

# IRS: The Real Facts

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Many believe that they are required to pay an "income tax" to a branch of the United States government called "The Internal Revenue Service". The origins and history of the IRS shows just how in error these beliefs are. Not only is there no law that requires most Americans to file an individual tax return, but the Internal Revenue Service (IRS) wasn't even created by an act of Congress!

Article I, Section 2, Clause 3, of the Constitution of the United States of America, in pertinent part, provides that:

" . . . direct Taxes shall be apportioned among the several States which may be included within this Union, according to their respective Numbers, which shall be determined by adding to the whole Number of free Persons . . . three-fifths of all other Persons."

In 1894, Congress passed a law which purportedly imposed a "direct income tax" on the Citizens of the several States within this Union, but failed to make any provision for apportionment, as required by Article I, Section 2, Clause 3, of the Constitution of the United States of America. In the case of *Pollack vs. Farmers Loan & Trust Co.*, US (1895), the U.S. Supreme Court struck the law down, as being unconstitutional, because it failed to make any provision for apportionment, as required by Article I, Section 2, Clause 3.

Thereafter, Congress passed the Sixteenth Amendment to the Constitution, which was "declared" to have been ratified in 1913. The Sixteenth Amendment provides that:

"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."

The Constitutionality of the Sixteenth Amendment was challenged in the case of *Brushaber vs. Union Pacific R.R. Co.*, 240 US 1 (1916). The U.S. Supreme Court acknowledged the apparent conflict between Article I, Section 2, Clause 3, of the Constitution, which required all direct taxes to be apportioned, and the Sixteenth Amendment, which appeared to eliminate the apportionment requirement. The Court pointed out that the Sixteenth Amendment did not repeal Article I, Section 2, Clause 3, but noted that it was under a duty to uphold the Sixteenth Amendment, if it could be interpreted in such a way so as to eliminate the conflict. The Court did hold the Amendment constitutional, but only because it interpreted the Amendment as applying only to "indirect taxes" or "excise taxes", and not to "direct taxes". *Brushaber* and other cases that followed, stated that the Sixteenth Amendment did not give Congress any new or additional taxing powers that it did not already have, but merely put into written form the state of the law as it previously existed.

Congress did not pass any other law intended to impose a direct tax on income until 1939, when the Public Salary Tax Act of 1939 was passed. The Public Salary Tax Act, Section 1, (which is now designated as 26 USC 1) imposed a tax upon the income of federal employees, U.S. citizens, and non-resident aliens. The term "United States" is defined in 26 USC 7701(9), as: "When used in a geographical sense, the term 'United States' means only the states and the District of Columbia. Section 7701(10) defines the term "States" as follows: " The term 'States' shall be construed to include the District of Columbia when necessary to carry out the purpose of this title". It is always necessary to construe the term "States" as including the District of Columbia, because Congress did not include the **fifty (50) states**, nor the Commonwealth of Puerto Rico, Guam, the Virgin Islands, or American Samoa. The Public Salary Tax Act of 1939 did not apply to Citizens of the forty-eight (48) States (now the fifty (50) States).

After Pearl Harbor was bombed by Japan on December 7, 1941, Congress declared war, and passed the Victory Tax Act of 1942, in order to raise money to support an Army. This was done in accordance with Article I, Section 8, Clause 12, of the Constitution of the United States of America, which provides:

"The Congress shall have Power . . . To raise and support Armies, but no Appropriation of Money to that Use shall be for a longer Term than two Years;"

In 1942, for the first time in the history of this country, the Bureau of Internal Revenue sent out 1040 Form to the general public in the forty-eight States. This was done even though the Victory Tax Act of 1942 only applied to citizens and residents of the District of Columbia, and non-resident aliens.

Most people thought that the Victory Tax Act required everyone to file a tax return and pay tax on "income", so they voluntarily filed a Form 1040 in 1942, 1943 and 1944. On May 29, 1944, Congress repealed the Victory Tax Act of 1942, but the news media did not publicize that fact. In 1945, the Bureau of Internal Revenue decided to mass mail 1040 Forms to the general public, just to see what would happen. Why not? The vast majority of the people had voluntarily file tax returns before. Since the public believed that the Victory Tax Act was mandatory in the then forty-eight (48) States, and did not know that it had been repealed, they filled out the 1040 Forms and mailed them in, along with their checks. The Bureau of Internal Revenue was ecstatic and committed itself to continue perpetrating the fraud on the Citizens of the forty-eight (48) States. So, the Bureau of Internal Revenue has continued to send out Form 1040's each and every year since.

Don't be fooled. The "Internal Revenue Code" was first enacted in 1939 and was called the "Public Salary Tax Act of 1939". Since that time, the name of the Public Salary Tax Act was changed to the "Internal Revenue Code", which was amended in 1953 and 1987. However, the amendments did not change the fact that it only applies to the District of Columbia and the federal territories and possessions.

There is no provision in the Internal Revenue Code that imposes a direct income tax on the Citizens of the fifty (50) States, nor a requirement to file an income tax return, unless employed by the Federal Government. If you are a Citizen of Florida, a Republic, or any other state, and not a Federal Employee, nor a citizen or resident of the District of Columbia, you are not required by law to file a U.S. Individual Income Tax Return.

## Form 1040

26 CFR 602.101, contains a cross-reference table, showing that the only form authorized for use in filing a "U.S. Individual Income Tax return" is assigned OMB Number 1545-0067. That number only appears on Form 2555, entitled "Foreign Earned Income", and states that it is to be attached to a Form 1040. Form 1040 is assigned OMB Number 1545-0074, and is only authorized to be used for reporting various types of "credits" to be set off against the "Foreign Earned Income" reported on Form 2555. If you did not have any "Foreign Earned Income" during a year, you cannot file a Form 2555 without committing perjury. If you did not need to claim any tax credits during the year, there is no need or requirement to file a Form 1040.

## Form 941

The definition of "Withholding Agent" contained in 26 USC 7701(16), which provides:

Section 1441 is entitled "Withholding of tax on nonresident aliens". Section 1442 is entitled "Withholding tax on foreign corporations". Section 1443 is entitled "Foreign tax-exempt organizations". Section 1461 is entitled "Liability for withheld tax" and provides that:

"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."

26 USC, Chapter 24, Collection of Income Tax At Source, Withholding From Wages, Section 3401, Definitions, states:

### "(a) Wages.

For purposes of this chapter, the term "wages" means all remuneration (other than fees paid to a public official) for services performed by an employee for his employer,

....

### "(c) Employee.

For purposes of this chapter, the term "employee" includes an officer, employee, or elected official of the United States, a State, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing. The term "employee" also includes an officer of a corporation."

### "(d) Employer.

For purposes of the chapter, the term "employer" means the person for whom an individual performs or performed any service, of whatever nature, as the employee of such person, . . ."

If you have never applied for appointment, nor have been appointed, as a "Withholding Agent", and have never been required to withhold "wages", pursuant to the provisions of Sections 1441, 1442 or 1443. Nor if you have never paid any "wages" to a "foreign alien" or "foreign corporation", you would not be liable for any wages withheld from nonresident aliens or foreign corporations under the provisions of Section 1461, of the Internal Revenue Code, therefore, you would not be required to file a Form 941.

**The Authority of the Internal Revenue Service  
to operate within the fifty (50) States**

The Bureau of Internal Revenue and the alleged Internal Revenue Service were not created by any Act of Congress. These are not organizations or agencies of the Department of the Treasury, or of the federal government. They appear to be operated through pure trusts administered by the Secretary of the Treasury (the Trustee). The Settlor of the trusts and the Beneficiary or Beneficiaries are unknown. According to the law governing trusts, that information does not have to be revealed. You will not find the Bureau of Internal Revenue, or the Internal Revenue Service, or the Bureau of Alcohol, Tobacco and Firearms listed in 31 USC, Chapter 3, as an authorized agency of the Department of the Treasury.

The Philippine Customs Administrative Act was passed by the Philippine Commission between 1900 and 1902, which created Trust Fund #1, the Philippine special fund (customs duties) (31 USC 1321). The Act was administered under the general supervision and control of the Secretary of Finance and Justice. The Philippine Commission passed another Act known as the Internal Revenue Law of Nineteen Hundred and Four. This Act created the "Bureau of Internal Revenue" and the federal government's second trust fund, Trust Fund #2, the Philippine special fund (internal revenue). Article 1, Section 1, of the Act provides that: "There shall be established a Bureau of Internal Revenue, the chief officer of which Bureau shall be known as the Collector of Internal Revenue. He shall be appointed by the Civil Governor, with the advice and consent of the Philippine Commission, and shall receive a salary at the rate of eight thousand pesos per annum. The Bureau of Internal Revenue shall belong to the Department of Finance and Justice."

At some unknown date, before 1940, another Bureau of Internal Revenue was established in Puerto Rico, along with Trust fund #62 Puerto Rico (Internal Revenue). These two Bureaus are the only Bureaus of Internal Revenue which have ever existed, one in the Philippines and the other in Puerto Rico. In 1953, the United States relinquished its control over the Philippines.

The Federal Alcohol Administration Act of 1935 was declared unconstitutional in 1935, and the operation was then transferred off shore to Puerto Rico. 27 CFR 250.1 1 provides the following definitions:

**"Revenue Agent.** Any duly authorized commonwealth Internal Revenue Agent of the Department of the Treasury of Puerto Rico."

**"Secretary.** The Secretary of the Treasury of Puerto Rico.

**"Secretary or his delegate.** The Secretary or any officer or employee of the Department of the Treasury of Puerto Rico duly authorized by the Secretary to perform the function mentioned or described in this part."

In the absence of any other definition describing revenue officers and agents, Secretary, or the Department of the Treasury, the definitions above are uniformly applicable to all IRS and BATF departments, functions and personnel.

Through Reorganization Plan No 3 of 1940, the federal Alcohol Administration and the offices of the Administrator were abolished and their functions were thereafter administered under the supervision of the Secretary of the Treasury through the Bureau of Internal Revenue in the Department of the Treasury. On July 9, 1953, the Secretary of the

Treasury, G. K. Humphrey, created the Internal Revenue Service with the stroke of a pen, by issuing Treasury Order 150-06, without the approval of Congress. On June 6, 1972, Acting Secretary of the Treasury, Charles E. Walker signed Treasury Order Number 120-01, which established the Bureau of Alcohol, Tobacco and Firearms, pursuant to his authority conferred under Reorganization Plan No. 26 of 1950. This was also done without the authority of Congress.

Based upon all of the foregoing citations, it is obvious that all Revenue Agents and Officers work as employees of the Department of the Treasury of the Commonwealth of Puerto Rico.

The Internal Revenue Service does not have any jurisdiction or authority over a Sovereign Citizen of Florida, a Republic, or any other state or commonwealth, to enforce the inapplicable provisions of the Internal Revenue Code, with which the IRS may contend that you are required to comply. The "Internal Revenue Service" has no legal jurisdiction in Florida or any of the other forty-nine (49) States. Everything the Internal Revenue Service does, assumes a self-appointed, self-serving authority and pseudo jurisdiction, under color of law, to conduct an administrative proceeding against anyone. The IRS is perpetrating the greatest income tax fraud on the Citizens that this country has ever seen.