



# Reasonable Action



Liberty



Justice



Vol. III, No. 1 The Membership Newsletter Of The Save-A-Patriot Fellowship Summer 1987

## Leaving Valley Forge And Heading For Yorktown:

### Patriot Successfully Prosecutes I.R.S. Agent - For Fraudulent Use Of The Tax Laws - In Pittsburgh:



Yes we really are leaving this state of endured suffering and stagnation, thanks to Patriots like Irwin Schiff, Russell Walker, Bill Barnes, John Sasscer, and Larry Becraft, we are on the road to Yorktown and the ultimate VICTORY!!!

Irwin Schiff while in litigation in the Federal District Court with the IRS moved for the production of the "assessment record" pursuant to IR Code Section 6203. The U.S. Attorney produced a deficient "Assessment Certificate," (IRS Form "23C" exhibited below), lacking Irwin's name and SS Number as required by law, (A full account of this occurrence is published in Irwin's book "The Great Income Tax Hoax," highly recommended reading exposing the fraudulent misuse of the tax laws by the IRS and the Judiciary, available from Freedom Books, P.O. Box 5303, Hamden, Ct. 06518 for \$10.00 p.p.) and this gave birth to the following event. (A copy of Irwin's IRS Form 23C is displayed on page 2.)

#### VICTORY IN FEDERAL COURT

On June 11th, 1986 Russell Walker, a Patriot from Pittsburgh, PA, filed a civil action in the Federal District Court for  
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# Who Is Liable ... To File A Income Tax Return... And... Pay An Income Tax?

By: Lowell H. Becraft, Jr.

## Editors Note:

The following article is the results of research work by Larry Becraft. It was put into the following form by F. Tupper Saussy, and edited by John Sasscer.

### FEDERAL TAXES GENERALLY

The 1954 Internal Revenue Code (Title 26 U.S. Code) imposes a tax upon various objects and then makes various persons liable for the collection and payment of the tax. How the system operates is made clinically clear in Subtitle D and E of the Code. In Section 4071(a), a tax upon certain tires is imposed, and in Section 4071(b) the manufacture, producer, or importer of the tires is made liable for the tax. In Section 4161, a tax is imposed upon sport fishing equipment and in Section 4162(c) the retailer of such equipment is made liable. Section 4371 imposes a tax upon foreign insurance instruments and Section 4374 makes liable anyone who makes, signs, issues, or sells the instruments.

Under Section 4495, a tax is imposed upon seabed minerals and also makes related persons liable for payment of the tax. With Section 4611, a petroleum tax is imposed and someone is made liable for its payment. Section 4461 imposes a tax on chemicals and Section 4662(c) makes specific persons liable for the tax. Section 4681 imposes a tax on hazardous waste and Section 4682(b) makes operators of hazardous waste facilities liable for the tax. Taxes on "self-dealing" and liability for their payment are imposed in Section 4941. Taxes on prohibited investments are imposed and persons made liable for payment in Section 4944(a) and (b).

In addition to these expressly cited

taxes, the Internal Revenue Code imposes many others and except for the tax on income imposed by Sections 1 and 11, there are always provisions in the Code stating that some class of person is liable for payment of the tax. For the convenience of the reader who wants to check the Code and better understand these facts, the table below lists sections of the IR Code that impose income taxes and the related sections stating who is liable for payment of each tax.

TAX IMPOSED BY SECTION:	LIABILITY FOR PAYMENT IMPOSED BY SECTION:
4971(a), (b)	4971(a), (b)
4973(a)	4973(a)
4974(a)	4974(a)
4975(a), (b)	4975(a) (b)
4978(a)	4978(c)
4986(a)	4986(b)
4995(a) (1) (A)	4995(a) (1) (B)
5001(a) (1), (3)	5005
5041	5043
5051	5054, 5061
5701	5703
5811(a)	5811(b)
5821(a)	5821(b)
871(a), 881	1461
1, 11	none

### THE INCOME TAX

The sections listed on the last two lines of the table are all part of Subtitle A, which contains the sections of the Code that relate to income tax. Note that there is no section of the Code imposing a liability (requirement) for payment of the tax imposed on income Sections 1 and 11. Section 1 imposes a tax on taxable income of (possessed by)

individuals and Section 11 imposes a tax on taxable income of (possessed by) corporations, but there is no provision in Subtitle A or elsewhere in the IR Code that imposes a liability (requirement) upon anyone for payment of either tax.

Section 871 of Subtitle A imposes a tax on the total amount received in the form of interest, dividends, rents, salaries, wages, premiums, etc., from sources within the United States by nonresident alien individuals. Section 881 of Subtitle A imposes a tax on the amount received from sources within the United States in the form of interest, dividends, rents, salaries, wages, premiums, etc., by a foreign corporation. However, there is no section of Subtitle A making such nonresident aliens individuals or foreign corporations liable for payment of the tax.

The liability for paying the taxes imposed by Sections 871 and 881 is imposed in Section 1461 which states that the person (individual, trust, estate, partnership, association, company, or corporation) required to deduct and withhold those taxes is "made liable for the tax." Other than Section 1461, there is no section that imposes any liability on anyone for payment of any tax under Subtitle A. Therefore, unless individuals are acting as agents of government by withholding money from nonresident aliens or foreign corporations, there is no requirement for them to pay the tax on income and therefore no requirement for them to file returns.

#### BENEFITS AVAILABLE TO ALIENS

The purpose of the tax return is to enable the alien to claim benefits of deductions and credits against taxes already withheld by the withholding agent - that individual, partnership, corporation, trust, bank, etc. having custody, control, receipt, disposal, or making payment of income items. The return is required of the alien only in the sense that his failure to file it will result in the denial of benefits to him.

The explanation of this fact is detailed at Section 874(a):

"A nonresident alien individual shall receive the benefit of the deductions and

credits allowed to him in this subtitle only by filing or causing to be filed with the Secretary a true and accurate return... (b) The benefit of the deduction for exemptions under section 151 may...be received by a nonresident alien individual entitled thereto, by filing a claim therefor with the withholding agent."

There is no such benefit available to United States citizens except those having income derived from sources in possessions of the United States [Title 26 U.S.C. 931 (f)] and in Guam [Section 935 (b)]. There is no statutory provision for a U.S. citizen to file a return on income derived from sources within the United States. If Subtitle A of Title 26 should in fact apply to U.S. citizens having income derived from sources within the United States, such citizens would be denied equal protection under a law that benefits only (a.) aliens and foreign corporations having income from sources within the United States and (b.) U.S. citizens having income from possessions and Guam.

Indeed, if one such excluded U.S. citizen - driven, say, by patriotic fervor - should crave paying income taxes in spite of there being no legal duty, but wished to moderate his passion by claiming benefits of deductions, he would have to make his claim under a statute applicable only to nonresident aliens. In other words, to enjoy deductions while patriotically paying income taxes, he must either give up his United States citizenship and declare himself an alien, or make the false claim that his income was earned in a possession of the United States. In the one case he surrenders the world's most valuable legal possession, in the other he purjures himself.

#### WITHHOLDING AGENTS CAN BE CHARGED WITH "WILLFUL FAILURE TO FILE"

Liability is imposed when the nonresident alien individual files his claim for benefits of deductions and allowances (his return) directly with the Secretary or causes the exemption claim to be filed by the withholding agent per

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Section 874. When filing directly, the alien makes himself constructively liable for the truth and accuracy of his return. When causing the return to be filed under Section 874, the alien causes liability for the withholding agent. (N.B. The withholding agent is the only citizen of the United States domiciled in the United States who may have income derived from sources within the United States who is required to file a return under Subtitle A, but it's not his return that must be filed, it's the return of the alien whose income items he controls.)

The actual imposition of statutory liability for a tax on income occurs in Subtitle A of Title 26 at Section 1461:

"Every person required to deduct and withhold any tax under this chapter is hereby made liable for such tax and is hereby indemnified against the claims and demands of any person for the amount of any payments made in accordance with the provisions of this chapter." (Emphasis added.)

The purpose of Section 1461 is to assure that the withholding agent for nonresident aliens and foreign corporations timely and properly collects, deducts allowances and exemptions from gross income, administers benefit of deductions, and pays over to the Secretary those amounts of tax withheld. The government indemnifies the withholding agent from any demands the alien or foreign corporation might make upon him for a refund.

Once made liable, the withholding agent (or the alien, if he takes it upon himself to claim benefits by filing a return or exemption claim) becomes subject to the rules and regulations of the Secretary, as set forth in Section 6001:

"Every person liable for any tax imposed by this title, or for the collection thereof, shall keep such records, render such statements, make such returns and comply with such rules and regulations as the Secretary may from time to time prescribe..."

The party made liable for the tax or its collection - more often the withholding agent that the alien - is then required by the Secretary's regulations to make a return or statement, as fixed at Section 6011:

"When required by regulations prescribed by the Secretary any person made liable for any tax imposed by this title, or for the collection thereof, shall make a return or statement..."

Finally, the base rate at which a return must be filed is established at Section 6012:

"Returns with respect to income taxes under Subtitle A shall be made by the following: (1) (A) Every individual having for the taxable year a gross income of \$1,000 or more..."

Criminal liability attaches upon the alien when he files his own return and attempts to lie or cheat the government out of its lawful revenues. This is tax evasion, a felony punished under Section 7201 of Title 26 U.S.C.. But if he merely fails to file a return, willfully or otherwise, he hurts no one but himself. He forfeits his right to claim benefits of deductions which he is required to do if he wants the benefits. Hence the "requirement" to file. Only under the most perverted administration would the government want the alien imprisoned for failing to demand money from the Treasury!

The willful failure to file a return becomes criminal when done by the party the alien has caused to file a return, namely, the withholding agent. The agent's failure to file is considerably more serious than the alien's, for the agent's failure not only denies benefits to the alien and betrays a fiduciary interest, but also it deprives the government of its lawful revenues.

The statute punishing the withholding agent made liable by the alien for making returns and paying the tax withheld is Section 7203 of Title 26 U.S.C.:

"Any person required under this title to pay any estimated

tax or tax, or required by this title or by regulations made under authority thereof to make a return, keep any records, or supply any information, who willfully fails to pay such estimated tax or tax, make such return, keep such records, or supply such information, at the time or times required by law or regulation, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than \$10,000 or imprisoned not more than 1 year, or both, together with the costs of prosecution."

**INCOME TAX IS AN INDIRECT TAX  
NOT TO BE LAID UPON INLAND INCOME  
OF U.S. CITIZENS**

There is no responsibility to suggest why the internal revenue laws do not impose a tax on the inland incomes of U.S. citizens, but there is a need to offer the following suggestions to support the inescapable finding that they don't.

As was made clear in Senate Joint Resolution 165 proclaiming on February 3, 1983 that 1983 was "The Year of the Bible," the founders of the United States were deeply motivated by Biblical conviction and principle. They were not establishing a Roman or Babylonian empire, but a Christian republic, in which no citizen was taxed, and no tax was collected, except by the citizen's direct representative whose duties were subject to review every two years. The Constitution provides in Article 1, Section 8, clause 1; and the 16th Amendment that only:

"Congress shall have power to lay and collect taxes..."  
(Emphasis added.)

Yet taxes imposed under Title 26 are collected not by Congress but by the Secretary of the Treasury, an executive officer under Article 2, Section 2, clause 2 of the Constitution.

The executive department has no more constitutional authority to collect a tax than it has to lay a tax on the people of

the United States. It might be argued that Congress has power to delegate the collection authority. That power was proposed in convention at Philadelphia on September 14, 1787. The proposition was that Congress, already authorized to lay and collect, be given power to delegate the collection process "by joint ballot" to a Treasurer [69th Congress, 1st Session, House Document No. 398: Documents Illustrative of the Formation of the Union of the American States, pp. 722, 723]. Mr. Rutledge [sic] of South Carolina, moved to strike out this power and let the Treasurer be appointed "in the same manner with other officers," i.e., by the President, pursuant to Article II, Section 2, clause 2. The Massachusetts deputies, Gorham and King, opposed the motion, arguing that the people were accustomed to treasurers being appointed by legislatures. General Pinckney, also of South Carolina, stated that the Treasurer was appointed by the legislature in his state, too, but that "The consequence is that bad appointments are made, and the legislature will not listen to the faults of their own officer." Gouverneur Morris of Pennsylvania agreed that denying Congress the power to delegate to a Treasurer the authority for collecting taxes would cause the Treasurer to be "more narrowly watched, and more readily impeached."

The motion to deny Congress the power to appoint a Treasurer was approved. The nation's tax collector would be appointed, "in the same manner with other officers," by the President, with the advice and consent not of Congress but of the Senate alone. Any attempt by the President or his officer to collect a tax from a United States citizen would be a violation of the citizen's right to tax collection by elected representative, unless the citizen had brought himself into a class over which the executive department could constitutionally exercise jurisdiction. That class was the alien national.

The Supreme Court has never failed to declare that the income tax is an indirect excise tax [see Springer v. United States, 102 U.S. 586; Brushaber v. Union Pacific Railroad Co., 240 U.S. 16; Stanton v. Baltic Mining Co., 240 U.S. 112]. Excise taxes are:

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"...taxes laid upon the manufacture, sale or consumption of commodities within the country, upon licenses to pursue certain occupations and upon corporate privileges." Flint v. Stone Tracy Co., 220 U.S. 110

If the Constitution prohibits taxes collected from U.S. citizens by any department of government but the legislature, and if the income tax is collected by the executive department, which department is authorized to enforce the law of nations, then an income tax collected by the Secretary of the Treasury can only be an excise laid upon an alien's privilege of pursuing an occupation or otherwise deriving gain within the United States while remaining loyal to his foreign sovereign; or upon a foreign-based U.S. citizen's privilege of enjoying income from sources without the United States.

If the founding fathers of this nation truly were, as the Congress jointly resolved in 1983, motivated by Scripture, we would expect them to pattern their system of excises and duties after the Bible. And so they did:

"...What thinkest thou, Simon? of whom do kings of the earth take custom or tribute [tax]? of their own children, or of strangers?

"Peter saith unto Him, Of Strangers. Jesus saith unto him, Then the children are free." Matthew 17:25  
(Emphasis added.)

#### Editor's Note:

Hats off to Larry Becraft, an Attorney from Huntsville, Alabama, who is at present expanding extensively on this subject in the 3rd Edition of the "Law That Never Was" being published soon. Larry, is a true Patriot in every sense of the word. Keep your eye open for this book; it is a must tool to use against the Sons of Tyranny!!!

In giving Reasonable Action permission to publish this very excellent treatise, Larry asked that we caution our members and all who may read this report,

# Flash:

Ms. Billie Murdock, a constitutional researcher from the State of Utah, has just discovered a joint federal report made by the attorneys of all the agencies of the federal government in the years 1956, and 1957. The basis of the report was to research and declare the "Legislative Jurisdiction of the Federal Government." The case law presented in the report involves Article 1, Section 8, Clause 17, Clause 18, and the 14th Amendment. The report cites 200 years of case law that says: **THAT THE FEDERAL GOVERNMENT HAS LEGISLATIVE JURISDICTION OVER THE AREAS DESCRIBED IN CLAUSE 17 ONLY.** (District of Columbia, military establishments, territories and possessions of the United States.)

Larry Becraft contends that this means that Sections 1(a), and 1(c) of the Internal Revenue Code (Tax Return Filing requirement) pertains to the "Married Individuals Filing Joint Returns and Surviving Spouses," (Sec. 1(a)) and the "Unmarried Individuals" (1(c)) in those areas **ONLY**. He stated that this is the "jurisdictional link that has been long sought by Patriots.

The Government Printing Office, who published the report, no longer has any in stock, and stated that it would not be printed again by them. But Billie has come to the rescue, and has made this two volume report available for just \$12.50 ea.. You may order these "must have documents" from:

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especially those under indictment or being prosecuted by an U.S. Attorney informational complaint, not to run down to the courthouse and submit these findings of law and fact. In most cases it would not help due to the fact that prior actions were not based on this knowledge, and it would most likely just create bad case law that can be used against others, and impede or stymie efforts to restore our Liberties. Anyone interested in its possible use **SHOULD, no, MUST, no, SHALL contact S.A.P. headquarters for CONSULTATION.**