Cir. 1980) – the court rejected a refund suit, stating that the Sixteenth Amendment authorizes imposition of an income tax without apportionment among the states.

*Stearman v. Commissioner*, T.C. Memo. 2005-39, 89 T.C.M. (CCH) 823 (2005), aff'd, 436 F.3d 533 (5th Cir. 2006) – the court imposed sanctions totaling \$25,000 against the taxpayer for advancing arguments characteristic of tax-protester rhetoric that has been universally rejected by the courts, including arguments regarding the Sixteenth Amendment. In affirming the Tax Court's holding, the Fifth Circuit granted the government's request for further sanctions of \$6,000 against the taxpayer

for maintaining frivolous arguments on appeal, and the Fifth Circuit imposed an additional \$6,000 sanctions on its own, for total additional sanctions of \$12,000."

But the Supreme Court ruled in 1913 in the *Brushaber* [240 US 1 (1916)] and *Baltic Mining* [240 US 103 (1916)] decisions, that it is an *indirect* tax, **not direct**; - and that is also what Congress just wrote in the "Constitutional Authority Statement" on the Congressional Record, clearly stating the original congressional intent with respect to this new income tax law (H.R. 1), that was just passed under President Donald Trump in December of 2017, and became effective the next month in January 2018.

So shouldn't someone tell Congress that their new income tax law is deemed *frivolous* by the courts, the IRS, and the DOJ? Or is it really the DOJ, the IRS, and federal judges who have been pushing the *frivolous socialist* positions on the American People (virtual communism under the 2<sup>nd</sup> Plank of the Manifesto – look it up), under the *guise* and *pretense* of taxation, and in the *name of tax only* for 65 years.

That's 65 years of JUDICIAL FRAUD to communize America, and Americans.  
That's Orwellian.

**THREE DIFFERENT FEDERAL COURTS (& their CIRCUIT COURTS OF APPEALS)  
PROVIDE THREE DIFFERENT RULINGS ON THE CONSTITUTIONAL NATURE OF THE TAX**

1. Defendant Michael Balice, Judge **Kevin McNulty**, Trenton, NJ

**New Jersey federal district court case # 2:14-cv-03937**

**U.S. Third Circuit cases # 17-3143, 18-2432, 18-2528**

**Court Rules** it is a new, ***Direct*** taxing power under the 16<sup>th</sup> Amendment

– despite there being **no enabling enforcement clause** in the Amendment to authorize the U.S. Congress to write new law to enforce the new power allegedly created

– Invokes the Article 1, Sec. 8, cl. 18 enforcement powers to enforce powers that are **prohibited** in Article I, thus improperly using the Amendment to **destroy** 2 other Art I clauses, and removing all *limitation* upon the alleged new power to tax income (***directly*** and without *limitation*)

2. Defendant Lewis Carter, Judge **Hannah Lauck**, Eastern Virginia – Richmond

**Virginia district court cases# 3:15-cv-00161 & 3:16-cv-00674**

**U.S. Fourth Circuit cases #16-1689, 18-1471**

**Court Rules** in this case that it is a pre-existing ***Indirect*** tax (and taxing power) under authority of Article I, Section 8, cl. 1 (**not** *Direct*, as held in the 3rd Circuit)

- contradicting 35 years of established precedent in the Fourth Circuit!

- But the court **refuses** to say if it is an *Impost, Duty, or Excise* thereunder!

3. Defendant Ken Cromar, Judge **Robert L. Shelby** - Central Division, Salt Lake City, Utah

District court case #2:17-cv-01223

**Tenth Circuit cases #18-4128, 19-4035, 19-4075, 19-4125, 19-4129**

This district court judge **refused to identify** or make plaintiff United States identify, on the record of the action in the court, **the constitutional nature of the tax pursued** for enforcement, as either *direct* or *indirect* (or something else?). This court allowed the plaintiff to claim that *subject-matter jurisdiction* can be established under statutes alone – arguing that **no constitutional authority** is alleged to be necessary or required, - which is legally **impossible**.

- **F.R.C.P. Rule 84, Form 2**; at one time, provided the **specific form** to be used to declare the *subject-matter jurisdiction* of the court taken in any civil legal action. It read:

“... The action arises under [the Constitution of the United States, Article \_\_\_\_, Section \_\_\_\_]; [the \_\_\_\_ Amendment to the Constitution of the United States, Section \_\_\_\_]; ...”

Neither court, nor the plaintiff United States, will speak to address the *nature* of the tax claims.

# Underwood-Simmons Tariff Act of Oct. 3, 1913

{Please note that within this legislation, at Subsection H, it is stated that the United States is defined within this Section (II), as being the **territorial** United States, and **not** the fifty states. **BECAUSE THE INCOME TAX IS A TARIFF THAT IS LAID ONLY IN THE FOREIGN JURISDICITON,** which includes the territories, but not the fifty states }

## SECTION II.

A. Subdivision 1. That there shall be levied, assessed, collected and paid annually upon the entire net income arising or accruing from all sources in the preceding calendar year to every citizen of the United States, whether residing at home or abroad, and to every person residing in the United States, though not a citizen thereof, a tax of 1 per centum per annum upon such income, except as hereinafter provided; and a like tax shall be assessed, levied, collected, and paid annually upon the entire net income from all property owned and of every business, trade, or profession carried on in the United States by persons residing elsewhere.

Subdivision 2. In addition to the income tax provided under this section (herein referred to as the normal income tax) there shall be levied, assessed, and collected upon the net income of every individual an additional income tax (herein referred to as the additional tax) of 1 per centum per annum upon the amount by which the total net income exceeds \$20,000 and does not exceed \$50,000, and 2 per centum per annum upon the amount by which the total net income exceeds \$50,000 and does not exceed \$75,000, 3 per centum per annum upon the amount by which the total net income exceeds \$75,000 and does not exceed \$100,000, 4 per centum per annum upon the amount by which the total net income exceeds \$100,000 and does not exceed \$250,000, 5 per centum per annum upon the amount by which the total net income exceeds \$250,000 and does not exceed \$500,000, and 6 per centum per annum upon the amount by which the total net income exceeds \$500,000.

...

... ~~subject to make a return at the time or times hereinafter specified in each year, or shall render a false or fraudulent return, such corporation, joint-stock company or association, or insurance company shall be liable to a penalty of not exceeding \$10,000.~~

H. That the word "State" or "United States" when used in this section shall be construed to include any Territory, Alaska, the District of Columbia, Porto Rico, and the Philippine Islands, when such construction is necessary to carry out its provisions.

I. That sections thirty-one hundred and sixty-seven, thirty-one hundred and seventy-two, thirty-one hundred and seventy-three, and thirty-one hundred and seventy-six of the Revised Statutes of the United States as amended are hereby amended so as to read as follows:

"SEC. 3167. It shall be unlawful for any collector, deputy collector, agent, clerk, or other officer or employee of the

# UNITED STATES STATUTES AT LARGE

CONTAINING THE

LAWS AND CONCURRENT RESOLUTIONS  
ENACTED DURING THE FIRST SESSION OF THE  
SEVENTY-SIXTH CONGRESS  
OF THE UNITED STATES OF AMERICA

## 1939

AND

TREATIES, INTERNATIONAL AGREEMENTS OTHER  
THAN TREATIES, AND PROCLAMATIONS

COMPILED, EDITED, INDEXED, AND PUBLISHED BY AUTHORITY OF LAW  
UNDER THE DIRECTION OF THE SECRETARY OF STATE

## VOLUME 53

### PART 1

## INTERNAL REVENUE CODE

APPROVED FEBRUARY 10, 1939



UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1939

## 4 CODIFICATION OF INTERNAL REVENUE LAWS

### SUPPLEMENT P—FOREIGN PERSONAL HOLDING COMPANIES

- Sec. 331. Definition of foreign personal holding company.
- Sec. 332. Foreign personal holding company income.
- Sec. 333. Stock ownership.
- Sec. 334. Gross income of foreign personal holding companies.
- Sec. 335. Undistributed supplement P net income.
- Sec. 336. Supplement P net income.
- Sec. 337. Corporation income taxed to United States shareholders.
- Sec. 338. Information returns by officers and directors.
- Sec. 339. Information returns by shareholders.
- Sec. 340. Penalties.

### SUPPLEMENT Q—MUTUAL INVESTMENT COMPANIES

- Sec. 361. Definition.
- Sec. 362. Tax on mutual investment companies.

### SUPPLEMENT R—EXCHANGES AND DISTRIBUTIONS IN OBEDIENCE TO ORDERS OF THE SECURITIES AND EXCHANGE COMMISSION

- Sec. 371. Nonrecognition of gain or loss.
- Sec. 372. Basis for determining gain or loss.
- Sec. 373. Definitions.

## CHAPTER 1—INCOME TAX

### SUBCHAPTER A—INTRODUCTORY PROVISIONS

#### SEC. 1. APPLICATION OF CHAPTER.

The provisions of this chapter shall apply only to taxable years beginning after December 31, 1938. Income, war-profits, and excess-profits taxes for taxable years beginning prior to January 1, 1939, shall not be affected by the provisions of this chapter, but shall remain subject to the applicable provisions of the Revenue Act of 1938 and prior revenue acts, except as such provisions are modified by legislation enacted subsequent to the Revenue Act of 1938.

#### SEC. 2. CROSS REFERENCES.

The cross references in this chapter to other portions of the chapter, where the word "see" is used, are made only for convenience, and shall be given no legal effect.

#### SEC. 3. CLASSIFICATION OF PROVISIONS.

The provisions of this chapter are herein classified and designated as—

- Subchapter A—Introductory provisions,
- Subchapter B—General provisions, divided into Parts and sections,
- Subchapter C—Supplemental provisions, divided into Supplements and sections.

#### SEC. 4. SPECIAL CLASSES OF TAXPAYERS.

The application of the General Provisions and of Supplements A to D, inclusive, to each of the following special classes of taxpayers, shall be subject to the exceptions and additional provisions found in the Supplement applicable to such class, as follows:

- (a) Estates and trusts and the beneficiaries thereof,—Supplement E.
- (b) Members of partnerships,—Supplement F.
- (c) Insurance companies,—Supplement G.
- (d) Nonresident alien individuals,—Supplement H.
- (e) Foreign corporations,—Supplement I.
- (f) Individual citizens of any possession of the United States who are not otherwise citizens of the United States and who are not residents of the United States,—Supplement J.
- (g) Individual citizens of the United States or domestic corporations, satisfying the conditions of section 251 by reason of deriving a large portion of their gross income from sources within a possession of the United States,—Supplement J.

## INCOME TAX 5

- (h) China Trade Act corporations,—Supplement K.
- (i) Foreign personal holding companies and their shareholders,—Supplement P.
- (j) Mutual investment companies—Supplement.

### SUBCHAPTER B—GENERAL PROVISIONS

#### Part I—Rates of Tax

##### SEC. 11. NORMAL TAX ON INDIVIDUALS.

There shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax of 4 per centum of the amount of the net income in excess of the credits against net income provided in section 25.

##### SEC. 12. SURTAX ON INDIVIDUALS.

(a) DEFINITION OF "SURTAX NET INCOME".—As used in this section the term "surtax net income" means the amount of the net income in excess of the credits against net income provided in section 25 (b).

(b) RATES OF SURTAX.—There shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual a surtax as follows:

Upon a surtax net income of \$4,000 there shall be no surtax; upon surtax net incomes in excess of \$4,000 and not in excess of \$6,000, 4 per centum of such excess.

\$80 upon surtax net incomes of \$6,000; and upon surtax net incomes in excess of \$6,000 and not in excess of \$8,000, 5 per centum in addition of such excess.

\$180 upon surtax net incomes of \$8,000; and upon surtax net incomes in excess of \$8,000 and not in excess of \$10,000, 6 per centum in addition of such excess.

\$300 upon surtax net incomes of \$10,000; and upon surtax net incomes in excess of \$10,000 and not in excess of \$12,000, 7 per centum in addition of such excess.

\$440 upon surtax net incomes of \$12,000; and upon surtax net incomes in excess of \$12,000 and not in excess of \$14,000, 8 per centum in addition of such excess.

\$600 upon surtax net incomes of \$14,000; and upon surtax net incomes in excess of \$14,000 and not in excess of \$16,000, 9 per centum in addition of such excess.

\$780 upon surtax net incomes of \$16,000; and upon surtax net incomes in excess of \$16,000 and not in excess of \$18,000, 11 per centum in addition of such excess.

\$1,000 upon surtax net incomes of \$18,000; and upon surtax net incomes in excess of \$18,000 and not in excess of \$20,000, 13 per centum in addition of such excess.

\$1,260 upon surtax net incomes of \$20,000; and upon surtax net incomes in excess of \$20,000 and not in excess of \$22,000, 15 per centum in addition of such excess.

\$1,560 upon surtax net incomes of \$22,000; and upon surtax net incomes in excess of \$22,000 and not in excess of \$26,000, 17 per centum in addition of such excess.

\$2,240 upon surtax net incomes of \$26,000; and upon surtax net incomes in excess of \$26,000 and not in excess of \$32,000, 19 per centum in addition of such excess.

\$3,380 upon surtax net incomes of \$32,000; and upon surtax net incomes in excess of \$32,000 and not in excess of \$38,000, 21 per centum in addition of such excess.

\$4,640 upon surtax net incomes of \$38,000; and upon surtax net incomes in excess of \$38,000 and not in excess of \$44,000, 24 per centum in addition of such excess.

\$6,080 upon surtax net incomes of \$44,000; and upon surtax net incomes in excess of \$44,000 and not in excess of \$50,000, 27 per centum in addition of such excess.

## PARALLEL TABLE OF AUTHORITIES AND RULES

---

The following table lists rulemaking authority (except 5 U.S.C. 301) for regulations codified in the *Code of Federal Regulations*. Also included are statutory citations which are noted as being interpreted or applied by those regulations.

The table is divided into four segments: United States Code citations, United States Statutes at Large citations, public law citations, and Presidential document citations. Within each segment the citations are arranged in numerical order:

For the United States Code, by title and section;

For the United States Statutes at Large, by volume and page number;

For public laws, by number; and

For Presidential documents (Proclamations, Executive orders, and Reorganization plans), by document number.

Entries in the table are taken directly from the rulemaking authority citation provided by Federal agencies in their regulations. Federal agencies are responsible for keeping these citations current and accurate. Because Federal agencies sometimes present these citations in an inconsistent manner, the table cannot be considered all-inclusive.

The portion of the table listing the United States Code citations is the most comprehensive, as these citations are entered into the table whenever they are given in the authority citations provided by the agencies. United States Statutes at Large and public law citations are carried in the table only when there are no corresponding United States Code citations given.

This table is revised as of January 1, 2014.



## Authorities

26 U.S.C. (1986 I.R.C.)—Continued	CFR	26 U.S.C. (1986 I.R.C.)—Continued	CFR
5044	27 Part 24	5411—5417	27 Part 25
5051—5054	27 Part 25	5415	27 Part 70
5051	27 Parts 26, 27, 28	5501—5505	27 Part 19
5054	27 Parts 27, 28	5504	27 Part 70
5056	27 Part 25	5511	27 Parts 18, 24
5061—5062	27 Parts 19, 24	5551—5555	27 Part 19
5061	27 Parts 25, 26, 27, 28, 46	5551—5552	27 Parts 24, 25
5066	27 Part 19	5552	27 Parts 18, 20, 22
5111—5114	27 Parts 17, 26	5555—5556	27 Part 25
5121—5124	27 Part 31	5555	27 Parts 20, 22, 26, 27, 28, 31, 70
5121	27 Parts 19, 22, 24, 25, 26, 27, 28	5559	27 Part 19
5122—5124	27 Parts 19, 24, 25, 26, 27	5561—5562	27 Part 19
5122	27 Part 28	<b>5601</b>	<b>27 Parts 19, 29</b>
5123	27 Parts 17, 22, 70	5603	27 Part 31
5131	27 Parts 26, 31	5607	27 Part 20
5132	27 Parts 26, 31	5612	27 Part 19
5171—5173	27 Parts 18, 19	5613	27 Part 31
5173	27 Part 24	5615	27 Part 29
5175—5176	27 Part 19	5661—5662	27 Part 24
5178—5181	27 Part 19	5671	27 Part 25
5178—5179	27 Part 18	5673	27 Part 25
5179	27 Part 29	5681	27 Part 31
5181	27 Part 71	5682	27 Part 19
5201—5204	27 Part 19	5684	27 Parts 24, 25, 70
5201	27 Parts 27, 28	5687	27 Parts 29, 31
5203	27 Parts 18, 70	5688	19 Part 162
5205	27 Parts 27, 28	5701	27 Parts 40, 41, 44
5206—5207	27 Parts 19, 31	5702	27 Parts 41, 44, 45
5206	27 Parts 17, 20, 22, 24	5703	27 Parts 40, 41, 44, 45
5207	27 Parts 26, 27, 28, 70	5704	27 Parts 40, 41, 44, 45
5211—5215	27 Part 19	5705	27 Parts 40, 41, 44, 45
5214—5215	27 Part 24	5708	27 Parts 41, 46
5214	27 Parts 20, 22	5711	27 Parts 40, 44
5221—5223	27 Part 19	5712	27 Parts 40, 41, 44, 71
5222	27 Part 25	5713	27 Parts 40, 41, 44, 71
5231—5232	27 Part 19	5721	27 Parts 40, 41, 44
5232	27 Parts 26, 27, 28	5722	27 Parts 40, 41, 44
5235—5236	27 Part 19	5723	27 Parts 40, 41, 44, 45
5241—5243	27 Part 19	5731—5734	27 Parts 40, 46
5242	27 Part 21	5731	27 Part 44
5271—5275	27 Parts 20, 22	5741	27 Parts 40, 41, 44, 45, 70
5271	27 Parts 19, 26, 71	5751	27 Parts 40, 44, 45, 46
5273	27 Parts 17, 19, 27, 28, 31	5753	26 Part 127
5275	27 Parts 26, 70		27 Part 40
5276	27 Part 26	5754	27 Parts 41, 44, 46
5291	27 Part 29	5761	27 Parts 40, 41, 46, 70
5301	27 Parts 5, 13, 19, 26, 27, 28, 31	5762	27 Parts 40, 41, 45, 46
5311—5313	27 Part 19	5763	27 Parts 40, 41, 45, 46
5311	27 Parts 20, 22	5802	27 Part 70
5313	27 Parts 27, 28	6001	26 Parts 1, 31, 41, 55, 156, 157
5314	27 Part 26		27 Parts 19, 26, 46, 53
5351	27 Parts 18, 24	6011	26 Parts 1, 26, 31, 40, 55, 156, 157, 301
5352	27 Part 31		27 Parts 25, 53, 73
5353—5354	27 Part 24	6015	26 Part 1
5354	27 Part 18	<b>6020</b>	<b>27 Parts 53, 70</b>
5356	27 Part 18	6021	27 Parts 53, 70
5356—5357	27 Part 24	6033	26 Parts 1, 301
5361—5362	27 Part 24	6035	26 Part 1
5362	27 Part 19	6036	26 Part 301
5364—5373	27 Part 24	6037	26 Part 301
5367	27 Part 70	6038—6038B	26 Part 1
5370	27 Part 19	6038D	26 Part 1
5373	27 Part 19	6039E	22 Part 51
5381—5388	27 Part 24	6039I	26 Part 1
5391—5392	27 Part 24	6041	26 Part 1
5401—5403	27 Part 25	6043	26 Part 1

## CFR Index

26 U.S.C. (1986 I.R.C.)—Continued	CFR
6045	26 Parts 1, 5f
6046A	26 Part 1
6047	26 Part 35
6049	26 Part 1
6050E	26 Part 1
6050H—6050I-1	26 Part 1
6050K	26 Part 1
6050M	26 Parts 1, 301
6050P	26 Part 1
6050S	26 Part 1
6051	26 Part 31
6056	27 Part 22
6058	29 Part 2520
6060	26 Parts 1, 20, 25, 26, 31, 40, 41, 44, 53, 54, 55, 56, 156, 157
6061	26 Parts 1, 156, 157, 301 27 Parts 22, 25, 31, 40, 44, 53, 73
6064	27 Part 70
6065	26 Part 1 27 Parts 17, 18, 19, 20, 22, 24, 25, 31, 40, 44
6071	26 Parts 31, 40, 41, 55, 57, 154, 156, 157 27 Parts 31, 53
6081	26 Parts 1, 20, 25, 26, 31, 53, 156, 157, 301 27 Part 53
6090	26 Part 43
6091	26 Parts 40, 46, 55, 156, 157 27 Parts 17, 24, 25, 31, 53
6101—6104	27 Part 53
6101	26 Part 40
6102	27 Part 70
6103	20 Parts 401, 402 26 Parts 1, 301, 602 27 Part 31
6104	26 Part 301
6109	26 Parts 1, 20, 25, 26, 31, 40, 44, 53, 54, 55, 56, 150, 156, 157, 301 27 Parts 17, 19, 22, 24, 25, 31, 40, 53
6111	26 Part 301
6112	26 Part 301
6114	26 Part 301
6151	26 Part 41 27 Parts 22, 25, 40, 44, 53
6155	27 Parts 53, 70
6157	26 Part 31
6158	26 Part 301
6159	27 Part 70
6161	26 Parts 156, 157 27 Part 53
6201	27 Part 70
6203—6204	27 Part 70
6204	22 Part 504
6205	26 Part 31
6223	26 Part 301
6230	26 Part 301
6231	26 Part 301
6232	26 Part 150
6233	26 Part 301
6241	26 Part 301
6245	26 Part 301
6301	27 Parts 24, 25, 26, 40, 41, 53, 70
6302	26 Parts 1, 20, 25, 31, 51, 57 27 Parts 19, 24, 25, 26, 27, 28, 40, 41, 53

26 U.S.C. (1986 I.R.C.)—Continued	CFR
	31 Parts 203, 214, 380
6303	27 Parts 53, 70
6311	26 Part 301 27 Parts 19, 24, 25, 40, 53, 70
6313	27 Parts 25, 40, 41, 45, 70
6314	27 Part 70
6321	27 Part 70
6323	26 Part 301 27 Part 70
6325	26 Part 401 27 Part 70
6326	26 Part 301 27 Part 70
6331—6343	27 Part 70
6343	26 Part 301
6364	26 Part 31
6401—6404	27 Part 70
6402	6 Part 11 10 Parts 15, 16 12 Part 1208 26 Parts 1, 301 27 Parts 25, 40, 41, 44, 53 31 Part 285
6404	26 Part 301 27 Parts 40, 41, 44, 53
6407	27 Part 70
6411	26 Parts 1, 301
6416	27 Parts 53, 70
6423	27 Parts 40, 70
6426	26 Part 154
6427	26 Part 48
6501—6503	27 Part 70
6511	27 Part 70
6513—6514	27 Part 70
6532	27 Part 70
6601	27 Parts 46, 70
6602	27 Part 70
6611	27 Part 70
6621	27 Parts 46, 70
6622	27 Parts 46, 70
6651	27 Parts 24, 25, 70
6653	27 Part 70
6655	26 Part 1
6656—6658	27 Part 70
6656	27 Part 25
6662	26 Part 1
6665	27 Part 70
6671—6672	27 Part 70
6676	27 Parts 19, 24, 25, 40
6689	26 Part 301
6695	26 Parts 1, 20, 22, 26, 31, 40, 41, 44, 53, 54, 55, 56, 156, 157
6701	27 Part 70
6723	27 Parts 31, 70
6724	27 Part 31
6801	27 Part 70
6804	27 Part 26
6806	27 Parts 19, 22, 25, 40, 44
6851	26 Part 1
6862—6863	27 Part 70
6901	27 Part 70
7011	27 Parts 40, 44, 70
7101	27 Parts 26, 41, 70, 72
7102	27 Parts 26, 70
7121—7122	27 Part 70
7207	27 Part 70

## Authorities

26 U.S.C. (1986 I.R.C.)—Continued	CFR	26 U.S.C. (1986 I.R.C.)—Continued	CFR
7209 .....	27 Part 70	9003 .....	11 Parts 9003, 9033
7212 .....	27 Parts 40, 41, 44, 45, 46	9004 .....	11 Part 9004
7213 .....	27 Part 17	9005 .....	11 Part 9005
7214 .....	5 Part 3101	9006 .....	11 Part 9005
	15 Part 0	9007 .....	11 Parts 201, 9007
	27 Part 70	9008 .....	11 Parts 201, 9008
7216 .....	26 Part 301	9009 .....	11 Parts 201, 9001, 9002, 9003, 9004, 9005, 9006, 9007, 9008
7302 .....	27 Part 24	9012 .....	11 Part 9012
7304 .....	27 Part 70	9031 .....	11 Part 9031
7322—7326 .....	27 Part 72	9032 .....	11 Part 9032
7325 .....	27 Part 40	9033 .....	11 Part 9033
7327 .....	23 Part 773	9034 .....	11 Part 9034
7342 .....	27 Parts 24, 25, 40, 41, 44, 45, 46	9035 .....	11 Part 9035
7401 .....	27 Part 70	9036 .....	11 Part 9036
7403 .....	27 Part 70	9037 .....	11 Part 9037
7406 .....	27 Part 70	9038 .....	11 Parts 201, 9038
7423—7426 .....	27 Part 70	9039 .....	11 Parts 201, 9031, 9032, 9033, 9034, 9035, 9036, 9037, 9038, 9039
7429—7430 .....	27 Part 70	9701—9708 .....	20 Part 422
7432 .....	27 Part 70	9801 .....	26 Part 54
7502 .....	26 Part 301	9833 .....	26 Part 54
	27 Parts 24, 40, 53, 70, 73		
7503 .....	27 Parts 24, 40, 70	27 U.S.C.	
7505 .....	27 Part 70	202 .....	27 Parts 6, 8, 10, 11
7506 .....	27 Part 70	203 .....	19 Part 12
7508 .....	26 Part 301		27 Parts 1, 26, 28
7510 .....	27 Part 19	204 .....	27 Parts 1, 71
7513 .....	27 Part 70	205 .....	27 Parts 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 16, 26, 28
7520 .....	26 Parts 1, 20, 25, 301	206 .....	27 Part 1
7601 .....	27 Part 70	211 .....	27 Part 1
7602 .....	27 Parts 46, 70	215 .....	27 Part 16
7603 .....	27 Part 70	218 .....	27 Part 16
7604 .....	27 Part 70	28 U.S.C.	
7605 .....	27 Part 70	50 .....	32 Part 516
7606 .....	27 Parts 24, 25, 40, 41, 44, 45, 46, 70	418 .....	38 Part 3
7608 .....	27 Part 70	501 .....	28 Part 17
7609 .....	27 Part 70	503 .....	28 Parts 45, 85
7610 .....	27 Part 70	509 .....	2 Part 2867
7622—7623 .....	27 Part 70		21 Part 1316
7623 .....	19 Parts 10, 301		28 Parts 0, 1, 5, 8, 9, 11, 14, 15, 16, 17, 21, 26, 27, 28, 29, 35, 36, 37, 38, 42, 46, 47, 48, 50, 51, 55, 58, 61, 64, 71, 73, 76, 80, 81, 115, 500, 501, 503, 506, 511, 512, 513, 522, 523, 524, 527, 540, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552, 553, 570, 571, 572, 600, 601, 602, 603
7624 .....	26 Part 301	510 .....	2 Part 2867
7651 <i>et seq.</i> .....	40 Part 76		8 Parts 3, 1003, 1103
7651 .....	27 Parts 26, 41		21 Part 1316
7652 .....	27 Parts 17, 26, 41		28 Parts 0, 1, 5, 8, 9, 11, 14, 15, 16, 17, 21, 26, 27, 28, 29, 35, 36, 37, 38, 42, 46, 47, 48, 50, 51, 55, 58, 61, 64, 71, 73, 76, 80, 81, 115, 500, 501, 503, 506, 511, 512, 513, 522, 523, 524, 527, 540, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552, 553, 570, 571, 572, 600, 601, 602, 603
7653 .....	27 Part 70		48 Parts 2801, 2802, 2803, 2804, 2805, 2806, 2807, 2808, 2809, 2811, 2812, 2813, 2814, 2815, 2816, 2817, 2819, 2822, 2823, 2824, 2825, 2828, 2829, 2830, 2831, 2832, 2833, 2834, 2842, 2845, 2846, 2852
7654 .....	26 Parts 1, 602	513 .....	32 Part 516
7701 .....	26 Parts 1, 31, 301		
7702 .....	26 Part 1		
7804 .....	26 Parts 301, 602		
7804 <i>note.</i> .....	26 Part 801		
7805 .....	19 Parts 1, 31, 40, 41, 301, 602		
	20 Parts 606, 615		
	26 Parts 1, 2, 3, 4, 5, 5c, 5e, 6a, 7, 8, 9, 11, 12, 13, 14a, 15, 15a, 16, 16a, 18, 19, 20, 22, 25, 26, 27, 28, 31, 32, 35, 35a, 36, 40, 41, 43, 44, 45, 46, 47, 48, 49, 51, 52, 53, 54, 55, 56, 57, 141, 143, 145, 148, 156, 157, 301, 302, 303, 305, 400, 401, 403, 404, 420, 502, 503, 509, 514, 516, 517, 601, 602, 701, 702		
	27 Parts 5, 13, 17, 18, 19, 20, 21, 22, 24, 25, 26, 27, 29, 30, 31, 40, 41, 44, 45, 46, 53, 70, 71, 72, 479		
7851 .....	27 Part 24		
7872 .....	26 Part 1		
7874 .....	26 Part 1		
9002 .....	11 Part 9002		

NO ENFORCEMENT STATUTES / IRS REGULATIONS APPLICABLE TO INDIVIDUAL INCOME TAX

National Archives



May 16, 1994

Washington, DC 20408

Richard Durjak  
5506 West 22<sup>nd</sup> Place  
Cicero, IL 60650

**THE TRUTH IS IN  
THE FEDERAL REGISTER**

Dear Mr. Durjak:

The Director of the Federal Register has asked me to respond to your inquiry. You have asked whether Internal Revenue Service provisions codified at 26 U.S.C 6020, 6201, 6203, 6301, 6303, 6321, 6331 through 6343, 6601, 6602, 6651, 6701, and 7207 have been processed or included in 26 CFR part 1.

The parallel Table of Authorities and Rules, a finding aid Compiled and published by the Office of the Federal Register (OFR) as a part of the CFR Index, indicates that implementing regulations for the sections cited above have been published in various parts of title 27 of the Code of Federal Regulations (CFR). There are no corresponding entries for title 26.

However, the Parallel Table is only an extract of authority citations from the CFR data base and cannot be considered a comprehensive key to the statutory basis for all regulations. An agency may have additional authority for regulations that are not listed separately in authority citations, or is carried within the text of CFR sections. Citations in regulatory text generally do not appear as entries in the Parallel Table.

Since there are 12 volumes that make up part 1 of title 26 of the CFR, it would require extensive research to answer your question with certainty. Commercial computer based services are better equipped to perform this type of research. In any case, the OFR has neither the resources nor the authority to perform the research requested, since to do so would require us to make substantive interpretations as to whether certain tax statutes have any association with the specified set of regulations (see 1 CFR 3.1 enclosed).

Your second question refers to IRS procedures for incorporating material by reference in the Federal Register. The incorporation by reference process is narrowly defined by the provisions of 5 U.S.C 552 (a) and 1 CFR Part 51. Our

records indicate that the Internal Revenue Service has not incorporated by reference in the Federal Register (as that term is defined in the Federal Register system) a requirement to make an income tax return.

I hope this information will be useful to you.

Sincerely,

Michael L. White  
Attorney  
Office of the Federal Register

Enclosure

## Subtitle C EMPLOYMENT TAX (1945)

### Income Tax Collection and Withholding by *employers*

Ok, so up to now we have seen that previous to World War II the American People were not subject to the payment of the federal income tax on any of their activities or labors within the fifty states, but rather, **only** on “income” earned in the territories, possessions, and foreign countries under a tax treaty; nor did they have any tax filing requirement to perform or fulfill with respect to the reporting of their own earnings (or “income”) earned within the fifty states. So what happened?

What happened of course was World War II! In 1942 the United States Congress passed the Victory Tax, which was a patently unconstitutional direct tax on the labor of all American persons, which was enacted as a temporary war revenue measure to fund the waging of World War II. The Constitution of course limits the Congress under Article I, Section 8, clause 12, to **only** a two year appropriation term for any war revenue Bill (to fund an Army), so the Victory Tax expired at the end of 1944 and at that time there was no further justification for another such war revenue measure as the war was clearly rapidly coming to an end. When the government realized that no one had complained about the unconstitutionally *direct* nature of the Victory tax (because if they had complained they were then publicly accused of being either a Nazi or a “Jap” sympathizer for not being willing to help fight/fund the war against that “evil”), and that all American had quietly accepted the *attachment*, they decided they would not let that new taxing *power* die with the expiration of the Victory Tax.

So, in 1944 (through ’45) the employment tax laws of Subtitle C were written and added to the statutes of Title 26 of the United States Code, and for the first time the federal income tax began to be withheld not only from the foreign persons upon whom it was actually imposed in 1913, but from anyone else who voluntarily provided an “*Allowance*” for the tax to be withheld from their pay, as we will see in a moment when we examine the statutes themselves. But to start, and to make a long story short right out of the gate, the U.S. government basically instituted a system of withholding tax from any person in America who *Allowed* it (because he or she did not know that they were **not liable** by law for the payment of any income tax under Subtitle A), **without** actually imposing any tax on those earnings conducted by *right* within the fifty states, and then made damn sure that nobody ever got taught anything about the Constitution, taxation, or law.

So first, lets briefly go over what Chapters are in Subtitle C of Title 26 and constitute the employment tax laws that were added in 1945. Subtitle C, like Subtitle A (if you remember), also consists of only 6 Chapters. We are going to be mostly addressing what’s in Chapter 24 here, because that is the Chapter that provides for the *collection of the tax at the source* by *Allowance* for the withholding of the income tax from an employee’s pay. But it is worth stating that Chapter 21 provides for the FICA withholding (for social security), Chapters 22 and 23A address railroad taxation (irrelevant to this discussion), Chapter 23 is the FUTA tax (which is paid by the employer, not the employee), Chapter 25, despite it’s name, is also not relevant, and lastly, Chapter 24 - “*Collection of Income Tax at Source on wages*” is the Chapter that we are interested in for purposes of this book and exposé. So, the six Chapters of Subtitle C are:

## Subtitle C - Employment Taxes Link: [www.law.cornell.edu/uscode/text/26/subtitle-C](http://www.law.cornell.edu/uscode/text/26/subtitle-C)

- CHAPTER 21—FEDERAL INSURANCE CONTRIBUTIONS ACT  
(§§ 3101 – 3134)  
Link: [www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-21](http://www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-21)
- CHAPTER 22—RAILROAD RETIREMENT TAX ACT  
(§§ 3201 – 3241)  
Link: [www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-22](http://www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-22)
- CHAPTER 23—FEDERAL UNEMPLOYMENT TAX ACT  
(§§ 3301 – 3311)  
Link: [www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-23](http://www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-23)
- CHAPTER 23A—RAILROAD UNEMPLOYMENT REPAYMENT TAX  
(§§ 3321 – 3323)  
Link: [www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-23A](http://www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-23A)
- CHAPTER 24—COLLECTION OF INCOME TAX AT SOURCE ON WAGES  
(§§ 3401 – 3451)  
Link: [www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-24](http://www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-24)
- CHAPTER 25—GENERAL PROVISIONS RELATING TO EMPLOYMENT TAXES (§§ 3501 – 3512)  
Link: [www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-25](http://www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-25)

The first thing that everyone should notice about the first four Chapters of this Subtitle (feel free to investigate the provided links into the on-line Cornell Law library) is that the first code section in each of those Chapters specifies the “*Rate of tax*” for the tax imposed by the Chapter. In the Chapters that have a two-part tax, where half is paid by the employer and half is (withheld from and) paid by the employee (the FICA & Railroad chapters), those Chapters have two (or three) sub-Chapters and the first code section in each of the sub-Chapters is the “*Rate of tax*” for each part of the tax (employer and employee). And, as a result, all of those Chapters (the first 4) impose a tax that is then required to be collected (withheld) by the employer. But **not** Chapter 24. Here it is, again hyper-linked to the Cornell on-line Law Library.

### Chapter 24. COLLECTION OF INCOME TAX AT SOURCE ON WAGES

Link: [www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-24](http://www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-24)

- § 3401. Definitions  
Link: [www.law.cornell.edu/uscode/text/26/3401](http://www.law.cornell.edu/uscode/text/26/3401)
- § 3402. Income tax collected at source  
Link: [www.law.cornell.edu/uscode/text/26/3402](http://www.law.cornell.edu/uscode/text/26/3402)
- § 3403. Liability for tax  
Link: [www.law.cornell.edu/uscode/text/26/3403](http://www.law.cornell.edu/uscode/text/26/3403)
- § 3404. Return and payment by governmental employer  
Link: [www.law.cornell.edu/uscode/text/26/3404](http://www.law.cornell.edu/uscode/text/26/3404)
- § 3405. Special rules for pensions, annuities, and certain other deferred income  
Link: [www.law.cornell.edu/uscode/text/26/3405](http://www.law.cornell.edu/uscode/text/26/3405)

- [§ 3406. Backup withholding](#)

Link: [www.law.cornell.edu/uscode/text/26/3406](http://www.law.cornell.edu/uscode/text/26/3406)

Chapter 24 - *Collection of Income Tax at Source on Wages*, unlike all the other previous Chapters of Subtitle C, does **not** impose any tax anywhere in the Chapter. It does **not** have as its first code section a “*Rate of tax*” imposed, **nor** is there any specification of any tax imposed anywhere else in the Chapter. The first code section in Chapter 24 is Section 3401 – *Definitions*, **not** a *Rate of tax*. Chapter 25 -*General Provisions*, also does **not** have a tax imposed, but it generally does not involve the employee and is irrelevant to this discussion. So what we need to look at, and understand, is the provisions at law made in Chapter 24 providing for the collection of income tax at the source on wages, which means that we are going to primarily want to examine Section 3402 *Income Tax Collected at Source*.

But first, we should pause to remember that few citizens, if any, were aware in 1944, and even fewer are aware today, of the Subtitle A reality that this little book establishes and documents, *i.e.*: that the liability for the payment of the federal personal income tax is only established *indirectly* under IRC Section 1461 in the name of the *tax-collector*, as a *Withholding Agent*, with the duty to “*retain and pay the sum of the tax*” (remember *Brushaber*), who has collected the tax from the subject **foreign persons** as required by law under Sections 1441, 1442, 1443. And that, under the actual provisions of the Subtitle A income tax laws actually enacted in 1913 as part of the (Underwood-Simmons) tariff act legislation, **no** American citizen has any *statutory liability* at all for the payment of any income tax what-so-ever on his own, personal, domestic earnings or “income” that is earned within one of the fifty states through the simple exercise of the citizen’s *Right to Work*. The labor of the American People is not an activity that is federally taxable by *Impost, Duty, or Excise*, and if you remember, **no new taxing powers** were created or conferred by the adoption of the 16<sup>th</sup> Amendment. So what’s going on at your place of *employment*? What’s really happening? To you? And all of America?

To begin to understand the answer to those questions it is important to remember that the **only statutory liability** that exists under the Subtitle A tax laws of the IR Code, *i.e.*: Chapters 1 through 6 of Title 26 U.S.C., is the **indirect** liability of the *Withholding Agent* (the *tax-collector*) under Section 1461, who is made liable thereunder for the tax they have collected from other **foreign persons**. This detail is important because, as we will see, the *employer’s* alleged requirement to *collect the income tax at source on wages* under Section 3402, is completely hinged on, and made **statutorily** dependent upon, a statutory *liability* for tax existing under Subtitle A in the name of the *employee*.

It is also important to note that the statutes of Subtitle C, that provide for the “*collection at the source*” of the income tax from the employee’s pay, by the **employer**, do so under an implementation of the **exact same indirect** scheme of taxation, **only** by **indirect tax collection**, that was utilized in the Subtitle A code and upheld by the Supreme Court in 1916 as legitimate *indirect* taxation, by tax collection “*at the source*” from **foreign persons**, by the *Withholding Agents*.

“Ordinarily, all taxes paid primarily by persons who can shift the burden upon someone else ... are considered indirect taxes;” *Pollock v. Farmer’s Loan & Trust Co.*, 157 U.S. 429, 558 (1895)

Next, Title 26 U.S.C. (IRC) Section 3402, subsection (a), has been relied on now, by the employers and their legal counsel, for over 65 years as the argued basis for the alleged requirement at law for the *employer* to withhold tax from the *wages* earned by its *employees*, as a function of their *employment* with the *employer*. And that code section certainly **appears** to authorize and require the general withholding of tax from the pay of *employees* by the "*employer*", *at the source*, by deducting tax from the "*wages*" paid by the *employer* to its *employees*. But specifically, **what** tax, or **which** tax, is being **deducted** and *collected*? This seems particularly relevant (and important to understand), since **no** tax is imposed by Chapter 24 itself - unlike all the other Chapters of Subtitle C that require the deduction and collection of a specified *rate of tax* imposed? So what tax is being deducted under Section 3402 and Chapter 24 of Subtitle C of Title 26? The information is not provided by the statute, and thus is hidden from plain view. And of course, everything that happens next in the *employment* relationship is based on an *erroneous assumption* about the taxation that was legislated into existence in 1913 as the income tax, which by 1945, after the Victory Tax, is simply *assumed* after World War II, to be imposed on all *persons* and all *income* derived from all *earnings*, just as the Victory Tax was *unconstitutionally* imposed **directly** during the war. So let's look at the *controlling* statute and see if it can give us any insight as to what the command of the law under this statute and Chapter really is.

I.R.C. Section 3402(a) certainly **appears**, at first read, to provide the legal authority for the *employer* to withhold "*a tax*" from the pay of *employees* under a requirement of law. It reads:

### § 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 ...

Link: [www.law.cornell.edu/uscode/text/26/3402](http://www.law.cornell.edu/uscode/text/26/3402)

We will get to more of the text of the code Section in just a moment, but let's first notice that this code subsection (a) certainly *appears* to require the *employer* to withhold "*a tax*" from all of the "*wages*" that are paid by that *employer* to its *employees*, **but only** if you **ignore** the first seven words of the statute! One should carefully note that **the first seven words** of this code subsection specifically say: "**Except as otherwise provided in this section ...**". Again:

### **"Except as otherwise provided in this section ..."**

In the English language, this part of the statute, containing the language "*Except as otherwise provided,*" is called a *clause of subordination*. It means that the **command** of this part of the code section, *i.e.*: the *apparent* authority granted, commanding the withholding of *a tax*, may **not** actually be the portion of the statute with the true *force of law* behind it, because it may be **subordinated** by some other provision (sub-section) of the code section (§ 3402), which means subsection (a) may in fact, **not apply at all**. This *clause of subordination* means that the actual command of the law under this code section, may not be imparted by subsection (a), which may be **over-ruled**, **over-ridden**, or **entirely replaced** by some other



provisions of another subsection of Section 3402, other than subsection (a) where this “command to withhold” is allegedly *ordered*, - according to all the *employers* and their attorneys.

But clearly, by virtue of the first seven words of this subsection (a), *i.e.*: "*Except as otherwise provided in this section*", the command of the law under this Section may be modified, made contingent upon, or possibly even **eliminated entirely**, by some other provision of the code section.

Clearly, the authority and command to withhold income tax under IRC Section 3402(a) may be modified, or even nullified entirely, by some other provision of some other subsection of the code section, which may establish some **exceptions** to the withholding, or **negate** it entirely, “*as otherwise provided*” elsewhere in the code section (§ 3402).

So, in order to legally establish if an actual requirement to withhold tax under Section 3402(a) exists with respect to all *employees*, it is clearly going to be necessary to review and know what the other provisions of the statute’s other sub-sections are, since subsection (a) is applied to *employees* “***Except as otherwise provided in this section***”. So let’s see what might be *otherwise provided* by the code section, that might defeat the apparent command of subsection (a) for every *employer* to withhold *a tax* under Section 3402(a) from all payments of *wages* made to all *employees*.

So, it is clear then, that it will be necessary to know what those other provisions do, in the other code subsections of Section 3402, and how and if they are made applicable to any defined set of given circumstances within the *employment* relationship, to control it in place of the provisions, and *apparent* command of subsection (a) (to withhold tax). To that end, everyone should take careful note of the provisions of subsection (n) of this same IRC code section (§ 3402), which clearly states:

### § 3402. Income tax collected at source

...

#### (n) Employees incurring no income tax liability

**Notwithstanding any other provision 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 (in such form and containing such other information as the Secretary may prescribe) furnished to the employer by the employee certifying that the employee –

Link: [www.law.cornell.edu/uscode/text/26/3402](http://www.law.cornell.edu/uscode/text/26/3402)

Now we will look at what needs to be “certified” by the *employee* in order for the employer to “***not be required to deduct and withhold any tax***” under law, but first let’s assess this first sentence of subsection (n). Any English teacher (or attorney?) in America can easily confirm that the phrase “*Notwithstanding any other provision of this section*” is a **supremacy clause within the statute** because “*Notwithstanding*” means “***regardless of***”!

That means that the provisions that follow the “*Notwithstanding*” declaration take absolute **supremacy** over **ANY** and **ALL OTHER** clauses (and subsections) of the code section because of the presence of the “*Notwithstanding*” phrase therein, *i.e.* **all** of IRC § 3402, **including the**

**apparent command** of subsection (a) to withhold tax from all employees is potentially completely negated by this subsection (n). This is a simple fact of law related to the plain and ordinary use of the English language within the subsections of the statute itself!

So, it becomes a simple matter of continuing to read the actual provisions of the code subsection (n) that are made controlling, following the “*Notwithstanding*” declaration, specifying what must be certified by the *employee* to the *employer*, in order for the *employer* to “**not be required to deduct and withhold any tax**” because the *employee* is **not** made subject to the withholding of any tax on his or her *wages*, which deceptively appears to be required under subsection (a) of Section 3402, but whose apparent requirement to withhold is completely **annulled** by the *employee* satisfying the provisions of this subsection (n), which states in full:

### § 3402. Income tax collected at source

...

#### (n) Employees incurring no income tax liability

**Notwithstanding any other provision** 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 (in such form and containing such other information as the Secretary may prescribe) 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.

The Secretary shall by regulations **provide for the coordination** of the provisions of this subsection with the provisions of **subsection (f)**. ...

Link: [www.law.cornell.edu/uscode/text/26/3402](http://www.law.cornell.edu/uscode/text/26/3402)

Shall we break this code section down and analyze its plain and clear **controlling** command. It says very plainly: “*an employer shall not be required to deduct and withhold any tax under this chapter upon a payment of wages to an employee*”, if it is certified that the employee “**incurred no liability for income tax imposed under subtitle A for his preceding taxable year**” and “*current taxable year*”.

It clearly states that **no tax is deducted at all** by the employer **under the entire** I.R. Chapter 24 (“*COLLECTION OF INCOME TAX AT SOURCE ON WAGES*”), wherever the employee certifies that he or she has **no** liability for tax imposed under Subtitle A for this, or the preceding, taxable years. So this answers the “*what tax is being withheld*” question we had earlier (since we have seen that no tax is imposed by the Chapter). The tax being collected by the *employer* under this Chapter 24 of Subtitle C of Title 26, is the Subtitle A federal personal income tax that was imposed by the Underwood-Simmons Tariff Act of Oct. 3, 1913, and was (and still is) required to be collected **only** from non-resident **foreign persons** (individuals and corporations), who if you recall were also the *persons* made liable by Treasury Decision 2313 for the payment of the tax, together

with the *Withholding Agents* who were the only *persons* made liable by law under Section 1461 for the payment to the U.S. Treasury of the tax that they had collected from the foreigners by withholding a portion of the payments made to them as tax.

I should mention that this “*exemption*” from withholding does **not** apply to the social security (FICA) tax imposed under Chapter 21, **only** the income tax *collected at the source* under Chapter 23 and Section 3402. But what we can clearly see now is that this is the exact same *scheme* of *indirect* taxation as in 1913, copied 32 years later in 1945 in Subtitle C, when the *employer* is created in law as another *class* of *tax-collectors* who do exactly the same sort of *collection* by *withholding*, this time from *employees* who provide their “*Allowance*” under the new Subtitle C tax laws implementing that **indirect** taxation by collection of the tax at the source by withholding from *employees* and **not** just **foreign persons**, as was done before in 1913.

And, not surprisingly – since Subtitle C does utilize the exact same scheme of *indirect* taxation by *collection* as was used in Subtitle A in 1913 in the original income tax tariff legislation, it is again **only** those *tax-collectors* who have *collected* the tax by withholding money as tax from payments made to **other persons**, who have also been made *liable* in Subtitle C law for the payment of the *collected* tax to the U.S. Treasury. It is **not** the *employee* who is made liable by law for payment **until** he or she voluntarily files a Form 1040, creates a liability with that voluntary assessment and assumes the legal responsibility for it (*liability*) by signing the return (which you must do if you file one). The code section is Section 3403, which plainly 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.

Link: [www.law.cornell.edu/uscode/text/26/3403](http://www.law.cornell.edu/uscode/text/26/3403)

One should note that under Section 3402(f)(6) the tax is **only** required to be collected by law at your place of *employment* from the same *persons* who were made subject to the collection of the income tax in 1913, *i.e.*: non-resident aliens and other **foreign persons**. But it is also then collected from those *persons* who (mistakenly?) provide their “*Allowance*” for the withholding on an “*Employee’s Withholding Allowance Certificate*”, Form W-4.

One should note that the last sentence of Section 3402(n) references subsection (f) of Section 3402, whose provisions the Secretary is commanded to coordinate with the *exemption* provisions of this subsection (n), establishing the exemption from the withholding of federal personal income tax for an individual if there is no liability for the payment of that federal income tax in that individual’s name in the last two years.

That specifically referenced subsection (f), was titled “(f) **WITHHOLDING EXEMPTIONS**” until it was changed in December of 2017, effective 2019, to “(f) **WITHHOLDING ALLOWANCE**”. The change was made to hide the *exemption* because it exposes the IRS as *tort-feasors* (**violators** of the law) when it repeatedly refused, under command of subsection (n), to: “*by regulations provide for the coordination of the provisions of this subsection with the provisions of subsection (f)*” - *Exemptions*. They don’t want to admit that the **informed** American citizens are *exempt* from this

withholding that is presumptively conducted under the **false** and **erroneous belief** that all *employers* must withhold income tax (under Chapter 24) from all *employees* in the *employment* relationship, as well as the FICA taxes of Chapter 21. It simply isn't true.

The reason why it is **not** true is because it would be unconstitutional to try to **compel** an American citizen to pay the tax **early**, - **before** it was actually required by law to be paid to the Treasury. **No** tax is required by law to be paid to the Treasury until **next year on April 15<sup>th</sup>**. This is *especially true* where **no** tax is imposed by law! Under the Constitution, no one can be compelled to the *involuntary servitude* of being forced to *service* a **potential future** debt or tax obligation before the law (or the contract) legally requires the debt or tax to be paid. No one can be forced to pay a tax **before** it is legally due. It violates the 13<sup>th</sup> Amendment's **prohibition** on *involuntary servitude* to try and force someone to *service* a debt or tax that does **not** yet exist in law, simply because another party desires it, and makes a legally unsupported and premature demand for it to be collected and paid early. This is also part of the reason why the *employer must have your "Allowance Certificate"* to execute the withholding in the first place, *i.e.*: your W-4 – *Employee's Withholding Allowance Certificate*. Without your *Allowance*, it's **unconstitutional** to forcibly *collect* tax by withholding without any tax being legally due at the time of *forcible taking*, which becomes an *unlawful conversion* of funds in the *name of tax* only under *color of law* if the withholding is imposed without your *allowance* and agreement for such, and before any tax is legally due by law to be paid into the US Treasury **next year** on April 15<sup>th</sup>.

Please note that, with respect to citizens, the provisions of subsection (f) cannot overrule or interfere with the withholding *exemption* provided in subsection (n) because subsection (n) contains the *supremacy clause* within Section 3402. As such, subsection (f) must directly support and accommodate that *exemption*, as the language of subsection (n) clearly both **commands** coordination of the specified exemption provisions by the Secretary, and states "**Notwithstanding any other provision 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**", making it the supreme and controlling legal **force of law** in this matter under this statute (3402), not subsection (f) or (a), regardless of any withholding allowance "changes" alleged made by the IRS under subsection (f), and regardless of any *erroneously* argument made by any attorney (including the U.S. Attorney General) that the withholding is mandatory under subsection (a). It isn't, and never has been.

As you should now be aware, American citizens have no statutory liability for the payment of any income tax under Subtitle A of Title 26, because it is **ONLY** the *Withholding Agents* that are made liable in Subtitle A for the payment of the income tax that has been *collected* from **foreign persons**, and if you have had no business dealings with any foreign persons, you therefore have no duty to withhold any tax from any payments made to any persons, and thus, have no *liability* for tax under Subtitle A. The *Withholding Agents*, of course, are only made liable for the tax that they have collected from the actual subject, **foreign persons** that they have withheld money from under the statutory mandates of Subtitle A to withhold tax from foreign "*persons*" under Sections §§ 1441, 1442, and 1443).

I repeat again, the **ONLY** Code section in Subtitle A that specifies liability for payment of the income tax is Section 1461. It doesn't touch most American citizens with legal effect for lack of their involvement with any non-resident alien *person*. Nor do *We the People* have any liability for tax under the provisions of Subtitle C, except when we function as the *employer* of another *person*. Section 3403 is the only statute in Subtitle C that specifies a liability for the payment of the

collected income tax under Subtitle C, just as Section 1461 is the only statute in Subtitle A. Each statute, in both Subtitles, **only** makes the *tax-collector liable* by law for the tax that they have collected from other *persons*, by withholding money as tax, from payments made to those **other persons**.

Unless the American citizen is the *statutorily liable* Subtitle “C” “*employer*”, **or** the Subtitle “A” “*Withholding Agent*”, who has collected the tax under command of either Subtitle, under the duty observed by the Supreme Court in the *Brushaber* decision, **to “retain and pay the sum of the tax”**, then they are not the *person* liable by law for the payment of any income tax under either title and thus, **have no legal duty to pay it** on **any** earnings or income by **self-reporting** a *liability* for a tax that is **never** imposed by law, and cannot be imposed under the Constitution.

As a final note, I would encourage the reader at this point to go back and study the 1939 Statutes at Large Section 4 (an earlier exhibit in this book) showing the *classes of persons* made subject to the payment of a federal income tax by the original legislation in 1913, as published in the law in 1939 – some 25 years later, which proves **in law** that no Americans in the fifty states paid, or filed to pay file, the federal personal income tax previous to 1942 and the Victory Tax.

The reader should also review Treasury Decision 2313 (also exhibited earlier), because the Treasury's decision shows how **pure** the *indirect* scheme of taxation that was implemented in law by Congress actually was. It was so perfectly *indirect* that Congress **failed** to designate, or make, the subject non-resident aliens themselves, the *persons liable* by law for the payment of the tax imposed! Remember that the **only persons** made *liable* by law (in Subtitle A) for the payment of the *collected* tax were the *tax-collectors, i.e.:* the *Withholding Agents*. The non-resident aliens themselves, from whom the tax is withheld, are **not** made liable by law for the payment of the tax. That raised the question for the U.S. Treasury of “*What happens if the tax collector fails to collect the tax as required by law?*” This is true because Section 1463 makes the *tax-collector* liable for any penalty and addition to tax for failing to properly collect the tax, but it does not make them liable for the uncollected tax itself, - that wasn't collected. So how would the Treasury be able to collect the tax, if the collector didn't collect it as required, and no other party is made liable by law for its payment?

So they had to use Treasury Decision 2313 to make the non-resident alien *persons* liable *persons* under the Decision which was issued right after the *Brushaber* court decided that there is no *direct* taxation authorized under the 16<sup>th</sup> Amendment. They are not made liable under any statute because Congress wrote a classically *indirect* scheme of *indirect* taxation by *collection of the tax at the source* by *withholding* money as tax from certain payments made to certain taxable *persons*. And Congress **limited** the *statutory liability* established in law for the payment of that tax to the *class of persons* acting as the *tax-collectors*; - **without** making any individual *person* (subject to its collection) the *person* who is liable by law to pay the tax. So they had to use Treasury Decision 2313 to declare the non-resident aliens to be liable for the tax, so that collection of the tax could be legally pursued against those *persons* in the cases where the *Withholding Agent* failed to collect the tax from a subject, non-resident, **foreign, person**.

Finally, the statutorily designated federal *tax-collectors*, the *employers* and the *Withholding Agents* are **only** legally *liable* by law for the payment of the tax that they **have** collected, where money was **actually withheld** from payments made to a subject *person*. If an *employer* does not deduct and withhold income tax from payments made to an *employee* who is an American citizen who has properly and lawfully claimed “*Exempt*” on a W-4, or if a *Withholding*

*Agent* does not withhold funds from a particular *person* for a just legal cause, like a *declared* status of American citizenship, then **neither** the *employer* **nor** the *Withholding Agent* can be legally made, or deemed to be, **liable** for the payment of any tax under the plain and clear provisions of the statutes. They also **cannot** be made *liable* for any addition to tax, interest, or penalties associated with a properly claimed exemption because of the *statutory relief* thereunder provided, *i.e.*: where the *collection* authority is lawfully **negated** within Subtitle “C” by a claimed *exemption* or does not exist with respect to a **foreign person** being paid under Subtitle “A” law by virtue of a simple Statement of American Citizenship.

So, to make a long story short, there is **no** tax (“income” or otherwise) that is *statutorily* imposed on any *person* under any statute in Chapter 24 of Subtitle C of Title 26, and there is **no** legal requirement at law under Section 3402 for any *employer* to withhold any tax from an *employee* who certifies (and can prove in law) that they had **no statutory liability** for tax in the preceding year, and anticipate no *liability* in the current year. Nowhere does the law say that you had to get a full refund of all taxes withheld last year, in order to claim “*Exempt*” on this year’s W-4 under Section 3402(n). That was based on IRS regulatory *Chevron* deference, which is now gone, under *Loper Bright Enterprises v. Raimondo*, No. 22-451 (06/28/2024).

As a final note I guess I should mention that in its on-going efforts to keep this “*exemption*” information from being known by the American people, the IRS has recently changed the W-4 form<sup>1</sup> by removing the exemption language (from Section 3402(n)) from the form. That language used to be on the W-4 form, verbatim, as the *statutory* source of the certification necessary for the employee to be able to claim “*Exempt*”. They don’t want Americans to claim exempt or know that they have a right to do so, so they altered the form to hide the legal process from you. However, the IRS regulations have always held that a *person* does **not** have to use a government form, or the government form, *per se*, to make a report or file a claim, and that as long as what the *person* has substituted for the official government contains all of the information required, in the form and manner necessary, then that substitute form is sufficient for use by both the government and third-parties, and is good for all the same legal purposes that the government’s official “Form” is used for. In fact, the IRS has an entire Publication dedicated to explaining the use of substitute forms. It is Publication 1167, General Rules and Specifications for Substitute Forms and Schedules Link: [www.irs.gov/pub/irs-prior/pl1167--2023.pdf](http://www.irs.gov/pub/irs-prior/pl1167--2023.pdf)

So, you can use your own version of the Form W-4 (see attached), which is simply the actual version of the Form W-4 that was used by the IRS until they made their changes to the form’s appearance in 2019 and removed its presentation of the controlling law and your right to claim “*Exempt*” under it.

---

<sup>1</sup> Just as they changed the OMB Document Control Number on the Form 2555 in the year 2000 to the same number already assigned to the Form 1040; and removed the entry for PART 1, Chapter 1, Section 1 (1.1-1) from the table in 26 CFR Section 602.101 showing that only Form 2555 was required by law to be filed under 26 U.S.C. Section 1 - *Tax imposed*.

## Conclusions and Our Reality

As a final point, Title 26 U.S.C. § 7809 clearly states that all of the funds collected as federal tax under Title 26 law (by withholding, or on April 15<sup>th</sup>) must be deposited immediately (daily) into the United States Treasury. Now the regulations modify that “daily” deposit requirement to a regular cycle of weekly, monthly, or quarterly deposits, and most employers send in their collective withheld taxes on a quarterly basis. The statute commands:

### § 7809. Deposit of collections

**(a) General rule.** Except as provided in subsections (b) and (c) and in sections 7651, 7652, 7654, and 7810, the **gross amount of all taxes** and revenues received under the provisions of this title [26], and **collections of whatever nature received or collected** by authority of any internal revenue law, **shall be paid daily into the Treasury of the United States** under instructions of the Secretary as internal revenue collections, by the officer or employee receiving or collecting the same, without any abatement or deduction on account of salary, compensation, fees, costs, charges, expenses, or claims of any description. **A certificate of such payment, stating the name of the depositor and the specific account on which the deposit was made**, signed by the Treasurer of the United States, designated depositary, or proper officer of a deposit bank, shall be transmitted to the Secretary.

Link: [www.law.cornell.edu/uscode/text/26/7809](http://www.law.cornell.edu/uscode/text/26/7809)

This requirement to deposit all collected taxes into the U.S. Treasury is required by law because of course, “tax” is money for the government to spend, and it is necessary for it to be deposited into the Treasury in order for the U.S. Congress to be able to write appropriation Bills against the funds, in order to spend the “tax” revenues of the Treasury after collection and deposit; - and then it’s necessary for the General Accounting Office (G.A.O.) to be able to accurately account for the American people at the end of each fiscal year where their collective tax dollars went, and how they were spent by Congress. So *collected* “tax” dollars are moneys that **must** be deposited by law into the U.S. Treasury as soon after *collection* is effected (daily - quarterly) as possible. And, in addition to making the required deposit of *collected* tax, that statute requires that a “*certificate of such payment, stating the name of the depositor and the specific account on which the deposit was made... shall be transmitted to the Secretary*”. So where’s the “*certificate*” proving you paid the tax already? Why isn’t the money deposited in the U.S. Treasury as require by law? What’s really going on?

And there can be no doubt but that the money that is withheld from your paycheck as “*income tax*” (under Chapter 24 and Section 3402), is for “tax”, right? That’s what everyone is told, right? And that money has to be deposited into the U.S. Treasury under this law (§ 7809), right? So how come you have to file a return on April 15<sup>th</sup> to pay the tax, when it is already required by law to have been paid and deposited into the Treasury? With a *certificate* recording the fact that you have already paid the tax. The truth of course, is that before you file the return, there is no record of any tax paid by you, and there is no credit for any tax paid into the U.S. Treasury after being withheld

from your pay as “tax”, and there is no *certificate of such payment* that exists either! Now, how can all of that be? And why isn’t the collected “tax being deposited into the U.S. Treasury as required by law? And if it’s **not** going in the Treasury, where is it going instead, - because your employer is sending in the money to the IRS/Treasury, but somehow its **not** being deposited into the U.S. Treasury as required by law? How is that? And what is really going on?

Further evidence, and **proof** of the **real** “problem”, is available in the form of any citizen’s own cancelled checks after being sent to the IRS on April 15<sup>th</sup> with their Form 1040 to pay the tax declared owed on the Form 1040 for the year. All of those *collected* moneys (checks) are obviously also required to be deposited into the U.S. Treasury under this statute (§ 7809) in order to effect the required payment of the assessed tax. But the **endorsement** on the back of those cashed personal checks (paying the so-called “tax”) will clearly show that these so-called “tax” moneys **ARE NOT ACTUALLY BEING DEPOSITED INTO THE UNITED STATES TREASURY AT ALL**, as required by law, but rather are being *illegally* routed **around** the Treasury, to be directed to, and deposited with, the Federal Reserve Bank, - a private corporation! If you look at the endorsement on the back of the last check you wrote to the IRS (or U.S. Treasury) for income tax; - if those moneys were actually treated as “tax”, it will say on the back of the check “*Deposit to U.S. Treasury*”. But that is **not** what it says on the back of your endorsed, cashed, check, - want to bet? What it says is “**Pay to any F.R.B.**”

I repeat, it says: “**Pay to any F.R.B.**”

What’s an F.R.B.? Why, it’s the **Federal Reserve Bank**, of course!

So again, why is a private corporation cashing your so-called “tax” check in violation of the deposit law? Could it be that something other than lawful taxation is at work here? You do remember that there was **no** tax imposed on the citizens’ earnings or *income*, *i.e.*: their *fruits of labor* derived from the simple *exercise* of the citizens’ **non-taxable Right to Work**. Well here’s the **real proof!** **NONE** of the so-called *collected* “tax” dollars are ever deposited into the Treasury as required by law of all collected tax! That doesn’t seem *criminal* to you? So what the HELL is really going on? Why is a private corporation getting **ALL** the so-called “tax” dollars? Do you want more proof that it’s a private corporation and not a part of the federal government at all?

"The Federal Reserve Banks are not federal instrumentalities ... but are privately owned, locally controlled corporations" *Lewis vs. U.S.*, 680 F.2d 1239, 1241 (1982)

The fact that the Federal Reserve Board regulates the Reserve Banks does not make them federal agencies under the Act. *United States v. Orleans*, 425 U.S. 807, 96 S.Ct. 1971, 48 L.Ed.2d 390 (1976)

The Banks are listed neither as "wholly owned" government corporations under 31 U.S.C. Sect. 846 nor as "mixed ownership" corporations under 31 U.S.C. Sect. 856 ... Additionally, Reserve Banks, as privately owned entities, receive no appropriated funds from Congress ... Finally, the Banks are empowered to sue and be sued in



their own name. Title 12 U.S.C. § 341. [H.R. Report No. 69 Cong. 1st Sess. 18-19 (1913)]

"Some people think that the Federal Reserve Banks are United States Government institutions. They are private monopolies which prey upon the people of these United States for the benefit of themselves and their foreign customers; foreign and domestic speculators and swindlers; and rich and predatory money lenders." ... "We have in this Country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board and the Federal Reserve Banks, hereinafter called the Fed. The Fed has cheated the Government of these United States and the people of the United States out of enough money to pay the Nation's debt." [Pennsylvania Congressman Louis McFadden, Chairman of the Banking and Currency Committee for more than 10 years]

Since these alleged "tax" dollars are never actually deposited into the U.S. Treasury, or anywhere with the U.S. government for that matter, then these moneys **cannot** actually be thought of, or claimed to be, or considered as, federal "tax", because they are *converted* outside of the lawful tax collection system which demands, through Section 7809, the actual deposit of all of the collected tax dollars into the U.S. TREASURY.

Because the expenditure of these funds is only made through disbursement by that private corporation (the FED), it is beyond the G.A.O. powers to either audit or report. So these *collected* and 1040-reported "tax" funds cannot actually be "tax" when they are never actually deposited into the U.S. Treasury as required by law, nor ever disbursed by Congressional appropriation.

This is **all irrefutably TRUE** specifically because it is **NOT "tax"** that is being collected, - there is no tax imposed on any *person*, it is imposed on *taxable income* under IRC Section 1, which is income derived from earnings derived from an activity that is subject to some *impost, duty, or excise* tax. Nothing else is taxable under Article I, Section 8, regardless of the *source* of the earnings (and Section 61, as exposed earlier herein). What this "system" really is - is **not** a system of "taxation" at all but is really a form of a *peonage* debt-service system, by an uninformed, voluntary, "Allowance".

You remember the peonage plantations of the 10<sup>th</sup>, 11<sup>th</sup>, and 12<sup>th</sup> centuries, don't you? No, you obviously don't, - otherwise you would recognize our dilemma. The *peonage plantation* was that "system" of "**rule**", where all the little peons and serfs in the Kingdom were each given a little plot of land that they were allowed to live on and work at, all year-round. But come harvest time the "Master on the hill" would come around to tell all the peons and serfs how much of their annual harvest they had to turn over to the Master that year, and then he would send out his "overseers" to enforce *collection* from them by coercive extortion. And the peons and serfs have no say in how much of the *fruits of their labor* are taken; or how much will be demanded and taken from them in any given future year; and they have no say in how any of the expropriated *fruits of their labor* will be expended or disbursed at any time. They only know that if they do not do exactly as they are told by the Master and his overseers, that they will lose their little plot of land (and means of survival), which will be taken away from them as they are thrown-off of the (safe) plantation and into the scary wilderness to die, - being presumably eaten by the wolves or dying as a victim of the

destitution of the previously evicted. And the Master on the hill, of course, uses those *fruits*, stolen from the peons and serfs, to pay his whores, his gambling buddies, his royal court, his munition suppliers, his business partners, his overseers as “enforcers”, and of course, his debts owed to the King who rules the plantation and the Kingdom supposedly by faith, but in reality, **only rules** by threats of the use of an unopposable force, with violence, to compel cooperation (and funding).

And the *peonage plantation* goes merrily on its way for another year.

So in our analogy:

the “peons and serfs” are *We the People*;

the “little plot of land” is your job;

the “overseers” are the *employing* corporations;

the “coercive extortion *collection*” is by lien, levy, seizure, and summary *foreclosure*;

the “Master” is U.S. Congress,

the “hill” he lives on is “Capitol Hill”;

the while “plantation” is the State you live in;

the “Kingdom” is America;

the “unopposable force” is the police, SWAT, I.R.S., and D.O.J.; and

the “King” that **rules** the *peonage plantation* is the Federal Reserve Bank.

It’s all really just a form of *involuntary servitude* by deception and fraud, which form of servitude is prohibited by the 13<sup>th</sup> Amendment together with *slavery*. But it starts and **ends** with the Federal Reserve Bank, the printing (and selling) of fiat notes as currency, and the confiscatory *graduated non-uniform* taxation of “*income*” to divide the American people into *classes* of *persons* as called for by the 2<sup>nd</sup> Plank of the Communist Manifesto, where each *class* is treated differently under the law by unconstitutionally subjecting them to **non-uniform, graduated** (progressive), rates of tax. And what’s really going on of course, is that the collective labors of the American people (and the confiscated *fruits of labor*) are being unlawfully and unconstitutionally used by the federal government to collateralize the \$36 trillion dollars in debt owed by the U.S. government to the Federal Reserve Bank because of all of the borrowing from the bank that the government has done since 1913 when the bank was first created by unconstitutional law.

1913 of course, was the same year that the federal income tax was put into law as well. The “institutions” were both created at the same point in time because they are two different elements of the same socialist (and communist) mechanism and system used to “control” and **rule** the people, the society, the economy, and the prosperity and wealth (or **lack** thereof), *i.e.*: a complete monopoly on currency and credit together with a *graduated* income tax imposed on all earnings of the people (slaves); - where the inherently worthless fiat paper currency is liberally printed into existence in place of real money (with inherent value), but is kept **removed** from the hands of the general population so that there will never be too much fiat paper chasing too few goods, - creating inflation and thereby exposing the worthless inherent nature of the fiat paper currency that has been *fraudulently* substituted for real “money”, which again, does have inherent value.

Fiat paper currency, on the other hand, is inherently worthless and cannot be sustained for very long as “money” and is generally sustained and maintained **only as long as** the people still have faith in its “*value*” and have faith in those that print and issue the currency, and **morally** manage its quantities and expenditures by the government. But when government abandons its moral duty to use the power of currency to administer to the well-being of the people, and instead abuses that

power, and abuses their positions of political power, to enrich only themselves and business partners at the expense of the *We the People* and the entire nation; - well it is no long thereafter that the inherently worthless nature of the fiat currency is exposed and its value collapses overnight as that nation falls into decline and also ultimately collapses economically and morally, because ***as goes the currency so goes the fate of the nation.***

I'm not going to belabor these historical and current facts, elements of law, and knowledge of the Truth any further here, other than to say this is why we don't have a constitutional tax, or money, system in America anymore! **NOT** since 1913. Now, we only have a fiat currency and the unlawfully enforced practice of the 2<sup>nd</sup> and 5<sup>th</sup> Planks of the Communist Manifesto in place of the Constitution and the preservation of constitutional "money". The *subversion* of this constitutional *perversion* has resulted in this *fraudulent* system of virtual *peonage* and economic slavery, by the *involuntary servitude* of the currently enforced system of *debt service*, which has collected, so-called, "tax" dollars of the American People being used, **not** to fund the legitimate operations of the American government as our representative, **but only** to collateralize for the Federal Reserve Bank the ever-growing 36 trillion dollars in debt that are owed by the American government, and the American People, to the banksters, who **rule** America in place of our supposedly representative government, which George Carlin pointed out is now "owned" by the money-masters, the true **rulers** of America today, and soon – the entire planet if they get their way.

*We the American People* are being **enslaved** to the service of a **fictional** debt, which is based on the issuance of "money" that was never loaned by the bank to the government (or into the private sector) because **it never existed** to be loaned out to anyone in the first place. It was literally "printed" out of thin air to enrich the banksters and the crooked politicians, criminally trading on this, and other, insider knowledge. Do you know that the Federal Reserve Bank buys the \$100 dollar bills from the U.S. Treasury for about 5 cents each now. And then the government borrows back the "notes" at full face value! And that's why you owe \$36 Trillion to the banksters, who never had a penny to actually loan to anyone. Not one penny. They actually "kited" the first check used to start and fund the bank in 1913, without ever putting even one cent of their own money into the bank to fund it, right from the beginning. You have been defrauded America, confront it or be destroyed by it. How's your quality of life holding up the last four years (under the Biden/Harris Democrats), under the inflationary pressures caused by their energy and monetary policies, and misplaced spending priorities?

## **As goes the currency, so goes the fate of the nation!**

If you want to know more about this criminal enterprise being run by the Federal Reserve Bank and *fraudulently* enforced by the IRS under the *guise* and *pretense* of taxation, in the *name of tax only*, under *color of law* and *color of office*, both by the IRS under Section 7608(a) and by the federal judges who **lack subject-matter jurisdiction** under the 16<sup>th</sup> Amendment to enforce any *direct* taxation of *income*, then you need to go to [www.Tax-Freedom.com](http://www.Tax-Freedom.com) and start reading, or get the American Tax Bible through [www.TaxBible.com](http://www.TaxBible.com). And, if you know anyone who needs help answering with law any recently received IRS correspondence, tell them to go to [www.IRSzoom.com](http://www.IRSzoom.com) and get some help, by getting the reply letter template they need to answer the IRS with law, for \$50 or less. Wake up America. The knowledge is here, where are you? And for God's sake **share** this information with others, and **encourage them to BUY THIS BOOK!** Link: <http://store.irszoom.com/sitrabintax.html>

# Form W-4 (2019)

**Future developments.** For the latest information about any future developments related to Form W-4, such as legislation enacted after it was published, go to [www.irs.gov/FormW4](http://www.irs.gov/FormW4).

**Purpose.** Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

**Exemption from withholding.** You may claim exemption from withholding for 2019 if **both** of the following apply.

- For 2018 you had a right to a refund of **all** federal income tax withheld because you had **no** tax liability, **and**
- For 2019 you expect a refund of **all** federal income tax withheld because you expect to have **no** tax liability.

If you're exempt, complete **only** lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2019 expires February 17, 2020. See Pub. 505, Tax Withholding and Estimated Tax, to learn more about whether you qualify for exemption from withholding.

## General Instructions

If you aren't exempt, follow the rest of these instructions to determine the number of withholding allowances you should claim for withholding for 2019 and any additional amount of tax to have withheld. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

You can also use the calculator at [www.irs.gov/W4App](http://www.irs.gov/W4App) to determine your tax withholding more accurately. Consider

using this calculator if you have a more complicated tax situation, such as if you have a working spouse, more than one job, or a large amount of nonwage income not subject to withholding outside of your job. After your Form W-4 takes effect, you can also use this calculator to see how the amount of tax you're having withheld compares to your projected total tax for 2019. If you use the calculator, you don't need to complete any of the worksheets for Form W-4.

Note that if you have too much tax withheld, you will receive a refund when you file your tax return. If you have too little tax withheld, you will owe tax when you file your tax return, and you might owe a penalty.

**Filers with multiple jobs or working spouses.** If you have more than one job at a time, or if you're married filing jointly and your spouse is also working, read all of the instructions including the instructions for the Two-Earners/Multiple Jobs Worksheet before beginning.

**Nonwage income.** If you have a large amount of nonwage income not subject to withholding, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you might owe additional tax. Or, you can use the Deductions, Adjustments, and Additional Income Worksheet on page 3 or the calculator at [www.irs.gov/W4App](http://www.irs.gov/W4App) to make sure you have enough tax withheld from your paycheck. If you have pension or annuity income, see Pub. 505 or use the calculator at [www.irs.gov/W4App](http://www.irs.gov/W4App) to find out if you should adjust your withholding on Form W-4 or W-4P.

**Nonresident alien.** If you're a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

## Specific Instructions

### Personal Allowances Worksheet

Complete this worksheet on page 3 first to determine the number of withholding allowances to claim.

**Line C. Head of household please note:** Generally, you may claim head of household filing status on your tax return only if you're unmarried and pay more than 50% of the costs of keeping up a home for yourself and a qualifying individual. See Pub. 501 for more information about filing status.

**Line E. Child tax credit.** When you file your tax return, you may be eligible to claim a child tax credit for each of your eligible children. To qualify, the child must be under age 17 as of December 31, must be your dependent who lives with you for more than half the year, and must have a valid social security number. To learn more about this credit, see Pub. 972, Child Tax Credit. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line E of the worksheet. On the worksheet you will be asked about your total income. For this purpose, total income includes all of your wages and other income, including income earned by a spouse if you are filing a joint return.

**Line F. Credit for other dependents.** When you file your tax return, you may be eligible to claim a credit for other dependents for whom a child tax credit can't be claimed, such as a qualifying child who doesn't meet the age or social security number requirement for the child tax credit, or a qualifying relative. To learn more about this credit, see Pub. 972. To reduce the tax withheld from your pay by taking this credit into account, follow the instructions on line F of the worksheet. On the worksheet, you will be asked about your total income. For this purpose, total

----- Separate here and give Form W-4 to your employer. Keep the worksheet(s) for your records. -----

Form <b>W-4</b> Department of the Treasury Internal Revenue Service	<h2 style="margin:0;">Employee's Withholding Allowance Certificate</h2> <p style="margin:0;">▶ <b>Whether you're entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.</b></p>	OMB No. 1545-0074  <div style="font-size: 2em; font-weight: bold; text-align: center;">20</div>
1 Your first name and middle initial _____ Last name _____	2 Your social security number _____	
Home address (number and street or rural route) _____ City or town, state, and ZIP code _____	3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. <b>Note:</b> If married filing separately, check "Married, but withhold at higher Single rate."	
5 Total number of allowances you're claiming (from the applicable worksheet on the following pages) . . . . .	4 <b>If your last name differs from that shown on your social security card, check here. You must call 800-772-1213 for a replacement card.</b> <input type="checkbox"/>	
6 Additional amount, if any, you want withheld from each paycheck . . . . .	5 _____ 6 \$ _____	
7 I claim exemption from withholding for 2019, and I certify that I meet <b>both</b> of the following conditions for exemption. • Last year I had a right to a refund of <b>all</b> federal income tax withheld because I had <b>no</b> tax liability, <b>and</b> • This year I expect a refund of <b>all</b> federal income tax withheld because I expect to have <b>no</b> tax liability. If you meet both conditions, write "Exempt" here . . . . . ▶	7 _____	
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.		
<b>Employee's signature</b> (This form is not valid unless you sign it.) ▶ _____		
8 Employer's name and address ( <b>Employer:</b> Complete boxes 8 and 10 if sending to IRS and complete boxes 8, 9, and 10 if sending to State Directory of New Hires.)	9 First date of employment _____	10 Employer identification number (EIN) _____

income includes all of your wages and other income, including income earned by a spouse if you are filing a joint return.

**Line G. Other credits.** You may be able to reduce the tax withheld from your paycheck if you expect to claim other tax credits, such as tax credits for education (see Pub. 970). If you do so, your paycheck will be larger, but the amount of any refund that you receive when you file your tax return will be smaller. Follow the instructions for Worksheet 1-6 in Pub. 505 if you want to reduce your withholding to take these credits into account. Enter “-0-” on lines E and F if you use Worksheet 1-6.

### Deductions, Adjustments, and Additional Income Worksheet

Complete this worksheet to determine if you're able to reduce the tax withheld from your paycheck to account for your itemized deductions and other adjustments to income, such as IRA contributions. If you do so, your refund at the end of the year will be smaller, but your paycheck will be larger. You're not required to complete this worksheet or reduce your withholding if you don't wish to do so.

You can also use this worksheet to figure out how much to increase the tax withheld from your paycheck if you have a large amount of nonwage income not subject to withholding, such as interest or dividends.

Another option is to take these items into account and make your withholding more accurate by using the calculator at [www.irs.gov/W4App](http://www.irs.gov/W4App). If you use the calculator, you don't need to complete any of the worksheets for Form W-4.

### Two-Earners/Multiple Jobs Worksheet

Complete this worksheet if you have more than one job at a time or are married filing jointly and have a working spouse. If you

don't complete this worksheet, you might have too little tax withheld. If so, you will owe tax when you file your tax return and might be subject to a penalty.

Figure the total number of allowances you're entitled to claim and any additional amount of tax to withhold on all jobs using worksheets from only one Form W-4. Claim all allowances on the W-4 that you or your spouse file for the highest paying job in your family and claim zero allowances on Forms W-4 filed for all other jobs. For example, if you earn \$60,000 per year and your spouse earns \$20,000, you should complete the worksheets to determine what to enter on lines 5 and 6 of your Form W-4, and your spouse should enter zero (“-0-”) on lines 5 and 6 of his or her Form W-4. See Pub. 505 for details.

Another option is to use the calculator at [www.irs.gov/W4App](http://www.irs.gov/W4App) to make your withholding more accurate.

**Tip:** If you have a working spouse and your incomes are similar, you can check the “Married, but withhold at higher Single rate” box instead of using this worksheet. If you choose this option, then each spouse should fill out the Personal Allowances Worksheet and check the “Married, but withhold at higher Single rate” box on Form W-4, but only one spouse should claim any allowances for credits or fill out the Deductions, Adjustments, and Additional Income Worksheet.

### Instructions for Employer

**Employees, do not complete box 8, 9, or 10. Your employer will complete these boxes if necessary.**

**New hire reporting.** Employers are required by law to report new employees to a designated State Directory of New Hires. Employers may use Form W-4, boxes 8, 9,

and 10 to comply with the new hire reporting requirement for a newly hired employee. A newly hired employee is an employee who hasn't previously been employed by the employer, or who was previously employed by the employer but has been separated from such prior employment for at least 60 consecutive days. Employers should contact the appropriate State Directory of New Hires to find out how to submit a copy of the completed Form W-4. For information and links to each designated State Directory of New Hires (including for U.S. territories), go to [www.acf.hhs.gov/css/employers](http://www.acf.hhs.gov/css/employers).

If an employer is sending a copy of Form W-4 to a designated State Directory of New Hires to comply with the new hire reporting requirement for a newly hired employee, complete boxes 8, 9, and 10 as follows.

**Box 8.** Enter the employer's name and address. If the employer is sending a copy of this form to a State Directory of New Hires, enter the address where child support agencies should send income withholding orders.

**Box 9.** If the employer is sending a copy of this form to a State Directory of New Hires, enter the employee's first date of employment, which is the date services for payment were first performed by the employee. If the employer rehired the employee after the employee had been separated from the employer's service for at least 60 days, enter the rehire date.

**Box 10.** Enter the employer's employer identification number (EIN).