

Debunking IRS Lies

The United States government is pretty much in the full-time business of lying. Most of the state governments have jumped on the “lying” bandwagon as well. We wish it were not so. In fact, the purpose of this site is to educate the American public in the hope that such actions will no longer be tolerated by **our** “public servants”, and such egregious conduct will end.

When a small child lies to us, it’s usually pretty easy to tell. When we see the empty cookie jar, and our child sitting in a circle of cookie crumbs, we know that he is lying when he tells us that he didn’t eat any cookies. Unfortunately, when the government lies, it’s a lot harder to pin down the lie. The government pays very good money, to some very skilled lawyers, to formulate very well structured lies, so we need to be very sharp to catch their lies. Fortunately, all their lies (at least about the law) rely on just a few readily discernable methods of misleading you.

The government does not tell you a direct lie to your face. That would be much too easy to catch. Instead the government relies on the deceptive use of “legal terms” that you don’t understand the meaning of, nor are you even aware that the “words” you’re reading are actually “legal terms” that have been defined by the government to mean something completely different than what you think they mean in plain English. [See [The Language of Law](#) within this site for more detail on this issue.]

Additionally, the government uses “jurisdictional context” as a means of confusing the average American. The vast majority of Americans believe that when they read a publication written by a government agency, it has been written with the intention of clarifying matters for the Citizen. The reality is just the opposite. Let’s look at an example to illustrate the point:

The Federal Food and Drug Act is only applicable in matters involving interstate or foreign commerce. In other words, if you make a cosmetic cream and sell it only within your state, the FDA has no jurisdiction to regulate your product. However, a hypothetical section of the Federal Food and Drug Act might state, “*Every cosmetic product manufactured in the United States must be...*”[blah, blah, blah]. However, because the **context** of the Act is that it applies only to interstate and foreign commerce, the legislative draftsmen who wrote the law intentionally left that part out when selecting the specific language to be used. If they had been forthright, the statute would read as, “*Every cosmetic product manufactured in the United States, and shipped in interstate or foreign commerce, must be...*”.

[Editor’s Note: *Many statutes passed in the 1930s, 40s, and 50s included such forthright language, but during the 70’s and 80’s most of that language was amended out of the law. We must now refer to the text of the original statutes to find the true limits of the government’s authority]*

However, because the **context of the entire Act** is interstate and foreign commerce, those words are deemed unnecessary when constructing an individual statute within the Act. The problem arises when the government puts out an “informational” publication in which it states, *“Under section 15000 of the Federal Food and Drug Act, the Federal Food and Drug Administration has regulatory authority over ‘every cosmetic product manufactured in the United States’”*.

Are they lying? It depends on your point of view. Do you believe that when the government communicates with its Citizens it is at liberty to intentionally leave out relevant and critical facts that alter the very foundations of the authority it is asserting? We don’t believe that government has that right. We believe that when government leaves out relevant and critical facts of which the Citizen should rightly be informed, **the government is lying by omission.** The justification that the government is “merely citing the text of the statute” does not wash if the Citizen is being denied information that is relevant to the government’s claim of authority; especially if such an omission would reasonably operate against the Citizen and his rights.

The same “lying by omission” issue can be seen in the government’s use of “legal terms” instead of regular words. If the government issues a publication to purportedly inform the public on a particular issue, and that publication addresses “buildings”, but fails to tell you that they’ve defined “buildings” (in the law being discussed) as “...such free standing structures used for business purposes that exceed 200 feet in total height”. Without that definition being provided to you, you might easily misconstrue the law to apply to your own home!

The government does not feel that it is under any obligation to define the “terms” it uses in publications it makes available to the general public. We disagree. We believe that if not providing the definition of a “term” creates confusion in the Citizenry, or is likely to create confusion in the Citizenry, then the government is once again **lying by omission**. It should be remembered that confusion of this sort only results in the government usurping authority to which it is not entitled, and **any such usurpation by the government erodes the rights the Citizens.**

Whether one calls what the government is doing “a bald-face lie” or “lying by omission” or any other phrase is used to specify the degree to which the government is obfuscating, **the undeniable truth is that the government is intentionally withholding information from you in order to trick you into acquiescing to authority the government doesn’t have.**

The government is also talking out of both sides of its mouth. On the one hand the government says, *“We have provided this publication so that you may better understand your obligations under the law”*, but if you act upon the information in the publication, and the government later determines that you committed some sort of violation, when you tell them that you simply followed the information provided in the publication, they will tell you, *“You may not rely upon the information provided in forms and publications as a defense for an alleged violation because forms and publications are not law”!* Now here’s the kicker

– they’re not just talking about government claims. If you act in accordance with what’s contained in a publication and an employee or other person sues you and wins, you have no recourse against the government for misleading you in the publication!

We believe the most honest and straightforward way to view a government publication is to appreciate that it is not an “objective” source of information, but rather that it is published and distributed with the goal of manipulating your actions through misinformation. This may seem like a harsh judgment, but as you read on you will see that the facts support no other rational conclusion.

Dissecting IRS Sophistry

The following are various written statements made by the IRS, followed by our “debunking” of their skillfully crafted lies.

IRS Lie #1

“Ever since the 16th Amendment to the Constitution was ratified (February 3, 1913) giving Congress the power "to lay and collect taxes on incomes" there have been citizens arguing that it was not properly ratified and income taxes are illegal. Unfortunately, some citizens continue to raise such arguments in spite of the fact that they have no basis in law and the courts have repeatedly rejected their arguments as frivolous”.

Truth – In point of fact, the 16th Amendment was *not* properly ratified. Mr. Bill Benson and Mr. M.J. “Red” Beckman traveled to every state that was a part of the Union back in 1913, and researched the voting records and other pertinent data from each of the state legislature’s historical archives. Their research is contained within a two-volume set entitled, “The Law That Never Was”. The inescapable conclusion of their research is that the 16th Amendment was not properly ratified. [“The Law That Never Was” can be found at www.thelawthatneverwas.com] Further, despite the IRS lies stated above, no US court has ever determined that the 16th Amendment was, in reality, properly ratified. What the courts have said is that because the [then] US Secretary of State, Philander Knox, “certified” that the Amendment was properly ratified, the courts of the United States must consider it properly ratified. The federal courts have stated that whether or not the Amendment was, in reality, properly ratified is a “political question”.

IRS Lie #2

“The IRS and Treasury have issued a notice warning taxpayers that if they file returns under the theory that U.S. citizens and residents aren't subject to tax on their wages and other income earned or derived within the United States, they may be subject to penalties.”

Truth – This is an excellent example of IRS “word-smithing”. First, note that the IRS has warned “taxpayers” (not the public generally). This is because the federal courts have ruled that Congress makes no tax laws that apply to nontaxpayers!

*“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.** No procedure is prescribed for nontaxpayers, and no attempt is made to annul any of their rights and remedies in due course of law. **With them***

[nontaxpayers] Congress does not assume to deal, and they are neither of the subject nor of the object of the revenue laws. [emphasis added]
Economy Plumbing and Heating Co. v. United States, 470 F. 2d 585 (1972)

In so far as the IRS statement applies exclusively to “taxpayers”, it is correct because a “taxpayer” is defined in the IRC as “a person liable for any internal revenue tax”. So, to claim to be a taxpayer, and then to claim that you’re not liable for taxes that apply to taxpayers is silly. The true question that needs to be asked is, “Who is a taxpayer and who is not?” [See [Federal Income Tax](#) and [State Income Tax](#) to assist you in determining if you are a taxpayer.]

The next bit of sophistry is the use of the “legal term” (not a “word”) “**wages**”. Under the IRC definitions of “wages” [within Chapters 21 & 24], the term is limited to the payroll of the following persons:

- 1) Officers and employees of the United States.
- 2) Officers and employees of a State government that has agreed to participate in Social Security.
- 3) Persons working in federal possessions or territories.
- 4) Citizens of the states of the Union, working within a state of the Union, who have declared their pay to be “wages” by executing a Form W-4.
- 5) Aliens working in the United States.

For these people, “wages” **do** constitute income that is subject to State and Federal taxing authority. However, you should know that the pay of a Citizen of the state of the Union, while working within a state of the Union, for a private firm, who has not executed a Form W-4 is **not** “wages” (as defined in the IRC).

[See [Federal Income Tax](#) and [Federal Employment Taxes](#) for more on these issues.]

IRS Lie #3

(Under the heading, “Employment Tax Evasion Schemes”) – *“Employee leasing is the practice of contracting with outside businesses to handle all administrative, personnel, and payroll concerns for employees. In some instances, employee-leasing companies fail to pay over to the IRS any portion of the collected employment taxes.”*

Truth – We love this one! The “evasion scheme” spoken of in this item involves companies failing “to pay over to the IRS any portion of the **collected** employment taxes”. Can you connect this one to the discussion in item #2? Please note that the IRS statement speaks of “employee” payroll. This is again a very specific legal term, and workers who are not “employees” (as specifically defined in the IRC) don’t earn **wages**. Not all workers are subject to withholding upon their pay [because only **wages** are subject to withholding] so the IRS can only claim “evasion” of taxes if the “employer” [another “legal term” with very specific limits] withholds the tax and fails to pay it over to the IRS. Would you like to hazard a guess at who is an “employee”? O.K., let’s do it again!

- 1) Officers and employees of the United States.
- 2) Officers and employees of a State government that has agreed to participate in Social Security.
- 3) Persons working in federal possessions or territories.
- 4) Citizens of the states of the Union, working within a state of the Union, who have declared their pay to be “wages” by executing a Form W-4.
- 5) Aliens working in the United States.

The very same “class of person” [yet another legal term!] who earns statutorily defined **wages** is the same “class of person” who is the “employee”. Are you connecting the dots yet? In other words, not withholding from a Citizen is not tax evasion [because there can be no crime for not doing what the law doesn’t require], but if you have withheld money from a **wage**-earning “employee”, you’d better pay it over to the government! [See [Federal Employment Taxes](#) within this site for more on these issues.]

IRS Lie #4

(Under the heading, “Employment Tax Evasion Schemes”) – *“Paying employees in whole or partially in cash is a common method of evading income and employment taxes...”*

Truth – Are you getting the theme yet? Once again we see the legal term “employee” featured as the prominent element. We will not list who are “employees” and “wage” earners again; you should have that under your belt by now. We will observe that if you have workers who do not fall into any of the 5 categories shown above, there is no problem whatsoever paying them in cash because no withholding is required under the law! Furthermore, if no withholding is required under the law, then the person making the payments need not keep “payroll records” for the purpose of Subtitle C (Employment Taxes), although such payment records may be kept for other financial reasons. [See [Federal Employment Taxes](#) for more on these issues.]

IRS Lie #5

(Under “non-filer frivolous arguments”) – Internal Revenue Code Arguments – *“The IRS can only assess taxes against people who file returns.”*

Truth – This is a typical example of the IRS telling a partial truth by leaving out facts that would be relevant to the reader. Taxes can be assessed against the following:

- 1) Persons who file tax returns.
- 2) Persons concerning whom the IRS has received “information returns” (if not properly contested). [See [Federal Income Tax](#) for more on “information returns”.]
- 3) Corporations and other statutory entities that have failed to file a required return.
- 4) Persons licensed for Subtitle E activities.
- 5) Foreign insurance companies doing business in the United States.

However, it is important to note that **the IRS cannot assess a Citizen of a state of the Union, living and working in said state, who does not file a tax return, or have any “information returns” filed against him.** So you see, the IRS would like you to believe that they can assess anyone, anytime, but in reality that’s hogwash. However, the IRS does sometimes assess a non-filing Citizen by committing computer fraud. The IRS enters a code into their computer system that converts you to a corporation in their database. In effect it changes “John Q. Citizen” into “John Q. Citizen, Inc.” (so to speak). Once that fraudulent entry has been made on their computer, it then “permits” them to [fraudulently] assess a tax against you. And you thought the government was honest! Ha!

IRS Lie #6

(From IRS CID Tax Fraud Alert – Fraudulent Trusts) – *“All trusts must comply with the tax laws as set forth by the Congress in the Internal Revenue Code, Sections 641-683.”*

Truth – Remember, the IRS only deals with “taxpayers”; the IRS has zero authority over nontaxpayers. So when the IRS says “All trust...”, they actually mean “all trusts that are taxpayers...”. As we stated earlier, the IRS **always** writes from the concept of **context**. Everything they write is only directed at, and only deals with, “taxpayers”! Don’t fall prey to their “context” game. [For IRS admission that certain trusts are not “taxpayers”, see [Trust](#) within this site.]

IRS Lie #7

(From “Abusive Trust Schemes”) – *“A domestic trust must file a Form 1041, U.S. Income Tax Return for Estates and Trusts, for each taxable year.”*

Truth – Note the last words in the text above – “taxable year”. (They’ve always got an angle!) “Taxable year” is defined at 26 USC §7701(a)(23), and means a year for which you **filed a return** under the provisions of subtitle ‘A’. And who would file a return? That’s right – a **taxpayer**! So...what the sneaky little bastards are really saying is, “A domestic trust, that is a taxpayer, must file a Form 1041...”.

IRS Lie #8

(From “Abusive Trust Schemes”) – *“If the trust is classified as a Domestic Grantor Trust, it is not generally required to file a Form 1041, provided that all items of income are reported by the individual taxpayer on his own Form 1040...”*

Truth – As usual, this **presumes** the “grantor” to be a **taxpayer**. If the “grantor” is not a taxpayer, then neither the grantor nor the grantor’s trust need file any tax return whatsoever. [For info on “grantor’s trusts” see [Trusts](#) within this site.]

IRS Lie #9

(From “Abusive Domestic Trust Schemes”) – *In many promotions, taxpayers are advised to create Asset Management Companies (AMC’s). The AMC, which lists the taxpayer as the director, is formed as a domestic trust. An individual on the promoter’s staff is usually the trustee of the AMC, but this individual is quickly replaced by the taxpayer. The purpose of the AMC is to give the appearance that the taxpayer is not managing his or her business and to start the layering process.*

Truth – Need we even say it? “...**taxpayers** are advised...”. In this scenario, some supposedly evil person is leading an otherwise splendid “taxpayer” into a labyrinth of tax deceit by promoting illegal methods of hiding the true substance of what’s taking place. We partly agree – there is some deceit taking place; we’d just disagree with who is perpetrating it.

IRS Lie #10

(From “Abusive Domestic Trust Schemes”) – Business Trust - *The next step is to form a business trust, also a domestic trust. In effect, the client elects to change the structure of their business from either a sole proprietorship or corporation to a trust. The AMC is the trustee of the business trust. False administrative expenses may be deducted from the trust as a means to reduce taxable income.*

Truth – We’re sure you see the common thread now. The keys words are, “*False administrative expenses may be **deducted** from the trust as a means to **reduce taxable income***”. Once again, the trust they are referring to is a taxpayer. A nontaxpayer has no “taxable income” and has nothing to “deduct” from. Once their con-job is easily recognized it gets old, doesn’t it?

IRS Lie #11

(From “Abusive Domestic Trust Schemes”) – *The scheme gives the appearance that the taxpayer has given up control of their business to a trust; however, in reality the taxpayer is still running the day-to-day activities of their business and is controlling its income stream.*

Truth – (This is a direct follow-up to #9.) First, we note the use of the word “scheme”, which in common speech usually means something devious (and of course that’s what the IRS is intending to imply). However, in law, “scheme” merely means “a plan formed to accomplish something” and no devious nature is implied or inferred. The US Supreme Court frequently refers to US tax law as a “scheme”.

Next of course we see the words, “...*in reality the taxpayer is still...*”, demonstrating that once again it is only unlawful for “taxpayers” to do this and such, not an ordinary American Citizen. [We encourage you to read [Federal Income Tax](#) and [Constitutional Issue of Taxation](#) to assist you in determining if you are a taxpayer.]

Conclusions

We could go on and on, but we think these examples demonstrate the techniques the IRS uses consistently to mislead the public. While we feel the IRS chooses their words very carefully, with the ***intention of misleading you***, we also recognize that ***technically speaking*** the IRS' words are impeccably correct. By a subtle mixture of legal terminology and an unseen contextual framework, the IRS has managed to speak accurately, while leaving hundreds of millions of Americans with false impressions.

Some may observe that if Americans were better educated on the subject matter, the problem would solve itself. We understand the point of such an argument, but we cannot agree with the underlying perspective. The problem with that "solution" is that it requires the American public to become experts in virtually every subject that the government (State or Federal) may address.

The government exists to serve the Citizens of this nation. To paraphrase the Declaration of Independence, ***the sole purpose of our governments (State and Federal) is to protect our rights.*** The government is certainly not protecting our rights when it uses subtle and devious word-smithing to deceive us.

The American people do not intend, nor have they ever intended, their government to deceive them or bamboozle them with legal jargon set within murky context. Americans expect their governments to be fair, just, and honest with them. The examples we've illustrated plainly demonstrate that this is not now the case.

Some might contend that the IRS is only addressing that which is their place to address and nothing more; that it is we who are not perceiving things properly. To this we must repeat, the American public should not be, and cannot be, expected to become experts in every subject that the government (State or Federal) may address.

Let us pose these questions to you:

- Is there anything stopping Congress from issuing a public report concerning the true limitation of its taxing power?
- Is there anything that prevents Congress from issuing a publication, in layman's language, which clarifies the fact that private American Citizens, involved in the ordinary affairs of life, are not required to have a Social Security number, nor provide it to others for alleged "tax" reasons?
- Is there anything preventing Congress from requiring persons requesting a TIN (which includes a SSN) from including a "fact sheet" with the request, which clearly states who is not required to have or provide a TIN?
- Is there anything that prevents Congress from issuing a notice to all private firms instructing them that failure by a Citizen to provide a TIN is not a cause for termination, nor the withholding of payments owed?

- Is there anything preventing Congress from passing a law that would criminalize private firms denying American Citizens jobs or services due the Citizen not having, or not providing, a SSN?

The answer to all of these questions is a resounding, NO! There is no reason that Congress cannot do any, or all, of the above listed things. If there's nothing stopping them, why haven't they done so? To do so would certainly be protecting (or at least insuring) the rights of American Citizens! The reason they won't is because to do so would bring down the "house of cards" that is the US tax system. If Congress did any one of the things listed above, federal taxation would be seen for the paper tiger that it is and many Citizens would immediately recognize that they have never been under any duty to pay State or Federal income tax, and they would cease volunteering their hard-earned money. We believe that most Citizens would ***jump for joy*** if they could keep the 40% (combined state and federal) they now give away to the government and ***not*** risk garnishments, seizures, or jail!

There is also one other small matter: Once the government confessed to hundreds of millions of Americans that the Federal and State governments have been robbing them for the last 40 years, I suspect there would be some political fallout. [The word "lynching" comes to mind.] This factor alone, absent any other considerations, would prevent the government from acting honestly in this matter after so many years of deceit.

Summary

In this article we have reviewed the techniques the government uses in its publications to mislead American Citizens and keep them "in the system" even when they are under no legal duty to be a part of the system.

- 1) The government tells only portions of the truth when the whole truth would undermine their goals.
- 2) The government makes its remarks within a legal ***context***, of which the reader is completely unaware, to make the public believe the government has authority greater than it actually possesses.
- 3) While the public thinks government publications are written for them in plain English, these publications actually rely almost entirely on "legal terms".
- 4) Citizens are led to believe that publications are written in plain English because the publications generally state that they are intended to help the public better understand the law.
- 5) Government publications could be written in plain English if the government truly wanted you to understand the law.
- 6) Legal terms are used because the government knows that the public is unaware of the meaning of such terms and thus will be left with a false impression of what the publication means.
- 7) The government does not provide definitions (within the publications) to any of the legal terms it employs.

- 8) The government itself will tell you that you may not rely on their publications.
- 9) Congress could pass a law tomorrow if it wanted, requiring all US government publications (intended for distribution to the public) to be written in plain English and prohibit the use of legal terms in such publications.
- 10) Congress could enact a criminal law punishing private firms for firing a Citizen for not having or providing a SSN, or withholding payments owed to a Citizen if a TIN is not provided.
- 11) Congress will not pass any of these types of laws because it would reveal the extremely limited scope of State and Federal taxing authority.
- 12) Congress will not pass any of these types of laws because 274 million robbery victims can make a real ugly scene and Senators and Congressmen hate words like "treason" and "lynching".

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