

SO WHAT IS AN EXCISE, ANYWAY?

- 1) The Constitution of the United States at Article 1, Section 8, Clause 1 gives Congress the power to lay **excises**.
- 2) The Supreme Court has ruled, both before and after the passage of the 16th Amendment, that the income tax is in the nature of an **excise**.
- 3) The very first income tax form (1862) claimed its authority under the **excise** laws of the U.S.

If you were a hardworking, patriotic American in 1862 you would know all about **excises** and, most importantly, to whom they applied. But with government schooling predominating since the 30's and being in government's best interest not to inform you, most American's today don't have a clue what an **excise** is!

The Supreme Court has repeatedly ruled that an **excise** is a privilege tax. A privilege is a particular and peculiar benefit or advantage enjoyed by a person, company, or class, beyond the common advantages of other citizens. That special advantage, when it is created by the people via government, is generally regulated, often via an **excise**, to keep its exercise in check. **Excise** literally means "a piece of the [privileged] action."

Thus we see, in the very first income [**excise**] tax in 1862, explicit mention of anyone receiving pay issued by a federal paymaster over \$600 to be withheld upon accordingly (Sec 86). Personal (and especially exorbitant) enrichment at the expense of the public purse has long been deemed a privilege that needs to be kept in check. Blackstone remarks in his 'Commentaries' that an **excise** on the pay of the King's men was a popular tax. So not only did Lincoln's Congress wish to raise revenue for the war effort, but to also appease the populace, whose earnings involved no privileges, by taxing the privilege of working for the government.

Congress did not stop with just those being paid directly by the government but taxed those having "gains, profits, or income" derived from any source (Sec. 90). There are, of course, many ways to gain from the exercise of federal privilege other than being on the payroll, such as investments in or employment with federally chartered corporate entities, contracts with the federal government (production and delivery of war materiel, comes to mind), sweet-heart-deal land leases (mainly to railroads) and federally licensed occupations, are a few. This tax was essentially voluntary in that it was self-assessed (Sec. 93) and perhaps why Congress chose to call it a "duty", playing on the obligation that patriotism implies.

Congress certainly did not want to miss out on this ever-growing revenue stream fueled by the Lincoln Republican's mercantilist policies of national banks and public works projects (railroads, for instance). Again political appeasement of the working class

majority, who was paying through the nose for life's necessities due to high tariffs, was achieved by taxing the conspicuous privileged rich to assist with the support of government.

Politically the income [excise] tax was considered a war tax and with the treasury no longer in danger, the income [**excise**] tax was let run out in 1873 and lay dormant until 1894. With the Spanish-American War looming, a low treasury (at least for engaging in war) and the rising working-class Populist movement demanding the coupon-clipping privileged rich (using government for their exorbitant personal enrichment) pay their fair share, the income tax was awakened.

It was promptly challenged by Mr. Pollack (who had investments in railroads) and the Supreme Court agreed, ruling that if the source of the income was from personal property the privilege exercised to obtain the "gain, profit and income" could not operate to keep it as an **excise**. This ruling angered the working-class majority who undoubtedly saw this specious ruling as the politically well-connected privileged rich pulling some serious strings. Rather than go back to a perceived biased Supreme Court, an amendment to the Constitution was considered the most expeditious and permanent correction to the problem. Nearly 20 years later the 16th Amendment was ratified in 1913, overturning the Pollack Rule and returning the income tax to its former plenary **excise** glory. And just in time, as war drums were again sounding. Congress soon followed with the income tax of 1913, which resulted in a volley of constitutionality challenges.

In *Brushaber*, the tax was again ruled to be necessarily in the nature of an **excise**, and in *Stanton*, that the 16th Amendment conferred no new power of taxation on Congress, supposedly putting to rest the outrageous contention that the Amendment allowed a hybrid direct tax on all (privileged and unprivileged alike) incomes without apportionment.

That's it folks! That's all the income tax is, ever was and ever will be, in American law, an **excise**. In practice and belief, is quite another story. The scheme, which was hatched during WWII (with Donald Duck's help), by which private sector unprivileged earnings are fraudulently converted into public sector privileged "income" through false testimony given by the victim himself, by third-parties or both, is best revealed by legal scholar Peter Hendrickson in "Cracking the Code, The Fascinating Truth About Taxation in America" (CtC). Your wallet and limited government highly recommend it.

Learn about the thousands of CtC-educated, freedom-exercising Americans who are applying the knowledge gained from the book **successfully**. They are proof that the institutionally instilled ignorance of the tax can be overcome by anyone desiring to truly be free.

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