



DEBUNKING THE 861 POSITION © Authored by LB Bork lb@pacinlaw.org

Debunking the embraced tax protest/argument that sets forth that Americans—or, *i.e.* United States citizens—do not have income *within the United States*.

One of the biggest “To Do’s” in the “Income Tax Movement” is stating that people do not have earned *income* “within the United States” pursuant to Title 26 USC § 861 of the Internal Revenue Code. We caution the people who follow this position, because they are going to get in trouble as the position is frivolous as a matter of law. Tax arguments such as this have been going on for some time now. They keep arising every few years, and a new crop of people get burned and taken by them. This is fact as the Internal Revenue Service continues to pursue people in “noncompliance”.

In the opinion of this researcher what is going to happen to the people that stop paying taxes under any of these positions is: Undoubtedly such people will be deemed *Unlawful Tax Protestors*; hence, such people are eventually going to have the Internal Revenue Service knocking at their doors for noncompliance.

What most people fail to realize is they are part of a political system that is established under the Fourteenth Amendment of the United States Constitution. They further fail to realize that older case law cannot be applied to more current issues as the Congress has progressively implemented law as to its authority as directed by *ITS* citizens, see The Neutrality Act of 1939 as an example of the citizens of Congress.

THE INSURGENCY / REBELLION ¹

To debunk this position is much involved. To have a *general understanding* where this writer is coming from, one has to comprehend that the several States were replaced with an alternate State—or *government* if you will—after the *so-called* Civil War. The rightful states of each American republic were subverted by *force* and the *operations of law* that are established by the insidious 14th Amendment of the U.S. Constitution.²

Pursuant to the operations of the Fourteenth Amendment, the people that are participating in this new political/governmental system are citizens of the United States—or U.S. or federal citizens. Because of the operations of the amendment, the only ones that are generally subject to this system are the participants.³ The major liability is set forth under

1 See article *Treason by Design*: http://www.pacinlaw.org/pdf/Treason_by_Design.php

2 See *The Red Amendment* by LB Bork: <http://www.redamendment.net>

3 Note that a government *de facto* has been established by a rebellion. Look at this definition from a Webster’s Dictionary of 1828: **REBEL**. One that has the purpose of turning the sovereignty of his country over to a foreign power. Reference: **INSURGENT**, Webster’s 1828. If you would look at section 2 of the 14th amendment, the only ones that can vote are “citizens of the United States” in rebellion. By doing this, they are giving the sovereignty of their rightful state over to the political system that is established under the 14th amendment, of which has been established by a foreign and/or sovereign power: the United States. The

section 2 of the infamous amendment. Understand that the original constitutional law system is still somewhat existent, but there has been a *bifurcation*, so to speak. . . In other words there are two systems of constitutional law present at once. To best explain this, first we evidence the definition of government de facto that is taken from the law dictionary that judges use, *Ballentine's Law Dictionary*:

- **de facto government.** A new government which exercises undisputed sway over the entire country, the former established government having been nullified by successful rebellion or having lost the support of the people.

A de facto government arises where the established government has been subverted by rebellion, so that the new government exercises undisputed sway for the time being over the entire country, or where the people of any portion of a country subject to the same government throw off their allegiance to that government and establish one of their own, and show not only that they have established a government, but also their ability to maintain it.

Am J Rev ed Internat L § 12 (International Law)

One must understand that in International Law—in which the Constitution is grounded in—each state in the Union is a republic or country. From this you must understand that the states are primary and the United States can only exist due to the states—or people of the states. That means that a man owes his fidelity to his state or country, not the United States, per se. The operations of the Fourteenth Amendment—along with brainwashing measures—make everyone believe that they owe allegiance to the “federal” government, in which they do not. By the operations of the infamous amendment, the lawful state borders have in sense been eliminated and the United States is considered one state or country. Again, this legally can only apply to the ones that claim to be United States citizens. Under International Law, a state—*i.e.* country—has the ultimate control over its land. In American law, the people of each state in the Union have the control over the land. However, because the majority of the people in the United States of America are participating in this governmental system, such land is considered to be held by this collective group, *i.e.* citizens of the United States (or *communists*).¹

Such fact notwithstanding, the people of their respective states who are not participating in the governmental system under the Fourteenth Amendment have the absolute right of control of the land or territory in their respective countries. This *possession of territory* or land by this collective-rebellious group that are known as *citizens of the United States* is considered to be an adverse possession in law.

To explain this matter as pursuant to law, you must look at the general definition of the term “possession” from a common dictionary, American Heritage Dictionary:

- **possession.** Law. Actual holding or occupancy with or without rightful ownership. A territory subject to foreign control.

And now the definition pursuant to the rule of conquest as to International Law:

- **POSSESSION**, international law. By possession is meant a country which is held by no other title than mere conquest. *Bouvier's Law Dictionary, 1856*

state (or his state) is no longer sovereign to him; he is looking to the “United States” (a king of sorts) to protect him and provide him his political rights, not his country.

And now the definition of possession as to the use of property:

- **POSSESSION**, property. The detention or enjoyment of a thing which a man holds or exercises by himself or by another who keeps or exercises it in his name. *Bouvier's Law Dictionary, 1856*

Now the definition of adverse possession from Ballentine's Law Dictionary:

- **adverse possession**. An actual and visible appropriation of property commenced and continued under for a claim of right inconsistent with and hostile to the claim of another. An open and notorious possession and occupation of real property under an evident claim or color of right; a possession in opposition to the true title and real owner—a possession which is commenced in wrong and maintained in right. *3 Am J2d Adv P § 1*

In a sense, the several American republics were conquered after the War Between the States; however, in a large sense this is not true. The simple fact of the matter is the land of the several American republics is being held or utilized by the United States and its States (governments) created under the Fourteenth Amendment. We of the Coalition refer to such States as: 14th Amendment States. These states—of which their officers are elected by Fourteenth Amendment citizens—are using the land for the collective sum of United States citizens, *i.e.* communists. Such land is also used by the sum of states for uses other than constitutionally authorized. These states are instituting legislation for taxation, which includes pledges of the federal government. Another thing to consider in relation to “adverse possessions” are the *so-called* National Parks held by the government of the United States; one should note the conflict in terms: National Park—Federal Government. Such parks are for United States citizens or “nationals of the United States”. These persons are defined by Title 8 USC §§ 1401(a) and 1101(a)(22)(A).

One must understand the rightful owners are the ones that are not claiming United States citizenship. To somewhat recant what was stated about the land of each state being in adverse possession, such land is more likely a legal fiction based on this premise; the rules of ignorance and/or fraud applies in this case, not factual conquest. It is only under conquest until someone of right, *i.e.* state nationals, challenges it.⁴

THE COMMUNIST ESTABLISHMENT AND INCOME TAXATION⁵

With the above established now we can explain the relevance of these matters that are held in relation to the tax code as pursuant to Title 26 USC § 861.

Before this writer explains how Title 26 USC § 861 does not apply, we first have to go over and explain an Act entitled the Buck Act. This Act solidifies and also explains the possession premise of which will illustrate the Federal area overlay that is created in the stealthy language in the Internal Revenue Code; these areas of which generally only apply to *citizens of the United States*. As tax protestor groups generally and overtly fail to mention the Buck Act, to save people grief and loss of property, we must explain how it works. Said act created *so-called* federal areas that are within the Fourteenth Amendment States to deal with taxable persons; accordingly, these created “*federal areas*” only exist

4 There are statutes in Title 28 for these challenges. If the United States failed to provide remedy, government officers could be held for treason against the state.

5 Plank 2 of the Communist Manifesto of 1948: Progressive Income Tax.

in relation to U.S. citizens or aliens that are permitted residence, *see* Title 26 USC § 7701(30)(A) *citizen* or *resident* of the United States. These Federal areas somewhat existed due to Fourteenth Amendment presumptions and operations; however said act was an express statement or law made by the *de facto* Congress that solidified it.

Below is how the *so-called* federal area—which once again existed under the Fourteenth Amendment anyway—is illustrated under Title 4 of the United States Code:

- Title 4 USC § 110. Same; definitions.
 - (d) The term “State” includes any possession of the United States.⁶
 - (e) The term “Federal area” means any lands or premises held or acquired by or for the use of the United States or any department, establishment, or agency, of the United States; and any Federal area, or any part thereof, which is located within the exterior boundaries of any State, shall be deemed to be a Federal area located within such State.

Firstly, understand that the term “State” is not truly defined by the Internal Revenue Code, nor is it anywhere else in the Code for that matter. Sometimes the term “State” is defined in the Code, but in the list of states defined the term “*includes*” is used. This is somewhat a deceptive trick that is used in the Code and is found in the *Definitions* section. Please note the use of the term *includes* as follows:

- Title 26 USC § 7701(c). Definitions-Includes and including.

The terms “includes” and “including” when used in a definition contained in this title shall not be deemed to exclude other things otherwise within the meaning of the term defined.

The above trickery allows the agency or judge to have “free license” on what may not be included on the list in question. Again, this is considered a legal fiction. What is being stated here is that a judge may bring into play more than the “Black Letter Law”. One should ask him or herself is this really fair? The answer: not really.

Now back to the issue of the States. Sometimes the 50 states are referred to as the several States in the U.S. Code, but not in the case of the Internal Revenue Code. This is irrefutable, as almost all the 50 states have implemented a state income tax; that is to say: the term “State” includes the several States. Accordingly, in reference to these matters, please note that in Title 4 USC § 110(d) that ‘State’ includes the verbiage of “possession of the United States”. In regard to the term ‘possession’ as used in the United States Code, the term is only found defined in two places of the United States Code:

- 1) Title 26 USC § 7701(d) Commonwealth of Puerto Rico. Where not otherwise distinctly expressed or manifestly incompatible with the intent thereof, references in this title to possessions of the United States shall be treated as also referring to the Commonwealth of Puerto Rico.
- 2) Title 8 USC § 1101(a)(29) The term “outlying possessions of the United States” means American Samoa and Swains Island.

⁶ We have removed the term “Territories” (capital ‘T’) from Title 4 USC § 110(d) as there are no longer any Territories, which are lands that are federally owned which are not considered actually States.

Note the language in Title 26 USC § 7701(d) wherein it says that possessions of the United States also refers to the Commonwealth of Puerto Rico. That means that there may be other possessions that are not defined anywhere in the United States Code; as in the other language of the definition: we would refer you to the loose term of “State” as defined by the Internal Revenue Code; and please further note that *possessions* may be found in the CFR defining some sections. These are matters that are taken under silent notice as to the knowledge of law then applying its rules.

Now here are the several States or *adverse possessions* of the United States’ *Fourteenth Amendment States* defined as to income taxation imposed by one of the “several States” de facto pursuant to the legal operations of the Buck Act:

- Title 4 USC § 106. Same; income tax. (a) No person shall be relieved from liability for any income tax levied by any State, or by any duly constituted taxing authority therein, having jurisdiction to levy such a tax, by reason of his residing within a Federal area or receiving income from transactions occurring or services performed in such area; and such State or taxing authority shall have full jurisdiction and power to levy and collect such tax in any Federal area within such State to the same extent and with the same effect as though such area was not a Federal area.

What this is describing is: Congress exercising its special/private law on *its* citizens—or aliens admitted residence—that are “resident” in the *Fourteenth Amendment States*.

Now to explain the complexity of the above definitions so that they make some sense: We must apply syntax and remove the unneeded verbiage of Title 4 USC § 110(e). After this is done we come up with this two pronged synopsis of the description:

- 1) The term “Federal area” means any lands held or acquired by or for the use of the United States or establishment of the United States. [*Please verify our Syntax*]
- 2) The term “Federal area” means any Federal area which is located within the exterior boundaries of any State. [*Please verify our Syntax*]

If we look at Part 2 above we find that it is cleverly saying that ANYWHERE in the State, *i.e.* the 14th Amendment State, is considered to be a so-called “Federal area”. Now to explain Part 1 of which is a bit more complex: to help in this we have to turn again to American Heritage Dictionary, and look at the word “establishment”. This term or word is very broad and encompassing, it is defined as follows:

- **establishment**, n. 1.a. The act of establishing. b. The condition or fact of being established. 2. Something established, as: a. An arranged order or system, especially a legal code. b. A permanent civil, political, or military organization. *American Heritage Dictionary*

As you can plainly see an *establishment* is considered a permanent civil, political, or military organization. The *insurgent* political system that is created under the Fourteenth Amendment fits the statement conveying the fundamental characteristics of the word or term ‘establishment’ perfectly. Such establishment was *unlawfully* created by the *thing* that is entitled the *United States*; hence the land or territory—in the sense of word the territory meaning an area—the *territories* within these *Federal areas* are being used for the Fourteenth Amendment governmental or political establishment.

Now, you are requested to review the definition of “possession”, it states:

- “A territory subject to foreign control.”

One must understand that the United States is considered to be “foreign” or a “foreign state” to the several States (see Title 22 USC § 2659 for proof), except not in the absolute sense as to “ITS” self-created political Fourteenth Amendment *establishment*, but in the original sense of the Union under pre-14th Amendment constitutional principles.

IT IS SIMPLE: It is an obvious case of: Which came first, the chicken or the egg? What is being said here is, the states in the Union make-up the United States, hence they are superior. The infamous amendment reversed the operations of the way the Union politically operates. The fact of this *new* political “establishment” notwithstanding, it is still deemed to be quasi-foreign as to the United States. One must understand that this unlawful establishment is “private” as if one participates he is agreeing to be governed by the governments de facto. This is all set-up under the Fourteenth Amendment political system, which includes some very evil operations of law. And, note that the following maxim of law applies to the ones benefiting from the Marxist system:

- **Invito beneficium non datur.** No one is obliged to accept a benefit against his consent. But if he does not dissent, he will be considered as assenting.

APPLICATION OF ESTABLISHMENT PREMISE

Now we may apply the premises discussed thus far and how they relate to Title 26 USC § 861 of the Internal Revenue Code. First we will show what a “United States person” —or a citizen of the United States—has been defined by the Internal Revenue Code:

Title 26 USC § 7701(a). When used in this title, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof:

- (1) Person. The term “person” shall be construed to mean and include an individual, a trust, estate, partnership, association, company or corporation.
- (30) United States person. The term “United States person” means a citizen of the United States.

And accordingly, for whom the income tax applies we must specifically reference Title 26 CFR—CFR meaning the Code of Federal Regulations—Section 1.1-1, which notes or defines the Income Tax on Individuals:

- 26 CFR § 1.1-1(a). General rule. (1) Section 1 of the Code (IRC) imposes an income tax on the income of every individual who is a citizen or resident of the United States.
- 26 CFR § 1.1-1(c). Who is a citizen. Every person born or naturalized in the United States and subject to its jurisdiction is a citizen.

Part ‘c’ uses Fourteenth Amendment language. That is to say an individual is considered a person by Title 26 USC § 7701 and the language is found in the amendment. The only place that individual is found defined in the U.S. Code is in the following:

- 5 USC § 552a. Records maintained on individuals. (a) Definitions. For purposes of this section (2) the term “individual” means a citizen of the United States or an alien lawfully admitted for permanent residence.

That is from the Privacy Act. Be advised that anyone that requests his records under the Privacy Act is acting as a “*citizen of the United States*” as that is who it pertains to (besides those *aliens admitted permanent residence* by the United States). One should understand that before the 14th Amendment governmental system—as the several states being separate sovereign countries—the federal government had no general authority to keep records on the people of said states.⁷

APPLICATION TO 861

Now to show how the aforesaid applies to Title 26 USC § 861.

Ultimately, what we have established above was the nexus that an American—or a citizen of the United States—has with the federal government to have income “within the United States”. It has little to do with what we are going to explain below. As most people are interested in wages, let us look at the part of the Internal Revenue Code (IRC) that shows such taxable income, which is section 861. Before 861 is explained, let us look at what wages are defined as by the IRC:

- Section 61(a)(1). Gross income defined. (a) General definition. Except as otherwise provided in this subtitle, gross income means all income from whatever source derived, including (but not limited to) the following items: (1) Compensation for services, including fees, commissions, fringe benefits, and similar items.

Please note that the broad use of “Gross Income” includes compensation, which is almost anything that one receives in the way of payments from employment. Below are the items of listed “Gross Income” as defined by section 61 are further noted by the Code of Federal Regulations (CFR), and are as follows:

- Section 1.861-3.
 - (i) Compensation for services, including fees, commissions, etc;
 - (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.

Firstly, is alimony considered a business expense of corporations? Hardly... This is a *maintenance fee* for the government taking care of matters of a divorce: a benefit for U.S. citizens (and double taxation). Now, taking the most hated taxed “gross income” into consideration, which is wages, we find that subsection (a) of 861 states the following:

- Section 861(a). Income from sources within the United States. Gross income from sources within United States. The following items of gross income shall be treated as income from sources within the United States: (3) Personal services. Compensation for labor or personal services performed in the United States.

The specific regulations that govern that section then state:

⁷ However, note that these countries have a clipped sovereignty.

Section 1.861-1. Income from sources within the United States.

The statute provides for the following three categories of income: (1) Within the United States. The gross income from sources within the United States, consisting of the items of gross income specified in section 861(a) PLUS the items of gross income allocated or apportioned to such sources in accordance with section 863(a).

Admittedly, the tax code is complex and a trap, but that instruction is pretty clear. Looking at Section 863, it deals with special rules of determining a particular source of which is wholly SEPARATE from 861(a) income. It simply states:

Section 863. Special rules for determining source. (a) Allocation under regulations. Items of gross income, expenses, losses, and deductions, other than those specified in sections 861(a) and 862(a), shall be allocated or apportioned to sources within or without the United States, under regulations prescribed by the Secretary.

The Code of Federal Regulations 1-861-1 through 1.861-18 governs the details of Section 861 of the Internal Revenue Code. It is noted that the Tax Protestors somehow believe that the regulations that govern section 861(a) of the Code have some kind of “magic” that defines a specific source out that makes Americans “exempt” or “immune” from taxation.

The Code of Federal Regulations section 1.861-8 governs how to compute the several “various” income sources from “within the United States” of the combined three sections of 861, 862 and 863. Understand that Section 861(a) of the Code stands on its own without considering 863(a), as 863 is IN ADDITION (emphasis here) to 861(a). The Tax Protestors believe that somehow there is a “magic” in which the sections of CFR 1-861-8 is separated in such a way that it defines a specific taxable “source activity” in subsection (f) of which is based on “specific taxable activity” as to other statutes in the Code. That is to say: They say that the special rules that apply to other miscellaneous sections of the Code apply to the listed activities that are listed in subsection (a)(3) of section 1.861-8. The “activities” listed as “class of gross income” as listed in (a)(3) stand on their own and DO NOT come under any so-called listing of “operative sections”. To clarify what is being stated, these “operative sections” apply to the other specific sections of the Code—in example such as 904, 936 and 994; they have absolutely nothing to do with gross income that is found listed in Section 61.

The section of CFR that states what was just said above is as follows:

- Section 1.861-2. Allocation and apportionment of deductions in general. A taxpayer to which this section applies is required to allocate deductions to a class of gross income and, THEN, if necessary to make the determination required by the operative section of the Code, to apportion deductions within the class of gross income between the statutory grouping of gross income (or among the statutory groupings) and the residual grouping of gross income.

The most curious language is: “*A taxpayer to that this section applies is required...*” One may ask: How does this section (861) apply to me? That was explained above: A taxpayer is a “citizen of the United States” and is considered to be “within the United States” and is subject to the list of general gross income defined by Section 61 of the Code (*as noted above*). But here is where the major 861 Protestor fault is: notice that the

section states the following: “...and, THEN, if necessary...” That is separating section 861 gross income from the other statutory 862 and 863 income. These are the special sections that apply to operative sections of the Code.

Now back in reference to the matter at hand: The “presumed” magic of 1.861-8.

Did you see where the two classes of taxes defined—the ‘general gross’ income and the ‘statutory grouping’ income—were distinctly separated from each other? Most people are being held to the General Gross Income. The Tax Protestors are saying that the operative sections apply to that, which is wrong. Simply put: The “taxable income” that is held under 861(a) of the Code is not subject to any special consideration in the special rules determining source. It applies to other special sections of the Code. Furthermore, these Tax Protestors are also overtly misrepresenting the term or phrase “*without the United States*” (*i.e.* in Section 862) by calling it “*outside the United States*”.

The two terms or phrases do not mean the same thing. The former phrase noted represents a jurisdictional sphere which is based on the status of the taxpayer or person; the latter may mean income that is earned by a taxpayer that is not present in the United States, *i.e.* foreign earned income that is earned by a taxpayer or a United States citizen who is physically outside of the United States of America when earning any such income. And further, now see Title 26 USC § 861(a)(3) of which precludes “personal services income” of a certain type of person:

- Section 861(a) Gross income from sources within United States. The following items of gross income shall be treated as income from sources within the United States: (3) Personal services. Compensation for labor or personal services performed in the United States; (same as above as relates to general Americans but goes on to say the following).except that compensation for labor or services performed in the United States shall not be deemed to be income from sources within the United States if:
 - (A) the labor or services are performed by a nonresident alien individual temporarily present in the United States for a period or periods not exceeding a total of 90 days during the taxable year, (B) such compensation does not exceed \$3,000 in the aggregate, and (C) the compensation is for labor or services performed as an employee of or under a contract with: (i) a nonresident alien, foreign partnership, or foreign corporation, not engaged in trade or business within the United States, or (ii) an individual who is a citizen or resident of the United States, a domestic partnership, or a domestic corporation, if such labor or services are performed for an office or place of business maintained in a foreign country or in a possession of the United States by such individual, partnership, or corporation.

Note that the language of “*in the United States*” is utilized in defining personal services; that means anywhere in the several States, *i.e.* the Federal Areas. Further note that income from “within the United States”—which is defining a jurisdictional sphere controlled by Congress—is precluded only if the employee or person under contract is a nonresident alien individual temporarily present in the United States for 90 days or less and that his compensation has to be 3000 dollars or less. Further note that the *employer* is

deemed a citizen of the United States and has presence in a ‘possession’ of the United States, which is considered or deemed “within the United States” for taxation.

The language of this section is being portrayed to not encompass people that are living in the several States by Tax Protestors. Such Protestors are prompting that any such “possession” is not “within the United States” in regard to income that is collected by United States citizens in the several (50) States, which is incorrect. The legal phrase that is termed “*within the United States*” is in reference to a jurisdictional sphere that the Code applies depending on the status of the taxpayer or person.

As to the relevance of Title 26 USC § 861(a)(3): Are these Tax Groups saying that a *foreigner* from, for example let us say—Japan is only exempt from income taxation if he is doing contract service for a U.S. citizen that has a business in France or Puerto Rico? In other words, in relation to Title 26 USC § 861(a)(3): A *foreigner* is not subject to income tax if he is working for a United States citizen that has a business in one of the many *de facto* several States that are in the Union. This is irrational and absurd.

CONCLUSION OF 861

To Conclude: there is absolutely no where in section 861(a) or in the regulations under section 1-861-8 that precludes or exempts a *citizen of the United States*—or one that is deemed a *Taxpayer*—from taxation under section 1 of the Internal Revenue Code as some Tax Protestors believe and openly profess.

Moreover, if one would study the rest of section 861, he would find that interest and other corporate actives are taxable, and also interest from banking, which is taxed due to the debt of the United States; the tax is imposed to collect interest for said debt as to the use of the currency that is owed to the owners of the Federal Reserve. These are all considered privileged or “*surety bound*” activities of which are “within the United States”. In further example of taxation within the United States, patents are taxed in the benefit of the United States protecting them from being copied on an international level. In other words: you don’t get something for nothing, services must be paid for.

In General Summary: U.S. citizens are in a territory or political establishment of the United States, and are “within the United States”. There is no where in Title 26 USC § 861 that states a “citizen of the United States” is exempt (or *immune*) from taxation under Section 1 of the Internal Revenue Code; hence the 861 premise has no real validity whatsoever. . . It is wrong as a matter of law. Accordingly, we advise that all United States citizens, *i.e.* citizens of the United States, are in these federal areas of the United States, and they will be deemed to be liable to pay state and federal “income” taxes.

In a final note: We do admit that some may get away without the withholding of Income Tax, but generally the IRS will eventually catch-up with this activity.

LEGAL MATTERS IGNORED BY THE IRS AND AMERICANS

Most people do not want to pay income taxes in regard to one’s wages because it is fundamentally wrong; actually such is not truly income. The case of *Eisner v Macomber* (252 US 189, 64 L. Ed. 521, 40 S Ct 189, 9 ALR 1570) set forth that income is defined as: The gain derived from capital, from labor, or from both combined.

Simply put: PROFIT from a business is considered income, and not general wages. And in general, there has to be more than one person involved to create the bridge for a gain

or loss in business (*i.e.* income) in comparison to providing work, labor and materials or plain services as a single person earning a living.

In view of this, below is a general 3 tiered position of taxpayers:

1) A “citizen of the United States” that is not effectively involved in a so-called “trade or business” in the United States. An example of this is going to be a person that is a straight “wage” earner. In actuality he does not provide “personal services” as defined by Title 26 USC § 861(a)(3) of the Internal Revenue Code.

Do not construe the above to be agreeing with the 861 position. The argument is totally flawed. Everyone is different, *i.e.* has different status; you cannot put everyone under one blanket, so to speak. All cases are different. Moreover, it is noted that the Internal Revenue Service has been know to falsify records to make it appear that such a person is involved in “trade or business”, hence they are then presumed to have income derived from “within the United States”. Ignorance does not help this matter. Furthermore, people are sucked in the scheme by Social Security and other perks such as 401k plans, which ultimately just make a profit for companies. All such things will make any general wages taxable. The socialist system operates off it. In example, note that the things listed in CFR 1.861-3 as income include alimony payments, *i.e.* all US citizens are liable for income tax if they are benefiting from the system in some way, shape or form.

2) A “citizen of the United States” that is in some kind of “trade or business” is deemed to have general income from “within the United States”. All such income is noted and defined by Title 26 USC § 861 of the Internal Revenue Code.

In example, any kind of business activity from any corporations or partnerships will be subject to parameters of this section of the Code. The problem is, even if a person who is *so-called* “self employed” is deemed to have income from “within the United States” under this section. Such a person is actually deemed to have a “profit” or “gain” from his business after deductions, such as a public office and things of this nature. Although unincorporated entities are still questionable under *Eisner v Macomber*.

3) A “state national” (*i.e.* an American that *is not* a citizen of the United States) of one of the several states that is doing anything to earn a living in the United States. Such a person is governed by Title 26 USC § 862 of the Internal Revenue Code which governs income derived “without the United States”. There are other special rules found in Title 26 USC § 864(c)(4) that provide an even more clear understanding of income “without the United States”.

Accordingly, understand that there are some instances that such a person may be liable for taxes under this section. The simple rule of separating the two different “taxpayers” under the above sections—namely noted as 1, 2 & 3—is cleverly defined in the Internal Revenue Code under Title 26 USC § 7701(a). Subsection (14) states:

- **Taxpayer.** The term “taxpayer” means any person subject to any internal revenue tax.

And subsection (30) states:

- **United States person.** The term “United States person” means: (A) a citizen or resident of the United States, (B) a domestic partnership, (C) a domestic corporation.

So you see the two persons are separate. This example noted is just some of the deceptive complexity of the tax code in mention. A “citizen of the United States” is going to be

deemed a “taxpayer” no matter what. Admittedly, the Internal Revenue Code is a game of smoke-and-mirrors as to the administration of the tax; and this researcher further admits that deceptive tactics are used. Accordingly, as the United States’ establishment operates in perpetual debt—due to its socialist base—tax agencies will still take an aggressive stance on collection. Moreover, there are many *hidden factors* of which are taken under judicial notice that the people in the “tax movement” do not take into consideration.

Once in any court action—tax or otherwise, not only have you submitted to the court by arguing the Code, but the court may take notice of almost anything. In example of silent judicial notice, please consider section 4 of the 14th Amendment, wherein it states:

“ . . .the Public Debt. . . shall not be questioned.”

As this is part of the Constitution of the United States, this will trump any law that is written in the Internal Revenue Code. If a judge feels that you are benefiting from the Marxist/socialist system—*please see* Ashwander v TVA for this premise—he may take silent judicial notice of the aforementioned clause; and therefore, it does not matter what the “Code” says. He is mandated to follow the Supreme Law of the Land and that law is to make sure that the United States pays its debts, see the premise under Article I, section 8, paragraph 2, and Article VI, paragraph 2. By accepting the United States citizenship and the *insurgent* political system that such citizenship is attached to, you have tacitly stated that you are a willing surety for the *so-called* “National Debt”.

In view of these hidden matters, one must understand that there are a plethora of legal situations and doctrines that may be applied in any case. Matters are just not governed by Black Letter Law. To understand the above determination of the Supreme Court, you may want to read the article *American Slave* in the Legal Shorts’ section of the PAC site. Moreover—in regard to another law form: the law of nations—a judge may take into silent consideration the positive law doctrine under the law of nations as to the custom and usage of the “Federal Nation”. This means because most Americans are paying taxes on their wages, a judge may consider this as a general custom of *citizens of the United States* of the “rebellious states” and again bypass the Code.

These are just some matters that will peg one with the title of “Unlawful Tax Protestor”, which will make you an unwitting loser in a game of ignorance and deception.

Hope this explanation has helped you. . .

And, see you in the occupied *COMMUNIST* possessions.

“During times of universal deceit, telling the truth becomes a revolutionary act.”

–George Orwell

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