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November 22, 2005

We The People  
All Americans Protected  
The 50 states of the Union

Re: Federal Income Tax Opinion Letter

Dear American Nationals:

Thank you for requesting that I render my professional opinion as to whether or not you must file an income tax return or pay an income tax. Your confidence is appreciated. As you have requested, I have researched the Internal Revenue Code (Title 26 USC). The answer is two-fold in that every law must identify (1) the parties made liable and (2) the geographical jurisdiction within which a law is applicable. Then an implementing regulation must be published in the Federal Register making you specifically liable under the law. If not, the law does not apply to you. 26 USC has not been enacted into positive law and is only 'special law' according to Cynthia J. Mills, IRS Disclosure Officer in Philadelphia. Furthermore, 26 USC Section 7851 (a) (1) & (a) (6) indicate that Subtitle A & F are not enacted into law. Most importantly, the Legislative Intent of the 16<sup>th</sup> Amendment identifies the federal income tax only levied against those who work for the National Government.

Prior to addressing your specific questions, I feel it only appropriate to tell you a little about myself. I graduated from the University of Central Florida with a B.S. in Biological Sciences. Additionally, I am a Certified Paralegal having completed the curriculum at the Institute for Paralegal Training in Houston. I received a Masters Degree in Paralegal Studies from Parkwood University in London.

My wife and I know the intimidation power of the Internal Revenue Service (IRS) first hand. Prior to starting my research, we had kept perfect records and paid dearly every year, the IRS engaged us in an audit that required us to hire the services of a CPA to represent us. I found out that they took their audit action on a whim. In the end, the audit showed we 'owed' nothing additional. Their lack of justification cost us a fair amount of money for representation not to mention the stress from the event.

Over time, I learned that American Nationals are truly 'Non Taxpayers.' This understanding arose from the massive evidence found in enacted federal tax law and Federal Officials. There is even the admission in a delegated letter originated by former IRS Commissioner Charles Rossotti stating "*the law does not require individuals to file a 1040.*" Additionally, I utilized an Administrative Process in which I secured admissions by the IRS Chief Legal Counsel via 5 USC 556(d) and Estoppel by Laches.

Later, I discovered the Legislative Intent of the 16<sup>th</sup> Amendment and sections in the IRC proving American Nationals have never been '*made liable*' by enacted federal tax law. I spent a considerable amount of time researching the IRC, asking written questions of the IRS, and reviewed numerous cases from the law library. Also, I have attended numerous lectures and seminars on the subject and have discussed this topic briefly with Joseph R. Banister. Joe Banister is a former IRS Criminal Investigation Division Special Agent who discovered alleged wrongdoing in the administration of the federal income tax and then confronted the Commissioner of the Internal Revenue Service about the allegations. His research proved that the rights of Non-Taxpayers are violated by claims of obligation that do not exist. He left his position when the IRS would not comment on his findings. His web site is: [www.freedomabovefortune.com](http://www.freedomabovefortune.com).

My research is supported by numerous respected and highly professional individuals who have also spent considerable time and effort in discovery of the truth about the Federal Income Tax. Documentation originates from varied sources, which include: a Federal Attorney, CPA, Enrolled IRS Agent, Supreme Court cases, and sworn testimony before the House Ways and Means Committee are provided within this letter. There are no Implementing Regulations, published in the Federal Register, which impose the Federal Income Tax upon American Nationals who work in the private sector.

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### *Where Things Really Stand*

In answer to your questions on your personal liability for the income tax, here is the bottom line. After studying the Internal Revenue Code and regulations in 26 CFR intensely in recent years, my research has revealed that:

1. The Legislative Intent of the 16<sup>th</sup> Amendment [written by President William H. Taft on June 16, 1909] is promulgated in the Congressional Record of the United States Senate and identifies the ‘*parties made liable*’ for the federal income tax and the jurisdiction in which it is applicable to be the Federal Zone.
2. There exists no place in the IRC or Treasury Regulations where American Nationals are required to file an income tax return, unless they work for the National Government. However, U.S. Citizens are liable.
3. Sworn testimony, before the House Ways & Means Committee, by the Head of ATF has documented the Income Tax we thought was mandatory is in reality 100% Voluntary.
4. Cynthia J. Mills, IRS Disclosure Officer, Philadelphia, has stated, “*The IRC is not positive law, it is special law. It applies to specific persons in the United States who choose to make themselves subject to the requirements of the special laws in the IRC by entering into an employment agreement within the U.S. Government. The law is that income from sources not effectively connected with the conduct of a trade or business within the U.S. Government is not subject to any tax under subtitle ‘A’ of the IRC.*”
5. Title 26 of the USC has not been enacted into positive law but prima facie evidence of the law, which is assumed to be law unless rebutted. 26 USC Section 7851 indicate that Subtitle A [Income Tax] & Subtitle F [Enforcement] have no effective date of enactment.
6. 26 CFR 1.0-1 states the ‘effective date of enactment’ of the IRC of 1954 as August 16, 1954. However, this implementing regulation also ‘terminates the enactment’ on the same date!
7. The IRS literature indicates that the mission of the IRS is to ‘*encourage voluntary compliance*’,<sup>1</sup> not to enforce mandatory compliance. Look up the definition of volunteer. There is no meaning of “mandatory or obligation requirement” when using that word.

### *Subjects of the Federal Government*

It was once well understood in America that people couldn’t be taxed just because they exist. You see, taxes in America are supposed to apply only to ‘subjects’ of government, in other words, *nom de guerres* (corporations and other artificial ‘persons’) created by government that exist as a privilege. In our nation, the government is instructed to be ‘subject to the will of ‘We The People.’ As free people, we are generally exempt from the kinds of taxes, called direct taxes, which are imposed on ‘subjects’, which exist as a privilege granted, by government. This is a **natural right of free people, not a privilege created by Congress.**

Alexander Hamilton best described the foundational intent of the Constitution, regarding the Federal Government’s ability to tax. He stated, “*Except as to the rule of apportionment, the United States (meaning the federal government) has an indefinite discretion to make requisitions for men and money; but they have ‘no authority’ to raise either, ‘by regulations extending to the individual citizens of America.’ The consequence of this is, that in theory their resolutions concerning those objects are law, constitutionally binding on the members of the Union, ‘yet in practice they are mere recommendations which the States observe or disregard at their option.*”<sup>2</sup> [Emphasis & clarification added]

It is quite obvious that the Founding Fathers were not intent on throwing off the yoke of the English Crown and oppressing the citizens of the America with another form of similar taxation. Furthermore, you will find the following Supreme Court decisions worthy of note:

*“The individual, unlike the corporation, cannot be taxed for the mere privilege of existing. The corporation is an artificial entity which owes its existence and charter powers to the state; but the individual’s rights to live and own property are natural rights for the enjoyment of which an excise cannot be imposed.”*<sup>3</sup>

*“Neither can the tax be sustained on the person, measured by income. Such a tax would be, by nature, a capitation rather than an excise. The Sixteenth Amendment does not extend the power of taxation to new or exempted subjects.”*<sup>4</sup>

*“All subjects over which the sovereign power of a state extends are objects of taxation; but those over, which it does not extend, are, upon the soundest principles, exempt from taxation. This proposition may almost be pronounced self-evident. The sovereignty of a State extends to everything which exists by its authority, or is introduced by its permission.”*<sup>5</sup>

### ***Waiving Your Rights***

However, the real surprise for many is the fact that a person can voluntarily waive their Constitutional rights in exchange for privileges granted by government. For example, if a person did not want to take responsibility for their ability to support themselves when they retire, they could sign up for social security. In exchange for the government’s guarantee of your financial security, they have agreed to give up their sovereign, free status and *become a ‘subject’ of the government, or a U.S. citizen.*<sup>6</sup> Even if you don’t understand this, when you apply for a social security number your failure to object is an acceptance of your new ‘subject’ status. When you voluntarily sign a 1040 form, you may be also accepting this status as a 14<sup>th</sup> Amendment subject of the government. This Amendment grants citizenship to natural persons into the exclusive jurisdiction of the federal government. Failure to understand and defend your rights may be deemed a waiver of your rights in the courts.

Fortunately, the Internal Revenue Code has no provision, which make most people liable for income taxes, even if they are subjects. However, if you *‘volunteer to be a taxpayer’*, the subject status allows the IRS to unilaterally engage in collection and enforcement procedures that would otherwise be unconstitutional.

Our government can’t regulate your God-given Constitutional rights. Under the Constitution ‘We the People’ **have the ‘right’** to life, liberty and the pursuit of happiness, which of course includes the right to make a living. **This is not a privilege granted by government.** Income taxes, therefore, could only be an *excise tax on taxable activities.*<sup>7</sup> In fact; it isn’t really a tax on income at all. The income is merely used as a yardstick to quantify taxable activities. For example, profits from the sale of guns can be used to measure the number of guns sold by a licensed dealer. This is clearly reflected in the Internal Revenue Code, where you will find that, despite the legal requirement for an unequivocal liability to be established before imposing a tax, there are only a few such liabilities established. Only a ‘presumption’ of liability is found in the statutes. *“If the State converts a right (liberty) into a privilege, the citizen can ignore the license and fee and engage in the right (liberty) with impunity.”*<sup>8</sup>

### ***Constitution, Sixteenth Amendment and Excise Taxes***

According to the Constitution, the federal government can collect taxes directly, *only by going through the states via apportionment.*<sup>9</sup>, or indirectly through excise taxes. **Excise taxes apply only to taxable activities that fall within the powers of the government to regulate, i.e., privileges.** Such taxable activities, or privileges, include the sale of tobacco, alcohol and firearms. According to the Table of Authorities in the United-States: Code Service, Code of the Federal-Regulations, there are about 85 such ‘particular types’ of taxes.

If you sell tobacco, then you are a taxpayer within the meaning of the Internal Revenue Code. *If you were not involved in one of those activities, the tax does not apply to you. Income tax is therefore an excise tax,*<sup>10</sup> which is an indirect tax on a taxable activity regulated by government as opposed to a direct tax on you.

In addition, this case tells us that the 16<sup>th</sup> Amendment, often cited by the IRS as proof that you are liable for taxes, ***did not change or contradict the Constitution's requirement that direct taxes be apportioned, 'nor did it give the government any new taxing powers.'***<sup>11</sup> [Emphasis added] According to the court, the 16<sup>th</sup> Amendment was just a clarification of the powers that the federal government already had. You see, the Constitution already gives the federal government power to collect excise taxes, or indirect taxes. The Constitution does not specify that excise taxes do not require apportionment, but does require apportionment for direct taxes such as an income tax.

The fundamental provisions of the Constitution cannot be changed by such an amendment. The 16<sup>th</sup> Amendment does not use the terms 'direct' or 'indirect' in referring to the collection of taxes without apportionment. **The court therefore had to rule that the 16<sup>th</sup> Amendment did not change anything about direct taxes and was only a clarification of the relationship between indirect, excise taxes and apportionment. "The Constitution is a written instrument. As such, its meaning does not alter. That which it meant when it was adopted, it means now."**<sup>12</sup>

Of course, apportionment, which would give control of the federal budget to the states, has never been implemented in America anyway. Once the 16<sup>th</sup> Amendment was on the books, the government and the courts began to stretch its meaning to include both direct and indirect taxes. As a result, there is a conflict on this issue in the law, which has yet to be resolved. However, you are entitled to rely on the original Supreme Court ruling that the 16<sup>th</sup> Amendment gave no new taxing powers to the government, since this original decision has never actually been overturned.

The IRS and the lower courts usually ignore these classic court decisions, including Supreme Court rulings as well. This is the source of the conflict within the courts and the IRS. However, since the cases I have cited have never been overturned, as of this letter, and since the lower courts conflict on these issues, ***your right to rely upon the Supreme Court can not be questioned.***<sup>13</sup> [Emphasis added]

In connection with liability for federal income taxes, the Supreme Court stated: ***"In the interpretation of statutes levying taxes, it is the established rule not to extend their provisions, by implication, beyond the clear import of the language used, or to enlarge their operations as to embrace matters not specifically pointed out. In case of doubt, they are construed most strongly against the government, and in favor of the citizen."***<sup>14</sup> [Emphasis added]

Since *due process is violated when the government itself creates uncertainty in the law,*<sup>15</sup> you have the right to make a determination from reliable sources like the Supreme Court. *Today's courts merely ignore such cases or find ways to squirm out of relying on them with various loopholes in procedure.*<sup>16</sup>

### **Structure of the Law**

The course of events that cause a law to come into existence is briefly outlined for a clarification as to the process involved in a law being brought into existence. I will be referring to them routinely in this letter.

1. Congress creates laws [Statutes & Implementing Regulations] for two different jurisdictions. The 50 states of the Union & the **Federal Zone** defined in **Article 1 Section 8 Clause 17** in the Constitution.
2. The Agency that is delegated the power to **enforce** the **Statutes** then drafts **Enforcement Regulations which have the full force and effect of the law.** [Also referred to as Legislative Regulations.]

3. These **Implementing Regulations** are required by law to be published in the **Federal Register** if the Implementing Regulations are applicable within the 50 states of the Union. This provides American Nationals who would be affected by the law can voice objections and ask for changes **before it goes into effect**. (Federal Register Act, 44 USC Section 1505)
4. The **Regulations** must be very **specific** as to who is **subject** to the **Statute**. Implementing Regulations not published in the Federal Register have no adverse effect on a person's rights and do not extend within the 50 states of the Union but are only applicable within the Federal Zone.
5. If the Agency requires information from someone subject to that statute, it **must** have the information gathering **form approved by** the Office of Management and Budget [OMB].
6. Once approved, the **OMB assigns a control number to that particular form. [No other form will have that number.]**
7. For reference purposes, there are Parallel Tables put in the Code of Federal Regulations so anyone can see at a glance:
  - The Statute and the Implementing Regulation for that Statute
  - The Implementing Regulation and the OMB Number of the approved information gathering form.
  - The Statute and the specific parties from whom the Statute can require information.

### *The Income Tax Law: An Overview*

In 1913, the Sixteenth Amendment to the Constitution for the United-States of the America was ratified according to the Federal Government. There are those who have produced evidence to the contrary. They claim to have certified documents from each state legislature on their voting regarding the Sixteenth Amendment and indicate that not even one state ratified the Sixteenth Amendment.

This has caused a protracted argument as no one in the Federal Government has stepped forward to prove the results of all the state legislatures resulted in ratification. I will not go further on this subject but do believe that there is merit in challenging the federal government to prove ratification once and for all.

Operating under the premise that the Sixteenth Amendment was ratified, the amendment empowered Congress to tax *“incomes, from whatever source derived, without apportionment among the several states, and without regard to any census or enumeration.”* The Sixteenth Amendment must not be in conflict with the Constitution of the United-States of the America on this subject or it would be declared unconstitutional and void. The Constitution of the United-States of the America only permits direct taxation via apportionment of the 50 states of the Union and indirect taxation via Excise taxation on income arising from privileges granted to subjects of the government. Thus the Sixteenth Amendment adheres likewise.

Joe Banister, former IRS CID Agent, at a recent seminar presented an IRS Press Kit Statement entitled “Illegal Tax Protesters.” The IRS Statement read, “**The 16<sup>th</sup> Amendment to the Constitution states that citizens are required to file tax returns and pay taxes.**” Read the 16<sup>th</sup> Amendment, it doesn't say that at all. According to Mr. Banister, “The IRS is a deceitful agency.”

The Internal Revenue Code is today embodied as Title 26 of the United-States: Code (26 USC). All residents and citizens **[of the tax definitions of the term ‘United States’ in 26 USC]** are subject to the federal income tax. However, you are only required to file a return if you are a **person liable** for a tax or if you **volunteer** to be treated as a tax defined resident or citizen and thus make yourself liable for the income tax. As a result, not everyone is required to file a return. **The requirements for filing are found in 26 USC Sections 6001, 6011, 6012(a) according to all IRS literature on the subject.**

Sources of Federal referenced material on this subject can be found in the following. They are ranked in order of their importance for your clarification.

1. **The Constitution of the United-States of the America**
  - Article 1, Section 8 - Congressional power to tax
2. **Sixteenth Amendment**
  - Tax income from whatever ‘source’ derived
3. **Statutes At Large**
  - Real Federal Law and is superior to Code Statutes in 26 USC
4. **Federal Regulations**
  - 26 CFR – Administrative, Procedural & Implementing Regulations
  - Implementing-Regulations only have ‘full force and effect of law’
  - Those regulations that impose obligations upon the general public of the 50 states of the Union must be promulgated in the Federal Register and is a mandatory requirement for all Federal Agencies via the Federal-Register: Act. Court cases that support this legal requirement upon the government are U.S. v Reinis, 794 F.2d 506 (9<sup>th</sup> Cir1986), and U.S v \$200,000, 590 F. Supp. 866 (1984).
5. **Federal Statutes**
  - 26 USC – Internal Revenue Code - only prima facia evidence of the law
  - All statutes must have an Implementing-Regulation to have the ‘full force and effect of law’....Procedural and Administrative Regulations have no ‘full force and effect of law’

### *26 USC – The Internal Revenue Code Overview*

26 USC, according to the “**Titles of the United States Code**” published by the Federal Government, has never been enacted into positive law [specifically enacted by proper authority for the government].

In 26 USC you will find four main Subtitles that are directed toward individuals listed in Section 6001, 6011, 6012(a). These are the only Subtitles that we need to consider in regards to the Income Tax.

- |  |   |
|--|---|
| 1. <b>Subtitle A</b> – Income Taxes          | 3. <b>Subtitle C</b> – Employment Taxes           |
| 2. <b>Subtitle B</b> – Estate and Gift Taxes | 4. <b>Subtitle D</b> – Miscellaneous Excise Taxes |

Presented below will be the trail that many find difficult to follow due to the manner in which 26 USC was written and structured. Just follow the flow and you will see the end result. Let’s start with Subtitle A.

## **26USC – The Internal Revenue Code**

### **Subtitle A – Income Tax**

- **Chapter 1.** Normal Taxes and surtaxes
- **Subchapter A.** Determination of tax liability
  - **Part 1.** Tax on individuals
  - **Section 1.** Tax imposed [on the taxable income of (a) Married, (b) Head of household, (c) Unmarried individuals, (d) Married filing separately...
- **26 USC 1** – Parallel Authorities from 26 CFR Part 301
- **26 CFR Internal Revenue** – [These are the Regulations]
  - **Chapter 1** – Internal Revenue Service, Department of the Treasury
  - **Subchapter F** – Procedure & Administration
- **Part 1 – Subtitle ‘A’ income tax regulations**
  - Look for 26 CFR 1.6201, 1.6020, 1.6321, 1.6331 for enforcement authority to Assess, Create Substitute for Return for Form 1040, Lien, & Levy by distraint – Not there!!
- **Part 301 – Procedure & Administration** – Have no full force & effect of the law.

Most people have never gotten this far into the Tax Code of 26 USC. There are precious few distributed copies of the Code and there is no clear-cut path to follow in the publication for those unfamiliar with this document. Look at Cornell's web site: <http://cfr.law.cornell.edu/cfr/> or [www4.law.cornell.edu/uscode](http://www4.law.cornell.edu/uscode).

It is positively dramatic that **the Statute refers only to regulations in 26 CFR that have no 'full force and effect of law!'** **You have no liability because an Implementing-Regulation does not exist!** This is why Michael White, Senior Attorney with the Federal-Register stated that there are no Implementing-Regulations promulgated in the Federal Register that requires anyone to file or pay a federal income tax.

## 26USC

### Subtitle C – Employment Taxes

- **Chapter 24.** Collection of income tax at source on wages
- **Section 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.
- **26 USC 3403** – Parallel Authorities from 26 CFR
- **26 CFR Internal Revenue** – [These are the Regulations]
- **There appear to be no parallel authorities in CFR for this section (26 USC Section 3403)**

The employer has no legal jeopardy from the IRS by not withholding an income tax on some individual who has no taxable liability. Again, there are no Implementing-Regulations requiring such action as there does not exist a regulation with the 'full force and effect of law.'

### *Basics of the Law*

The IRS has given strong impressions over the years that they can operate above the Law. The power to correct this lawlessness is within the hands of 'We the People'. The Legislative Branch of the Government creates the Laws of this nation. This is clearly revealed in the Constitution and is basic knowledge acquired in high school American History.

Congress is specifically **limited by the Constitution** as to the subject matter and the nature of the laws that they have power to enact. Americans realized that from the days of the American Revolution that government must be limited and that they no longer wished to remain property of a King by the 'Rule of a Monarchy'.

As a result, **the tax laws are limited in nature in that the words in the laws indicate precisely what the law intends.** The law cannot be legally expanded by the Judiciary (courts) or by Administrative Departments of the Federal-Government (IRS), but can only be expanded or repealed by Acts of Congress. *"An unconstitutional act is not law; it confers no rights; it imposes no duties; affords no protection; it creates no office; it is in legal contemplation as though it had never been passed."*<sup>17</sup>

An enacted Public Law is then codified by Constitutional authority and then sent to the respective department of the Executive Branch responsible for the enforcement of the law. This department must then submit to the Federal-Register the Implementing-Regulations (IR) promulgated by the department Secretary. The Law will be published in the Federal-Register for all citizens of the 50 states of the Union to use as a guide in the knowledge that the law now applies to them. If the Secretary does not publish the IR in the Federal-Register, then the law does not apply to the Nationals of the 50 states of the Union.

Most of us are aware of the maxim "**Ignorance of the law is no excuse**" [*Ignorantia juris non excusat*]. This is referring to ignorance of the Public Law, the United States Code and the Code of the Federal-Regulations (CFR), is no excuse. We are all bound to the law and taken to be knowledgeable of the law, thus we have no excuse.



It is very important to note however, that **any ignorance of your right does not mean that your right does not exist**. The legal maxim of “*Ignorantia juris sui non praejudicat juri*” stands even if you are not appropriately informed of a right before an event designed to coerce, goad, or deceive you into giving up that right. **Your right will not be lost.**

**Interpretation of the Law by any court including the Supreme Court is invalid** and goes beyond the authority of the court. “*The court’s task is to determine whether the language the legislators actually enacted has a plain, unambiguous meaning.*”<sup>18</sup> “*The United States Supreme Court cannot supply what Congress has studiously omitted in a statute.*”<sup>19</sup> [Emphasis added]

Legislative history and intent do not overturn the rule of the letter of the law, but is used to resolve ambiguity within the words of a single-law. “*The title of a statute and the history leading up to its adoption, as aids to statutory construction, are to be resorted to only for the purpose of resolving doubts as to the meaning of the words used in the act in case of ambiguity.*”<sup>20</sup>

When two statutes are in conflict with one another regarding a citizen and his/her rights, **the citizen, and not the government and its claims are to be favored and secured under the law**. “*In view of other settled rules of statutory construction, which teach that a law is presumed, in the absence of clear expression to the contrary, to operate prospectively; that, if doubt exists as to the construction of a taxing statute, the doubt should be resolved in favor of the taxpayer...*”<sup>21</sup> [Emphasis added]

If a law cannot be understood, then the common man who is expected to be knowledgeable of the law and govern his actions according to the words in the law cannot do so. Therefore, a maxim of the law exists to aid the common man from being burdened with the responsibility to comply with a law that no man can understand. This is the “**Void for Vagueness Doctrine**” and is defined as “*A law which is so obscure in its promulgation that a reasonable person could not determine from reading what the law purports to command or prohibit is void as violative of due process.*”<sup>22</sup>

The IRS routinely uses, refers to, and tries to goad individuals into believing case law is supreme. **Case law is obviously a ruse used to perplex the common man from attempting to read the law and know it, thus keeping him ignorant and fearful of the law**. This is a violation of the truth. It is evil and malicious as it leads to a lawless and ignorant society. Such actions place too much power and authority over the destiny of the many, into the hands of the few, within a private elite power structure. This is an attempt to revert back to the ‘Rule of a Monarchy’, which is abhorrently unconstitutional to the intent and design of our government.

We all function under a **Rule of the Law** as enacted by the Congress voted for by the people. If not, we find ourselves under a **rule of legal plunder by non-elected bureaucrats and Judges, who see the words of the Congress as mere suggestions, and not the absolute rule of the Law of the People, by the People, and for the People**.

Ignorance and outright apathy for the law are enemies to our knowledge of the law. Another great enemy arises when “**Those who would deny us a rule of the law by our Congress, and seek to make themselves Kings and Lords merely by their power and decrees.**” We the People are to blame, should such men succeed, as we are greater in number than they are, and it has been long revealed, since Jefferson wrote the Declaration of Independence, that **men are governed by consent**.

Since this entire opinion letter is about the tax law, you must know and understand these points, or you will not understand your responsibilities and rights, nor will you understand what some are trying to do to your rights under the law, or rather, under the guise of the law.

There is a **new undercurrent appearing by those who would deceive us**. There are those who are trying to give us a **new tax via a new tax law**. The **intent is designed so that you will never learn** that the Income Tax Code was always very simple for most Nationals of the United-States of the America [living and working in the 50 states of the Union], because **the Tax Code never applied to us**.

Slowly, select government officials have been starting a low key but methodical campaign to give us a new tax law and system, claiming that it will be **'fair to Americans'**. Would you think that **'any new system could be fairer' than the one we have now, if you learned that the present law and the tax do not apply to you?** Think about it. They are presenting yet another deception to the mass of trusting people who are still deceived by the IRS.

### 'Sources of Income'

Since the **laws simply means what the words in them say**, see if your income comes from a **'taxable source'** before it can be defined as income. This should set you free but a new **"fairer tax law"** will turn the clock back and the game will have new rules.

The "Dances with Words" starts with the Constitution and the **Sixteenth Amendment**. Don't give up because of all the loops that the IRS plays. The facts will soon be clear and you will find that the loops and circular logic will yield itself to the real truth and you will be set free. Let's start with where the IRS claims it all begins...

In **Article XVI** - Sixteenth Amendment to the Constitution of the United States of the America - we find the following:

*"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"* [Emphasis Added]

**Source** has to be considered as very important. It has long been settled that Congress' broad statutory definitions of taxable income were intended to use the full measure of taxing power. **"The Sixteenth Amendment is to be taken as written and is not to be extended beyond the meaning clearly indicated by the language used."**<sup>23, 24</sup> [Emphasis added]

*"Congress' intent through Section 61 of the Internal Revenue Code (26 USC Section 61(a)—which provides that **gross income means all income from whatever source derived**, subject to only the exclusions specifically enumerated elsewhere in the Code... and Section 61(a)'s statutory precursors..."*<sup>25</sup> [Emphasis added]

### Section 7806 Construction of Title

#### **(b) Arrangement and classification**

**"No interference, implication, or presumption of legislative construction shall be drawn or made by reason of the location or grouping of any particular section or provision or portion of this title, nor shall any table of contents, table of cross references, or similar outline, analysis, or descriptive matter relating to the contents of this title be given any legal effect. The preceding sentence also applies to the side notes and ancillary tables contained in the various prints of this Act before it enactment into law."** [Emphasis added]

### Section 1. Tax imposed

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

(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:

(c) **Unmarried individuals** filing (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:

(d) **Married individuals filing separate** returns. –

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

(e) **Estates and trusts.** –

There is hereby **imposed on the taxable income** of –

- (1) every estate, and
- (2) every trust,

Notice the regularity with which the phrase “*imposed on the taxable income*” appears. It is vital to thus determine what the ‘snake dance’ of the language actually means. The word ‘**impose**’ means “*to levy or exact as by authority; to lay as a burden, tax, duty or charge.*”<sup>26</sup>

**Section 63. Taxable income defined** [Emphasis added]

(a) In general – “*Except as provided in subsection (b), for purposes of this subtitle, the term ‘taxable income’ means gross income minus the deduction allowed by this chapter (other than the standard deduction).*”

**Section 61. Gross Income defined** [Emphasis added]

(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:*”

Please note that the list below is comprised of ‘**items**’ as stated above, not ‘**sources**’. **The below ‘items’ must originate from a ‘source’ established by the Secretary of the Treasury to be ‘items’ of ‘Gross Income’.**

Here are the ‘**items**’ that must originate from a ‘**source**’....

- (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;
- (15) Income from an interest in an estate or trust. 1.861-8(a)(4)

Most of us have previously heard about these ‘**items**’ repeated through the years, as they are components of gross income, right? These above items have been indicated by amateurs and tax professionals alike to be ‘**sources**’ yet **they are not ‘sources’**. There is a difference between ‘items’ and ‘sources’ just like there is a difference between a real twenty-dollar bill and a counterfeit twenty-dollar bill.

**Again, these are ‘items’ of gross income that only apply when they ‘derive from’ specifically ‘listed sources’**. Now let’s go back to that part of the Sixteenth Amendment referring to “**whatever source**’ derived...

We need to complete our understanding of this matter of ‘**sources**’, which keeps repeating whenever you look at the definition, or description of ‘**Gross Income**’. The laws clarify the ‘**source**’ issue completely. A search of the CFR tells us precisely where sources show up each time in the law.

The ‘**sources**’ can be found in the statutes, as well as in the regulations. The most dramatic place to learn about ‘**sources**’ is found in the words of the Secretary of the Treasury in the CFR and is the legally binding definition of ‘**sources**’ that must apply to income for it to be classified as ‘**Gross Income**’. As you are aware, the regulations that apply are very important and require the IRS to follow them.

Consider **26 CFR Section 1.861-8(a)**: “...*The rules contained in this section apply in determining taxable income of the taxpayer from specific sources and activities under other sections of the Code referred to in this section as operative sections. See paragraph (f)(1) of this section for a list and description of operative sections.*” [Emphasis Added]

## **Subchapter N – Tax based on income from sources within or without the United States**

### **Part 1 – Source rules and other general rules relating to foreign income**

#### **Section 861. Income from sources within the United States**

##### **(a) Gross income from sources within the United States**

The following items of gross income shall be treated as income from sources within the United States:

The Federal Regulations that we are dealing with make reference to ‘**sources**’ within, as well as without, the United States. **Below are the only ‘sources’ from which income must be derived in order for the income to be taxable for the purpose of the Income Tax.**

An examination of the ‘**source of income**’ must be performed prior to any determination as to whether you have any taxable “gross income.” **26 CFR Section 1.861-8 (f)** states: (f) Miscellaneous matters – (1) Operative sections. The operative sections of the Code which require the determination of taxable income of the taxpayer from specific sources or activities and which give rise to statutory groupings to which this section is applicable includes the section described on the next page.

The **sections describing taxable income** from within the United States lists the following **sources**<sup>27</sup>:

- i. Overall limitation to the foreign tax credit.
- ii. [Reserved]
- iii. DISC and FSC taxable income
- iv. Effectively connected taxable income. Nonresident alien individuals and foreign corporations engaged in trade and business within the United States...
- v. Foreign base company income.

- vi. Other operative sections.
  - (A) ...foreign source items of tax....
  - (B) ...foreign mineral income...
  - (C) [Reserved]
  - (D) "...foreign oil and gas extraction income...."
  - (E) "...citizens entitled to the benefits of sections 931 and 936 tax credit..."
  - (F) "...Residents of Puerto Rico..."
  - (G) "...income tax liability incurred in the Virgin Islands..."
  - (H) "...income derived from Guam..."
  - (I) "...China Trade Act corporations..."
  - (J) "...income of a controlled foreign corporation..."
  - (K) "...income from the insurance of U.S. risks..."
  - (L) "...international boycott factor...attributable taxes and income under section 999..."
  - (M) "...income attributable to the operation of a agreement vessel under section 607 of the Merchant Marine Act of 1936..."

Ask the IRS, should they continue to state that you are liable for the Income Tax, specifically **from which of the above listed taxable sources of income is the "gross income" derived as claimed against you? Whatever 'source' the IRS might have that is not listed is 'outside the fence' and thus is 'excluded' from being a taxable income.**

The IRS is typically extremely **silent** on interrogatories of this nature. “ ‘*Silence*’ is species of conduct, and constitutes an implied representation of the existence of facts in question...When silence is of such character and under such circumstances that it would become a fraud...it will operate as an Estoppel.”<sup>28</sup>  
[Emphasis added]

To further support this understanding, take a very close look at another section in the Code of Federal Regulations. In **26 CFR Section 1.863-1** you will find stated:

**(c) Determination of taxable income.** “*The taxpayer’s taxable income from sources within or without the United States will be determined under the rules of Sections 1.861-8 through 1.861-14T for determining taxable income from sources within the United States.*” [Emphasis added]

The above list is plainly applicable, and explains clearly your ‘gross income’ involvement in light of the fact that the U.S. Supreme Court has determined that the Congress acts intentionally and purposely in the inclusion or exclusion of something in a law. Simply stated, if a particular source is not on the list, then it is effectively ‘excluded’ from the Income Tax Act and subsequently the legal definition of ‘Gross Income’.

The above source list can be described simply as a ‘fence’. The U. S. Congress gave the Secretary the task to encircle and **delineate the only area from which 'Gross Income' and 'taxable income' can be derived or determined from**. The Secretary promulgated his understanding of what was expected of him in the regulations, to which the Congress agreed, by acquiescence.

The above list is in fact the **only list defining ‘sources’ in the regulations**. ‘Whatever’ is within the fence is ‘**allowed**’ to be listed as ‘Gross Income’. If it is not within the confines of the Secretary’s ‘fence’ or ‘regulation’ then it is ‘**exempt**’ (as it has not been included in the law to be subject to the tax imposed.)

Some, with a vested interest in taking care of other people’s money for them, will argue that the phrase ‘**whatever sources**’ in the 16<sup>th</sup> Amendment means ‘**any and all sources**’. I agree with that statement...’any and all sources within the list as found **within the published and knowable law!**’

**The Secretary has defined them, and then Congress agreed with the Secretary! The IRS is restricted to the above list, as it is the ‘only list’, which defines ‘sources’. An entry for ‘Citizens with domestic income’ does not exist on this list!**

The power of the Congress and the authority it gives the Executive Branch is **limited to the contents of the law**. **The power to tax any particular thing must be clearly set forth by the words employed in the statutes. The Secretary has no power to expand the meaning, purpose, intent or function of the statute and its specific language with his authority to promulgate and enact regulations.**

Court decisions have routinely confirmed this. Most particularly stated, *“The provisions of the act are unambiguous, and its direction specific, there is no power to amend it by regulation.”*<sup>29</sup> [Emphasis added]

It is not always what is in the law that is important. **Frequently, what is not stated in a law is equally important.** Especially if you are **ASSUMING** something is in a law (something that the U.S. Federal courts and the IRS does not have authority to do), when it clearly is **NOT** there.

- (1) Section 61 states that ‘gross income’ is from ‘sources’ that are taxable.
- (2) 26 USC Section 861(a), states that the following items of gross income shall be treated as income from sources within the United States that are taxable, but fails to include such income paid to U.S. Citizens within the regulation setting forth the ‘specific sources’ of income from within the U.S.
- (3) 26 CFR Section 1.861 and following are the Regulations promulgated by the Secretary of the Treasury to implement 26 USC Section 861, and prove that the items of ‘gross income’ discussed in 26 USC Section 861, are applicable only to foreigners and U.S. Citizens living abroad (NOTE: The IRC considers a U.S. Citizen living and working in a U.S. Territory [Puerto Rico, Virgin Islands, Guam, etc....] as being abroad. See IRC Sections 930-940.

Additionally, you might argue against this research by claiming that the residual groupings, as opposed to the operative sections, apply to U.S. Citizens and make their ‘remuneration’ includible in ‘gross income’.

This would have made a nice argument if it were not for the fact that the residual groupings are revealed in the regulations applicable to 26 USC Section 864, Definitions, and when applied within the U.S. can be directed only to non-resident aliens and foreign corporations.

The only application of the federal income tax upon the income of U.S. Citizens in existence is with respect to:

- (1) a U.S. Citizen’s foreign earned income and
- (2) the income of U.S. Citizens living abroad.

Nonresident aliens, defined at 26 USC 7701(b)(1)(B) [American Nationals], are stated according to 26 CFR 1.871-1 to **ONLY have a taxable liability if** they are engaged in the conduct of a *“trade or business”* [26 USC 7701(a)(26) performance of the **functions of a public office** within the [federal] *“United States”* [meaning Washington, DC per 26 USC 7408(c) and § 7701(a)(9) & §7701(a)(10)].

### **The IRS Big Three Statutes**

The three main statutes cited by the IRS in the *Privacy Act Notice it uses in the 1040 Instruction Manual (Page 7, 1995)* are sections 6001, 6011, and 6012(a).<sup>30</sup> In each of these statutes, there is a headline that makes it seem like a liability or requirement is to be found in the following text. Of course, *these headlines have no legal effect,*<sup>31</sup> so **do not be fooled by the headings**. Now notice how the legally binding text in the statutes **contains only presumptions of liability, but does not actually make anyone liable.**

**Section 6001. Notice or regulations requiring records, statements, and special returns.**

*“Every person liable for any tax imposed by this title...and comply with such rules and regulations”* [Emphasis added]

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

*“When required by regulations, prescribed by the Secretary, any person made liable for any tax imposed by this title...”* [Emphasis added]

**Section 6012. Persons required to make returns of income.****(a) General Rule.**

*“Returns with respect to income under Subtitle A shall be made by the following:*

*(1)(A) Every individual having for the taxable year gross income...”* [Emphasis added]

The language here is clear: **if, and only if**, you are liable for a tax must you file a return or statement with the Internal Revenue Service. The **existence of a liability** for a tax is therefore a condition **‘precedent’ to the requirement that you file.**

*“The taxpayer must be liable for the income tax. Tax liability is a condition precedent to the demand. Merely demanding payment, even repeatedly, does not cause liability.”*<sup>32</sup> [Emphasis Added]

Any first year law student can tell you, if there is a non-occurrence of a “condition precedent”, the obligation of performance by the other party never arises. Accordingly, then, **without the establishment of a liability, the obligation of payment does not exist.**

In addition, the phrases “*every person liable*” and “*any person made liable*” and also “*every individual*” are **not defined in the IRC, and merely presume a liability on the part of any such person or individuals.** If there were a presumption of liability, one would expect that somewhere in the IRC we would find a liability for income taxes clearly spelled out. Taxes on alcohol, tobacco, and firearms are extremely clear and well defined.

**This is not just a traffic law we are talking about; it is the income tax.** Supreme Court Justice John Marshall reminded us “*the power to tax involves the power to destroy.*”<sup>33</sup> Surely this is important enough to justify clear, explicit language in the statutes and regulations. In fact, there are about eight places in the Internal Revenue Code that do actually make someone liable, none of which apply to most ordinary people or the general public at large.

***Imposing A Tax***

Though the IRC begins Subtitle A by ‘*imposing*’ a tax on every category of persons imaginable, there is no clear liability established. The term **‘impose’** is defined as “*to levy or exact as by authority; to lay as a burden, tax, duty or charge.*”<sup>34</sup> To ‘levy’ means to assess or collect a tax. **The government is not authorized to collect money from someone who does not owe it, or is not ‘made liable’ first.** ‘Exact’ means to collect. Neither ‘levying’ a tax, ‘exacting’ a tax nor ‘imposing’ a tax makes one **‘liable’** for a tax.

The Privacy Act, in relationship to the requirement of liability, is so important that there’s actually a statute just on the *Privacy Act of 1974 in the Internal Revenue Code.*<sup>35</sup> This statute addresses **‘the existence or possible existence of liability.’**

**‘Exist’** legally means to be “*in present force, activity or effect.*”<sup>36</sup> **‘Possible’** means capable of existing, free to happen or not. The word “*denotes extreme improbability.*”<sup>37</sup> [Emphasis added]

Therefore, when the IRC says “*Possible existence*,” it is specifically referring to a situation where liability is “*extremely improbable*,” or where there is an absence of liability. Under such conditions, if you choose to pay an income tax, it would be “voluntary,” without compulsion, or as the Supreme Court said, “without distraint (the enforced payment of taxes).”<sup>38</sup>

The IRC is constantly using some form of the word ‘liable.’ In fact, a computer search reveals several thousand such references to the word ‘liable’. For example, IRC Section 7601 provides for the Secretary of the Treasury to authorize a census in each district to ascertain all those ‘liable to pay’ in the district. If everyone were liable, there would be no need for such an inventory. So, this section also clearly demonstrates that someone must be made liable.

### *Legal Doctrine*

It is not as if Congress made some terrible mistake. Congress knew full well the difference between a statute creating a liability on the one hand and a statute not creating a liability on the other. Under the legal doctrine of “*expressio unius est exclusio alterius*” (a maximum of statutory interpretation meaning that the expression of one thing is the exclusion of another), **Congress could have, but specifically chose not to, create a mandatory liability for income taxes.**

*“While the maxim ‘expression unius est exclusio alterius’ is not of universal application, it is never more applicable than in the construction and interpretation of statutes.”*<sup>39</sup>

*“When certain persons or things are specified in a law, contract or will, an intention to exclude all others from its operation may be inferred.”*<sup>40</sup>

Statutes created by Congress have the “*presumption of regularity*.” In other words, it is **presumed that Congress does not make mistakes in writing legislation.** After all, they have huge legal staffs of top attorneys to review all legislation and make sure that mistakes do not happen. This is especially true of important legislation, or legislation for which there may be some constitutional doubt, as is the case with income taxes. Imagine how many attorneys have reviewed the various income tax laws enacted since 1913.

### *Public Salary Tax Act of 1939*

As a historical note, when the Public Salary Tax Act of 1939 was passed (the name was later changed to the Internal Revenue Code of 1939), it clearly indicated that participation was by ‘**consent**’, “*voluntarily yielding the will to the proposition of another*.”<sup>41</sup>

*“The United States (the federal government) consents to the taxation of pay or compensation for personal services as an officer or employee of the United States (the federal government).”*<sup>42</sup> [Clarification added]

In fact, the current 1996 Internal Revenue Code still gets much of its authority from the original 1939 Public Salaries Tax Act! In the following quote, you can see how they still refer back to the 1939 statutes. In this statute they are basically saying that if the 1954 or 1986 Internal Revenue Code does not have a section to replace an equivalent section in the earlier codes, **then the earlier code sections are still applicable.**

*“For the purpose of applying the Internal Revenue Code of 1939 or the Internal Revenue Code of 1954 to any period, reference in either such code to another provision of the Internal Revenue Code of 1939 or the Internal Revenue Code of 1954 which is not then applicable to such period shall be deemed a reference to the corresponding provision of the other code which is then applicable to such period.”*<sup>43</sup>



*Victory Tax Act of 1942*

Fifty years ago, even for the federal employees, the government knew to avoid being unconstitutional, that direct taxation of this kind could only be done on a consenting basis, indicating a voluntary contractual agreement. The first time the taxation of the wages of a natural-person occurred was via passage of the Victory Tax of 1942 to support the war effort during World War II. The Victory Tax clearly shows its voluntary origins.

*“The United States (the federal government) ‘consents’ to the taxation of pay or compensation for personal service as an officer or employee of the United States (the federal government), a territory or possession or political subdivision thereof, the government of the District of Columbia, or an agency or instrumentality of one or more of the foregoing, by a duly constituted taxing authority having jurisdiction, if the taxation does not discriminate against the officer or employee because of the source of the pay or compensation.”<sup>44</sup>*

You can see that the income tax was ‘voluntary’ even more so in when the **Victory Tax was repealed**:

*“...at which time the individual citizens of the States were taken from voluntary federal jurisdiction and returned to their State Constitutional and civil rights.”<sup>45</sup> [Emphasis added]*

*Unconstitutional: The Federal Income Tax Act of 1894*

Most Americans are probably unaware that a federal income tax similar to our contemporary system was passed by Congress and became law in 1894. In 1895, the United States Supreme Court declared the Income Tax Act Unconstitutional.

*“...the Tax imposed by sections 27 to 37, inclusive, of the Act of 1894, so far as it falls on the income of real estate, and of personal property, **being a direct tax**, within the meaning of the Constitution, and **therefore unconstitutional, and void**, because not apportioned according to representation, all those sections, constituting one entire scheme of taxation, are necessarily invalid.”<sup>46</sup> [Emphasis Added]*

Not only did this decision by the Supreme Court **invalidate the 1894 Income Tax Act**, it re-emphasized the meaning of the constitutional restrictions on direct taxation, namely that **direct taxes must be apportioned according to representation to be legal.**<sup>47</sup> [Emphasis added]

Advocates and supporters of the Income Tax Act had been defeated in the highest court in the nation. In less than a quarter of a century, the same group supporting the federal income tax attempted to neutralize the Pollock decision via the 16<sup>th</sup> Amendment. The 16<sup>th</sup> Amendment has been used as both the basis for implementation and the continuance of our contemporary federal income tax system. The truth is that the 16<sup>th</sup> Amendment, by the Supreme Court’s own admission, did not eliminate constitutional limitations of federal taxing power (apportionment of direct taxes or uniformity of indirect taxes).

The Pollock decision, which was decided prior to the adoption of the 16<sup>th</sup> Amendment, clearly and unequivocally stated that direct taxes (income taxes) are unconstitutional unless apportioned according to representation. The Brushaber decision, decided subsequent to the 16<sup>th</sup> Amendment, reinforced the earlier Pollock decision. *“A direct tax not apportioned would still be unconstitutional and void.”<sup>48</sup> [Emphasis Added]*

Both the Pollock and Brushaber decisions are still valid in effect as of this letter. The decisions clearly indicate that the contemporary federal income tax system is unconstitutional and can only exist as a voluntary tax system.

Misinformation, and or half-truths by the government, perpetuates the annual filing activities of many Americans. The federal income tax for the majority of Americans is a totally voluntary act of their own choosing. Few realize this fact. “**My people are destroyed by a lack of knowledge**”<sup>49</sup> remains the primary reason that so many ‘volunteer’ without realizing it.

### Regulations

The Code of Federal Regulations (26 CFR) recognizes the “*recognized rules of statutory construction*” that require an explicit liability must be established by specific statute.<sup>50</sup> It is also well settled that income tax laws and regulations must be read strictly.

“...it is a well settled rule that tax laws are to be strictly construed...Strict construction is a way to insure that no taxes be enacted except by legislative authority.”<sup>51</sup>

**The statutes and implementing regulations say exactly what they mean and are not subject to interpretation.** The IRS and courts cannot imply an income tax. They do have broad discretion to interpret those statutes and regulations not dealing with the essence of the tax issue, such as administrative and procedural aspects of the law. Unfortunately, the IRS implies that everyone has income and is a taxpayer, a clear abuse of discretion.

“The obligation to pay taxes arises only by force of legislative action.”<sup>52</sup>

**Title 26 CFR Section 601.702(a)(2)(ii)** states, in part, “Thus for example, any such matter which imposes an obligation and **which is not so published or incorporated by reference will not adversely change or affect a person’s right.**”

It is a general principle of statutory law that a statute must be definite to be valid. It has been recognized “that a **statute is so vague as to violate the due process clause of the United States Constitution where it’s language does not contain sufficiently definite warning; as to the prescribed conduct, when measured by common understanding and practices, or stated otherwise, where it’s language is such that men of common intelligence must necessarily guess as it’s meaning.**”<sup>53</sup>

“Liability for taxation must clearly appear from statute imposing tax.”<sup>54</sup> “The collection of taxes should be enacted only from persons upon whom a tax liability is imposed by some statute.”<sup>55</sup>

### Burden of Proof

The courts have also ruled that the ‘Burden of Proof’ is upon the IRS and that liability for tax cannot be presumed nor inferred:

“In interpretation of statutes levying taxes, it is the established rule not to extend their provisions by implication beyond the clear import of the language used, or to enlarge their operations as to embrace matters not specifically pointed out. **In the case of doubt they are construed most strongly against the government, and in favor of the citizen.**”<sup>56</sup>

Additionally, the Administrative Procedures Act has required the IRS to prove that an individual citizen of the fifty states of the union has a taxable liability in that “...**the proponent of the rule or order** (the IRS in this instance) **has the burden of proof.**”<sup>57</sup> [Emphasis & clarification added]

Furthermore, the Administrative Procedures Act provides “A sanction may not be imposed or rule or order issued except on consideration of the whole record or those parts thereof cited by a party and supported by and in accordance with the **reliable, probative and substantial evidence**...” [Emphasis added]

*“The Secretary of the Treasury is bound by the law, and although in the exercise of his discretion he may adopt necessary forms and modes of giving effect to the law, neither he nor those who act under him can dispense with or alter any of its provisions.”<sup>58</sup>*

Recently, I completed a search on the Internet of the Internal Revenue Code and Regulations at the web site of Cornell University’s Law Library. The documentation clearly indicated that the only statutes that specifically and unequivocally make someone liable for income taxes are those listed below:

Section 402 (e) (1) (d) – Liability for Tax – “makes the beneficiaries or the recipients of employee’s trusts liable.”

Section 1461 – Liability for Withheld Tax – “makes persons required to withhold tax liable.”

Section 3405 (d) (1) – Liability for Withholding – “makes certain deferred income plans required to withhold liable.”

Section 3505 (a) – Direct Payment by Third Parties – “makes any person other than an employer who pays wages to an employee liable.”

Section 4401 (c) – Persons Liable for Tax – “makes any person engaged in the business of accepting wagers liable.”

Section 4980 (A) and 4908 (B) – Liability for Tax – “makes beneficiaries of some health care plans liable for taxes on excess distributions.”

Section 5005 – Persons Liable for Tax – “makes the distillers or importers of distilled spirits liable.”

Section 5703 – Liability for Tax – “makes manufacturers and importers of tobacco products liable.”

You will find in Bothke v. Fluor Engineers and Constructor, Inc., 713 F. 2d 1405, 1414 (9<sup>th</sup> Cir 1983) the decision that *“The taxpayer must be liable for the tax. Tax liability is a condition precedent to the demand. Merely demanding payment, even repeatedly, does not cause liability.”*

**It is conspicuous by its absence that there is no mandatory requirement for a Federal Income Tax, U.S. Individual Income Tax, a 1040 Tax that is placed upon the general public. This supports the fact that if there is no mandatory requirement to pay then there is no possible way to be ‘a person liable.’**

### *The Real Importance of Implementing Regulations*

The law requires both the statutes and implementing regulations to impose a tax, and in fact it is the implementing regulations that must be violated or there is no violation of anything! Implementing regulations give statutes the full force and effect of law. Statutes under Title 26 create broad classes of taxes. The regulations must be more specific than that which is found in the statutes. Therefore, if no implementing regulation exists, then there is no requirement for compliance since the statute is unenforceable. The IRC itself *“authorizes the Secretary of the Treasury to make such regulations.”*<sup>59</sup>

It is extremely important to keep in mind that, where applicable, every section in the Code must have its own implementing federal regulation. **Notice that these referenced statements below do not tell you what type of regulations that the IRS is referring to.**

“Our legal right to ask for information is Internal Revenue Code sections 6001, 6011, 6012 and their regulations.” AND “Code Section 6019 and its **regulations** say.”<sup>60</sup> [Emphasis Added]

“The mission of the Service is to encourage the highest possible degree of voluntary compliance with the tax laws and **regulations**.”<sup>61</sup> [Emphasis Added]

“Except where such authority is expressly given.....the Secretary shall prescribe all needful rules and **regulations** for the enforcement of this title.”<sup>62</sup> [Emphasis Added]

“The Commissioner with the approval of the Secretary shall prescribe all needful rules and **regulations** for the enforcement of the Code.”<sup>63</sup> [Emphasis Added]

Internal Revenue Code (I.R.C): “That body of law which codifies all federal tax laws including income, estate, gift, excise, etc., taxes. Such laws comprise Title 26 of the U.S. Code and are implemented by Treasury **Regulations**. Revenue Rulings, etc....Title 26 is now known as the Internal Revenue Code of 1986.”<sup>64</sup> [Emphasis Added]

The **Federal-Register-Act [44 USC Section 1501]** requires the Implementing-Regulations that apply to the general public to be published in the Federal-Register. It is your Right to ask for the Volume, Date, and Page number as to the published Implementing Regulation. Otherwise, the Regulation does not apply.

Internal Revenue Code section 7805 authorizes Administrative and Procedural Regulations. They constitute the primary source for the guidance on the Treasury’s position regarding the interpretation of the Code. Regulations have been classified into three broad categories: **Legislative [Implementing], Interpretative [Administrative], and Procedural.**

Legislative (Implementing) regulations are those for which the Service is specifically authorized by the Code to prescribe the operating rules. “Generally, **legislative regulations have the force and effect of law unless the regulation exceeds the scope of the delegated power, is contrary to the Statute, or is unreasonable.**”<sup>65</sup> [Emphasis Added]

“Interpretative regulations explain the Service’s position on the various sections of the Code. Although **interpretative regulations do not have the force and effect of law, the courts customarily accord them substantial weight.**”<sup>65</sup> “**Procedural regulations are considered to be directive rather than mandatory, and thus, do not have the force and effect of the law.**”<sup>67</sup> [Emphasis Added]

While the IRC itself authorizes the Secretary of the Treasury to make such regulations as indicated below, you must look to find out just which type of regulations you are being directed to consider. **Only the Implementing Regulations have the full force and effect of the law.**

“The Secretary shall prescribe all needful rules and regulations for the enforcement of this title.”<sup>68</sup>

“...persons liable shall comply with such rules and regulations as the Secretary may prescribe.”<sup>69</sup>

“...when required by **regulations** prescribed by the Secretary.”<sup>70</sup>

Penalties only arise upon violation of Implementing Regulations. “We think it **important to note that the Acts civil and criminal penalties attach only upon violation of regulations** (legislative) **promulgated by the Secretary** (in the Federal Register). **If the Secretary were to do nothing** (not publish the regulations in the Federal Register), **the Act itself would impose no penalties on anyone.**”<sup>71</sup> [Emphasis & clarification added]

*“Only those who violate these regulations may incur civil or criminal penalties, it is the actual regulations issued by the Secretary of the Treasury, and not the broad authorizing language of the statute, which are to be tested against the standards of the Fourth Amendment; and that when so tested they are valid.”*<sup>72</sup> [Emphasis added]

Since the regulations are quite extensive and complex, the regulations the IRS is relying upon must be specifically spelled out, and the law requires that they be spelled out. This is indicated in the 1040 Instruction Manual, page 4, The Privacy Act Notice, a legal disclaimer, which states, *“Our right to ask for information is Internal Revenue Code section 6001, 6011, and 6012, and their regulations.”* [Emphasis Added]

Since the 1040 Instruction Manual, The Privacy Act Notice, and IRS legal disclaimer are all legal documents, the use of the word **“and”** are not casual. It means exactly what it says. Both the statutes and the regulations are required. The first statute mentioned in the 1040 Instruction Manual Privacy Act Notice sheds additional light on this point.

The IRC Section 6001 states *“the Secretary may require any person, by notice served upon such person or by regulation.”* [Emphasis added] The recognized rules of English grammar and legal construction make it clear that his use of the word **“or”** (without a comma following it) means **“and.”** Therefore, **both a notice and the corresponding regulations must be present.** In other words, **a notice, without regulatory authority, would have no power.** Of course, **for such notices to be complete, it must give its authority, i.e., the regulations,** to show it is based in law anyway.

In my response so far you have certainly noticed the continued reference cited in 26 USC as to the **“Secretary.”** Upon investigation, to look at the term “Secretary”, the only definition found was in 27 USC. That definition was surprising in that the word “Secretary” was defined to be *“The Secretary of the Treasury of Puerto Rico.”*<sup>73</sup>

Concluding this particular word search on CD ROM disc it was learned that there is **no location in 26 USC** existing indicating a reference to *“the Secretary of the Treasury of the United States.”* Additionally, on a search for the definition of **“Revenue Agent”** it was also uniquely defined as *“Revenue Agent – Any duly authorized Commonwealth Internal Revenue Agent of the Department of the Treasury of Puerto Rico.”*<sup>74</sup> [Emphasis added] A dramatic finding with strong implications.

**Title 26 USC Section 7522(a)** states, *“any notice to which this section applies shall describe the basis for, and identify the amounts (if any) of, the tax due.”* Basis means, “the foundation of a principle.” A *“basis of tax” is the foundation on which the tax is computed; the rate is the percentage fixed by the statute.*<sup>75</sup> Since statutes must have implementing regulations to have the full force and effect of law, Section 7522 therefore requires that the regulations be disclosed, lest the taxpayer is in the unfortunate position of having to guess which of the approximately 85 income taxes, and hundreds of other taxes, in the regulations are applicable.

Since *“the taxpayer can not be left in the unardonable position of having to prove a negative”*<sup>76</sup> [Emphasis added] that he or she is not required to pay a particular kind of tax, **the burden is on the IRS to make the exact regulations clear in the notice.**

The **IRC Section 7805** requires the Secretary to *“prescribe all needful rules and regulations for the enforcement of this title...”* **CFR 301.6001-1** plainly states, *“For provisions requiring records, statements, and special returns, see the regulations relating to that particular tax.”* If you have **not received notice of what particular tax you are expected to comply with,** it is **improper to assume which tax,** out of the many regulations specifying particular taxes, you are supposedly liable for.

Therefore it is not possible to determine the subject matter of any purported taxes. It is an ‘imperative necessity’ that the IRS provides notice of the particular tax you are to comply with.

Previously mentioned, income is the yardstick or measure of a tax on a revenue taxable activity. It is not income itself that is taxed. Without specific citations there is no way to determine what taxable activities you are liable for, from which a taxable income is derived. For example, CFR 301.6109-1, which outlines the requirements for taxpayer identification numbers, makes no mention of self-employment.

Without specific citations, there is simply no way to know which type of tax applies to you. It is, again, irresponsible to guess or assume, and unconstitutional for the IRS to put you in a situation where guessing is the only answer. That is not due process.

### ***Definitions***

Please take the time to study this important section of this letter. I recommend that you review it multiple times until the impact is fully registered as to the importance, which you will soon discover. It is worthwhile to start with the word “Definition” itself.

Thus, the definition of the word “Definition” means, “A *description of a thing by its properties; an explanation of the meaning of a word or term. The process of stating the exact meaning of a word by means of other words. A description of the thing defined, including all essential elements and excluding all nonessential, as to distinguish it from all other things and classes.*”<sup>77</sup> [Emphasis added]

**26 USC Section 7701. Definitions. (a) When used in this title -** In this section you will find multiple definitions that have two unique words used routinely in defining the various key words in Title 26. Those words are “**includes**” and “**means**.” So one needs to define those specific words to learn just what the IRS is trying to do with semantics.

The word “**includes**” means, “*to shut in, keep within, to confine within, hold as an enclosure, take in, attain, shut up, contain, enclose, comprise, comprehend, embrace, involve.*”<sup>78</sup> The word “**means**” is defined as “*to be defined or described as; denote; that which is, or is intended to be, signified or denoted by act or language*”<sup>79</sup> [Emphasis added]

“**Person** – The term person shall be construed to **mean** and **include** an individual, a trust, estate, partnership, association, company or corporation.”<sup>80</sup> [Note that entire the definition refers only to nom de guerres or artificial entities. No definition in 26 USC of the word ‘individual.’]

“**United States** – The term ‘United States’ when used in a geographical sense **includes** (comprises or contains) **only the States and the District of Columbia.**”<sup>81</sup> [Emphasis added]

“**State** – The term ‘State’ shall be construed to **include** (comprises or contains) the **District of Columbia**, where such construction is necessary to carry out the provisions of this title.”<sup>82</sup>  
[Emphasis added]

I remind you again of the doctrine of “*expression unius est exclusio alterius*” (**the expression of one thing is the exclusion of another.**).

Take a further look at a few more definitions of commonly used words in Title 26 USC that have a different meaning, from a tax definition perspective, vis-à-vis the everyday use of the words.

“**Taxpayer** – The term ‘Taxpayer’ **means** (is intended to be) any ‘**person**’ subject to internal revenue tax.” This term is found in **26 USC Section 7701(a) (14)**. [Emphasis added]

“**Trade or Business** – The term ‘Trade or Business’ **includes** (comprises or contains) the **performance of the functions of a public office.**”<sup>83</sup> [Emphasis added]

***“Employee – The term Employee includes (comprises or contains) an officer, employee, elected official of the United States, or political subdivisions of a corporation”***<sup>84</sup> [Emphasis added]

The word ‘**employee**’ can’t be the same word as “Employee” as the statement would be non-descriptive or circular logic. Thus ‘**employee**’ is a subset or is smaller than the word “Employee”. **The ‘employee’ relates to someone in the geographical jurisdiction of the federal government. Section 3401(c) refers only to the federal government.**

It really looks like semantics are very important. Just like looking for the **legislative intent of a law**, the words that are used by the IRS must also be studied to determine the real statement that is being made **versus what you may have routinely assumed that they meant.**

Now take a look at the same word but located in another section of 26 USC. ‘State’ is defined in **26 USC Section 6103 (b)(5) - which relates only to confidentiality and disclosure of returns and return information** – **“State is defined as ‘Any of the 50 states’, Washington, DC, Guam, Puerto Rico, Virgin Islands, American Samoa, Marinas Islands....”** This is a very clear and unambiguous definition, especially when you compare it to the same word being defined previously! Imagine how many government lawyers worked on these definitions! They did not define these terms casually, they had a direct purpose.

To illustrate the point, take the definition of **“trade or business”** as referred to in **Section 7701(a)(26)** and you find another example of unintelligible laws that do not apply to ordinary Americans, and offer no real clarification as to what constitutes a taxable activity. Most people are not in public office so that really does not apply to most Americans. The reality is that **without specific statutes and implementing regulations** detailing the particular type of tax, you are unable to determine how to comply with the law.

The United States Code Service (USCS) Parallel Table of Authorities and Rules in the CFR lists the rule making authority for the various regulations in the Code of Federal Regulations. There are about 85 particular kinds of income taxes in these regulations. **The IRS is required to “accurately publish this cross reference of regulations and where they derive their authority.”**<sup>85</sup> [Emphasis added]

The 1040 form is associated with more than 120 different particular kinds of taxes. There is no way of determining from the regulations, without lawful notice, if these regulations pertain to you, and if so, which forms you are expected to provide. Without specific notice of what statutes and implementing regulations apply, it is impossible to determine what your responsibilities are.

As a sidebar comment, the IRS has indicated on many occasions that the Form to fill out is **Form 1040** and the tax that you are to pay is the **U.S. Individual Income Tax** as found in **26 CFR Section 1.1-1**. Form 1040 has an Office of Management and Budget (OMB) **Control Number of 1545-0074** in the upper right hand corner. When I looked up the 26 CFR 1.1-1 in the **OMB Cross-Reference Index** there was a reference to **Control Number 1545-0067**. I cross referenced that Control Number and found out that it was assigned to **Form 2555 Foreign Earned Income**. My conversation was abruptly terminated when I presented the IRS with this data asking them if they are requiring taxpayers to fill out a fraudulent form.

### ***Understanding the W-4 Withholding***

**The determination of liability for a non-federal employee rests with that employee only.** The employer only has the duty to honor the W-4 or W-4E (Exempt) form as filed by the employee. The employer has no authority to make a determination concerning the employee’s tax liability and has no authority to change the Form W-4 signed by the employee. **“The Employer is not authorized to alter the [W-4] Form and disallow the employee’s claims.”**<sup>86</sup> [Emphasis added]

**“An alteration of a withholding exemption certificate is any deletion of the language of the jurat or other similar provision of such certificate by which the employee certifies or affirms the correctness of the completed certificate, or any material defacing of such certificate.”**<sup>87</sup> [Emphasis added]

**Regardless of what the IRS may want you to believe** it is not lawfully within the discretion of an employer to change, disregard or correct a verified affidavit. **The IRS cannot penalize you or your employer for merely obeying the law.** A natural person, however, can sue the employer for taking his or her private compensation, contrary to the law, and against his or her consent and the IRS will provide the employer with no protection or immunity.

**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 [Chapter 24] upon a payment of wages to an employee if there is in effect with respect to the payment, a withholding exemption certificate furnished to the employer by the employee which contains statements that – (a) The employee incurred no liability for income tax imposed under subtitle A of the Code for the preceding taxable year; and (b) The employee anticipates that he will incur no liability for income tax imposed by Subtitle A for his current taxable year.”<sup>88</sup> [Emphasis added]

**WITHHOLDING EXEMPTION CERTIFICATES** -- (a) “On commencement of employment. On or before the date on which an individual commences employment with an employer, the individual shall furnish the employer with a signed withholding exemption certificate...**OR** if the statements described in Section 31.3402(n)-1 are true with respect to an individual, he may furnish his employer with a signed withholding exemption certificate which contains such statements in lieu of the first mentioned [W-4 Certificate].”<sup>89</sup> [Emphasis added]

**Any Code Section that the IRS may quote from 26 USC Chapter 24, is applicable only to compensation for services as a public servant or Government Employee and not to workers in the private sector,** unless such private workers have voluntarily agreed to such withholding, by filing a W-4. See definitions of term “EMPLOYEE” and “WAGES” in Federal Register, Tuesday, Sept. 7, 1943, pg. 12267, and 26 USC Section 3401(a) (c), and Public Salary Act of 1939, TITLE 1 – SECTION 1 for proper definition of term “Compensation for Services”, as it relates to “gross income” in [1939] 26 USC Section 22(a) [currently 26 U.S.C. Section 61].

*The Forms W-4 and W-4E (and W-2) are classified as Tax Class 5 forms. Tax class 5 is listed as Estate and Gift tax,*<sup>90</sup> not withholding or income tax. Obviously, this form not required!

### *W-4 Withholding of Remuneration*

When you work for an employer, normally you are receiving ‘**remuneration**’ not ‘**wages**’ or ‘**compensation**’, and the withholding provisions in **26 USC Section 3402** state “*that the employer must ‘withhold’ income taxes from ‘wages’.*” This leads to defining the differences between ‘**wages**’ and ‘**remuneration**’.

The definition of ‘**wages**’ was found to mean, “*compensation paid to employees based on the time worked or output of production.*”<sup>91</sup> ‘**Remuneration**’ was found to mean “*payment, salary, reward, recompense for service performed. A periodical compensation paid for services rendered in a fixed period, in contrast to wages which are normally based on an hourly rate.*”<sup>92</sup>

For Nationals of the United-States of the America, the law defines ‘remuneration as wages’, **except in Section 3401(a)(8)(A)(I)**, which states that said “*remuneration is not ‘wages’ if it is reasonable to believe that it will be ‘excluded’ from gross income under Section 911.*” **Remuneration is not listed in Section 911 hence leaving it outside of the fence that is outlined by the law, your remuneration would be therefore excluded from gross income under 26 USC Section 911.**

Many attorneys and CPAs are confused by the erroneous belief that the word “WHATEVER” in the Sixteenth Amendment means “any and all”. That is an incorrect assumption and the reason is simple; **it is not what the Secretary of the Treasury delineates.**



The word “WHATEVER” is **clearly restricted to ‘any and all’ of the ‘sources’ that appear on the ‘list of sources’ outlined by the Secretary of the Treasury defining gross income.** Consequently, the ‘exclusion’ of the remuneration makes it ‘exempt’ under the rules of the Secretary of the Treasury because it is not ‘included’ in Section 911.

**In other words, the statutes express that ‘wages’ must be ‘remuneration’ which meets the terms described in Section 911 or they are not ‘wages’, and thus are excluded from the withholding requirement.** Research of Title 26 has found that the Income Tax is only imposed upon United-States source income of United-States Citizens **when it is defined as ‘gross income’ under Section 911 of the Internal Revenue Code.**

The Secretary of the Treasury has plainly stated in **26 CFR Section 1.861-8T(d)(2)(iii)(D)**, the only income for United-States citizens not exempt from the income tax is Foreign Earned Income as defined in Section 911 of the Internal Revenue Code. All of the other items of income listed had to do exclusively with foreigners, and at 26 CFR Section 1.961-8T(d)(2)(iii)(A), the Secretary specifically stated that the Foreigner was subject to taxation on both United-States and Foreign Earned Income.

**The Secretary of the Treasury did not make such a broad sweeping statement regarding the citizens of the United-States of the America.** It is plainly apparent that there is no statement made by the Secretary that ‘source income’ of the Nationals of the United-States of the America [living and working in the 50 states of the Union] is subject to the federal income tax.

As a result, **you are exempt from any FIT withholding, since the withholding law is only applicable to amounts acquired that are legally ‘source income’ included in 26 USC Section 911.** This position is further supported by **26 CFR Section 1.861-8(d)(2)(ii)(A)**, which plainly states, “*income which is ‘excluded’ from the law is ‘exempt income’.*” Excluded connotes “*denial of entry or admittance.*”<sup>93</sup>

If something is ‘**excluded**’ from a law, is there any necessity that the exclusion be stated or written in the law? Can the law create authority over something not entered into the wording of the law? Can the law create authority not recognized as subject to the law by the Executive Office responsible for the enforcement of the said law? Absolutely not!

If the **Federal Standards of Statutory Construction and 26 USC Section 7806** are really in operation in 26 USC, then **only the words in the law influence the meaning of the law.** Unless the law is rendered ambiguous and thus legislative intent must be conferred with, remuneration of the Nationals of the United-States of the America [working and living in the 50 states of the Union] are **exempt** from withholding of federal income taxes.

The only remuneration of United-States citizens to constitute ‘wages’ to be withheld from under **Section 3401(a)**, is ‘**gross income**’ as defined under **Section 911 of the Internal Revenue Code.** **If there were any other sections of the law where a Citizen of the United-States of the America earned ‘gross income’, why is it not mentioned along with Section 911, Section 3401(a)(8)(A), or in 26 CFR Section 1.861-8T(d)(2)(iii)?**

It is clearly evident that even if a citizen of the United-States of the America signs a W-4 Form, and hands it to his employer, **the statutory authority to withhold from citizens of the United-States of the America does not exist.** Such statutory authority is limited to only ‘**remuneration**’ defined as **gross income under Section 911, thus constituting ‘wages’ for the purposes of Chapter 24.** There is nothing within Section 911 indicating that it governs a citizen of the United-States of the America [living in the 50 states of the Union]. Citizens earning income from sources within the 50 states of the Union are not liable for an income tax and should not have withholdings from their payroll check.

The words of the law are self-evident. **No employer** paying ‘remuneration’ to any employee, who is a citizen of the United-States of the America [living and working in the 50 states of the Union], **has a statutory right or duty to withhold a tax from the ‘remuneration’ under Section 3402. Furthermore, the employer has a statutory right or duty to report the ‘remuneration’ as “Wages”, and subsequently “Gross Income” under the income tax, on the W-2 pursuant to Section 6051.**

**The law defining “wages” to be taxed and collected in Section 3402, does not apply to the remuneration paid to a citizen of the United-States of the America [living and working in the 50 states of the Union].**

When the IRS resists the truth, they are rebelling against the authority of the law. By their rebellion the IRS attempts to render the regulations promulgated by the Secretary, and the statutes enacted by the United-States Congress, to be of no legal effect.

**The IRS can not disallow** a citizen of the United-States of the America to rightfully claim their remuneration to not be “wages” under the law, and thus not be subject to the withholding of the income tax imposed in Subtitle A and collected in Subtitle C Section 3402. **Such an action places the IRS above the law. For the IRS to do so is then in violation of the law.**

*“Ignorantia juris sui non praejudicat juri”* which means ignorance of your rights does not cause you to lose that right continues and prevails. **Just because one does not know about his or her statutory right [the right not to be subject to the withholding of the taxes] and is subsequently forced to pay the tax, does not invalidate the law or your rights to reclaim your currently withheld remuneration.** Nor does it deny the truth in the law.

***‘Wages: Within the Meaning of the Tax Code’***

For some reason many people desperately want to believe that their labor is taxable. Perhaps they can’t deal with the fact that they may not have a tax liability or that they don’t have to sign a Form W-4. I just hope that you can deal with the truth. It’s time to stop believing in the fiction that has done so much to destroy the productivity of the nation. Answer for yourself...by it’s actions is government the servant or the master?

‘Wages’ are defined within the meaning of **gross income** under **Section 61** of the tax code and they are taxable as **gross income**. The law is very clear that wages, within the meaning of the tax code, are taxable. There are numerous court cases that have established case law on this issue. There are multiple common law principles, which establish what constitutes employment as opposed to self-employment. As they are not relevant for this discussion, we will focus on the code.

The issue of ‘wages’ centers on **where you are performing the services and getting paid [based again on “whatever source” of taxable income]**, or if you sign a withholding agreement that determines whether or not you’re receiving wages. In **Section 3121** of the Internal Revenue Code defines “wages” to mean all remuneration for employment. **Part 31.3401(a)-1** of the **Code of Federal Regulations** defines ‘wages’ to mean all remuneration for services performed by an employee.

**Part 31.3401(c)-1** of the **Code of Federal Regulations** defines “employee” to include every individual performing services if the legal relationship between him and the person for whom he performs such services is the legal relationship of employer and employee. And finally, the term “employer” is clearly defined under **Part 31.3401(d)-1** to mean any person for whom an individual performs or performed any service, of whatever nature, as the employee of such person.

In summary, if you are receiving wages, you are also an employee receiving wages from an employer. Under these definitions, you become an employee performing services for an employer when you receive wages. Does that make you dizzy looking at such circular logic?

The term “**employment**” is further defined more clearly under **Part 31.3121(b)-3** to mean services performed after 1954 **within the United States** by an ‘employee for his employer’, unless specifically excepted. It goes on to state that the employee and employer may be citizens and residents of a foreign country, and yet, if the employee under such contract performs services within the United States, there may be to that extent employment. **This regulation refers to Section 31.3121(e)-1 for the definition of the United States.**

**Paragraph (c) of this same part states that services performed outside the United States as defined under Part 31.3121(e)-1 do not constitute employment. Part 31.3121(e)-1 defines State, United States, and citizen as follows [remember the doctrine of ‘expression unius exclusio alterius’ meaning the expression of one thing is the exclusion of all others.]:**

**STATE** – “When used in the regulations in the subpart, the term ‘State’ **includes** (contains, comprises) the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, **the Territories of Alaska and Hawaii [before their admission as States see Public Laws 86-70 Section 22(a) & 86-624 Section 18(I)]** and (when used with respect to services performed after 1960) Guam and American Samoa.” [Emphasis & clarification added]

**UNITED STATES** - “When used in the regulations in this subpart, the term ‘United States’ when used in a geographical sense, **means** (is intended to be) the several states (**including the Territories of Alaska and Hawaii before their admission as States** [Public Laws 86-70 Section 22(a) & 86-624 Section 18(I)]), the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands. When used in the regulations in this subpart with respect to services performed after 1960, the term ‘United States’ also includes Guam and American Samoa when the term is used in a geographical sense.” [Emphasis & clarification added]

The term ‘**citizen**’ of the United States **includes** (contains, comprises) a citizen of the Commonwealth of Puerto Rico or the Virgin Islands, and, effective January 1, 1961, a citizen of Guam or American Samoa.” [Emphasis & clarification added]

As you can see, **if you are receiving compensation for services performed within Hawaii and Alaska, after their admission as states, your pay is not considered as a ‘wage’ within the meaning of the tax code.** Likewise, you would not be considered an employee because wages can only be paid to employees; and the company for which you work would not be considered an “employer” **within the meaning of the tax code** because it’s not paying you any wage.

**Thanks to the late admission of these states (Alaska & Hawaii), and the Alaska and Hawaii Omnibus Acts, this event changed all the federal legislation regarding the definition of the United States. We can clearly see that pay received within any of the fifty states of the union is not considered “wages” within the meaning of the tax code.**

In addition, **Part 31.3121(d)-2(c) and 31.3121(b)-3** states the following:

“Although a person may be an employer under this section, services performed in his employ may be of such a nature, **or performed under such circumstances, as not to constitute employment** “ (see Section 31.3121(b)-3). [Emphasis added]

**So it’s true.** There are some contractual arrangements for which people get paid for their labor that are not considered employer/employee relationships within the tax code. **The reason being, no wages (within the meaning of the Code) are paid. It’s that simple.**

When you sign a Form W-4, you **volunteer** to treat your pay as if it was a wage as defined in the tax code. This causes a false record to be created in your Individual Master File. You can identify it in a component known as the Information Returns Master File (IRMF, formerly Information Returns Processing – IRP) Transcript. It's called a Form W-2 and is submitted to the IRS for wage earners.

There are those who might ask if they will be penalized for failing to withhold. The tax regulations answer the question. First of all, you only **'fail to withhold'** when there is some law that creates some legal duty for you to withhold. **Part 31.3402(d)-1** regulates circumstances in, which there is a **'failure to withhold'**. The section is one paragraph in length and begins like this: **"If the employer..."** Well, obviously, **if you're not an employer with respect to someone you're paying, who is not receiving wages, and then you are not an employer by virtue of the fact that he is not an employee.**

Here is the punch line. **Part 31.3403-1** regulates the liability for tax when any employer required to deduct and withhold from wages fails to do so. Again, check your definitions. The absurdity of this one paragraph regulation is that it refers you back to **Part 31.3402(d)-1** as to the liability! **It is a shell game.** Pay close attention or you will continue to be taken just like millions of others who have been duped since the repeal of the Victory Tax Act of 1942.

A Florida Congressman [the Honorable Jim Davis of Tampa, Florida] provided a written admission, after initially misrepresenting the truth, that he *'can find no law requiring anyone to either use or apply for a social security number as a condition of contract in America'*.<sup>94</sup>

**Part 301.6109(c)** of the **Code of Federal Regulations** states that if someone is going to pay you money, then he must ask you for a social security number. **If you refuse, he is required by regulation to tell you that you must give him one and that law requires it. Now law does not require it but he is required to tell you that it is. In other words, the regulation requires him to lie!**

After you refuse to disclose a number for the second time, his next obligation is to attach an affidavit to any statements he is required to file using your number stating that he has fulfilled his requirement to ask you for a social security number. In other words, when it comes to disclosing a social security number, no one, absolutely no one, can require you to do it just so he can meet his own filing requirements. [Greidinger v. Davis, 988 F 2d. 1344] **The social security tax is a mandatory tax placed only on receipt of wages. If you are not earning wages, you have no social security tax liability.**

***If the law doesn't require you to submit a social security number, how could you be required to sign a Form W-4? It requires a social security number to be valid. Think about it!***

In the event that you have signed a Form W-4 or W-4E, you were more than likely not aware of this information prior to signing. You still have the right to negate, cancel, or rescind your 'Voluntary withholding agreement' with your 'employer' as promulgated in **26 CFR Section 31.3402(p)-1 (b)(1) (ii)**. As mentioned in the Basics of Law section, any ignorance of your rights does not mean that your right does not exist. Be assured your right cannot be lost. It is best to eliminate the existence of the W-4 altogether.

One of the biggest problems we have today in getting this point across to lawyers. They think, that because they have spent a large amount of money to become officers of the court, the government can't possibly fool them. Many know the truth but are afraid to admit it, perhaps in part because it would jeopardize their profession. The same is true for government employees, namely IRS agents.

Again, Nonresident aliens, defined at 26 USC 7701(b)(1)(B) [American Nationals], are stated according to 26 CFR 1.871-1 to **ONLY have a taxable liability if** they are engaged in the conduct of a **"trade or business"** [26 USC 7701(a)(26) performance of the **functions of a public office**] **within** the [federal] **"United States"** [meaning Washington, DC per 26 USC 7408(c) and § 7701(a)(9) & §7701(a)(10)].

### Jurisdiction

*“The laws of Congress in respect to those matters (outside of Constitutionally delegated powers) **DO NOT EXTEND into the territorial limits of the states, but HAVE FORCE ONLY IN the District of Columbia, and other places that are within the exclusive jurisdiction of the national government.**”*

DOWNES v. BIDWELL, 182 U.S. 244

*“Constitutional restrictions and limitations were not applicable to the area of lands, enclaves, territories and possessions over which Congress had exclusive legislative authority.”* DOWNES v. BIDWELL, 182 U.S. 244

Look again at the term “United States” when used in a geographical sense includes the commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa. An individual who is a citizen of the Commonwealth of Puerto Rico (but not otherwise a citizen of the United States) shall be considered, for purposes of this section, as a citizen of the United States.

In the **IRC of 1939 the Definitions Section 3797** the **United States** is defined as ‘when used in a geographical sense includes only the **States, the Territories of Alaska and Hawaii, and the District of Columbia.**’ The term **States** is defined as ‘construed to include [consist of] the **Territories and the District of Columbia...**’ All we see is purposeful redundancy and no reference to the 50 States of the Union.

**The Jurisdiction in this section is very specific as you can see. Because there is no section that makes it mandatory in the 50 Union States it must be voluntary for Nationals in these States.**

- (1) The principal difference in the jurisdictions is that the constitution of the United States of the America has to be strictly adhered to in making laws that affect the 50 states. However, in Washington, D.C., enclaves, and territories, Congress has EXCLUSIVE JURISDICTION, which means they can make any law they want to. The Constitution is not considered. (Article 1, Section 8 U.S. Constitution). See also CAHA v. U.S., 152 U.S. 211.

**The Supreme Court has ruled consistently on this issue ever since America’s inception. In fact, the latest case was U.S. v. LOPEZ, 115 5. CT. 1624 (1995). The Supreme Court ruled a law applicable in Washington, D.C., was not applicable in San Antonio, Texas, because it did not conform to the Constitutional restrictions.**

If you remember, at the outset of this letter I said that **in order for the government to punish you for not filing an income tax return, certain elements must be present: they must first prove you had “taxable income.” Then, they must prove that income made you “liable” for a tax; next, they must prove that “liability” made you a “required person”, and lastly that you failed to file a “required return” and if any one of the elements can not be proven, you can not be subject to punishment.**

### Substitute For Return

Jerry Oliver, ex IRS employee, recently stated in a taped conversation with Irwin Schiff that the IRS creates ‘dummy returns.’ **When a person does not file a return the IRS cannot assess a tax.** All taxes the IRS claims a natural person owes **must be self-assessed before they can act.** The IRS employees know themselves that there is no law requiring anyone to pay or file an income tax by one who sells their labor to an employer. **26 USC 6020(b)** permits the IRS to create Substitute for Returns for eight different forms [like Form 941, 942, 947, etc], which relate to employer, partnerships, railroad retirement, and excise taxes. Noticeable by its’ absence is any authority under **Delegation Order 182 & 193** or **6020(b)** for a Form 1040 Substitute for Return [SFR]. Without an SFR there is **no account established** for the IRS to pursue.

The IRS Non Filer Group creates these dummy returns when they get information from the Social Security Administration from 1099s and W2s. This process is called “Substitute for Return.” **They take a Form 1040 and stamp “Prepared by Examination Division” and the Form has nothing but zeroes on it. Then they create a fraud by entering into the computer wage information so that they can generate a report showing that there is money owed to the IRS by a taxpayer.** The computer is designed to only handle legal taxes and **the fraud occurs when they identify a person as a nom de guerre.**

**They do this even though there is no law or Delegated Authority allowing the IRS to do this.** When a natural person becomes a ‘non-filer’ **the IRS creates a Non Master File entry which identifies the person as a corporate entity or nom de guerre.** A corporation, and not a natural person only generate income, and as a result they can then attach penalties that are directly related to ATF penalties on corporations who manufacturer, distribute and sell excise taxable commodities.

During the Orientation Program for new IRS employees, they are shown the Mission Statement that indicates that taxes are only liable for those who voluntarily ‘comply’ and self-assess. **Each IRS employee working in the Non Filer Group is fully aware, according to Jerry Oliver, that they are committing a fraudulent act** [an intentional perversion of the truth for the purpose of inducing another in reliance upon it] **in order to cause you to part with your money by false representation of the law. This amounts to a deceitful practice or willful device, resorted to with intent to deprive American Nationals of their rights and financial injury to their assets.**

### *Notice of Deficiency*

This document has the intent of indicating the amount of the tax the IRS claims you owe. In the notice, there is a column to indicate the ‘type of tax.’ The IRS generally types ‘income’ or ‘1040’ in that space. However, **the tax regulations do not have any particular types of taxes called “1040” or “income.”** So it is impossible to know: (1) if the notice applies to you, (2) if it is filled out correctly, (3) if it makes you eligible for tax court, or (4) if the notice is plainly defective on it’s face.

The IRS will often state that 26 USC Section 6211 and Section 6212 authorize the Notice of Deficiency [NOD], citing Code of Federal Regulations Sections 301.6011-1 and 301.6012-1. However, **Part 301 of the regulations are strictly Administrative and Procedural Regulations with no subject matter of taxation of their own,** and only come into force when called upon by regulations with their own subject matter of taxation. You remember that Administrative and Procedural Regulations have no full force and effect of law. You cannot be held liable for violating these regulations!

The NOD arises after the IRS creates a ‘Substitute for Return’. Use the FOIA Act Request to obtain a copy of the substitute return. Ask the IRS by what authority they have used to create such a document. You will find just your name and SSN on it with no numeric values placed anywhere. The problem for the IRS is that they can’t proceed unless they ‘fake’ a return so that their own computers will process the NOD action.

There are numerous Part 301 regulations that use the phrase, “*see the regulations relating to the particular tax*”<sup>95</sup> This further underscores the fact that these regulations have no subject matter of tax of their own. Also, there are no regulations under Part 1, Income Taxes, authorizing a Notice of Deficiency. Thus a **Notice of Deficiency may be void on an additional count of no existing authorizing regulations pertaining to a particular tax!**

These kinds of requirements for regulations are so fundamental to the income tax statutes that it is found in over 600 different locations to those above throughout the Internal Revenue Code. Yet none of the regulations specifically and unequivocally make ordinary Americans liable. As I have already indicated, you do not have to waive any of your inalienable, God-given rights, and the IRS has no lawful jurisdiction over you. There are no privileged/licensed business activities (alcohol, tobacco, or firearms) under Subtitle A, referenced in IRC Section 6012(a) “Persons required to make returns.”

There is no regulation under 26 USC Section 6331 pertaining to you; this section only applies to excise taxes for revenue taxable activities. The IRS does not name what kind of tax of the 85 or so authorized in the CFR they think you are “liable” for.

As we know, **Congress did not authorize assessment or collection of an “income” or “1040” tax as a kind of tax, which is what the IRS wants all of us to believe.** Self-employment tax, created by the broad language of the statutes in Title 26, when cross-referenced to the CFR, where they are given legal effect, turns out to be included under Title 27, referring to firearms. As you can see, **the “income tax” and Title 26 do not apply to you once you read the law.** *“The IRS is always vague and general, the law is always black and white.”*<sup>96</sup>

### *Levy & Distraint*

Enforcement is where any agency shows it has the power to do what they claim they can do. At first sight or on initial reading of **26 USC Section 6331 Levy & Distraint**, one is easily misled. The United States Code is **prima facie**<sup>97</sup> [*documentation that has the appearance of validity but one must prove it before believing it or accepting it as fact*] evidence of the law. The distinction of the truth must be considered. **While “it is true that the IRS claims 6331 as authority to levy income taxes,” but what they have stated “is not a statement of the truth.”**

Reviewing **26 USC Section 6331 Levy & Distraint**, you will notice initially **6331(a)** Authority of the Secretary which states *“If any person liable to pay.”* Later, the Section further states, ***“Levy may be made upon the accrued salary or wages of any officer, employee, or elected official of the United States [the federal government], the District of Columbia, or any agency or instrumentality of the United States [the federal government] or the District of Columbia, by serving a notice of Levy on the employer...”***<sup>98</sup> [Emphasis & clarification added].

There is no reference that applies to the natural person! Thus **6331(a) shows it does not apply to you.** Remember the doctrine of **“expression unius est exclusio alterius”** (the expression of one thing is the exclusion of another). The truth makes the aspects of the law understandable.

It is clear that the IRS can Levy only upon those listed in 6331(a) which does not include anyone beyond that description. It is interesting to note that **there are no Implementing Regulations listed in 26 CFR to enforce the levy.** The IRC shows 27 Part 70 for the CFR reference to Implementing Regulations. Title 27 is related to Alcohol, Tobacco, and Firearms only and has absolutely nothing to do with income taxes on natural persons.

The IRS has been asked via the Privacy Act Request to show where in the Federal Register the volume, date, and page of authority that allows the IRS to use Title 27 Implementing Regulations in regards to **Subtitle A, B, and C taxation. They have no such authority to use 27 USC implementing regulations except in business excise taxes related to alcohol, tobacco, and firearms.**

Furthermore, consider **26 CFR Part 1** regulations pertaining to enforcement authority for Assessment, Lien, and Levy [as well as Substitute for Return for a Form 1040 which is used to establish a *‘Taxpayer Account’*] and you will never find regulations here for the IRS to use for such enforcement powers. Try to locate 1.6201, 1.6321, 1.6331, or 1.6020 accordingly. No regulations mean no IRS authority or power!

More importantly, **the IRS is using 26 USC Section 6331 out of context.** As verification of an **‘exaction’** [*a wrongful act of an officer or other person in compelling payment of a fee (tax) where no payment is due*] occurring one only needs to look to the **Statutes at Large.** *“An exaction by the U.S. Government, which is not based upon law, statutory or otherwise, is a taking of property without due process of law, in violation of the Fifth Amendment to the U.S. Constitution. Accordingly, an appeals representative in his/her conclusions of fact or application of the law, shall hew to the law and the recognized standards of legal construction.”*<sup>99</sup> [Emphasis added]

**Official source for United States laws is the Statutes at Large** and the “*United States Code is only prima facie evidence of such laws.*”<sup>100</sup> Statutes at Large are the original laws and are “legal evidence” of laws contained therein and are “*accepted as proof of those laws in any court of the United States.*”<sup>101</sup>

*“Unless Congress affirmatively enacts title of United States Code into law, title is only ‘prima facie’ evidence of law.”*<sup>102</sup> [Emphasis added]

*“Where Title has not been enacted into positive law, the title is only prima facie or rebuttable evidence of law, and if construction is necessary, recourse may be had to original statutes themselves.”*<sup>103</sup> [Emphasis added]

Those within the IRS who create a Notice of Levy and a Notice of Federal Tax Lien when there is no regulation authority are thus doing so in violation of the law via the Color of Office and Color of Law. This is a direct violation of their Oath of Office as well. Their ‘ignorance of the law’ is no excuse!

### *Statutes at Large*

**The Statutes at Large are thus superior to the United States Code because “even codification into positive law will not give code precedence where there is conflict between codification and Statutes at Large.”**<sup>104</sup> [Emphasis added] To demonstrate this truth even further you will find that the “*United States Code does not prevail over Statutes at Large when the two are inconsistent.*”<sup>105</sup> [Emphasis added]

Internal Revenue Code construction to Statutes at Large must be by individual section and subsection since each section and subsection is derived from their own set of Statutes at Large. Accordingly, “*6331(a) was derived from the 1954 code, which was derived from sections 3310, 3660, 3690, 3692, and 3700 of the 1939 code.*”<sup>106</sup>

Section 3310 is derived from Section 3185 of the Revised Statutes of 1874 and does not refer to the type of taxes authorized collected. Section 3660 Statute at Large was enacted on June 6, 1932 and deals with jeopardy assessment and does not refer to the type of taxes authorized collected.

However, **Section 3690 was derived from the Revised Statutes of 1874 section 3187 and is titled “Taxes collectible by distraint.”** The actual Statute at Large enacted by Congress, which reveals conclusive congressional intent as to taxes, authorized to be collected by levy and distraint was enacted on July 13, 1866 and **refers only to taxes on cotton and distilled spirits.** There has not been an amending Statute at Large to this date changing the intent of Congress.

Clearly, *the only Statute at Large* which identifies the *type of taxes*, which are authorized to be collected by levy and distraint, **are taxes on cotton and distilled spirits** per the Act enacted by Congress in 1866. **26 USC Section 6331 only relates to cotton and distilled spirits and has absolutely nothing to do with income taxes!** The IRS has abused many natural persons with Levy and Distraint without any authority!

Unless you are involved in the business of cotton or distilled spirits the ability for the IRS to use levy and distraint is null and void! **The importance of knowing the law should be dramatically clear by now.**

### *No Taxable Income*

When the IRS refers you to **26 USC Section 6011**, saying that “*when required by regulations any person made liable for any tax imposed by this Title*” is supposed to file returns, it is non-substantive, since it fails to answer several questions. *First*, they fail to mention **what regulations** require compliance with these statutes, even having just quoted a requirement for implementing regulations.



*Second*, the IRS fails to define the phrase “**any person**” which does not apply to you. In fact, it is legally improper to use a term like “any person” to imply that it includes all people. The IRS defined term ‘person’ usually refers to *nom de guerres* (artificially created entities or legal fictions) like a corporation.

Having falsely presumed you are “**persons**” made “**liable**”, the IRS goes on to cite several sections of the Internal Revenue Code without any substantiation that also do not apply to you. Keep in mind that in law, particularly as regarding taxes, words must have precise meanings or definitions. The definitions of these words the IRS uses may be quite different than their ordinary conversational usage. “*The general term “income” is not defined in the Internal Revenue Code.*”<sup>107</sup>

**IRC Section 6012** says “**individuals**” have to file for their “gross income” but **fails to define** “individuals” or “income.” Title 26 Section 61 (A) (1) defines “gross income” but fails to define “income” itself. Title 26 Section 1 “imposes” a tax on “taxable income” of “individuals”, but does not define “individual”, and thus fails to apply to natural persons. Taxable income is defined in IRC Section 63 but the section still fails to define the word “income.” **Since the Title 26 does not define these terms, it is proper to rely on the courts, as well as competent professionals, to determine their meanings.**

By failing to properly define a significant key word such as “**income**”, the Internal Revenue Code is fundamentally vague and flawed. **Of course, the IRS benefits by what they want us to believe is a mere oversight in a complex Code, letting you infer it has the same meaning that is used in the conversational use of the word.** It is unreasonable to presume that the government attorneys, who write this garbled nonsense, did not know full well that most people do not have the legal training to properly understand the meaning of the word “income.” So either through its’ action or inaction, the IRS infers the meaning of the word, in **direct contradiction to the principles of the law in regard to such legislation**.

It is clear that you do not have “**income**” as contemplated by Congress. Look at what the Supreme Court had to say: “*it becomes essential to distinguish between what is, and what is not “income”... Congress may not, by any definition it may not adopt or conclude the matter, since it can not by legislation alter the Constitution from which alone it derives it’s power to legislate, and whose limitations alone, that power can be lawfully exercised.*”<sup>108</sup>

*“There can be no doubt that the word [income] must be given the same meaning and content in the Income Tax Act of 1916 and 1917 that it had in the Act of 1913. When to this we add in Eisner v. Macomber, supra, a case arising under the same Income Tax Act of 1916 which is here involved, the definition of “income” which was applied was adopted from Stratton’s Independence v. Howbert, supra, arising under the Corporation Excise Tax Act of 1909, with the addition that it should include profit gained through the conversion of capital assets, there would seem to be no room to doubt that the word must be given the same meaning in all of the Income Tax Acts of Congress, that was given to it in the Corporation Excise Tax Act, and that what the meaning is has now become definitely settled by decisions of this Court.”*<sup>109</sup>

*“Income has been taken to mean the same thing as used in the Corporation Excise Tax of 1909 (36 Stat. 112), in the 16<sup>th</sup> Amendment, and in various revenue acts subsequently passed. Income may be defined as gain derived from capital, or labor, or both combined.”*<sup>110</sup>

Though in some cases statutes can be “self executing”, **statutes creating a liability must be executed or implemented by regulations (CFR)**.<sup>111</sup> [Emphasis added] The IRS is being misleading when it cites statutes that you are expected to comply with but **neglects to cite the corresponding implementing-regulations** which pertain to the “**particular type of tax**” for which the IRS claims you have liability.

Only Federal Workers, “U.S. citizens”, and resident aliens are parties made liable for the U.S. income tax. Review the Federal Retirement Thrift Savings Plan and identify who are ‘Non Taxpayers & Taxpayers’ [stated by the Federal Government] of the U.S. income tax. American Nationals are excluded!

Since "*income is defined by the courts as corporate profit or gain*,"<sup>112</sup> it does not apply to the labor, sweat and blood, of ordinary working people like you. The IRS gets around this by setting the "basis" or intrinsic value, of all labor at zero, making everything profit or gain. Of course this is deceptive, since an exchange of labor for its' true market value is an equal exchange involving no profit or gain.

### *Federal Income Tax is Voluntary*

The IRS routinely disputes claims that the federal income tax is voluntary. However, the **IRM shows** otherwise. Using a FOIA request you will find the following IRM sections stating:

#### **Place and Time for Appearance**

(3) When a person indicates he/she will **voluntarily** comply but requests that he/she be served with a summons as evidence of his/her legal duty to produce or testify...<sup>113</sup> [Emphasis added]

#### **(b) BMF accounts-**

1. Advise taxpayers that the return (s) may be processed under IRC 6020 (b) if not filed **voluntarily**...<sup>114</sup> [Emphasis added]

(2) Notwithstanding the privilege against self-incrimination, information or evidence furnished **voluntarily** by a person summoned may be used even though of an incriminatory nature.<sup>115</sup>  
[Emphasis added]

#### **IRS POLICY STATEMENTS: P-4-84 {Approved 7-6-83}**

The purpose of criminal tax investigations is to enforce the tax laws and to encourage **voluntary compliance**. [Emphasis added]

#### **Chapter 100 – Purpose and Instructional Use of Handbook**

Section 110

##### INTRODUCTION

(1) The primary mission of Taxpayer Service is to is to promote **voluntary compliance** through education and assistance to taxpayers. [Emphasis added]

Does this look like "**voluntary if you volunteer** [meaning mandatory]" or does this say what it means? 'Voluntary' means a free will choice as the IRM indicates. Such IRS semantics portrays "a combination of Huckleberry Finn with the intent of the '*fraudulent-conveyance of the language for the extortion of the truth and the extortion of the money*' – David-Wynn: Miller L.A.W. Procedures."

#### **Section 13 (91) (8-15-89)**

INTRODUCTION

(2) The purpose of this program is to assess the correct tax liability by either (a) securing a valid **voluntary** income tax return from the taxpayer.... [Emphasis added]

#### **Part VI – Taxpayer Service**

(13) 31 (8-15-89)

##### INTERVIEW PROCEDURES

(1) (f) In walk-in areas, accept and/or assist in preparation of delinquent tax returns **voluntarily submitted** by taxpayers...<sup>116</sup> [Emphasis added]

At this point I run the risk of starting to bore you with the continual repetition of the facts that clearly document the fact that the **income tax is voluntary**. Why does the IRS Manual use the word voluntary in these phrases and sentences when the word serves no apparent purpose?

If filing tax returns, reporting income, and paying income taxes are mandatory, why the constant use of the word voluntary? Sounds to many that the word voluntary was placed there for a real purpose. **If the federal income tax were mandatory why doesn't the IRS just instruct its employees to secure a valid income tax return, as it is mandatory for everyone to comply?**

More than likely the IRS will tell you that you are allowed to voluntarily determine the tax amount. The IRS will explain that the income tax is mandatory for taxpayers, which is like saying, "who is buried in Grant's tomb?" **Certainly the tax is mandatory for taxpayers but that does not include everyone in the nation!** Case in point, the IRS was recently asked the following questions, by the legal representation for a married couple in Colorado.

The questions were:

- (1) What form is to be used for filing?
- (2) What sources of income are to be taxed?
- (3) What was the particular tax that one is liable for?

Pretty basis questions, right?

The response from the IRS in Denver was as follows: *"In response to your items 1, 2, and 3, our records indicate that **Mr. and Mrs. (name withheld) have filed a Form 1040, U.S. Individual Income Tax Return. The return was received on January 8, 1997. Mr. and Mrs. (name withheld) have therefore determined the sources of income, the type of Form to file and the particular tax they are liable for. Thank you for your inquiry.**"*<sup>117</sup> [Emphasis added]

It is interesting to note that there was no reference indicating that what they did was mandatory in any way. Did you notice that the IRS was stating that **the couple voluntarily determined the tax and their liability was self-assessed?**

This letter really drives home the point that the entire income tax that most Americans have been paying is truly a voluntary tax. Without ever seeking to determine if they owe any tax in the first place, the ordinary natural person believes that they owe an income tax mostly because "everybody is doing it." Then they fill out the Form they believe is proper, and send it in voluntarily to the IRS with payment for a bill that they never owed in the first place!

The IRS will go so far as to tell you that their position is based on various court cases. **Interpretation of the Law, which in effect creates law that only Congress is allowed this function, by any court including the Supreme Court is invalid** and goes beyond the authority of the court.

I have reviewed some of their referenced court cases anyway, and the particulars of such cases usually do not apply to individuals like you. It is hypocritical for the IRS to improperly apply these ruling since they refuse to be bound by similar decisions themselves. In actual fact, they lose many cases in the lower courts, which they refuse to recognize as precedents of any kind.

*"Decision of the courts other than the Supreme Court are binding on the Commissioner of the Internal Revenue Service only for a particular taxpayer and for the years litigated. Thus, decisions of the lower courts do not require the IRS to alter its position for all other taxpayers."*<sup>118</sup>

*"We follow Supreme Court decisions. However, we can lose cases in other courts, which involve taxpayers with the same issue and still apply our interpretation of the law to your situation."*<sup>119</sup>

The IRS clearly emphasizes that the information given on tax returns and information given subject to an IRS Summons is done **voluntarily**. Conklin says the IRS purposely uses the word “voluntarily” because *the IRS know that for it to require information (legally referred to as ‘testimony’) would be illegal and unconstitutional.*<sup>120</sup> [Emphasis added]

### *The Fifth Amendment*

In a recent case dealing mostly with Fifth Amendment issues, *the court inadvertently admitted that income tax is voluntary!*<sup>121</sup> [Emphasis added] To discredit the defendant’s claim that he could not be “compelled” to testify against himself (the Fifth Amendment), the Court states that completing tax forms is not “compelled testimonial communications.”

The definition of “compel” concludes by saying, *“the hallmark of compulsion is the presence of some operative force producing an involuntary response.”*<sup>122</sup> [Emphasis added] **Since the completion of tax forms is not “compelled [involuntary]” it must be voluntary!**

The Supreme Court said, *“There can be no question that one who files a return under oath is a witness within the meaning of the amendment.”*<sup>123</sup> The court has also ruled, *“The information revealed in the preparation and filing of an income tax return is, for Fifth Amendment analysis, the testimony of a ‘witness’.”*<sup>124</sup> [Emphasis added]

The Fifth Amendment guarantees that a citizen can not be compelled in any criminal case to be a witness against himself. The information on a tax return is routinely shared with prosecutors in the Department of Justice and other law enforcement agencies in the Federal Government and around the world. Wouldn’t any law requiring a citizen to file a return be unconstitutional?

Nationals have grown weary of the Federal Government telling them that they have to give up more and more of their rights in order to be better protected and taken care of. However, the government fails to keep its end of the bargain and evades truthful answers when pressed on the issues.

In other cases, the courts also said *that the act of producing subpoenaed documents involves self-incriminating testimony,*<sup>125</sup> and that *the Fifth Amendment applies to both criminal and civil proceedings.*<sup>126</sup> **Therefore, completing tax forms is “testimony,” is not “compelled [involuntary]” and must be completely voluntary.**

There are many confusing decisions regarding the Fifth Amendment. The particulars of every case are unique, and must be examined carefully to understand the legal principles involved. In the Conklin case, the defendant made a general objection to filing returns based on the Fifth Amendment.

The court properly found that the Fifth Amendment did not apply in the particular case because testimony was not compelled. Obviously, Conklin did not have an obligation to file, thus waiving his Fifth Amendment rights when he filed voluntarily.

*Conklin has determined two flaws with the Federal Income Tax: (1) There is no Statute or Implementing Regulation that makes a natural person residing and earning a living in any of the 50 states of the union liable to pay the income tax. You only become liable to pay the income tax when you voluntarily file a tax return, (2) If there were a Statute and Implementing Regulation clearly requiring the filing of a tax return, it would require natural persons to give the federal government information, which could be used against them criminally, and thus be in violation of the Fifth Amendment.*<sup>127</sup>

Reviewing the United States Code, you will be unable to locate any other government agency using the word “voluntary” as a method of describing a mandatory procedure. When you look up the definition of “voluntary” you will find no hint of any mandatory or obligatory requirement.

It is truly negligent for any agency of the federal government to describe a mandatory requirement with a word like “voluntary.” The government goes out of its way to make laws and procedures as uniform as possible. This is a glaring exception to that standard and one that truly makes no sense unless the income taxes were truly voluntary.

It is important to return once more to the fact that the income tax is voluntary. The IRS has been using the word “voluntary” for many decades in their literature and in the IRM as previously shown. Their own attorneys have certainly reviewed the use of the word and the obvious implications. It is not unreasonable to believe that there is something “voluntary” associated with the filing of tax returns. The reason for the re-emphasis of this aspect is found in the next paragraph.

Just recently, the IRS has started using the word “**customer**” in their literature. In the 1998 “A Message From the Commissioner” Charles Rossotti open letter to taxpayers used the phrase “*As part of its ongoing efforts to improve ‘customer service’...*” and later referred again with “*We still have a ways to go before we can provide world class ‘customer service’ but we are taking some important steps in the right direction.*”

When you think about being a “**customer**” and some business offering “customer service,” does that appear to be a mandatory business relationship? Absolutely not! They are again using semantics. When you shop you are “voluntarily” choosing to enter a store to do business. Such “**customer service**” is a business method to work with those who “**volunteer**” to do business with that store or enterprise.

The IRS ‘**business**’ is collecting taxes. They would like for you to be a ‘**customer**’ but they cannot demand that you be a ‘**customer**’ anymore than any other business can demand your business. Obviously, you have the free choice to ‘**do business**’ with them or not.

### *House Ways & Means Committee – Sworn Testimony*

In 1953, Mr. Dwight E. Avis, **former head of the Alcohol, Tobacco and Firearms Division**, Bureau of Internal Revenue, was **sworn in before the House Ways and Means Subcommittee Hearing**. At this time the Subcommittee was investigating the IRS for corruption. Mr. Avis wanted to show the Subcommittee how the ATF Division was more important than the Internal Revenue Service, because ATF excise taxes were mandatory.

*“Let me point out now; your income tax is one hundred percent voluntary, and your liquor tax is one hundred percent enforced tax. Now the situation is as different as day and night, consequently the same rules (statutes and regulations) will not apply.”*<sup>128</sup> [Emphasis & clarification added]

In his political position, **he inadvertently made the admission that income taxes are voluntary in order to underscore his point that his taxes were not**. This was not unimportant conversational chatter. He was under oath to tell the truth, he was educated about the processes and as a knowledgeable public servant he provided a landmark statement on the true nature of the federal income tax.

Without new taxing powers, which would allow taxation to be implemented without regard to the Constitution, you are not a person who is liable. As there is not a specific section of the IRC and CFR, which make you liable for the payment of an income tax, and with no existing statutes and implementing regulations requiring you to file a Form 1040 Individual Income Tax Return, you are not under any requirement to file or pay any income tax unless you choose to do so voluntarily.

*Federal Register Senior Attorney - Income Tax Legal Opinion Letter*

A citizen of the State of the Illinois sent a letter to the National Archives, Office of the Federal-Register, located in Washington, DC. The response to his letter came from Senior Federal Attorney Michael L. White, Office of the Federal Register.

Mr. White's **legal response** indicated the following facts.

1. ***“Our records indicate that the Internal Revenue Service has not incorporated by reference in the Federal Register a requirement to make a income tax return.”***<sup>129</sup> [Emphasis added]
2. “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 USC 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.”
3. “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.**”<sup>130</sup> [Emphasis added]

The United States Code prohibits the regulations in one Title to be incorporated into another Title in the Code. Each Agency, Branch, Department, etc. **must have their own implementing-regulations under their own Title and have them published in the CFR under that Section for legal effect.**

*“One of the important steps in the enactment of a valid law is the requirement that it shall be made known to the people who are to be bound to it. There would be no justice if the state were to hold its people responsible for their conduct before it made known to them the unlawfulness of such behavior. In practice, our laws are published immediately upon their enactment so that the public will be aware of them.”*<sup>131</sup>

*Form 23C Tax Assessment*

The IRS has certain employees who function in the role of Assessment Officer. In order for a tax assessment to occur, they are charged with completing Form 23C and Form 4340 supporting documents. The Form 23C is one of the very few documents that the IRS requires their own personnel to certify or “sign under penalties of perjury.”<sup>132</sup> **Certification only occurs upon signing and dating both Form 23C documents.**

The IRS Assessment Officers have assessment authority to assess taxes on all but three Subtitles of the IRC. **Those Subtitles they are not permitted to assess are Subtitles A, B, and C.** That means that they cannot assess income taxes on natural persons. [The IRS is waiting for you to self-assess.]

It is suspected that the Assessment Officer fills out Form 23C on natural persons and takes the partially completed [unsigned and undated] form to the person who inputs the data into the computer. The problem is that upon your questioning the Regional Offices, where the Form 23C documents are stored, the IRS will be unable to locate the Form on you, as a Certified document does not exist.

It is believed that the Assessment Officer never signs his/her name nor dates the document. Therefore, the Assessment has never been ‘certified’ under penalties of perjury. Thus, **it is not a valid assessment. If no one challenges what has been done, they continue to threaten the public as if they were assessed.**

**In the unlikely event that you receive an Assessment, challenge the IRS to produce the Form 23C and Form 4340 Supporting Documents, which have been Certified by an Assessment Officer via signature and date.**

Ask the IRS, via a **Privacy-Act-Request [5 USC 552a]**, to show where the Assessment Officer has the authority (Statutes and Implementing-Regulations promulgated in the Federal-Register – Volume, Date, and Page number) to assess taxes in Subtitles A, B, and C in 26 IRC **with no prior self-assessment.**

It would appear that the IRS is illegally enforcing tax statutes on people who are not taxpayers. Under the 10<sup>th</sup> Amendment of the Constitution, the powers not specifically given to the federal government belong to the states and the people. ‘We the People’ should have a strong personal interest in what the laws are and how they are applied. In other words, the law is a form of property belonging to all the people.

From the Notice of Levy, received by mail, you can challenge the IRS with Constructive Legal Notice of misapplication of 26 USC Section 6331 & Assessment by: (1) No Assessment Authority, (2) Signing of false documents, and (3) Mail Fraud. You have the right to rebut the IRS in their ‘exaction’ efforts as they are acting in violation of 26 CFR 601.106. There is no basis of law for their fraudulent actions.

### *Deletions in the IRC*

In the event you have any trouble locating the sections in the IRC, use the Privacy Act or FOIA Request to obtain a section copy of the Internal Revenue Code of 1939. The reason for the difficulty in finding some sections of the Code is that they have been ‘**deleted**’ by West Publishing Co., or that they place the sections in historical footnotes in very small print. Their actions are suspect but by no means clear as to motive.

For example, in **1976 P.L. 94-455, Section 1906(a) (6)**, you will find subsection (b) ‘*deleted*’. Prior to deletion, subsection (b) read as follows: “(b) *Oath – The Secretary or his delegate may by regulations require that any return, statement, or other document required to be made under any provision of the internal revenue laws or regulations shall be verified by an oath. **This subsection shall not apply to returns and declarations with respect to income taxes made by individuals.***” [Emphasis added]

When Congress changes a law they do not ‘**delete**’ the law. **Congress will amend, revoke, or repeal a law to change it or eliminate it. Just because a section has been ‘deleted’ by the IRS or West Publishing Co. it has no bearing on the fact that the section is still law!** It is just hard to find if you do not know where to look.

### *Taxable Liability*

Liability is a very important word because legally, you cannot be made liable for a tax unless some Federal Law specifically imposes a tax and makes you liable for it. By Federal Law I mean (1) a Statute, (2) an Implementing Regulation (IR) in 26 CFR, and (3) the promulgation of the IR in 26 CFR in the Federal Register.

There is no law requiring American Nationals [natural persons] to file a US Individual Income Tax Return or to pay a Federal Income Tax. The Secretary’s authority to make such a return for a taxpayer should exist only for those who are required to file by Federal Regulation(s) as per 26USC 6303(b)(1).

*“Moreover, even the collection of taxes should be exacted only from persons upon whom a tax liability is imposed by some statute [and Implementing Regulation in 26 CFR].” Botta v. Scanlon, 288 F2d. 504 (1961).*

The courts have very clearly ruled that Americans have every right to read the clear language of the law and conclude that unless they are specifically made liable for a tax, any tax, they have 'No Legal Requirement' to pay it.

### *Nom de Guerre*

Your name in all capital letters is the nom de guerre (artificial entity) that the IRS establishes when you send in your first 1040 return. To prove this, use the FOIA Request to obtain a copy of your last 5 years of the IMF [Individual Master File]. In the FOIA, use "Your Real Name" spelled out in this manner and also "YOUR REAL NAME" spelled out in this manner. Ask for it in both ways and ask the IRS to clearly indicate which response names the IMF represents. [They may 'forget' to tell you.]

The IMF is a computer code list of the Business Excise Taxes that you are paying. You will have an interesting journey when you find that you are classified as conducting "US Virgin Islands transactions" or "transactions" in other territories of the exclusive jurisdiction of the federal government. This identifier is used to place, incorrectly, the nom de guerre (your name in all capital letters) in their jurisdictional control.

Once you 'decode the IMF', the blocking series codes will unveil the IRS' hidden 'excise taxes' you were identified as paying. You might find you are recorded as paying such interesting items as: US Gift Tax, Contributions to a Foreign Corporation Tax, Black Lung Tax, Railroad Retirement Tax, [and my favorite] an excise tax Payable in a Non-Taxable Year. One must admit the IRS is highly creative when it comes to their 'mushroom growing activities' [feeding people decaying material and keeping them in the dark].

### *Effective Dates and Applicability of Revenue Laws - The best comes last!*

This section you are about to read is the Achilles Heel of the Internal Revenue Service. This section, clearly and without confusion, drives the stake through the monster's heart. It tells you the attitude of the Federal Government and the numerous attorneys who helped write '*the law that never was.*' It speaks loudly about the willingness of our elected representation towards telling the truth to their constituents.

I direct your attention to Title 26 of the United States Code [26USC] Section 7851. It is located on page 9,442 of the July 1999 publication of the complete Internal Revenue Code, which has been copyrighted by Research Institute of America. Please note **Federal Law cannot be copyrighted!**

As previously mentioned **26 USC has not been enacted into positive law** as found in the United States Code for all Titles. The only existing law on taxation can be found in the Statutes At Large and it relates to Excise taxes only.

Interesting to note that in **26CFR1.0-1** you will find the **enactment date of the Internal Revenue Code of 1954 being August 16, 1954.** However, just four paragraphs lower you will find stated, "*In general, the provisions of the Internal Revenue Code of 1954 are **applicable** with respect to taxable years beginning after December 31, 1953, AND ENDING AFTER AUGUST 16, 1954.*"

In the next paragraph (b) Scope of Regulations you will find "*The **regulations** in this part deal with (1) **income taxes imposed under Subtitle A of the IRC of 1954**, and (2) **certain administrative provisions contained in Subtitle F of such Code relating to such taxes.***"

**26 USC Section 7851** deals with the **Applicability of Revenue Laws** and reflects the **Effective Date for the Provisions** made under law. Let us look at the Effective Date of the Enactment of the Subtitles to find out exactly when the "law" went into effect. A FOIA Request for Effective Dates has been ignored.



**Section 7851 Applicability of Revenue Laws****(a) General rules.**

- (1) **Subtitle A** [Income Tax] reads “*Chapters 1, 2, 4, and 6 of this title shall apply only with respect to taxable years beginning after December 31, 1953, and ending after the date of enactment of this title,...*” [Emphasis and clarification added]

Look at what you just read. **The Income Tax provisions of 26 USC will end after the enactment of this title.** Enactment [the process by which a bill in the Legislature becomes a law – Black’s Law Dictionary, page 364] or the Title becoming “real law” will eliminate the Income Tax. So if **Title 26 Subtitle A becomes Law**, then the ‘*Income Tax Law*’ would be truly **invalid or be “the law that never existed.”**

**If Title 26 Subtitle A is not law** then it is only ‘**a request of the Nationals of the United States of the America to voluntarily contribute**’ to the “*law that never existed.*”

Now let us look at the Enforcement ability of the Internal Revenue Service. The only **Implementing Regulations for 26 USC 7851 are found at 27 CFR Part 24** which pertains to ATF enforcement authority toward Wine Producers. **The Subtitle ‘A’ FIT applies to Wine production!** This is why Michael L. White, Federal Attorney stated that there were “**no authorities in 26 CFR**” for 26 USC 6201, 6321, or 6331 as well as many others that he referenced in his letter.

**Section 7851 Applicability of Revenue Laws (a) General rules** states at **(6) Subtitle F** [Enforcement] reads “*The provisions of subtitle F shall take effect on the day after the date of enactment of this title and shall be applicable with respect to any tax imposed by this title.*” [Emphasis and clarification added]

Can you now see that the Internal Revenue Service has no enforcement capability? This is the reason why the former Secretary of the Treasury of the United States, Robert E. Ruben, signed the organizational chart for the Treasury Department clearly showing that the **Internal Revenue Service has no enforcement authority and is not an enforcement agency** [Federal Register/Volume 80. Number 92/Friday, May 12, 1995/Notice, Page 25765].

**Combine the two subtitles in section 7851, the Income Tax and Enforcement, and you now understand the truth.** **Subtitle A [Income Tax] is not law and Subtitle F [Enforcement] does not exist.** The IRS loses the game either way. Our Federal Government has deceived us all. The IRS has lied and hidden the truth since the beginning.

***The Hidden in the Open Secret - The SSA Constructive Trust Contract***

Most Americans today use or hold a SSN and think they must by some lawful requirement. I have contacted the Social Security Administration and have found that there is not a single implementing regulation published in the Federal Register that mandates or requires American Nationals [secured parties to the protections afforded by the Constitution – a contract that breathed life into the Federal Government which is a corporate legal fiction]. Private employers can’t impose it either!

You can search the Federal Register and see for yourself that there are is no obligation for American Nationals to secure, use, obtain, et al a SSN in order to live, work, bank, or do any of the myriad of things we all do in order to secure our right to liberty and the pursuit of happiness.

So why do Americans feel the need to obtain the SSN? Perhaps by social custom, employers stating their presumption about the need for you to present one, or government conditioning our thinking to assume that we need such a number are potential answers that immediately come to my mind.

*What transpires when one signs a SSN Application* [currently a Form SS-5]? That is a powerful question and one that every American should have asked from the beginning but failed to do to their lack of critical thinking at that moment. But what does a child know about ‘critical thinking’ you ask?

A child, you say? That's correct. You should request from the SSA a clean, clear, legible photocopy of the original SSN application that you sent in [or in some cases, the parents] to establish this contract with the Federal Government. Most who signed the SSN application were mere children, were you?

Are you surprised to learn that the SSN Application [Form SS-5 today] is a contract? Did the application you signed show that it was a contract or state what kind of contract? Did that SSN contract state any definitions or show any reference to IRS regulations describing what was about to occur when you complete and send in the application? No, neither did the one I completed as a 16 year old child.

Perhaps you should contact an attorney and ask him/her about the basic elements of a valid contract, just so you don't take my word for this. You should find that a valid contract has at least these four basic elements and if any are invalid or not properly met then that contract is not a valid contract but one that is voidable *ab initio* or voidable from the beginning date it was signed.

The basic elements of a **valid contract** are:

- 1) The individual signing **must be of legal age**. In most states of the Union that means 18 year of age usually. But this might vary in your state so you should check as some declare 21 years as legal age. The idea is that one must be mature and not a child.
- 2) There must be **full disclosure of the Terms & Conditions of the contract**. This means that there should be definitions of terms used and a clear expression of what the party signing is entering into so that there are no hidden areas that one might be subjecting themselves to by binding contract.
- 3) There must be **willful and knowing intent** on the part of the individual signing so that they declare they are competent to enter into contract and are not doing so under duress or any false pretenses on their part or the part of the one offering the contract.
- 4) **Consideration**. Money or some valuable item of worth must be committed to initiate the contract.

**If any of these elements are found missing or misrepresented that contract is voidable *ab initio*.**

When you obtain a photocopy [not an abstract] of the original SSN application you should review it for all these elements.

Perhaps you are thinking, "*Why all the fuss?*" The reason is number (2) in which you need to understand that Title 20 of the United States Code addresses these matters under the heading of "**Employee Benefits**". Are you aware of whom the Federal Government, as a corporate "employer", is addressing by the "Employee Benefits" in its own Title of statutes in 20 USC? There own employees comes to mind.

The SSN represents a Constructive Trust Contract in which the signer is an inferior party. The beneficiary of the constructive trust contract [agreement] is none other than the federal government. So what does that make you? By signing the SSN application, you are identified as a **Federal Trustee**. The only way one can be a Federal Trustee and use or hold federal property [yes, the SSN is federal property and belongs to the federal government per 20 USC 422.103(d)] is by first being identified as a **Federal Employee**.

Everyone knows that "**Federal Employees**" are **Taxpayers!** The question is "*Did you find that declaration clearly stated on the SSN application?*" Neither did I. That is why you want a clean, clear, legible photocopy of the original SSN application so that no mistakes can arise by assumption.

Were you aware that the IRS receives the SSN application? Were you aware at the date of signing that the IRS has a regulation found at 26 CFR 301.6109-1(g) describing the SSN Identifying Numbers?

Were you told that this regulation [26 CFR 301.6109-1(g)] states “A *Social Security Number is generally identified in the records and databases of the Internal Revenue Service as a number belonging to a U.S. citizen or resident alien*”? [Emphasis added]

By now, you understand what the federal government defines a “*U.S. citizen*” to be and that is not what any clear thinking American National [in my humble opinion] would ever desire to be if they are fully capable of providing for their own needs in life. 8 USC 1401 shows U.S. citizens to be federal subjects [perhaps indentured servants is a better term but I leave that up to you to decide] who are subject to the exclusive [sovereign] geographical jurisdiction of the federal government. That is the same jurisdiction expressed by Article 1 Section 8 Clause 17 in which the federal government operates like a monarchy in that federal jurisdiction.

A U. S. citizen is defined by the United States Supreme Court in *Wheeling Steel Corp v. Fox*, 298 U.S. 193, 80 L.Ed. 1143, 56 S. Ct. 773, as follows:

*“Therefore, the U.S. citizens [citizens of the District of Columbia] residing in one of the states of the union, are classified as property and franchise of the federal government as an ‘individual entity’.”* [Emphasis added]

Perhaps you better understand now the meaning of “*expression unis est exclusio alterius*” [the expression of one is the exclusion of the other].

So with the SSN use you are identifying yourself as (1) a federal employee and (2) a U.S. citizen or resident alien, and (3) the property and franchise of the federal government. But is that what you agreed with willful and knowing intent as a mature adult to be identified by full disclosure on that SSN contract [application]?

Now do you understand why the IRS claims you are a “*Taxpayer*” and why United States District Courts [Article 4 territorial or tribunal courts with no jurisdiction in the 50 states of the Union per *Balzac v. People of Porto Rico*, 258 U.S. 298 (1922)] or United States Tax Courts have subject matter and geographical jurisdiction over this question of your being a “*Taxpayer*”?

Those who use or hold a SSN are identified by 26 USC 7408 (d) Citizens and residents outside the United States, to be described by this statute:

*“If any citizen or resident of the United States does not reside in, and does not have his principal place of business in, any United States judicial district, such citizen or resident shall be treated for purposes of this section as residing in the District of Columbia.”* [Emphasis added]

Domicile is primary as expressed by the federal courts. Federal Rules of Civil Procedure [FRCP] 17 (b) Capacity to Sue or Be Sued states “*The capacity of an individual, other than one acting in a representative capacity, to sue or be sued shall be determined by the law of the individual’s domicile.*” [Emphasis added]

26 USC 7408(d) shows clearly that all federal employees and/or U. S. citizens or resident aliens have only one federal domicile and that is only Washington, DC in order for the federal government to comply with Article 1 Section 8 Clause 17 of the Constitution. This is the proper venue for all United States District Courts as previously mentioned.

The net effect is that by using or holding a SSN you are considered to be a lot more than you ever imagined. By now, you might think more seriously about obtaining a photocopy of the original SSN application in order to consider alternatives. I can only tell you that I chose to rescind that number based on it being a contract that is invalid and thus voidable *ab initio*. I am not really giving up anything in my situation, as the money paid as “federal workers benefits” amounts to a “beans and catsup” lifestyle.

***The Legislative Intent of the 16<sup>th</sup> Amendment - The real kicker***

President Taft created the Legislative Intent of the 16<sup>th</sup> Amendment on June 16, 1909. In this document, which has been published in the Congressional Record [pages 3344-3345], he identifies the parties to whom the federal income tax is applicable. The President stated, *"I therefore recommend to the Congress that both Houses, by a two-thirds vote, shall propose an amendment to the Constitution conferring the power to levy an income tax upon the National Government without apportionment among the States in proportion to population."* [Emphasis added]

The income tax is an excise tax and is only applicable to the jurisdiction of the Federal Zone. This means the exclusive jurisdiction of the federal government consisting of Washington, DC, and the U.S. Territories such as Guam, the Virgin Islands, American Samoa, etc. The people born in and residing in the U.S. Territories are "U.S. Citizens" and they too have the obligation to pay the federal income tax.

*"The decision of the Supreme Court in the income tax cases deprived the National Government of a power which, by reason of previous decisions of the court, it was generally supposed that government had."* [Emphasis added] This was an admission that the national government had no jurisdiction or Constitutional authority to impose any income tax upon American Nationals. Those in government have known this since the inception of the 16<sup>th</sup> Amendment but have not publicly stated to those of us who grew up trusting the federal government.

American Nationals [those born in the 50 States of the Union] have never been subject to the exclusive jurisdiction of the federal government like U.S. Citizens. We Americans have been treated worse than slaves and only slightly better than cattle. How you ask? The elected representatives in the federal government have taken an oath of office to 'protect and defend' the Constitution of the United States of America [ratified 1789]. The Constitution is however, null and void in the Federal Zone. The federal income tax has always been null and void [of any imposition of liability] upon American Nationals.

U.S. Citizens have no Constitutional protections of any Rights that we as Americans enjoy. They are liable for the federal income tax while American Nationals are not. Where have those elected representatives 'protected and defended' as required by their oath and the Constitution? 'We The People' have neglected educating ourselves and taking control of those who function in positions of power [our servants] that would steal our rights, our money and our liberty.

You probably noticed that I have been typing "**United-States of the America**" which is not a typo. America is a noun. It is a place. The use of "**the United States of America**" is an incorrect written format. Thus the verb tense designation of a noun is a fraudulent conveyance of the language. The word America, in the latter form, is a verb tense use of what is only a noun. **David-Wynn: Miller** in Milwaukee, Wisconsin [http://dwmlc.com/] can provide information on this subject [Be prepared for a paradigm shift in your thinking].

Funny thing about our currency, the Federal Reserve prints the Federal Reserve Notes the same way. [*The Federal Reserve is a private international banking cartel, meaning monopoly, that is about as 'Federal' as Federal Express.*] Interesting reading on this subject can be found in "The Creature from Jekyll Island" by G.E. Griffin. The IRS tax gamesmanship fits rather well with a fiat currency.

I cannot advise, recommend, or encourage you to not file a Form 1040 or pay the federal income tax, as it is a voluntary choice on your part. You are a free moral agent with your own decision-making capacity.

I can and do encourage you to completely understand the position and legal basis for a decision of this magnitude. Remember, the courts have said, "*You have the right to rely on the advice of attorneys and other professionals [CPAs, Enrolled IRS Agents, Former IRS CID Special Agents, Paralegals, etc.] in developing a **good faith belief** on such matters.*"<sup>133</sup>

Knowledge is a powerful tool, if you will but use it. To travel against the mainstream of contemporary '*public opinion*' is not for everyone. However, during a recent conversation with a retired IRS attorney, he stated that "*there is a 'defacto [actual] tax revolution' going on in this country.*" To date there are approximately 63 million people have chosen to no longer pay a federal 'income tax' with no clear liability and each of them have made their own decision on the matter.

It is my professional opinion that American Nationals, who do not work for the federal government [those who are not engaged in the conduct of a trade or business within the United States], those who are not U.S. citizens or resident aliens, and those who are not operating in a representative capacity by using or holding a SSN, are not required to file a federal income tax return because no enacted federal tax law in existence making American Nationals liable. After all, it is the law upon which the best opinions are made and I think this is evidently clear from the study of the law.

The Legislative Intent of the 16<sup>th</sup> Amendment, written by President William H. Taft, states that fact very clearly. The federal income tax is solely a voluntary act on the part of American Nationals when they choose to contribute their money for a tax they were never made liable for in the Constitution or by the Legislative Intent of the 16<sup>th</sup> Amendment.

I am very thankful that we Americans still [hopefully] have a First Amendment Right to expression of political and religious speech which is not actionable [persecution and prosecution by the federal government agents or by one of its federal courts] just by the mere expression of one's opinion on these subjects. It is the duty of all Americans to learn about the law in order that the government will respect, by their fear of our collective awareness, the law which forces the government to remain within its lawful boundaries imposed against the federal government's bureaucrats, workers, officers, and elected officials.

Should such not be done, then the 'We the People' will fear the government which was established to "protect and defend" us. Then we will become its indentured servants or worse, its slaves, as this nation declines into the abyss that defines those who do not stand up for what they believe and demand better from those who are rightfully the servants of We the People.

Again, most Americans are not, and never have been, liable for any payment of the 'Subtitle A income tax'. The choice has always been yours. A quality decision is one based on knowledge of the truth. The decision you make is yours and yours alone as it should be. You must continue learning more about the law, as '*ignorance is no excuse*'.

Sincerely,

*Steadman-S. Jackson*

Certified Paralegal

**American National**

**A Secured Party to the Constitutional Protections**

*A Non-Taxpayer of the federal income tax as a result of being 'neither the subject nor the object of federal revenue laws.'*

# Documentation of Resources and Statements

<sup>1</sup> IRS Mission Statement

<sup>2</sup> Alexander Hamilton, Federalist Papers No.15, December 1, 1787, First Secretary of the United States Treasury, Founding Father of the Constitution of the United-States of the America.

<sup>3</sup> Redfield v. Fisher, 292 P. 813,891 (1930)

<sup>4</sup> Peck v. Lowe, 247 U.S. 165

<sup>5</sup> Chief Justice John Marshall, McCulloch v. Maryland, 4 Wheat 4188 at 435

<sup>6</sup> U.S. Constitution, 14<sup>th</sup> Amendment

<sup>7</sup> Flint v. Stone Tracy Co., 220 U. S. 107; 55 L. Ed. 389; 31 S. Ct. 342; 3 A.F.T.R. (P – H) 2834

<sup>8</sup> Shuttlesworth v. the City of Birmingham Alabama, 373 U.S. 262

<sup>9</sup> U.S. Constitution, Article 1, Sections 2 & 8

<sup>10</sup> Brushaber v. Union Pacific, 240 US 1, 1915

<sup>11</sup> Ibid (use same reference as in previous footnote)

<sup>12</sup> South Carolina v. United States, 199 U.S. 437, 448 (1905)

<sup>13</sup> Gould v. Gould, 245 U.S. 151 (1917)

<sup>14</sup> Ibid (use same reference as in previous footnote)

<sup>15</sup> U.S. v. Critzer, 498 F 2d 1160, 4<sup>th</sup> Circ., 1974

<sup>16</sup> United States v. Benson, 941 F 2d 598, 615; United States v. Cheek, 3 F. 3d 1057

<sup>17</sup> Norton v. Shelby County, 118 U.S. 425

<sup>18</sup> Beecham v. United States, 511 US 128 L Ed 2d 383 (1994).

<sup>19</sup> Federal Trade Commission v. Simplicity Pattern Co., 360 US 55, p.55, 475042/56451.

<sup>20</sup> Fairport, P. & E. R. Co. v. Meredith, 292 US 589, p.589, 78 L 1434, (1934).

<sup>21</sup> Hassett v. Welch, 303 US 303, pp.314 –315, 82 L Ed 858, (1938).

<sup>22</sup> Black's Law Dictionary, 6<sup>th</sup> Edition, p. 1087, abridged paperback edition.

<sup>23</sup> Edwards v. Cuba R. Co. 268 US 628, 631

<sup>24</sup> James v United States, 366 US 213, p. 213, 6 L Ed 2d 246, pp.2

<sup>25</sup> United States v. Burke, 504 U.S. 229, 119 L Ed 2d 34, 112 S Ct 1867 (1992)

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- <sup>26</sup> Black's Law Dictionary, 6<sup>th</sup> Edition, p. 518, abridged paperback edition.
- <sup>27</sup> 26 CFR Section 1.861-8 (f)(1)
- <sup>28</sup> Carmine v. Bowen, 64 AT. 932
- <sup>29</sup> Koshland v Helvering (1936) 298 U.S. 441, 80 L. Ed 1268 56 S.Ct. 7678.
- <sup>30</sup> "Our legal right to ask for the information is the Internal Revenue Code sections 6001, 6011, 6012 and their regulations. They say you must file a return or statement for any tax you are liable for."
- <sup>31</sup> 26 USC Section 7806(b), Construction of Title, Arrangement and Classification
- <sup>32</sup> Boathke v. Flour Engineers & Contractors, 713 F. 2<sup>nd</sup> 1405 (1983)
- <sup>33</sup> McCulloch v. Maryland, 4 Wheat, 17 US 316,415, 431 (1819)
- <sup>34</sup> Black's Law Dictionary, 6<sup>th</sup> Edition, abridged paperback edition.
- <sup>35</sup> IRC Section 7862(e)
- <sup>36</sup> Black's Law Dictionary, 6<sup>th</sup> Edition, abridged paperback edition.
- <sup>37</sup> Ibid
- <sup>38</sup> Flora v. U.S., 362 US 145
- <sup>39</sup> Whitehead v. Cape Henry Syndicate, 54 S.E. 306, 308, 105 Va. 463
- <sup>40</sup> Little v. Town of Conway, 171 S.C. 27, 170 S. E. 447, 448
- <sup>41</sup> Black's Law Dictionary, 6<sup>th</sup> Edition, p.210, abridged paperback edition.
- <sup>42</sup> U.S. Code Title 4, Section 111, 1939 (Public Salaries Tax Act)
- <sup>43</sup> USC 26 Section 7851 (e), Subchapter B – Effective Date and Related Provisions, Applicability of Revenue Laws
- <sup>44</sup> 4 USCS @ 111
- <sup>45</sup> 56 Stat. 884 (Public Laws Ch. 2120, Section 6(a), 5/29/44, 78<sup>th</sup> Congress, 2<sup>nd</sup> Session)
- <sup>46</sup> Pollock v. Farmer's Loan & Trust Co., 157 U.S. 429 , 15 S.Ct. 673, aff. Ref., 158 U.S. 601, 15 S.Ct. 912 (1895)
- <sup>47</sup> Investigating the Federal Income Tax: A Preliminary Report, J.R. Banister, 1999
- <sup>48</sup> Brushaber v. Union Pacific, 240 US 1, 1915
- <sup>49</sup> King James Bible, Hosea 4: 6

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<sup>50</sup> 26 CFR Section 601.106

<sup>51</sup> Sutherland's Rules of Statutory Construction Section 66.01

<sup>52</sup> Sutherland's Rules of Statutory Construction Section 66.03

<sup>53</sup> 16A American Jurisprudence 2d. Constitutional Law Section 818

<sup>54</sup> Higley v. Commissioner of Internal Revenue, 69 F 2d 160

<sup>55</sup> Botta v. Scanlon, 288 F 2d 509

<sup>56</sup> Gould v. Gould, 245 U.S. 151

<sup>57</sup> 5 USC Section 556 (d)

<sup>58</sup> Tracy v. Swartwout, 10 Pet (US) 80, 9 L Ed 354

<sup>59</sup> U.S. vs. Mersky, 361 US 431, U.S. vs. Murphy, 809 F 2d 1427, Dodd vs. U.S., 223 Fed Supp 785, Calif. Bankers Assoc. v. Schultz, 39 L. Ed 2<sup>nd</sup> 812.

<sup>60</sup> Privacy Act & Paperwork Reduction Notice, 1992

<sup>61</sup> Donald Alexander, C.I.R., Federal Register, Vol. 39, No. 62, Friday, March 29, 1974 (in pertinent part)

<sup>62</sup> 26 USC 7805 (in pertinent part)

<sup>63</sup> 26 CFR 301.7805-1 (in pertinent part)

<sup>64</sup> Black's Law Dictionary, 6<sup>th</sup> Ed., p. 816, abridged paperback edition.

<sup>65</sup> Cheryl Kordick, Chief, Assistance Section, Department of the Treasury, Internal Revenue Service, Letter dated January 24, 1998.

<sup>66</sup> Ibid

<sup>67</sup> Ibid.

<sup>68</sup> IRC Section 7805

<sup>69</sup> IRC Section 6001

<sup>70</sup> Ibid.

<sup>71</sup> California Bankers Assoc. v. Schultz, 39 L. 2<sup>nd</sup>, 812-814 (1974)

<sup>72</sup> Ibid. at 830-831



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<sup>73</sup> 27 USC Section 250.11

<sup>74</sup> Ibid.

<sup>75</sup> Ballentine's Law Dictionary, 3<sup>rd</sup> Ed., 1969, page 126.

<sup>76</sup> Elkins v. United States, 364 U.S. 206,218 (1960), 80 S.Ct. 1437, 1444, 4 L. Ed. 2d 1669 (1960); Flores v. U.S., 551 F 2d 1169, 1175 (9<sup>th</sup> Cir. 1977); Portillo v. Commissioner, 932 F. 2d 938, Affirming, reversing and remanding 58 TCM 1386, Dec 46, 373 (M), TC Memo, 1990-68 [91-2 USTC P50,304]; Weimerskirch [79-1 USTC P9359], 596 F. 2d at 361.

<sup>77</sup> Black's Law Dictionary, 6<sup>th</sup> Ed. Page 292.

<sup>78</sup> Black's Law Dictionary, 6<sup>th</sup> Ed. Page 524, abridged paperback edition.

<sup>79</sup> Black's Law Dictionary, 6<sup>th</sup> Ed. Page 677, abridged paperback edition.

<sup>80</sup> 26 USC Section 7701(a) (1)

<sup>81</sup> 26 USC Section 7701(a) (9) and 26 USC Section 3121(e)

<sup>82</sup> 26 USC Section 7701(a) (10) and 26 USC Section 3121(e)

<sup>83</sup> 26 USC Section 7701(a) (26)

<sup>84</sup> 26 USC Section 3401 (c)

<sup>85</sup> 1 CFR 8.5(a)

<sup>86</sup> U.S. vs. Malinkowski, 47 F Supp. 352 (1972)

<sup>87</sup> 26CFR31.3402 (f) (5) –1 (b) (1)

<sup>88</sup> 26 USC Section 3402(n)-1, CFR 31.3402(n)-1

<sup>89</sup> 26 CFR Section 31.3402(f)(2)-1

<sup>90</sup> Internal Revenue Manual 6209, Section 2. Tax Returns and Forms

<sup>91</sup> Blacks' Law Dictionary, 6<sup>th</sup> Edition, p.1091, abridged paperback edition.

<sup>92</sup> Ibid, p.898

<sup>93</sup> Ibid, p.391

<sup>94</sup> Paper Forms and Political Piracy, 1999 Edition, Due Process, [813-337-8101], 4577 Gunn Highway, Suite 141, Tampa, Florida 33624.

<sup>95</sup> CFR 301.6001-1, 301.6011-1, 301.6065-1, 301.6071-1.

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- <sup>96</sup> Eisner v. Macomber, 252 U. S. 189 (1920)
- <sup>97</sup> Black's Law Dictionary, 6<sup>th</sup> Ed., page 825.
- <sup>98</sup> 26 USC Section 6331(a)
- <sup>99</sup> 26 CFR 601.106 (1) Rule 1.
- <sup>100</sup> Royer's Inc. v. United States (1959, CA3 Pa) 265 Fd2 615, 59-1 USTC 9371, 3 AFTR 2d 1137.
- <sup>101</sup> Bear v. United States (1985, DC Neb) 611 F Supp 589, affd (1987, CAB Neb) 810 F2d 153.
- <sup>102</sup> Preston v. Heckler (1984, CA9 Alaska) 734 F2d 1359, 34 CCH EPD 34433.
- <sup>103</sup> United States v. Zuger (1984, DC Conn) 602 F Supp 889, affd without op (1985, CA2 Conn) 755 F2d 915, cert den and app dismd (1985) 474 US 805, 88 L. Ed 2d 32, 106 S. Ct. 38.
- <sup>104</sup> Warner v. Goltra (1934) 293 US 155, 79 L. Ed. 254, 55 S. Ct. 46; Stephan v. United States (1943) 319 US 423, 87 L Ed 1490, 63 S. Ct. 1135; United States v. Welden (1964) 377 US 95, 12 F 2d 152, 84 S. Ct. 1082.
- <sup>105</sup> Stephan v. United States (1943) 319 US 423, 87 L Ed 1490, 63 S. Ct. 1135; Pearl v. The Motor Vessel Bering Explorer (1974, DC Alaska) 373 F Supp 927.
- <sup>106</sup> Joint Committee on Taxation, Derivations of Code Sections of the 1939 and 1954, 1992, U.S. Government.
- <sup>107</sup> United States v. Ballard, 535 F 2d 400 (1976).
- <sup>108</sup> Eisner v. Macomber, 252 U.S. 189 (1920).
- <sup>109</sup> Merchants Loan and Trust Co. v. Smietkana, 255 U.S. 509, 41 S. Ct. 388 (1921).
- <sup>110</sup> Bowers v. Kerbaugh-Empire Co., 271 U.S. 170, 174 (1926)
- <sup>111</sup> U.S. v. Mersky, 361 US 431; U.S. v. Murhpy, 809 F 2d 1427; Dodd v. U.S., 223 F Supp 785; California Bankers Assoc. v. Schultz, 39 L. Ed. 2<sup>nd</sup> 812
- <sup>112</sup> Eisner v. Macomber, 252 U.S. 189 (1920).
- <sup>113</sup> IRM Section 4022.65
- <sup>114</sup> IRM Section 5535.4
- <sup>115</sup> IRM Section 4022.41
- <sup>116</sup> Investigating the Federal Income Tax: A preliminary Report, J.R. Banister, 1999, page 13.
- <sup>117</sup> Diane McKinnis, Senior Disclosure Specialist, Internal Revenue Service, Department of Treasury, Denver, CO., December 28, 1998.
- <sup>118</sup> IRS Publication 1140

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- <sup>119</sup> IRS Publication 556
- <sup>120</sup> Conklin, Bill. Why No One Is Required To File Tax Returns, Denver, CO., 1996.
- <sup>121</sup> U.S. v. Conklin, 74 AFTR 2d 6411
- <sup>122</sup> Black's Law Dictionary, 6<sup>th</sup> Edition, abridged paperback edition.
- <sup>123</sup> Sullivan v. U.S., 15F. 2d 809
- <sup>124</sup> Garner v. U.S. 424 U.S. 647, 1976
- <sup>125</sup> U.S. v. Doe 465 U.S. 605, 79 L. Ed. 2d (1985)
- <sup>126</sup> McCarthy v. Arndstein, 266 U.S. 34
- <sup>127</sup> Bill Conklin, "Why No One Is Required To File Tax Returns."
- <sup>128</sup> Internal Revenue Investigation, Hearings Before a Subcommittee on the Ways and Means, House of Representatives, Eighty-Third Congress, First Session on Administration of the Internal Revenue Laws, United States Government Printing Office, 1953.
- <sup>129</sup> Michael L. White, Senior Attorney, Office of the Federal Register, Washington, DC, May 16, 1994.
- <sup>130</sup> Michael L. White, Senior Attorney, Office of the Federal-Register, Washington, DC, May 16, 1994.
- <sup>131</sup> How Our Laws Are Made [Document 105-14], 105<sup>th</sup> Congress, 1<sup>st</sup> Session, Washington, DC, 1998.
- <sup>132</sup> Form 23 C and Supporting Documents
- <sup>133</sup> US v Benson, 941 F 2d 598, 615 (7<sup>th</sup> cir 1993); US v Cheek, 3 F 3d 1057 (7<sup>th</sup> cir 1993); Liss v United States, 915 F 2d 287, 291 (7<sup>th</sup> cir 1990)

## **Suggestion Notes & Considerations:**

1. Go to a search engine on the Internet and look up "Federal Retirement Thrift Savings Plan" and study the definitions carefully to identify who are 'liable for the U.S. income tax' and understand that there are those who are not liable.
2. Review 26 CFR Part 1, from Cornell University web site, for understanding that the IRS is completely devoid of any enforcement authority for assessment, lien, or levy actions within the 50 states of the Union.
3. Be careful not to confuse your status by birth or naturalization in one of the 50 states of the Union [an American National] with that term the federal government routinely uses [with little to no explanation on their forms] called a "U.S. Citizen". A "U.S. Citizen" is defined at 8 USC 1401 as a federal statutory creation of Congress. U.S. Citizens have no benefit or protections under the Constitution by their birth unless that happen to be within one of the sovereign states of the Union.