United States Supreme Court, So. Pacific v. Lowe, 247 U.S. 330, (1918): *"We must reject... the broad contention submitted in behalf of the government that all receipts - everything that comes in - are income…"*

F. Morse Hubbard, Treasury Department Legislative Draftsman, House Congressional Record, March 27 1943, page 2580: *"The income tax... is* ***an excise tax with respect to certain activities and privileges****... the* ***income*** *is* ***not*** *the subject of the tax."*

Then why the Sixteenth Amendment? It was passed to close a loophole created by the case of *Pollock v. Farmers Loan & Trust, United States Supreme Court, 158 U.S. 601, 1895.* Mr. Pollock argued that ***federal*** stock he had purchased was his personal property, and that taxing the ***federal*** dividends from that stock was equivalent to taxing personal property, which was an unapportioned direct tax prohibited under Article I. The Supreme Court agreed, and struck those particular sections from the code. The sole purpose of the Sixteenth Amendment was to close this loophole and restore to Congress the power to tax federal dividends, even if those federal dividends were derived from personal property - hence the "source derived" language.

However, most people are taught that the Sixteenth Amendment gave the federal government new taxing powers, eliminating the protection afforded by Article I of the Constitution. This teaching is blatantly incorrect - the Supreme Court has clearly stated numerous times that the Sixteenth Amendment gave Congress ***no new taxing power:***

United States Supreme Court, South Carolina v. Baker, 485 U.S. 505 (1988): *"The legislative history merely shows… that the sole purpose of the Sixteenth Amendment was to remove the apportionment requirement for whichever incomes were otherwise taxable."*

United States Supreme Court, Peck v. Lowe, 247 U.S. 165 (1918): *"The Sixteenth Amendment… does not extend the taxing power to new or excepted subjects…"*

United States Supreme Court, Stanton v. Baltic Mining Co., 240 U.S. 103 (1916): *"The provisions of the Sixteenth Amendment conferred no new power of taxation…"*

United States Supreme Court, Brushaber v. Union Pacific, 240 U.S. 1 (1916*):*

"…the confusion…arises from the [erroneous] conclusion that the 16th Amendment provides for a hitherto unknown power of taxation…

"..the contention that the Amendment treats a tax on income as a direct tax... relieved from apportionment.. is.. wholly without foundation.

"..the Amendment demonstrates that no such purpose was intended, and on the contrary shows that it was drawn with the object of maintaining the limitations of the Constitution...

"the Amendment... makes such wider significance a part of the Constitution, - a condition which clearly demonstrates that the purpose was not to change the existing interpretation..."

The Sixteenth Amendment was passed only to insure that all ***federally-privileged*** income could be taxed, regardless of the source from which that federal income was derived.

III. So "making money" or "having money" or "being paid" or "receiving earnings" or being a private-sector employee in the normal sense of the word (as opposed to the limited term "employee" defined in the Internal Revenue Code) is not the subject of the Sixteenth Amendment, and is not the subject of the Internal Revenue Code.

The Internal Revenue Code makes use of many legal terms which have a DIFFERENT meaning than the common words they mimic. Whenever the IRC uses custom terms like "wages," "employee," "employment" and "self-employment," those custom terms do ***not*** apply to ***all*** money, workers, and occupations - ***they only apply to privileged, defined "wages," "employees," and "employment" that are subject to the income tax excise.*** The Internal Revenue Code further acknowledges this by explicitly *not* including private sector (non-federally-privileged) money, workers, or occupations in *any* of its custom definitions. Ordinary occupations of common right are not, and never have been, subject to the income tax law.

IV. However, when a company submits a W-2 that lists an ordinary, non-privileged citizen as having received "wages," for instance, those "wages" are assumed under the law to be federally privileged, *because that is the only purpose for a W-2*. The company's erroneous testimony is the testimony of record until the citizen files his tax return. The tax return is the citizen's testimony - signed under penalty of perjury - that either agrees to, or rebuts, the company's testimony.

Agreement is accomplished by properly filling out the tax return, attaching a copy of the W-2, and signing accordingly.

Rebuttal is accomplished by properly filling out the tax return, attaching a rebutting affidavit (such as a Form 4852) in lieu of the W-2, and signing accordingly.

If the citizen does not file, the employer's testimony stands, and the full weight of Federal Income Tax Law falls upon the citizen, because he is presumed by law to be a "taxpayer." This is why non-filers and zero-filers (filers who put zeros in the return but do not rebut the W-2) lose in court, resulting in mountains of lower court cases that make it look like everyone is liable for the income tax, because the protesting taxpayers never addressed the fundamental issues and requirements of the law in the form and manner prescribed.

If the citizen has properly filed with a 4852 (or some other proper instrument of rebuttal), and his earnings are not federally privileged, then for Federal Income Tax purposes he is a "nontaxpayer," and Federal Income Tax Law does not apply to him:

United States Court of Claims, Economy Plumbing and Heating v. United States, 470 F.2d 585, at 589 (1972): *"The revenue laws are a code or system in regulation of tax assessment and collection. They relate to taxpayers, and not to nontaxpayers. The latter are without their scope."*

Furthermore, if any monies have been withheld, the nontaxpayer is entitled by law to a full refund.

V. You want to write Congress about this? They already know, and they are willing to keep taking your money as long as you are willing to give it to them. Check out the testimony of a Congressional Attorney, as recently as 1979:

> Howard M. Zaritsky, Legislative Attorney, Library of Congress, Report No. 80-19A (1979): *"The Supreme Court has noted that the Sixteenth Amendment did not authorize any new type of tax, nor did it repeal or revoke the tax clauses of Article I of the Constitution.* ***Direct taxes are****, notwithstanding the advent of the Sixteenth Amendment,* ***still subject to the rule of apportionment****."*

These same principles extend to payroll taxes (Social Security and Medicare). Since 2003, tens of thousands of men and women who understand the law have received full refunds of income and payroll taxes, resulting in billions of dollars being returned to their rightful owners. For evidence and more detail, see:

http://www.losthorizons.com/

http://www.losthorizons.com/tax/BulletinBoard.htm

http://losthorizons.com/The16th,htm

http://www.losthorizons.com/Newsletter.htm

If you don't have Internet access, you can order a book at Borders:
Cracking the Code - The Fascinating Truth About Taxation in America
by Peter Eric Hendrickson, ISBN 0974393606

FEDERAL INCOME TAX LAW IN A NUTSHELL

I. The United States Constitution forbids direct federal taxes, and is the only item in the Constitution that is stated *twice:*

> Article I, Section 2: *"...direct Taxes shall be apportioned among the several States..."*
>
> Article I, Section 9: *"No Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census..."*

Direct taxes are taxes on a person, a person's property, or the exercise of a fundamental right. Any tax on a person's labor, or on the earnings from their labor, is a direct tax:

> United States Supreme Court, Knowlton v. Moore, 178 U.S. 41 (1900): *"Direct taxes bear immediately upon persons, upon the possession and enjoyment of rights"*
>
> United States Supreme Court, Butcher's Union Co. v. Crescent City Co., 111 U.S. 746 (1883): *"The right to follow any of the common occupations of life is an inalienable right..."*
>
> United States Supreme Court, Coppage v. Kansas, 236 U.S. 1 (1915): *"Included in the right of personal liberty and the right of private property... is that of personal employment, by which labor and other services are exchanged for money or other forms of property."*

"Apportioned" and "in Proportion to the Census" mean that the tax is billed to the state governments according to each state's percentage of the national population. The states collect the tax according to state law, and remit it to the federal government. The Federal Government is thus prohibited from involving itself directly in the lives and finances of private citizens. This is unique to America, fundamental to keeping power in the hands of We The People, and is perhaps the key reason our economy was second to none during our first century-and-a-half.

II. The Sixteenth Amendment to the Constitution, ratified in 1913, does not address or repeal direct Taxes; instead, it refers to something called "incomes."

> Amendment XVI: *"The Congress shall have the 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."*

"Incomes" under federal tax law lost its common, everyday meaning and became a legal term via the Revenue Act of 1862, which set forth federally-licensed "trades or occupations," federal employees, dividends from federal investments, and other federally-privileged activities, and laid an excise tax on ***those*** "incomes." Therefore, "income" under federal tax law is defined as receipts resulting from the exercise of federal privilege. In other words, federal "income" taxes are taxes on receipts that are taxable – ***not*** a tax on ***all receipts:***