

The Federal Income Tax

U.S. Code: Title 26 – INTERNAL REVENUE CODE

The federal income tax was re-imposed in the United States, since it was last repealed in 1872, after President Woodrow Wilson signed the Revenue Act of 1913 into law on the 3rd of October, 1913. The bill which created the act, sponsored by Representative Oscar Underwood of Alabama, became law just 81 days prior to the Federal Reserve Act of 1913 that created a central bank under the exclusive control of a banking cartel.

The federal income tax is a form of direct taxation, paid directly to the government by the person on whom it is imposed. Income taxes are usually not uniform as they tend to have various tax brackets for differing thresholds, beginning with a basic rate of tax for the lowest earnings from whence it is increased on an incremental scale. The early Founding Fathers of the fledgling Republic made it so that direct taxes be apportioned among the states; meaning that, if one state has twice the population of another, twice the amount of direct tax must be collected from within the more populous state.

The U.S. Constitution says: *“Representatives and direct Taxes shall be apportioned among the several States which may be included within this Union...”* making income tax nigh impossible due to the complexities. To get around this, Congress passed the 16th Amendment on the 3rd of February, 1913—the same year that the Fed was set up. This amendment removed the apportionment requirement, as the text reads: *“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.”*

There are some who question the ratification of this amendment, not least William J. Benson and Martin J. “Red” Beckman, authors of the book *The Law That Never Was*. The passing of the 16th Amendment was a prerequisite for the Revenue Act of 1913.

A federal income tax has been introduced with the ratification of the 16th Amendment; however, its implementation is not without controversy. The income tax return form must be signed off and validated under penalties of perjury which, some people argue, violates 5th Amendment rights. The text of the 5th Amendment reads: *“No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.”*

Three former IRS agents have spoken out against the "unlawful" practices of the IRS, making the case that filing income tax returns is voluntary, not mandatory. They are:

- Joseph R. Banister (resigned from the IRS on a point of principle)
- John Turner (resigned from the IRS on a point of principle)
- Sherry Peel Jackson (resigned from the IRS for family reasons)

Joe Banister was hired in the Criminal Investigation Division branch in San José, CA. When he conducted his research, he discovered that there are two distinct entities with similar names, but, which are different altogether in their application:

IRS Criminal Investigation Division

Vs.

IRS Criminal Investigation

These departments appear to be identical, however, only the Criminal Investigation Division has powers of enforcement, whereas the Criminal Investigation does not, as its agents are meant to fulfil admin functions only. Instead of making this clear to all of its agents with regard to what powers they have at their disposal and what tasks fall under their remit, the IRS maintains a policy of deceit. IRS agents with admin rights only are not supposed to carry out any audits and visitations on people's property, but malpractice of that kind does occur, with impunity and in violation of the law.

Joe Banister has uncovered from the Internal Revenue Manual (IRM) what each entity is responsible for. He went on to document his research in his own preliminary report.

Criminal Investigation Division can be found in the organizational chart under:

Commissioner » Deputy Commissioner » Chief Operations Officer » Assistant Commissioner (International) » Criminal Investigations Division

Criminal Investigation can be found under:

Commissioner » Deputy Commissioner » Chief Operations Officer » Assistant Commissioner (Criminal Investigation) » Criminal Investigation

Criminal Investigation Division

..administers the internal revenue laws and related statutes as they relate to **U.S. citizens residing abroad...** and **non-resident aliens** deriving income from sources within the United 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. **..investigating** suspected criminal violations of such laws, recommending prosecution when warranted...providing investigative resources...processing of...cases, including the **preparation**...

Criminal Investigation

The Criminal Investigation mission is to **foster voluntary compliance** and ensure public confidence **through the effective enforcement** of criminal statutes relative to tax administration and financial crimes.

Accomplishes the Criminal Investigation **mission of enforcement** of the criminal statutes applicable to income, estate, gift, employment, and certain excise tax laws **by developing and supervising** (functional supervision which include evaluation, guidance and assistance through a **planned periodic visitation program**) **nationwide programs** for the investigation of suspected criminal violations of such laws and the **recommendation** of prosecution...

From the evidence set forth, we can deduce that the **Criminal Investigation Division** branch has the necessary powers granted to enforce the federal income tax, on select criteria only, such as U.S. citizens working and living abroad, and non-resident aliens. The **Criminal Investigation** branch does not have the authority to enforce the federal income tax on anyone, are agents assigned with admin rights only, and can only foster the action thereof through the process of "voluntary compliance".

The reasons behind all of this are that, the constitutional restrictions to taxation do not apply to Americans living outside of the United States, nor does the constitution apply to non-resident aliens. The 5th Amendment does not compel any law-abiding citizen to disclose any information that may be of an incriminating nature. Hence, there is a law to pay a federal income tax, but, there is no obligation per se to file an annual income tax return (form 1040). The resulting effect is a non-enforceable, voluntary system of compliance for Americans living in America. As Joe Banister put it succinctly:

“I should have been investigating Andrea Bocelli when he came to sing in Las Vegas, or some San Joséan that Apple Inc. sent to work in Europe.”
~ Joe Banister

The IRS Restructuring and Reform Act of 1998, the Privacy Act of 1974, and the Paperwork Reduction act of 1980 make it a requirement for the IRS to inform anyone, from whom information is solicited, what legal right the IRS has to ask anyone for the information, why it is asking for it, and how it will be used. The IRS must also inform anyone what could happen if the IRS does not receive the information solicited, and whether anyone’s response is voluntary, required to obtain a benefit, or mandatory under the law.

Bill Conklin, an anti-IRS activist, offered a U.S. \$50,000 reward to anyone who could tell him: (i) how one can file a tax return form without waiving 5th Amendment rights; (ii) where to find the law which makes one liable to file a tax return form. Sherry Peel Jackson took the challenge on, alas to her dismay, without taking the prize.

The fifty four thousand page Internal Revenue Code (Title 26) contains the law for all federal taxes, including excise taxes, imposts and duties. The former IRS agents took to the book in their long-drawn-out search for the law dictating the obligation to file a tax return form. Their arduous search sifting through reams of pages proved fruitless.

26 U.S. Code § 1 - Tax imposed

<http://www.law.cornell.edu/uscode/text/26/1>

(a) Married individuals filing joint returns and surviving spouses

There is hereby imposed on the taxable income of—

“(1) every married individual (as defined in section 7703) **who makes a single return jointly with his spouse under section 6013, and”**

“(1) every married individual (as defined in section 7703) **who makes a single return jointly with his spouse under section 6013, and”**

Notes: The phrase *there is hereby imposed on the taxable income of [he] who makes a single return* addresses those who make returns to the IRS, without imposing any liability to "make a single return". This speaks about a privilege, not an imposition.

26 U.S. Code § 1461 - Liability for withheld tax

<http://www.law.cornell.edu/uscode/text/26/1461>

“**Every person required** to deduct and withhold any tax under this chapter is hereby **made liable** for such tax and is hereby indemnified against the claims and demands of any person for the amount of any payments made in accordance with the provisions of this chapter.”

Notes: The phrase *every person required...and...made liable* is no clarification of liability. Who exactly is "required" and who is "made liable"? Too vague.

26 U.S. Code § 6001 - Notice or regulations requiring records, statements, and special returns

<http://www.law.cornell.edu/uscode/text/26/6001>

“**Every person liable** for any tax imposed by this title, or for the collection thereof, shall keep such records, render such statements, make such returns, and comply with such rules and regulations as the Secretary may from time to time prescribe. Whenever in the judgment of the Secretary it is necessary, he may require any person, by notice served upon such person or by regulations, to make such returns, render such statements, or keep such records, as the Secretary deems sufficient to show whether or not such person is liable for tax under this title. The only records which **an employer** shall be required to keep under this section in connection with charged tips shall be charge receipts, records necessary to comply with section 6053(c), and copies of statements furnished by employees under section 6053(a).”

Notes: The phrase *every person liable* carries far too much ambiguity and in no way ascertains that one is "every person liable". The focus of the text then shifts suddenly from "every person" to "an employer", without an elaborated cause.

26 U.S. Code § 6011 - General requirement of return, statement, or list

<http://www.law.cornell.edu/uscode/text/26/6011>

(a) General rule

“When required by regulations prescribed by the Secretary **any person made liable** for any tax **imposed by this title**, or with respect to the collection thereof, shall make a return or statement according to the forms and regulations prescribed by the Secretary. **Every person required** to make a return or statement shall include therein the information required by such forms or regulations.”

Notes: The phrase *any person made liable* is void of contextual content, neither does it clarify on whom liability rests. Why "made liable" as opposed to simply "liable"? The same argument applies to "every person required". Who is every person required? Both "any person made liable" and "every person required" are open to arbitration.

26 U.S. Code § 6012 - Persons required to make returns of income

<http://www.law.cornell.edu/uscode/text/26/6012>

(a) General rule

“Returns with respect to income taxes under subtitle A **shall be made** by the following:...”

Notes: By legal definition, the phrase *shall be made* does not compel anyone per se to act upon anything. Any action undertaken is voluntary, rather than mandatory. The phrase "must be made" would instead have made filing returns explicitly mandatory.

26 U.S. Code § 6020 - Returns prepared for or executed by Secretary

<http://www.law.cornell.edu/uscode/text/26/6020>

(a) Preparation of return by Secretary

“If **any person** shall fail to make a **return** required by this title or by regulations prescribed thereunder, but **shall consent** to disclose all information necessary for the preparation thereof, then, **and in that case**, the Secretary **may prepare** such **return**, which, being signed by such person, may be received by the Secretary as the **return** of **such person**.”

(b) Execution of return by Secretary

(1) Authority of Secretary to execute return

“If **any person** fails to make any return required by any internal revenue law or regulation made thereunder at the time prescribed therefor, or makes, willfully or otherwise, a false or fraudulent return, **the Secretary shall make such return** from his own knowledge and from such information as he can obtain through testimony or otherwise.”

Notes: Sections (a) and (b) deal with "any person" arbitrarily without addressing the liability that falls upon such person(s). § 7701 of the Internal Revenue Code defines a "person" to mean and include an individual, a trust, estate, partnership, an association, company or corporation. The phrase *shall consent* leaves the door open to anybody not to consent...*and in that case*...makes reference to any person giving consent, and in no way imposes any liability...*may prepare*...implies that the Secretary may or may not compile "such return". No mention of income tax in these texts. The word "return" is an undefined quantity. Former IRS agent John Turner had this to say:

“...I saved a lot of things after I left the IRS, for some strange reason, including my old, original, training materials; things that they gave me as classroom handouts to teach me how to do the job in 1987. And there is a lesson on section 6020(b) of the law. And it says very clearly that this lesson and that law applies to employment tax returns, partnership returns, and excise tax returns. It makes no mention of income tax returns.”

~ John Turner

John Turner goes on to say:

“...I was very shocked to come across, years later, this little part in this lesson on 6020(b)...The IRM (Internal Revenue Manual) restricts the broad delegation shown for revenue officers to employment, excise, and partnership tax returns, because of constitutional issues.”

~ John Turner

Notes continued: Section (b) outlines that *the Secretary shall make such return* in the event that "any person" fails to make a return, or defrauds the IRS with a false return. According to John Turner, this section of the law is nothing more than an empty threat that cannot possibly be fulfilled. This is what he had to say on the matter:

“...the government has no legal mechanism in place—never has had—to get a tax assessment by preparing an income tax return, for you, when you don’t.”

~ John Turner

26 U.S. Code § 6151 - Time and place for paying tax shown on returns

<http://www.law.cornell.edu/uscode/text/26/6151>

(a) General rule

*“Except as otherwise provided in this subchapter, when **a return of tax** is required under this title or regulations, **the person required** to make such return shall, without assessment or notice and demand from the Secretary, pay such tax to the internal revenue officer with whom the return is filed, and shall pay such tax at the time and place fixed for filing the return (determined without regard to any extension of time for filing the return).”*

Notes: The phrase *a return of tax* makes no definition of the type of tax. The phrase *the person required* is ambiguously worded and does not clarify upon whom liability falls "to make such return". As previously mentioned, § 7701 of the Internal Revenue Code defines a "person" to mean and include an individual, a trust, estate, partnership, association, company or corporation.

26 U.S. Code § 7206 - Fraud and false statements

<http://www.law.cornell.edu/uscode/text/26/7206>

Any person who—

(1) Declaration under penalties of perjury

*“**Willfully** makes and **subscribes any return**, statement, or other document, which contains or is verified by a written declaration that it is made under the penalties of perjury, and which he does not believe to be true and correct as to every material matter;”*

Notes: The phrase *any person who wilfully...subscribes any return...* hints towards a system of voluntary compliance, and in no way makes the case that subscribing any tax return is mandatory.

26 CFR 601.602 - Tax forms and instructions

<http://www.law.cornell.edu/cfr/text/26/601.602>

(a) Tax return forms and instructions. *“The Internal Revenue Service develops forms and instructions that explain the requirements of the Internal Revenue Code and regulations. The Service distributes the forms and instructions to help taxpayers comply with the law. **The tax system is based on voluntary compliance**, and the taxpayers complete and return the forms with payment of any tax owed.”*

Notes: the phrase *the tax system is based on voluntary compliance* corroborates the theory that filing a form 1040 is voluntary, rather than mandatory.

Nowhere in the Internal Revenue Code is the law to be found dictating the payment of income taxes. The reason is because such a law would not be constitutional. It is not possible for the federal government to compel any law abiding U.S. citizen residing in the United States of America to sign a declaration under penalties of perjury, without infringing on 5th Amendment constitutional rights.

Any individual who refuses to comply with notices for payment put forth by the IRS runs the risk of being served with a levy. This practice is in direct violation of the law.

26 U.S. Code § 6331 - Levy and distraint

<http://www.law.cornell.edu/uscode/text/26/6331>

(a) Authority of Secretary

*“If any person liable to pay any tax neglects or refuses to pay the same within 10 days after notice and demand, it shall be lawful for the Secretary to collect such tax (and such further sum as shall be sufficient to cover the expenses of the levy) by levy upon all property and rights to property (except such property as is exempt under section 6334) belonging to such person or on which there is a lien provided in this chapter for the payment of such tax. Levy may be made upon the accrued salary or wages of **any officer, employee, or elected official, of the United States, the District of Columbia, or any agency or instrumentality of the United States or the District of Columbia**, by serving a notice of levy on the employer (as defined in section 3401(d)) of such officer, employee, or elected official. If the Secretary makes a finding that the collection of such tax is in jeopardy, notice and demand for immediate payment of such tax may be made by the Secretary and, upon failure or refusal to pay such tax, collection thereof by levy shall be lawful without regard to the 10-day period provided in this section.”*

Notes: Section (a) of this law addresses "any officer, employee, or elected official, of the United States, the District of Columbia, or any agency or instrumentality of the United States or the District of Columbia". This does not involve the average citizen.

To summarize, the IRS does not have powers of enforcement, except in cases where the constitution is not applicable, such as U.S. citizens working and living abroad, and non-resident aliens working in America. The most that the IRS can do is to intimidate and deceive people into declaring their incomes, and most acquiesce out of fear. Most of the IRS agents tasked with visitations and audits work in the Criminal Investigation branch, are not special agents with guns and handcuffs, and do not have the proper authority to carry out these tasks.

U.S. citizens on American soil are under no obligation to file a form 1040. In contrast, European states do explicitly impose the income tax, without ambiguity and verbiage. As an example, the HMRC (Her Majesty's Revenue & Customs), which is the British equivalent of the IRS, illustrates this point. Tax liability is so expressly clarified, to a magnitude that its wording should not induce any cognitive dissonance [see link:]. http://www.hmrc.gov.uk/sa/need-tax-return.htm?WT.mc_id=govuk3

The raison d'être of the federal income tax is to pay the ever-increasing interest on the national debt (never mind the principle) numbering in tens of trillions of dollars. The money trust lobbied Congress to enact the 16th Amendment, whether properly ratified or not. It opened the door for the Revenue Act of 1913 which brought the income tax back to the United States, followed several months later by the Federal Reserve Act of 1913 which restored the central bank since it was last toppled by Andrew Jackson.

The Founding Fathers compiled the U.S. Constitution in good faith, for prosperity and posterity. The America of two centuries ago has been usurped by a radically different America. Sound monetary reforms and honest public servants are the right medicine for relieving a bankrupt system, economically and intellectually.