

FREE

Income Tax Secrets

ITS

EXPOSING THE TRUTH THE IRS DOESN'T WANT YOU TO KNOW

BOOK REVEALS TRUTH ABOUT TAX

The IRS is Desperate to Keep The Information in This Book Out of The Hands of The Public, and Will Go to Great Lengths to Make Sure The Startling Truth About The Income Tax is Never Revealed...

Each year, millions of Americans report their earnings to the IRS, allowing a significant portion of their wealth to be claimed by the government. Yet the law itself stipulates that the tax is only to be paid on a certain kind of income — a truth about which most Americans remain blissfully unaware.

Most people in America are woefully uninformed about the nature of who is to pay income tax. Reporting “income” and deducting “expenses” is the only relief available to many, even with the help of “trained professionals”, all of whom operate under the same misconceptions.

The IRS wants to keep it that way. When these secrets were first published and exposed the real truth behind the income tax laws, it created such an uproar that the IRS took action. They filed a lawsuit in Federal Court to suppress this information with allegations of “promoting an abusive tax shelter”. After 5 1/2 months of legal wrangling, U.S attorneys from the Department of Justice (the DOJ is the legal-bulldog of the IRS) formally abandoned efforts to enforce three IRS summonses issued as part of a desperate effort by the agency to keep this transformational knowledge out of the hands of the American public.

Even though the IRS won't admit that it has no legal means to accomplish this goal, the DOJ doesn't have any choice.

For the benefit of those who have not yet read *“Cracking The Code: The Fascinating Truth About Taxation In America”*, here is a quick sketch of what the government is so desperate to suppress, even while it continues, every week, to properly issue complete refunds to readers acting on what they have learned from the book:

The income tax is a tax on gains from voluntary involvement in federal activities—either as a worker/office holder, or as an investor or

beneficiary—and nothing else. That limitation is what keeps the tax in the good graces of the Constitutional prohibition of capitations and other direct taxes, which it would otherwise qualify as if extended to any other subjects.

Since its debut in 1862, the creation of a legal instrument swearing to the amount, and the taxable status, of every payment of such specialized gains has been a part of the tax's bureaucratic structure. The most common such instruments (called “information returns” in the law) are known as W-2s, 1099s and K-1s - each of which contains, deep in its legal fine print, a clear and explicit declaration that the payment which it reports IS a gain from involvement in federal activities, and is therefore taxable.

Over the decades, through a combination of factors, Americans have been trained to execute one of these information returns whenever they are making almost ANY kind of payment, leaving the correction of errors to the recipient of the payment. Quite properly, a means by which such corrections can be accomplished is thoroughly provided for within the law.

Unfortunately, a general understanding of the limitations of the income tax, and the mechanisms by which it is implemented, has faded. This is not really too surprising. Although its basic principles are simple and straightforward, the body of the tax law itself is a mind-numbing several millions of words long.

More, the structure of the law contains a number of elements which are capable of being misunderstood as extending the tax beyond its actual limits, when examined superficially. *“Cracking The Code: The Fascinating Truth About Taxation In America”* thoroughly, comprehensively and unmistakably corrects such misunderstandings, and reveals the liberating knowledge of what the law actually says, and how it really works. ♦

Constitution Forbids Unapportioned Direct Taxes

Most people in America are *woefully uninformed* about the nature of who is to pay income tax. Reporting “income” and deducting “expenses” is the only relief available to many, even with the help of trained professionals, all of whom operate under the same misconceptions. Yet, *the law itself stipulates that tax is only to be paid on a certain kind of income* — a truth about which most Americans remain blissfully unaware. Here are the facts you should know:

The United States Constitution forbids unapportioned 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...”

“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.

This means that federal capitations (taxes on normal, private-sector earnings) are prohibited.

Supreme Court Rules That Taxes on Labor or Earnings From Labor Are Direct Taxes

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.”

Taxable Income Derived Only From Federal Privilege; Not “Everything that Comes In”

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.

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, therefore, not a tax on income [earnings] 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 tax.”

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Ordinary Common Right Occupations Not Taxable

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.

Supreme Court Tells Congress: "NO New 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.

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.

Revenue Act of 1862 Creates Excise Tax On Income

The Lincoln administration was aware of all that we have just discussed when, in 1862, it instituted the income tax we've since come to know so poorly, but loathe so well.

The Lincoln administration knew the Constitution prohibits capitations and other direct taxes unless apportioned; it knew a tax that actually touched upon the "all species of revenue" which constitute the broad class of receipts known as "income" in the common usage of that word WOULD be a capitation, and had under various names always been recognized and designated as a direct tax throughout history; and it also knew that apportioned direct taxes were really only suited to one-time debt-retirements and had traditionally been used exclusively for that purpose.

One-time debt-retirement was not what the Lincoln administration needed or wanted. Lincoln was looking to finance an ongoing war

effort, and he needed the kind of tax that, once instituted, keeps on giving and giving without the inconveniences of repeated legislation and voting. In short, he wanted an excise, and that's what he imposed-- an excise on certain activities, measured by (and typically paid out of) the revenue they produced.

"...in Springer v. U. S., 102 U.S. 586 (1880), it was held that [the] tax upon gains, profits, and income was an excise or duty, and not a direct tax, within the meaning of the constitution, and that its imposition was not, therefore, unconstitutional" United States Supreme Court, Pollock v. Farmer's Loan & Trust, 158 U.S. 601, 1895;

"...taxation on income was in its nature an excise entitled to be enforced as such," United States Supreme Court, Brushaber v. Union Pacific R. Co., 240 U.S. 1 (1916), quoting and reiterating language used in its ruling in Pollock v. Farmer's Loan and Trust.

Internal Revenue Code Definitions Exclude Private-Sector Workers

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 the 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.

Fed's Income Taxation Authority Limited

Perhaps because of the appearance of the tax as falling on the revenue itself, the name "income tax" recommended itself; nonetheless, the tax is not any kind of general tax on income.

Instead, it amounts, in its actual application, to a tax on only a specialized subset of the larger class of income, consisting exclusively of revenues attributable to the voluntary, profitable use of federal privilege, property or powers-- that is, revenues in which the federal government has a direct ownership interest, and to which it can therefore exercise a direct claim as a matter of right.

It is thus, and only thus, NOT a tax attempting to burden any exercise of individual rights, a transgression which would drop it squarely into the category of a direct tax. As the Supreme Court observes in the case of Knowlton v. Moore, 178 U.S. 41 (1900): *"Direct taxes bear immediately upon persons, upon the possession and enjoyments of rights;"*

Many other rulings make the same, utterly fundamental point. For a government to tax revenue simply as an exercise of power is for it to tax a person's exercise of the fundamental individual right to work or trade.

Sixteenth Amendment Closes Legal Loophole; Income Tax Not Changed

The Sixteenth Amendment 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.

BUY THE BOOK... READ IT... JUDGE FOR YOURSELF.