I'm the tax man, yeah, I'm the tax man, 
and you're working for no one but me. 
—Lennon and McCartney

From misleading statements and outright fraud to strong-arm coercion and even physical violence, U.S. Internal Revenue Service (IRS) abuses have grown wilder and more widespread over the last 20 years. More and more law-abiding citizens have started looking for a “silver bullet” to make the IRS and other federal agencies back off and stay back.

What they are looking for is called “state Citizenship.” That's the surest way to pull the IRS's fingers out of your pocket and push all of Uncle Sam's rogue henchmen back into their District. Unfortunately, it is not a oneshot “silver bullet”; it is a complex legal subject that few people understand yet. For now, let’s look only at a defense against the IRS that to date has stood unchallenged.

Other popular, but less successful arguments against federal personal income tax rest on the following: the laws concerning franchises; what does or does not constitute “money” or “income”; the Uniform Commercial Code; the Fifth Amendment to the Constitution protects a person from having to file (since the information may be used against him); filing is voluntary; and the 14th and 16th Amendments were never ratified, so are neither lawful nor binding.

Most or all of these questions have merit, but none by itself provides a complete view of the situation. More important, none of them alone rids one of IRS intrusion or harassment. In particular, the arguments involving the constitutional amendments have been labeled “political” by the courts, which choose not to rule on them for that reason.

The One that Works

There is one popular argument against the income tax that I have never seen lose, however. In fact, it has been so successful that no one who has used it has even been prosecuted. Now, that is successful!

The IRS—and the government in general—seem to have this motto: “If we think we can't win, we won't waste our time trying.” This is especially true of the IRS, which is after all merely the world's largest collection agency. Why should they even enter a no win-possible situation when so many other people don't know how to protect themselves and are easy pickings?

The successful argument runs this way: “I am not subject to the federal personal income tax because I am not subject to the act which it depends on, the Public Salary Tax Act of 1939.” Here is the background to this highly effective approach.

Creating the U. S. Code

By 1920, there were so many federal laws that much confusion existed over which ones were still in effect. To resolve this, Congress had them reviewed and selected those it believed to be still in force, arranging them by subject into what became the 50 titles of the “United States Code.” The first edition was issued in 1926.

However, since Congress was still uncertain which laws were actually in force, it did not pass the “code” into positive law; the first edition was just a compilation. Most of the laws were correct, but the volumes were flawed by errors and omissions. So, in spite of six years' work, the public still looked to the statutes themselves as final authority. Also, since it had not been adopted as law, the new code had no
Creating the "Fed"  
If the American people ever allow private banks to control the issue of currency, first by inflation, then by deflation, the banks and corporations that will grow up around them will deprive the people of all property until their children will wake up homeless on the continent their fathers conquered.

—Thomas Jefferson  

In a closely related program, Congress had (allegedly) passed the Federal Reserve Act in 1913, creating a privately-owned series of banks, the Fed, and allowing them to create paper money. Since the framers of the Constitution had personal experience with the liabilities of paper currency, they had permitted Congress only to coin money. However, with the Federal Reserve Act, the 1913 Congress found a way to sidestep their duty to uphold the Constitution—and inflate not only the money supply but also the federal debt and profits to their friends at the Fed. Every Congress since then has had the power to return to lawful money, but apparently not the courage or interest.

The game works this way: By the authority of the act, the Fed tells the U.S. Treasury to print a certain amount of paper notes. At this point they are not money, just printed paper. Actually, "note" means IOU, and that is what they are.

Next, the Fed buys these freshly printed notes for pennies apiece regardless of denomination—they are still considered mere pieces of printed paper—just like you might buy stationery from your printer. It then lends them to Congress at face value and charges compound interest on the "loan." They are still not money, however. Finally Congress puts them into circulation as legal tender, obliging the people to accept them in payment "for all debts public and private." So, when you accept one, you are getting the Fed's IOU, nothing more.

To protect their loan, the Fed also demands collateral to back up Congress's credit. Thanks to this program and the hugely extravagant projects Congress has found in the last 80 years to justify borrowing (e.g., several wars including "wars" on poverty and drugs, etc. which it is not authorized to fight), the United States' "debt" to the Fed now exceeds 14 trillion dollars. The interest alone runs to more than $200 billion a year!

As a homely comparison, imagine a friend asking you to give him your paycheck so he can lend it back to you at a profit—and also to let him hold the title to your house or car to make sure you pay him back. That's the Fed. Some friend!

Like the "great and powerful" Wizard of Oz the money magicians at the Fed are fakes who hope that you "pay no attention to the men behind the curtain." They continue to mesmerize Americans only because so few of us know their tricks. As Henry Ford said, "It is well enough that the people of the nation do not understand our banking and monetary system, for if they did I believe there would be a revolution before tomorrow morning."  

In spite of U.S. currency being created by this con game, using it seems to be a privilege, not a right. In return, those who use it obligate themselves to reduce the debt to the Fed.

U.S. Government Bankruptcy Entraps Citizens  
Not surprisingly, it took the Fed just 20 years to bankrupt the U.S., as declared by President Roosevelt (in unpublicized executive orders) in 1933. The "news" 60 years later was no better, as Rep. Jim Traficant told the House on March 17, 1993:

"Mr. Speaker, we are here now in Chapter 11. Members of Congress are official trustees presiding over the greatest reorganization of any bankrupt entity in world history, the U.S. government. We are setting forth hopefully a blueprint of our future. There are some who say it is a coroner's report that will lead to our demise."

As a result, the Fed and its stock holders gained first claim to all U.S. property. Rather than try to seize the assets overtly, however, the Fed allows the government and citizens to continue in possession (and to spend more of their time supporting Fed banks, as tax rates continue to rise). However, neither the U.S. government's nor its citizens' rights of possession would stand up against the Fed or its collection agency, the IRS.

This may explain why some government economists say, "All you have left after taxes is what we are pleased to give you." It may not be mere arrogance; the U.S. government may actually have put its citizens into the legal position where the Fed does own everything we think is ours! If so, the creditors own all property in the U.S.—real and personal, tangible and intangible, including all businesses.

Springing the Trap; Finding the Escape Hatch  
The next step in snaring U.S. citizens into financial slavery was completed in 1939, and, like the others, it was done quietly. In that year, Congress passed the Public Salary Tax Act (PSTA) mentioned above, apparently to tax only the salaries of federal employees. Since it sounded as though it had nothing to do with most citizens, of course they ignored it. Soon afterward (in the early days of World War II), a "one-time-only" Victory Tax was levied on all citizens. Somehow it never went away, however; only the name changed.

At the time, almost no one connected the income tax with the PSTA, and since then nearly everyone who has fought the IRS has lost. Yet, every piece of research I have seen on it confirms this: Nowhere does the IRC define the "individual" who
is liable to pay the tax. Many researchers believe that the PSTA serves that purpose, and this argument is now being used by many of those brave enough to stand up to the agency.

As with any other trap, one essential step to getting free is discovering what it is made of. It seems that merely mentioning the PSTA makes tax men back down; I have seen no cases in which it has been brought up in court!

Since I have seen cases involving all of the other arguments, however, I called legal researcher Richard J. McDonald on the chance that I might have missed something. He has been researching taxes, states’ rights and related issues for nearly 15 years,12 I asked him whether he had ever seen a case—win or lose—in which a citizen had brought up the PSTA.

His answer was typically terse and colorful: “The chance of a case like that being brought up is virtually zero, and if anyone did, the government would drop it like a hot potato.”

If correct, this may also explain why Congress has never converted Title 26 of the U.S. Code into positive law: It contains no liability statute (that is, it does not state who is liable to pay). Of course, the IRC may also be wrong or incomplete in other sections. If so, I doubt that the government is in any hurry to let the public know about it.

Imagine the IRS taking someone to court on tax charges and his then arguing that he is exempt because he works for a private company while the income tax depends on the Public Salary Tax Act. Now imagine what would happen if the judge decided against him, saying, “Everyone is subject to the PSTA.” He would have to admit publicly that the government—rather, its creditors—own every business in the United States, that everyone is working for them! Either way he ruled, the government would lose!

Imagine how upset Americans would be, and how fast the news would spread, if a federal court actually admitted on the record that everyone is subject to the PSTA, that the Fed owns everything. More people than ever before would wake up to what is really happening. They would stop being satisfied with Establishment-backed “anti-Establishment” critics like Limbaugh, Gingrich and Colin Powell, and they would demand action. Think of it: Everything that U.S. citizens think they own actually belongs to the Fed’s stockholders, right down to the shirts on their backs and their grandchildren’s future earnings. The ultimate owners of the Fed also control the other major central banks of the world. Many of them can trace back their families’ wealth for centuries. Their tools come and go—those politicians, lawyers and academics who permit themselves to be used—but the real powers stay in place behind the scenes, letting their front men take the blame for every misdeed.

The government creates its own enemies. I don’t think conditions are significantly worse now than in the 1950s, for example, which are often looked back on as booming and untroubled. Now, we have Ruby Ridge and Waco; then, we had the Siberia Bill13 and secret radiation testing on civilians. The main difference is that today more people are aware of the crimes against them. As they realize how “their” govern

Testing the Theory

Those in the know are able to use their knowledge to keep the IRS from prosecuting them, however. Adding to that good news, many if not all of the state personal income taxes are based on the federal one, so the same argument can be used against both.

Below is a sample letter. If my theory is right, mentioning the PSTA is the reason that the people who have used letters like this over the last five years have been avoided by the IRS. I believe that is the reason, but two things I know for certain: First, I have never heard of anyone being prosecuted after using the PSTA argument.

Second, however, using it is no guarantee that the IRS will stop harassing you, at least with letters. They may try as many as five or six times—even more. Since they rarely if ever have to answer in court for their letter writing, they probably figure, “Why not?” Also I suspect that many people who receive IRS letters respond only once or twice, then get weak knees and cold feet and pay up.

If you decide to use this approach, please let me know your results.14 Also, note that, for space reasons, I have combined the slightly different wordings for two letters (to State and federal agencies) into one model. Do not use it as is; remove the parts inappropriate to your situation.

[FEDERAL] Internal Revenue Service
[STATE] Franchise Tax Board (or appropriate State agency)
Its address

Dear Sirs,

This is in response to your recent letter, a copy of which is enclosed.

Your claim is erroneous for the following reason:

[FEDERAL: The basis of the personal income tax imposed by the Internal Revenue Code] [STATE: According to State law, the (California) personal income tax must be read within the purview of the federal personal income tax laws, the basis of which is the Public Salary Tax Act of 1939, which I am obviously not subject to.]

If I hear no response from you within thirty (30) days from the postmark on this letter, I will take your silence as complete agreement with the correctness of my statement above. If you would like further information or need to contact me for any other reason, please do so at, and only at, the postal location shown above.

It is my honor to be,

John Alan Doe
No Silver Bullet

Frankly, I don’t believe there is simple, one-shot solution to a mess as tangled as U.S. citizens’ ties to their State and federal governments. This letter should keep the IRS away, however, and, if that is all you want, you should be all right. Yet, the IRS is merely one of the more obvious, obnoxious federal agencies. There are also the BLM, FBI, BATF, DEA, FDA, FCC, etc., any of which may be equally bothersome to you or even more so depending on the circumstances.

The far surer, complete method takes more than a letter. You will need to learn the basics of state Citizenship, how to defend your status if challenged and then actually take the steps to rescind the various contracts you have signed onto, usually without having known it.

Scott Eric Rosenstiel has been researching state Citizenship, income tax and related issues since 1992. His first two books, The Sovereignty Introduction Manual and The Complete Book of Sovereign Citizenship, are available through Perceptions, and he has nearly completed a third work on similar subjects.

Notes

3. “Because many of the general and permanent laws that are required to be incorporated in the Code are inconsistent redundant and obsolete, the Office of the Law Revision Counsel of the House of Representatives has been engaged in a continuing, comprehensive project authorized by law to revise and codify, for enactment into positive law, each title of the Code.” (Speaker of the House Thomas P. “Tip” O’Neill, in his preface to the 1982 edition. Emphasis is added.)
5. For a copy of this historic act, send $3.00 to Perceptions.
6. Article I, Section 8, Clause 5.
11. The “Federal” Reserve is no more a part of the federal government than Federal Express: its principal stockholders are eight families, including the Rothschilds (England and Germany) and Warburgs (Germany). Only three of them are American (the Rockefeller, Lehmans and Goldman Sachs). Source: Edmund Fitzsimmons, DETAXING AMERICA: How You Can Legally Stop Paying Income Tax (And Why You Should), Truth In Taxation, Studio City, Calif., 1992, p. 13.
12. Mr McDonald frequently contributes articles on these topics to Perceptions.
13. A mental-health bill proposed in Congress in the early 1950s which would have shipped citizens off to Alaskan concentration camps on the most spurious of pretexts.
14. Neither the letter nor any other of the information in this article is intended as legal advice, and any reader uses it at his/her own risk. If doubtful about how to proceed, consult a common-law barrister, state Citizen service center (via R. McDonald; Event Listings, p. 79) or seek other qualified assistance. Do not depend on “tax attorneys” (whose first duty, by law, is to the State, not their clients) nor CPAs: neither profession is skilled in matters of state citizenship or sovereignty.
15. Since ZIP Codes and two-letter state abbreviations (CA, NV, AZ, etc. instead of Calif, Nev, Ariz, etc.) can be argued to grant jurisdiction, and names written in capital letters with initials (JOHN ALAN DOE or John A. Doe (indicate fictitious entities, I suggest this as a safer format: “John Alan Doe, 1234 Your Street, Yourtown, Yourstate, ZIP exempt.” It is very unlikely that you will ever receive mail from the IRS addressed to such a location, and you should return any not so labeled. Mark it, “RETURN TO SENDER, INSUFFICIENCY OF ADDRESS.” For more information on the liabilities of using ZIP Codes, see Richard J. McDonald’s Perceptions articles, “Decoding the ZIP” (Winter 1993) and “Inside The Labyrinth” (Spring 1994).