

# Tax Empowerment

When you volunteer to pay your taxes each year (and each paycheck), you can thank and Donald Duck. The US Government used them to convince people that they were taxpayers, even though the law did not make them so. Once upon a time, there was virtually no income tax. Only nonresident aliens and US citizens not living in one of the States had to pay taxes and then only after they had earned over \$20,000, the equivalent of nearly \$350,000 in 2002. The tax rate was only 1% up to 7% on incomes above \$500,000 (\$6 million today). Very few people were subject to the tax in the first place -- only about 1% of the wealthiest Americans were originally required to file. However, in 1942, things changed even though the law and the Constitution didn't.

American citizens and permanent resident aliens, living and working within the States of the Union are not subject to the filing of an IRS Form 1040 and ARE NOT LIABLE for the payment of a tax on "income"!!! If this surprises you, you are not alone. You are among the vast majority of American citizens who have been misled and misinformed. Income taxes are by and large paid as a "VOLUNTARY" contribution.

You've also not been told that the gross revenues of the government--federal, state, and local--are sufficient to operate present government services and more WITHOUT RESORT TO TAXATION! Governments, many for the past fifty years, have been keeping TWO SETS OF BOOKS, Enron-style: one set for the public and the other for internal use. Governments have hidden revenues not reported to the public including stocks, bonds, derivatives, interest on loans, and much more. Still, everybody is programmed to "pay their fair share" regardless of the actual need.

For YEARS, the Internal Revenue Service has ruled the American people with fear, bluff, and deception, the IRS's major weapons. Americans have been led to believe that they "owe" an income tax on their earnings; that it is their "patriotic duty" to pay it, and there is no alternative to the IRS's abuse. Nothing could be further from the truth! From its beginning, the income tax was levied on non-resident aliens and American citizens living and working in a foreign country and for the federal government. During World War I, the government requested that citizens volunteer to pay taxes as a way to pay for the war. During World War II the government employed Walt Disney and his cartoon character, Donald Duck, to increase the voluntary payment of the income tax. Consider the following facts:

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

The Constitution gives the Congress the power to lay and collect taxes to pay the debts of the government and to provide for the common defense and general welfare of the United States. Congress is only permitted to levy two types of taxes.

1. DIRECT TAXES, which are subject to the rule of apportionment among the states of the Union.
2. INDIRECT TAXES -- imposts, duties and excises, subject to the rule of uniformity.

The US Constitution does not allow the federal government to use either of the two classifications to tax CITIZENS or PERMANENT RESIDENT ALIENS of the United States of America, DIRECTLY. The intent of the Founders was to keep the government the servant and to prevent it from becoming the master. (See Article 1, section 2, clause 3 of the U.S. Constitution.)

Remember that a US Citizen is a citizen of the District of Columbia and all Federal possessions. This is different from a Citizen of one of the United States of America. Sovereign citizens of sovereign states sent representatives to the Constitutional Convention who laid the framework for a constitutional republic, a federal government constrained by the Constitution and the Bill of Rights to act within the powers expressly delegated to it. The Federal Government was a servant of the people, not their master.

A federal census is taken every ten (10) years to determine the number of representatives to be allotted to each State and the amount of a direct tax that may be apportioned to each State. This is determined by the percentage its number of representatives bears to the total membership in the House of Representatives. (Article 1, section 2, clause 3; Article 1, section 9, clause 4.)

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

Due to the characteristics of the SECOND CLASSIFICATION of taxation, the Supreme Court called it an indirect tax and it is divided into three distinct taxes: IMPOSTS, DUTIES, and EXCISES. These taxes were intended to provide for the operating expenses of the government of the United States. (See Article 1, section 8, clause 1.)

Duties and imposts are taxes levied by the federal government on things imported into the country from abroad, and are paid at the ports of entry.

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

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

Congress passed an Act in 1894 to impose a tax on the incomes of citizens and resident

aliens of the United States. The constitutionality of the Act was challenged in 1895 and the Supreme Court said the law was unconstitutional because it was a direct tax that was not apportioned as the Constitution required (See *Pollock v. Farmer's Loan & Trust Co.*, 157 US 429 [1895].)

In 1909 Congress passed the 16th Amendment to the Constitution that was allegedly ratified by 3/4 of the States; it is known as "The Income Tax Amendment." Bill Benson has gathered the evidence that it was not legally ratified.

Some officials within the Internal Revenue "Service," along with professors, teachers, politicians and some judges, have said and are saying, that the 16th Amendment changed the United States Constitution to allow a DIRECT tax without apportionment.

However, the above persons are not empowered to interpret the meaning of the United States Constitution! As stated above, this power is granted by the Constitution to the Supreme Court, but limited to the original intent. The Supreme Court has no power to function as a "social engineer" to amend or alter the Constitution as they have been doing. A change or "amendment" can only be lawfully done according to the provisions of Article 5 of the US Constitution.

The U.S. Supreme Court said in 1916 that the 16th Amendment did not change the U.S. Constitution because of the fact that Article 1, section 2, clause 3, and Article 1, section 9, clause 4, were not repealed or altered; the U.S. Constitution cannot conflict with itself. The Court also said that the 16th Amendment merely prevented the "income duty" from being taken out of the category of INDIRECT taxation. (See *Brushaber v. Union Pacific R.R. Co.*, 240 US, page 16.)

After the Supreme Court decision, the office of the Commissioner of Internal Revenue issued Treasury Decision [Order] 2313 (dated March 21, 1916; Vol. 18, January-December, 1916, page 53.) It states in part;

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

In another Supreme Court decision in 1916, the Court, in clear language settled the application of the 16th Amendment. By the previous ruling [*Brushaber*] it was settled that the provisions of the Sixteenth Amendment conferred no new power of taxation. Rather it simply prohibited the previous complete and plenary [full] power of income taxation possessed by Congress from the beginning from being taken out of the category of indirect taxation to which it inherently belonged... (See *Stanton v. Baltic Mining Co.*, 240 US, 112.) And indirect taxes are limited to imposts, duties, and excises, not on the income of individuals.

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

The DIRECT classification of taxation was intended for use when unforeseen expenses or emergencies arose. Congress, needing funds to meet the emergency, can borrow money on the credit of the United States (Article 1, section 8, clause 2). The Founding Fathers intended that the budget of the United States be balanced and a deficit be paid off quickly and in an orderly fashion. Through a DIRECT tax, the tax bill is given to the States of the Union. The bill is "apportioned" by the number of Representatives of each State in Congress; therefore, each State is billed its apportioned share of the DIRECT tax equal to the number of votes its Representatives could employ to pass the tax. How the States raise the money to pay the bill is not a federal concern (Article 1, section 2, and clause 3).

In the Brushaber and Stanton cases, the Supreme Court said the 16th Amendment did not change income taxes to another classification. So, if the INCOME TAX is an indirect EXCISE tax, then how is it applied and collected? According to the Supreme Court, "Excises are taxes laid upon the manufacture, sale or consumption of commodities within the country, upon licenses to pursue certain occupations and upon corporate privileges; the requirement to pay such taxes involves the exercise of the privilege and if business is not done in the manner described no tax is payable...it is the privilege which is the subject of the tax and not the mere buying, selling or handling of goods." (Flint v. Stone Tracy Co., 220 US, 110.) In other words, if there is no privilege or licensing involved in a business, no tax is payable.

If all RIGHTS are the natural heritage of men and women, citizens of the States retain all RIGHTS except those surrendered as enumerated in the United States Constitution), and PRIVILEGES are granted by government after application; THEN what is the PRIVILEGE that the "income tax" is applied against?

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

Withholding agents withhold income taxes. The only section in the Internal Revenue Code that defines this authority is section 7701(a)(16). Withholding of money for income tax purposes, according to section 7701(a)(16), is only authorized for sections:

- \* 1441 - NONRESIDENT ALIENS,
- \* 1442 - FOREIGN CORPORATIONS,
- \* 1443 - FOREIGN TAX-EXEMPT ORGANIZATIONS,
- \* 1461 - WITHHOLDING AGENT LIABLE FOR WITHHELD TAX.

Internal Revenue Manual Chapter 1100 Organization and Staffing, section 1132.75 states: The Criminal Investigation Division enforces the criminal statutes applicable to income, estate, gift, employment, and excise tax laws involving United States citizens residing in foreign countries and nonresident aliens subject to Federal income tax filing requirements... You are NOT a subject unless you wish to agree to that or allow their

interpretation stand by presumption. You were born free, not a subject of anyone. Your birth certificate has been used by them to make YOU collateral for the national debt. You can agree to remain chattel or signify your intention to take back your sovereign power. If you do nothing the government presumes that you prefer your present status.

What to do about the withholding of taxes from your paycheck? The implementation of IRS Treasury Regulation 1.1441-5 is explained in Publication 515 on page 2, that "If an individual gives you [the domestic employer or withholding agent] a written statement, in duplicate, stating that he or she is a citizen or resident of the United States, and you do not know otherwise, you may accept this statement and are relieved from the duty of withholding the tax.

The ONLY way a United States citizen or permanent resident alien, living and working within a State of the Union can have taxes deducted from his/her pay, is by voluntarily filing an application Form SS-5 to obtain a Social Security Number.

Then by entering that number on an IRS Form W and signing it to permit withholding of "Employment Taxes" -- "Form W Employee's Withholding Allowance Certificate" (emphasis added).

That is why the IRS pressures parents to apply for Social Security Numbers for their children, and for employers to obtain the voluntary completion of Form W immediately from all those being hired. However, no federal law or regulation requires workers to have a Social Security Number or sign a withholding form to qualify for a job. Tax freedom can happen only when you are aware of who you are.

Internal Revenue Code Section 6654(e)(2)(c) states:...no tax liability...if....the individual was a citizen or resident of the United States throughout the preceding taxable year. IRS contends the success of the SELF-ASSESSMENT system depends on VOLUNTARY COMPLIANCE

All human rights are natural and cannot be taken away by any legitimate means. This is the premise of the Declaration of Independence. The United States Government can only exercise powers given to it by "We the People" through the U.S. Constitution. The "income tax" is an INDIRECT TAX. There is no section of law in the Internal Revenue Code (Title 26 USC) making a CITIZEN or a RESIDENT working and living WITHIN A STATE OF THE UNION, LIABLE to pay the INCOME (indirect/excise/duty) TAX.

Are you "self employed"? Did you know what the Internal Revenue Code says concerning filing quarterly estimated returns? Read below!

SEC. 6654. FAILURE BY INDIVIDUALS TO PAY ESTIMATED INCOME TAX.

\* (e) Exceptions. -Where tax is small amount. -- No addition to tax shall be imposed under subsection (a) for any taxable year if the tax shown on the return for such taxable year (or, if no return is filed, the tax), reduced by the credit allowable under section 31, is less than \$500.

Where no tax liability for preceding taxable year.--No addition to tax shall be imposed under subsection (a) for any taxable year if:

A. the preceding taxable year was a taxable year of 12 months.

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

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

What can you do about tax freedom? For one thing, require them to follow their own statutes and regulations. IRS is notorious for violating due process. Get a professional with 20 years experience helping people with tax problems.

Tell your friends, send them the URL of this page, talk about it, tell your friends to tell their friends. Later when you have learned more by experience and study, contact your congressman and senators to protest and demand hearings to investigate the unconstitutional structure and function of the Internal Revenue Service.

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