

# TAX FREEDOM 101!

## "The Accelerated Adult Home-Study Program"

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## Report #2

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# TAX BASICS 101

### The Federal Taxing Scheme

Since the day Washington assumed the presidency, the federal taxing scheme has been and remains to this day - citizens are taxed abroad and foreigners are taxed here at home.

The intent of the Framers of the federal constitution was that the day-to-day operations of a small national government with narrowly defined powers would be funded by indirect taxes in the nature of duties, excises and imposts (see Article 1, Section 8, Clause 1) levied on foreigners for the privilege of doing business within the union states while the citizen was to remain free of all internal taxation.

For scriptural reference, see Matthew 17, verses 24-27 (KJV) in which Christ explains to Peter that the kings of the world demand tribute from strangers (foreigners) and that the children (citizens) are therefore free within their own land.

The Framers were educated men and well familiar with the Bible. Thomas Jefferson used a pair of scissors to remove all biblical text other than that spoken by Jesus Christ. This came to be known as the "Jefferson Bible".

In times of emergency such as to fund a war or to extinguish any federal debt carrying over from the previous fiscal year, Congress is authorized to apportion a direct tax

to the States of the Union (see Article 1, Section 2, Clause 3) according to their respective population as determined by a decennial census (see Article 1, Section 9, Clause 4), which direct tax is to be collected by the states and paid into the Treasury.

All investigation into the tax laws and regulations on the books today will confirm the above citizen/foreigner scheme to still be the case.

### Intent of the Law

Under our constitutionally limited, three-branch form of republican government, the legislature enacts (passes into law) its intent as the written "law of the land".

It is a well-established fact of American jurisprudence that the intent of the law is the force of the law. Only Congress can legislate for the citizen within the (now) 50 States of the Union. See Article 1, Section I of the United States Constitution.

For the above reason, judicial "opinions" and so-called "case law" are advisory only, and presidential "executive orders" and "directives" apply only to personnel of the executive branch of government and may be ignored by the citizen.

If judicial and presidential utterances were Law as pertains to the citizen, they would be listed under

Article 1, Section I.

As the courts have long upheld, all laws (statutes) must be written in clear and explicit terms to mean exactly what they say and to say exactly what they mean.

All Law must be written so as to be readily understandable to any person of average intelligence, otherwise it is to be held "void for vagueness".

Law is never expansive and includes (contains, encompasses, is restricted to) only that which is stated. Were it otherwise (i.e., expansive, not restricted to that which is listed), it could be construed to contain other elements than those which are explicitly stated and, for that reason, would be void for vagueness.

No statute can be subject to inference or interpretation, for if two or more people could read the same statute and derive two or more different meanings, it would automatically be void for vagueness.

Having clarified that understanding of what Law actually is, the following are the basic facts regarding "income" and "employment" taxes that every working American needs to understand.

### Structure of the Law

All United States law is categorized into 50 "titles" known as the United

States Code (USC).

Title 26 (26 USC) encompasses the Internal Revenue Code (IRC). Title 42 encompasses Health, Education and Welfare and is where the original Social Security Act of 1935 is presently codified.

Regulations to enforce the law and specify civil penalties for violators are written and promulgated by agencies of the executive branch, such as the Department of the Treasury which oversees the Internal Revenue Service (IRS).

The Treasury regulations for Title 26, Internal Revenue Code, are found in 26 Code of Federal Regulations (26 CFR).

In order to understand the IRC which encompasses far more than just "income" taxes, one must first understand the subdivision of the IRC.

The IRC is currently divided into eleven subtitles, the first five of which (subtitles A through E) each impose different categories of taxation, while the last six pertain to procedure, administration, definitions, etc.

\* Subtitle A is the income tax;

\* Subtitle B covers estate and gift taxes;

\* Subtitle C is the wage (employment) tax;

\* Subtitle D covers miscellaneous excise taxes, and;

\* Subtitle E covers alcohol, tobacco, and "certain other excise taxes".

Each subtitle is totally distinct and separate with regards to the tax it imposes (the exception being Subtitle C, as explained below) and the enforcing provisions within one subtitle do not apply to or carry over into any other.

In order to become the "taxpayer"

as legally defined in subtitle F under code section 7701(a)(14)) and required to pay a particular class of tax, a liability for the tax must arise from written statute within that subtitle.

The tax on income under Subtitle A is an indirect tax in the form of an excise (see Article 1, Section 8, Clause 1 of the United States Constitution).

The tax on wages under Subtitle C (for the purpose of building credits towards entitlement programs such as Social Security) is commonly reported by employers on forms W-2 and 1099.

Subtitle A, income tax, is in no way whatsoever related to or connected to Subtitle C, wage (employment/social security) tax.

The only statute in all of Subtitle A making any individual liable for the "income" tax is code section 1461 which applies to withholding agents.

Code section 7701(a) defines the "withholding agent" as one who is required to withhold income taxes from nonresident aliens doing business within the United States under code section 1441, from foreign corporations under IRC 1442, and from certain foreign tax-exempt organizations under IRC 1443.

The income tax under Subtitle A is on foreign activities only, which is why it is absolutely correct to state that, unless withholding from foreigners or living and working in a foreign country under a current tax treaty with the U.S., citizens and resident aliens who have lived and worked exclusively within the fifty states of the Union have never paid so much as a dime in income taxes.

They've paid employment taxes, although swearing them to be "income" to themselves under penalty of perjury (a felony offense) on the affidavit known as Form 1040.

## Filing of Tax Returns

With regard to the filing of returns, the only filing requirement for an individual under Subtitle A "income" tax is found in subtitle F under code section 6012(a). Under section 6012(a) and its underlying regulations, "taxable income" is limited to certain income earned while living and working in certain foreign countries or territories.

As proof of the above, under the 1980 Paperwork Reduction Act, the Office of Management and Budget (OMB) must assign an OMB approval number to any agency return that requests and collects information from a U.S. citizen.

According to OMB approval control number 1545-0067 assigned to Treasury regulations 1.1-1 "Tax imposed" and 1.6012-0 "Persons required to make returns of income" under 26 CFR part 600 to end, the required return for a U.S. citizen to report income is not Form 1040, but Form 2555 "Foreign Earned Income."

The 1040 return for the "U.S. Individual" is merely a supplemental worksheet for the required Form 2555. The top of Form 2555 instructs "attach to front of Form 1040" and "for use by U.S. citizens".

*Note: due to the widespread exposure by the [Save-A-Patriot Fellowship](#) and others of the above facts, the Department of the Treasury/IRS in order to conceal the truth has now stopped printing (not repealed - just stopped listing) all references to the OMB numbers assigned to code sections 1 and 6012 from the Table of Parallel Authorities within the index to the Code of Federal Regulations for Title 26.*

Treasury Decision 2313 (TD 2313), issued in 1916 to "collectors of internal revenue" pursuant to the U.S. Supreme Court under the *Brushaber v. Union Pacific R.R.* decision, clarifies that the Form 1040 individual income tax return is to be used only by the U.S. fiduciary of a nonresident alien who is receiving interest and/or dividends from the

stock of domestic (US) corporations on behalf of that alien.

For the above reasons, the income tax under Subtitle A is not "voluntary" as some have asserted. It is mandatory, but only for those to whom it applies as explained above. Since the law is limited in its application, the question of whether it is mandatory or voluntary is superfluous. The question is: to whom, and under what circumstances is the law applied?

### **Wage and Employment Taxes**

With regard to the wage tax under Subtitle C, certain legal requirements may be considered mandatory, but only for the payor of the wages (the "employer") and even then, only if both the "employer" and the "covered employee" have voluntarily agreed (via voluntary application on Form W-4) to participate in the entitlement programs.

Since there is no legal requirement for a citizen to have a social security number (SSN) in order to live and work in the U.S. or simply for the sake of having one (see 42 USC 405(c)(2)(B)(i)(II)); no legal requirement to enter a SSN on a Form W-4 (see 26 CFR 301.3402-(p)(1)(b)-2), sign or submit it, and; no legal requirement for a would-be employer to obtain an employer identification number (EIN) in order to hire workers (see 26 CFR 301.6109-1), neither party - "employee" or "employer" - can be compelled to participate in the entitlement programs, hence compliance under Subtitle C is correctly said to be voluntary.

As further confirmation of the above, the Fifth Amendment to the United States Constitution states that "no property shall be taken for public use without just compensation", thereby rendering all wealth redistribution (welfare, "entitlement") schemes voluntary (i.e., consensual, permissive, participatory).

For many years, IRS Publication 515 and Treasury regulation 1.1441-5 explained the proper use of the Statement of Citizenship (SOC), a copy of which is to be sent by the employer (who retains the original) to the IRS in Philadelphia only.

This procedure is in conformity with the federal taxing scheme in that Philadelphia is the IRS' international tax office and the income tax is a tax on foreign sources of taxable income.

The SOC authorizes (and indemnifies) the employer to stop withholding income taxes from the worker who chooses not to have his or her taxes withheld.

*Note: due to widespread exposure by the [Save-A-Patriot Fellowship](#) and others of the above facts, the Department of the Treasury/IRS, in order to conceal the truth, repealed 26 CFR 1.1441-5 on January 1, 1999, removing all reference to "citizen".*

Actually, there was no reason for 1.1441-5 to ever exist in the first place since the citizen is not the subject of the withholding of income tax.

By way of explanation: if you come work for another us and we know each other to be citizens, there is no expectation on my part that you will tender me a SOC, nor a legal requirement on your part. If citizens were subject to withholding of income tax, they would be listed under 26 USC 1441.

Call the IRS forms distribution center at 1-800-TAX-FORM for a copy of Form 2555 and Publication 515. Title 26 Internal Revenue Code and 26 Code of Federal Regulations can be consulted at any law library and even at many large city libraries.

In closing, if you are a citizen (or resident alien) working within one of the 50 States of the Union, you have never been made liable by Congress for the payment of the in-

come tax under Title 26, subtitle A unless you have voluntarily filed Form 1040 in the past, in which case you have created the legal presumption of a requirement where none actually exists under law and will be expected (by the IRS) to keep filing unless and until you rebut that presumption via sworn Affidavit of Revocation and Rescission, thereby shifting the burden of proof to the agency (Secretary of the Treasury/IRS - see 5 USC 556(d)), which must then disprove and rebut your sworn statements and cannot.

### **Help in Stopping Tax Withholding**

If you would like assistance in preparing either of the two legal vehicles, the Statement of Citizenship or the Affidavit of Revocation and Rescission, please contact our offices for details on how you can have these legal instruments drawn up on your behalf.