

MILLIONS AVOID INCOME TAXES LEGALLY!!

According to Margaret Milner Richardson, current commissioner of the Internal Revenue Service, about 20% of Americans do not file an income tax return or pay income taxes. This means one out of five of your family and friends do not file or pay, and they simply do not tell you about it! How do they get away with it? If they are really breaking the law, how come the IRS only gets a handful of convictions each year? The IRS tries to shame the non-filers into filing, and anger those who already file, by claiming that those who do not pay their fair share make those who do pay their fair share pay even more. Yet that brings up the question, "If those who do not file and do not pay are truly breaking the laws, why isn't the IRS locking them up instead of trying to shame them into filing?"

It has been said that there are two things we cannot avoid in this life: death and taxes. I would submit that both are feared equally by most individuals. This is because the IRS has gone to extraordinary lengths to feed this fear. We have all heard of the horror stories of the elderly couple losing everything they had saved for retirement to the tax man because of an error years earlier on their tax return. Or we know of the single mother struggling each month to pay the bills, and the IRS is after her for back taxes her ex-husband owes. Or we have read the carefully crafted news stories of the famous singer or actor who has to pay millions in back taxes because the IRS nailed him/her for income tax fraud. And if you will think about it, you will realize that almost every court case lost to the IRS and almost every news story published about the IRS destroying someone's life are reported during the months of December through March of every year. Just in time to intimidate you into filing your tax returns on time and with a check.

The IRS: everyone fears them, everyone hates them, everyone obeys them. But did you know you don't have to fear the IRS? Did you know that the existing laws restrict the IRS from auditing you, harassing you or taking your money without your consent? And did you know that you give them consent without knowing it every year? Did you know that every year you send to the IRS a document that invites them to pry into your life and your finances? And did you know that you can stop the IRS from prying into your life and finances, from auditing you, and from coming after your money? You can, and many Americans have learned how to do this effectively. So effectively, in fact, that the Commissioner of the Internal Revenue Service admitted in 1994 that about 20% of Americans do not file a return or pay income taxes.

That's about 40 million Americans that
do not file and
do not pay!

There has been much rhetoric about the so-called income tax. Much of this rhetoric has come from the liberal side of the discussion, explaining the need for all of us to "pay our fair share" into the federal bucket to fund important social programs. But most of the discussion has been offered by conservatives, the so-called "extreme right." Of the information offered by conservative individuals and groups, a large part of it has been accurate

but irrelevant. Well-meaning people have attempted to research the tax laws, and then to implement those laws as they understand them. And many of those well-meaning people have gone to jail.

THIS DOES NOT NEED TO HAPPEN!! There are steps you can take to keep the tax man out of your life, and those steps don't include going to jail. But what usually occurs is the individual argues accurately one or more points that are not at issue, and loses to the IRS on one or more points that ARE at issue. This approach will cost the individual dearly almost every time. So what are the issues that are irrelevant, that waste your time to argue? And what are the issues that are essential to understand and to argue? The answers to these questions make all the difference in the world when you are fighting the IRS. The answers to these questions can make it possible for you to stop filing tax returns and stop paying so-called income taxes AND STAY OUT OF JAIL DOING IT!

The key to resisting the IRS starts out simply enough: understand the tax laws and what the laws really say. The IRS has published thousands of documents, most of which are accurate in what they say, but what they leave out is absolutely critical! You cannot learn about the tax laws by reading IRS publications; you can only learn what the IRS WANTS you to learn by reading the IRS publications. There are many books and publications available that accurately explain the tax laws, many of which are listed in the resource section of my book. But do not count on IRS publications for an accurate understanding of the so-called income tax laws. The fact that the IRS doesn't tell the whole story is so well known that most tax professionals recommend to their clients to not count on an IRS ruling concerning a tax break even if it is in writing. The IRS is the only organization I know of that cannot be held legally accountable for the accuracy of their own publications. In fact, there are many court cases where the individual is found guilty of breaking the tax laws when all he or she did was rely on written IRS information that later turned out to be wrong! How can this happen? Why do we pay the megabuck budget of this huge organization if we cannot count on the accuracy of their information about the very tax laws they are charged with administering? Perhaps we can answer these questions if we take a closer look at those tax laws.

The tax laws of America start with the United States Constitution, and continue with the United States Code and into the Code of Federal Regulations. The various members of Congress write those laws, which Congress passes and the president signs into law. No law can replace an earlier law unless the earlier law is repealed, or else we would have two laws in force which are incompatible with each other. Where the wording of any law, or the application of any law, is hard to understand or ambiguous, the United States Supreme Court steps in to decide what the Congress meant when it wrote that particular law. Many Americans get upset with the Supreme Court unfairly when the Court renders a decision as to the intent of the Congress. If we are upset with the Court because we don't agree with their application of the law, we are wasting our emotions. We should get upset with Congress if Congress wrote a law with which we disagree. Of course, in the past 20-30 years, the Court has many times created new applications and interpretations of existing laws, thereby exceeding their authority. Only Congress can write laws, and the Supreme Court's ONLY job is to explain how those laws apply to special circumstances

which are not described explicitly in the laws.

Since only Congress can write laws, let's see what Congress says about the so-called income tax.

"The income tax is, therefore, not a tax on income as such. It is an excise tax with respect to certain activities and privileges which is measured by reference to the income which they produce. The income is not the subject of the tax: it is the basis for determining the amount of the tax.

(House Congressional Record, March 27, 1943, page 2580)

This sounds interesting: not a tax on income, huh? Just what is an excise tax, and why did Congress think it was important to make that distinction? The United States Constitution allows for only two types of taxes: direct and indirect. A direct tax is on property, either real or personal. [Real Property is like land and buildings; Personal Property is something like a car, jewelry, savings or salaries.] A direct tax is Constitutionally required to be levied on a pro rata basis, and can only be levied against a state, NOT an individual. An indirect tax is levied on an event or an activity, and is always levied against a business or the exercise of a privilege. An indirect tax is only levied against a business activity or privilege, NOT an individual. So where does the so-called income tax fall in all this? Does this sound like the federal government CANNOT levy a tax against an individual American citizen? Well, if it sounds that way to you, you are exactly right!! As of 1995, there are NO DIRECT TAXES levied in America! All federal taxes in this nation are indirect in nature, application and enforcement.

What does this mean to you and me? How does the income tax being an indirect tax in the form of an excise affect our lives? Since only the Supreme Court can apply and explain the laws as the Congress meant those laws to apply and mean, let's see what the U.S. Supreme Court says about these so-called tax laws.

"...the conclusion reached in the Pollock Case did not in any degree involve holding that income taxes generically and necessarily came within the class of direct taxes on property, but on the contrary recognized the fact that taxation on income was in its nature an excise entitled to be enforced as such..."

(Brushaber v. Union Pacific R.R. Co.)

Excise Taxes are "...taxes laid upon the manufacture, sale or consumption of commodities within the country, upon licenses to pursue certain occupations, and upon corporate privileges. (Cooley, Const. Lim., 7th Ed., page 680.)"

(Flint v. Stone Tracy Co.)

"A tax laid upon the happening of an event, as distinguished from its tangible fruits, is an indirect tax..."

(Tyler v. U.S.)

Let me list some of the issues for you, as well as some of the court cases that enforce the laws, cases where the courts rendered decisions consistent with the laws and against what the IRS and Congress want American citizens to believe.

1. The ability to make a living, including earning a wage, salary or tips, is a right (not a privilege!) recognized by the U.S. Constitution and affirmed by several U.S. Supreme Court decisions.

[Quoting Adam Smith's Wealth Of Nations favorably], "The property which every man has in his own labor, as it is the original foundation of all other property, so it is the most sacred and inviolable. The patrimony of the poor man lies in the strength and dexterity of his own hands, and to hinder his employing this strength and dexterity in what manner he thinks proper, without injury to his neighbor, is a plain violation of this most sacred property..."

(Butcher's Union Company v. Crescent City Co.)

[The Court finds] "...an invasion of the personal liberty, as well as of the right of property, guaranteed by that [Fifth] Amendment. Such liberty and right embraces the right to make contracts for the purchase of the labor of others and equally for the right to make contracts for the sale of one's own labor..."

(Adair v. United States)

"...Included in the right of personal liberty and the right of private property - partaking of the nature of each - is the right to make contracts for the acquisition of property. Chief among such contracts is that of personal employment, by which labor and other services are exchanged for money or other forms of property. If this right be struck down or arbitrarily be interfered with, there is a substantial impairment of liberty in the long-established constitutional sense. The right is as essential to the laborer as to the capitalist, to the poor as to the rich; for the vast majority of persons have no other honest way to begin to acquire property, save by working for money."

(Coppage v. State of Kansas)

2. The free exercise of a right guaranteed by the U.S. Constitution cannot be taxed, according to several Court decisions.

"A state may not impose a charge for the enjoyment of a right granted by the Federal Constitution."

(Murdock v. Pennsylvania)

3. Personal income is not a taxable event except under extremely limited circumstances. Income is taxable for revenue purposes only for business activities and for the exercise of certain privileged occupations.

"...Reasonable compensation for labor or services rendered is not profit..."

(Lauredale Cemetery Assoc. v. Matthews)

"...The Government here contends that all gross receipts represent income which must be reported. But gross receipts may or may not represent income, depending on the circumstances... It cannot be said that conversions of capital assets invariably produce income... It appears that the Government makes too broad a claim in asserting that gross receipts invariably measure income or gross income..."
(United States v. Ballard)

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.
(Amendment XVI, United States Constitution)

4. There is no section of the Internal Revenue Code or its enabling regulations that require the filing of a Form 1040. The ONLY reason for an individual to file a Form 1040 is if the individual chooses to assess themselves as making taxable income and owing taxes. Once the individual volunteers to fill out the Form 1040 and declare the sources of income as taxable, then and only then are there so-called personal income taxes due.

"...There is a clear distinction between 'Profit' and 'wages,' or compensation for labor. (Quoting Commercial League Association of America v. People ex re. Needles, Auditor, 90 Ill., p 66), Compensation for labor cannot be regarded as profit within the meaning of the law. The word 'profit,' as ordinarily used, means the gain made upon any business or investment - a different thing altogether from mere compensation for labor."
(Oliver v. Halstead)

"...Our system of taxation is based upon voluntary assessment and payment, not upon distraint..."
(Flora v. United States)

"There can be no question that one who files a return under oath is a witness within the meaning of the [Fifth] Amendment..."
(Sullivan v. United States)

"The information revealed in the preparation and filing of an income tax return is, for the purposes of Fifth Amendment analysis, the testimony of a witness..."
(Garner v. United States)

"Under Penalties of perjury, I declare that I have examined this return and accompanying statements and schedules, and to the best of my knowledge and belief, they are true, correct and complete." (Signature section of the Form 1040, forcing the individual to declare wages, salaries and tips to be "gross income", and therefore taxable)

6. The typical individual can cease conforming to the procedures which the IRS illegally and untruthfully portray as the legal requirements to which all Americans are subject.

"The individual may stand upon his constitutional rights as a citizen. He is entitled to carry on his private business in his own way. His power to contract is unlimited. He owes no duty to the State or to his neighbors to divulge his business, or to open his door to an investigation... He owes no such duty to the State, since he receives nothing therefrom, beyond the protection of his life and property. His rights are such as existed by the law of the land long antecedent to the organization of the State... He owes nothing to the public so long as he does not trespass upon their rights."
(Hale v. Henkle)

"The legal right of the taxpayer to decrease the amount of what otherwise would be his taxes, or to altogether avoid them by means which the law permits, cannot be doubted."
(Gregory v. Helvering)

These and other court cases, most of them U.S. Supreme Court cases, indicate a picture totally different than what the IRS and many in Congress want the individual citizen to believe. You see, the original writers of the U.S. Constitution saw taxes levied against individuals as the most powerful force a government can have. And none of those individuals saw taxes on individuals as a good thing. That is why the Constitution was written with no possibility of a federal tax being levied against individuals. The current income taxes are levied against business activities and against certain privileges. You must remember that those writers and statesmen saw the individual citizen as owner of this great nation. They decided to not allow the federal taxation of individual citizen owners when they created this nation. And no laws have been passed and signed into existence since that time that allow the federal government to tax its citizens directly. The government can pass all the indirect taxes it wants, assuming the citizens allow it, but it cannot directly tax the individual citizen without going against the U.S. Constitution.

Normally, the IRS or others will say, "What about the Sixteenth Amendment? It was passed to allow the income tax!" They are both right and wrong in their claim, indicating they don't really know their tax law. The Sixteenth Amendment did not create a new tax law, nor did it allow any new taxing authority. Several U.S. Supreme Court cases have found that to be so. In fact, those Court cases stated that the Sixteenth Amendment had but one purpose. Its purpose was to clarify that the income tax was not a direct tax, which required apportionment to the states, but was instead an indirect tax requiring no apportionment. Any reference by the IRS or other supposedly knowledgeable person to a court case that states otherwise is a reference to a lower court case. Every U.S. Supreme Court case that has addressed the Sixteenth Amendment either directly stated that the income tax was not direct but indirect, or it referred to an earlier Supreme Court case that stated this. And not one of those Supreme Court cases have been overturned! The Sixteenth Amendment did not create a personal income tax like the IRS and many so-called tax experts claim. To the contrary, it made sure that no direct federal tax could be levied against an individual citizen! In fact, every time the Congress has create a personal income tax, the U.S. Supreme Court has called it unconstitutional and declared it dead!

All this and more can be documented through much legal research performed in law libraries. Or else you can obtain many books on the issues which contain the proper references for you so you can more easily check them out. I have written a book in the form of a study course that walks you through a step-by-step process of seeing these cases, exploring the libraries to confirm and document, and ultimately rendering the IRS impotent in your life. The book is almost a hundred pages of research and explanation, and is available in electronic form or printed in a workbook format. Both versions contain extensive documentation of court cases (with proper references), other books and materials available on these issues, and complete instructions on how to perform legal research in libraries. When you complete this study course you will know more about these very important issues than any attorney, CPA or IRS agent you have ever met. This is a promise, or I will refund your money!

This important book is called TAX ANSWERS The IRS Doesn't Want You To Have, and has recently been updated to its second edition to include more court cases and other important materials. The book includes an extensive resource list so you can improve your library, as well as complete instructions in the process of legal research. The cost of this essential explanation of the income tax laws is \$19.95 plus \$2 S&H for the electronic form, or \$24.95 plus \$3 S&H for the printed workbook.

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