

(Rev. November 1997)

See separate instructions.

This return is for calendar year 1997

OR fiscal year ended 19

Your first name and initial: **WESLEY SNIPES** Last name: _____ Your social security number: _____

If a joint return, spouse's first name and initial: _____ Last name: _____ Spouse's social security no.: _____

Home address (no. and street) or P.O. box if mail is not delivered to your home: **C/O STARR & CO. 350 PARK AVENUE** Apt. no.: _____ Telephone number (optional): _____

City, town or post office, state, and ZIP code. If you have a foreign address, see instructions: **NEW YORK, NY 10022** For Paperwork Reduction Act Notice, see page 4.

TC 9/1/03
MAY 17 2001

If the name or address shown above is different from that shown on the original return, check here Yes No

Has the original return been changed or audited by the IRS or have you been notified that it will be? Yes No

Filing status. Be sure to complete this line. Note: You cannot change from joint to separate returns after the due date.

On original return: Single Married filing joint return Married filing separate return Head of household Qualifying widow(er)

On this return: Single Married filing joint return Married filing separate return Head of household Qualifying widow(er)

* If the qualifying person is a child but not your dependent, see instructions.

USE PART II ON PAGE 2 TO EXPLAIN ANY CHANGES

	A. Original amount or as previously adjusted (see instructions)	B. Net change -- Increase or (Decrease) -- explain in Part II	C. Correct amount
Income and Deductions (see instructions)			
1 Adjusted gross income (see instructions)	19238192	-19238192	0.
2 Itemized deductions or standard deduction	424,191.	-420,041.	4,150.
3 Subtract line 2 from line 1	18814001	-18818151	-4,150.
4 Exemptions. If changing, fill in Parts I and II on page 2		5,300.	5,300.
5 Taxable income. Subtract line 4 from line 3	18814001	-18823451	-9,450.
Tax Liability			
6 Tax (see instructions). Method used in col. C TAX TABLE	7,363,236.	-7363236	0.
7 Credits (see instructions)	2,542.	-2,542.	0.
8 Subtract line 7 from line 6. Enter the result but not less than 0	7,360,694.	-7360694	0.
9 Other taxes (see instructions)	52.	-52.	0.
10 Total tax. Add lines 8 and 9	7,360,746.	-7360746	0.
Payments			
11 Federal income tax withheld and excess social security and RRTA tax withheld. If changing, see instructions	4,309,735.		4,309,735.
12 Estimated tax payments, including amount applied to prior year's return	820,839.		820,839.
13 Excess social security credit			
14 Other payments (see instructions)			
15 Total payments. Add lines 11 through 14			2,050,000.
16 Refund or amount you owe from original return plus additional tax paid after it was filed			180,181.
17 Total payments. Add lines 15 and 16			7,360,755.
Refund or Amount You Owe			
18 Overpayment, if any, as shown on original return or as previously adjusted by the IRS			
19 Subtract line 18 from line 17 (see instructions)			7,360,755.
20 Amount you owe. If line 10, column C, is more than line 19, enter the difference and see instructions			
21 Amount you owe. If line 19 is more than line 18, enter the difference			7,360,755.
22 Amount of line 21 you want REFUNDED TO YOU			7,360,755.
23 Amount of line 21 you want APPLIED TO YOUR 1998 ESTIMATED TAX			



Under no penalty of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules, and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Your signature: Wesley Snipes Date: 4/11/01

Spouse's signature, if joint, BOTH must sign. Date: _____

Preparer's signature: Wayland P. Ruelin Date: 4/11/01 Check if self-employed Preparer's SSN: _____

Taxpayer's name (or yours if self-employed) & address: 452 GLEN OAK RD. VENICE, FL 334293 EIN: _____ ZIP code: _____

Part I Exemptions. See Form 1040 or 1040A instructions.

If you are not changing your exemptions, do not complete this part.
 If claiming more exemptions, complete lines 25-31.
 If claiming fewer exemptions, complete lines 25-30.

	A. Original number of exemptions reported or as previously adjusted	B. Net change	C. Correct number of exemptions															
25 Yourself and spouse <i>Caution. If your parents (or someone else) can claim you as a dependent (even if they chose not to), you cannot claim an exemption for yourself.</i>	25																	
26 Your dependent children who lived with you	26																	
27 Your dependent children who did not live with you due to divorce or separation	27																	
28 Other dependents	28																	
29 Total number of exemptions. Add lines 25 through 28	29																	
30 Multiply the number of exemptions claimed on line 29 by the amount listed below for the tax year you are amending. Enter the result here and on line 4. <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Tax year</th> <th>Exemption amount</th> <th>But see the instructions for line 4 on page 3 if the amount on line 1 is over:</th> </tr> </thead> <tbody> <tr> <td>1999</td> <td>\$2,750</td> <td>\$94,975</td> </tr> <tr> <td>1998</td> <td>2,700</td> <td>93,100</td> </tr> <tr> <td>1997</td> <td>2,650</td> <td>90,900</td> </tr> <tr> <td>1996</td> <td>2,550</td> <td>88,475</td> </tr> </tbody> </table>	Tax year	Exemption amount	But see the instructions for line 4 on page 3 if the amount on line 1 is over:	1999	\$2,750	\$94,975	1998	2,700	93,100	1997	2,650	90,900	1996	2,550	88,475	30		
Tax year	Exemption amount	But see the instructions for line 4 on page 3 if the amount on line 1 is over:																
1999	\$2,750	\$94,975																
1998	2,700	93,100																
1997	2,650	90,900																
1996	2,550	88,475																

31 Dependents (children and other) not claimed on original (or adjusted) return:
 Note. For tax years after 1997, do not complete column (e) below. For tax years before 1998, do not complete column (d) below.

(a) First name	Last name	(b) Dependent's social security number. If born in the tax year you are amending, see page 5.	(c) Dependent's relationship to you	(d) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see page 5)	(e) No. of months lived in your home	No. of your children on line 31 who: • lived with you <input type="checkbox"/> • did not live with you due to divorce or separation (see page 5) <input type="checkbox"/> Dependents on line 31 not entered above <input type="checkbox"/>
				<input type="checkbox"/>		
				<input type="checkbox"/>		
				<input type="checkbox"/>		
				<input type="checkbox"/>		
				<input type="checkbox"/>		

Part II Explanation of Changes to Income, Deductions, and Credits

Enter the line number from the front of the form for each item you are changing and give the reason for each change. Attach only the supporting forms and schedules for the items changed. If you do not attach the required information, your Form 1040X may be returned. Be sure to include your name and social security number on any attachments.

If the change relates to a net operating loss carryback or a general business credit carryback, attach the schedule or form that shows the year in which the loss or credit occurred. See page 1 of the instructions. Also, check here

AMOUNTS PREVIOUSLY REPORTED NOT FROM A TAXABLE SOURCE PER 26 CFR 1.861-5(f)(1).

SEE ATTACHED

Part III Presidential Election Campaign Fund. Checking below will not increase your tax or reduce your refund.

If you did not previously want \$3 to go to the fund but now want to, check here
 If a joint return and your spouse did not previously want \$3 to go to the fund but now wants to, check here



Regulation Disclosure Statement

Use this form only to disclose items or positions that are contrary to Treasury regulations.
For other disclosures, use Form 8275, Disclosure Statement. See separate instructions.

▶ Attach to your tax return.

Part I General Information (See instructions.)

(a) Regulation Section	(b) Item or Group of Items	(c) Detailed Description of Items	(d) Form or Schedule	(e) Line No.	(f) Amount
1 N/A	1-861	Taxable Source of Income	1040X	1	0
2					
3					

Part II Detailed Explanation (See instructions.)

1 AMOUNT PREVIOUSLY REPORTED NOT FROM TAXABLE SOURCE PER 1.861-8(f)(1).

2

3

Part III Information About Pass-Through Entity. To be completed by partners, shareholders, beneficiaries, or residual interest holders.

Complete this part only if you are making adequate disclosure for a pass-through item.

Note: A pass-through entity is a partnership, S corporation, estate, trust, regulated investment company, real estate investment trust, or real estate mortgage investment conduit (REMIC).

1 Name, address, and ZIP code of pass-through entity	2 Identifying number of pass-through entity
	3 Tax year of pass-through entity / / to / /
	4 Internal Revenue Service Center where the pass-through entity filed its return

ATTACHMENT TO FORM 1040/1040x for TAX YEAR 1997

NAME: Wesley Snipes

SOCIAL SECURITY #

This return is being filed on the basis of the IRS regulation 26CFR 1.861-8 which identifies all of the TAXABLE sources of income within the United States of America. As far as I have been able to determine, none of the receipts of this taxpayer(s) came from any of these sources.

Since, according to 1.861-8(4), the TAXABLE source must FIRST be determined before taxable income can be determined; these receipts must therefore be exempt from Subtitle A taxes. The calculations on the attached 1040 (1040X) form reflect that position. Based on those calculations, there should be a complete refund of all moneys paid in.

Should the IRS disagree with this position, please schedule an Administrative Law Judge Review on this matter pursuant to the Administrative Procedures Act 5 USC 556(d).

The IRS, under the Freedom of Information Act, has admitted that it is subject to the Administrative Procedures Act. That being the case, the courts have ruled, in numerous cases, that we would be entitled to a "fair trial" administratively. Some of the rulings are listed below.

"Due process in administrative hearings includes a fair trial conducted in accordance with fundamental principles of fair play and applicable procedural standards established by law, and administrative convenience or necessity cannot override this requirement."

**Russel-Newman Mfg. Co. v. N.L.R. B.
C.A. Tex 1966, 370 F2d 980**

"Under the Administrative Procedure Act, the proponent of a rule or order has the burden of proof. Burden of proof means "going forward with the evidence".

Bosma v U.S. Dept. of Agriculture, C.A. 9, 1984, 754 F2nd 804

**Other cites: Ideal Farm, Inc. v Benson, D.C. N.J. 1960, 181 F Supp 62
affirmed 288 F2d 608, Certiorari denied 83 Sct 1087
327 US 965, 10 Led2d 128**

: U.S. v Brad, D.C Cal 1968

**: Amos Treat and Co v Securities and Exchange Commission
306 F2d 260 (1962), 113 US App D.C. 100**

Sec. 861 "Income from sources within the United States"
(a) Gross income from sources within the United States.

26 CFR

"TAX BASED ON INCOME FROM SOURCES WITHIN OR WITHOUT THE UNITED STATES"

"DETERMINATION OF SOURCES OF INCOME".

§ 1.861-1 "Income from sources within the United States".

(a) "Part I, ... subchapter N, chapter 1 of the Code, and the regulations thereunder determine the sources of income for purposes of the income tax." (Emphasis added)

§ 1.861-1(a) elaborates further:

"...The rules contained in this section apply in determining taxable income of the taxpayer from specific sources and activities under other sections of the Code referred to in this section as operative sections. See paragraph (f)(1) of this section for a list and description of operative sections." (Emphasis added)

26 CFR 1.861-8(a)(3) Class of gross income.

For purposes of this section, the gross income to which a specific deduction is definitely related is referred to as a "class of gross income" and may consist of one or more items (or subdivisions of these items) of gross income enumerated in section 61, namely:

- (i) Compensation for services, including fees, commissions, and similar items;
- (ii) Gross income derived from business;
- (iii) Gains derived from dealings in property;
- (iv) Interest;
- (v) Rents;
- (vi) Royalties;
- (vii) Dividends;
- (viii) Alimony and separate maintenance payments;
- (ix) Annuities;
- (x) Income from life insurance and endowment contracts;
- (xi) Pensions;
- (xii) Income from discharge of indebtedness;
- (xiii) Distributive share of partnership gross income;
- (xiv) Income in respect of a decedent;
- (xv) Income from an interest in an estate or trust. 1.861-8(a)(4):

"(4) Statutory grouping of gross income and residual grouping of gross income. For purposes of this section, the term "statutory grouping of gross income" or "statutory grouping" means the gross income from a specific source or activity which must first be determined in order to arrive at "taxable income" from which specific source or activity under an operative section. (See paragraph (f)(1) of this section.)..." (Emphasis added)

"...the Sixteenth Amendment, which grants Congress the power "to lay and collect taxes on incomes, from whatever source derived..." Helvering v. Clifford, 309 US 331, 334; Douglas V. Willcuts, 296 US 1,9. It has long been settled that Congress' broad statutory definitions of taxable income were intended "to use the full measure of taxing power." The Sixteenth Amendment is to be taken as written and is not to be extended beyond the meaning clearly indicated by the language used." Edwards v. Cuba R. Co. 268 US 628, 631 (From separate opinion by Whittaker, Black, and Douglas, JJ.)(Emphasis added)

JAMES v UNITED STATES, 368 US 213, p. 213, 6 L Ed 2d 246, pp. 2 449495/564515

"Congress Intent through § 61 of the Internal Revenue Code (26 USCS § 61(a))—which provides that gross income means all income from whatever source derived, subject to only the exclusions specifically enumerated elsewhere in the Code...and § 61 (a)'s statutory precursors..." (emphasis added)

United States v. Burke, 504 U.S. 229, 119 L Ed 2d 34, 112 S Ct 1867 (1992):

The sources of 'Gross Income'

Below is the list of 'sources' as it appears in the Code of Federal Regulations:

SOURCE

"The source of income. Place where, or circumstance from which, income at issue is produced, *Union Electric Co. v. Coale*, 347 No. 175, 146 S.W. 2d 631, 635." (Black's Law Dictionary 6th Edition)

Code of Federal Regulations 1.861-8(f)(1)

(NOTE: Each of these 'sources' will be elaborated upon soon)

(i) Overall limitation to the foreign tax credit.

(ii) [Reserved]

(iii) DISC and FSC taxable income.

(iv) Effectively connected taxable income. Nonresident alien individuals and foreign corporations engaged in trade or business within the United States,...

(v) Foreign base company income.

(vi) Other operative sections.

(A) ...foreign source items of tax...

(B) ...foreign mineral income...

(C) [Reserved]

(D) "...foreign oil and gas extraction income..."

(E) "...citizens entitled to the benefits of section 931 and the section 936 tax credit..."

(F) "...residents of Puerto Rico..."

(G) "...income tax liability incurred to the Virgin Islands..."

(H) "...income derived from Guam..."

(I) "...China Trade Act corporations..."

(J) "...income of a controlled foreign corporation..."

(K) "...income from the insurance of U.S. risks..."

(L) "...international boycott factor...attributable taxes and income under section 999..."

(M) "...income attributable to the operation of an agreement vessel under section 607 of the Merchant Marine Act of 1936..."