

**12 March 2005**

PRESIDENT'S ADVISORY  
PANEL  
ON FEDERAL TAX REFORM

**Cover page**

2005 MAR 29 A 11: 42

**Individual submission of public comments**

To: The President's Advisory Panel on Federal Tax Reform  
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Total of pages of submission - Five

To: The President's Advisory Panel on Federal Tax Reform

Re: Unnecessary burdens of existing income tax system; Unfairness of income tax system as enforced; Goals to achieve a lawful tax system.

Dear Panel Members,

I am submitting this text as the first part of a twenty one page report being sent to you from several members of the Lawmen organization. It is essentially pages 1,2, 3,and 4, due to the page limitations you have placed upon us who wish to participate. I am convinced that when you put these sections together in order you will see that the main problem with our current system is the illegal enforcement (by a non-government organization) of a Direct tax (the alleged 'income' tax) on private individuals. Aside from the other obvious problem of the IRC being poorly written, the lawful taxes contained therein are rarely discussed. In the book "Clear and Effective Legal Writing", the IRC is used repeatedly as an example of horrendously inept legal writing. You would do well to recommend the very simple act of forthrightly telling the American people that the 'income' tax is not applicable to all individuals, and as a Direct tax, the apportionment provision must be added, according to the Constitution which is the supreme Law of the land. The question now is, "Will you be honest and tell the truth?" I will be watching, like thousands of others, for that answer.

## **REPORT CONCERNING LIABILITY OF CERTAIN US CITIZENS IN REGARD TO FEDERAL INCOME TAXES.**

### **The First Consideration – The Constitution**

***The Constitution of the United States forbids the imposition by the federal government, a direct tax without apportioning it in accordance with the census. The first thing to consider then, is what constitutes a direct tax and what apportionment means.***

***The subject of what constitutes a direct tax has been addressed by the Supreme Court in several cases. We'll examine these cases and examine what the Court said concerning the 16<sup>th</sup> Amendment.***

***It must first be understood that there are some basic principles of law. One important principle is that because a case is old, does not mean that it is invalid or not reliable. It is exactly the opposite. An old case, which has never been successfully challenged nor overturned, is the best of all cases as having withstood the test of time.***

***There are other principles, which must be considered...such as... a person does not have to do what an IRS agent tells him to do, he only has to do what the law tells him to do. The law is expressed by Constitution, court ruling, statute, and regulation. The lowest on the pecking order is regulation. In order for a regulation to have the force and effect of law, it must cite a statute on which it is based.***

***"The result is that neither the statute nor the regulations are complete without the other, and only together do they have any force. In effect, therefore, the construction of one necessarily involves the construction of the other. The charges in the information are founded on 1304 and its accompanying regulations, and the information was dismissed solely because its allegations did not state an offense under 1304, as amplified by the regulations. When the statute and regulations are so inextricably intertwined, the dismissal must be held to involve the construction of the statute." UNITED STATES v. MERSKY, 361 U.S. 431 (1960).***

***Sometimes a regulation is overturned by a court ruling on the basis that the regulation did not properly reflect the statute. There are 3 types of regulations; Interpretive, Procedural, and Legislative. An agency can have a regulation demanding that employees shine their shoes or wash their hands. These obviously would not have the force and effect of law but would only be a condition of employment. There are also interpretive regulations that guide the employees in their work. The last type of regulation is the legislative regulation, which has the force and effect of law by the citation of a statute or ruling on which it is based. At the end of each regulation, you will see a number of citations, such as a Treasury***

**Department Decision, etc. The regulation must cite a statute, such as IRC sec. 6331, in order to have the force and effect of law and application to the general public.**

**So one of the main considerations which must become a part of your thinking would be to question any statement made by an IRS agent or government official as to whether a regulation has the force and effect of law. A Supreme Court case states a principle which, you would do well to remember...that is, if you accept an agent's statement concerning the law and if his statement is incorrect or deceptive, then you are taking a risk. DON'T take that risk!! Always ask to be shown the statute and regulation!!! That ruling was given in *Federal Crop Insurance Corp. v Merrill*, 332 US 380, 384 (1947) and has never been overturned:**

**"Whatever the form in which the Government functions, anyone entering into an arrangement with the Government takes the risk of having accurately ascertained that he who purports to act for the Government stays within the bounds of his authority. The scope of this authority may be explicitly defined by Congress or be limited by delegated legislation, properly exercised through the rule-making power. And this is so even though, as here, the agent himself may have been unaware of the limitations upon his authority. See, e.g., *Utah Power & Light Co. v. United States*, 243 U.S. 389, 409, 391; *United States v. Stewart*, 311 U.S. 60, 70, 108, and see, generally, *In re Floyd Acceptances*, 7 Wall. 666."**

**The prohibitions against a direct tax are in Article 1, sec. 2, "Representatives and direct taxes shall be apportioned among the several States which may be included in this union, according to their respective Numbers..." and also in Article 1, sec. 9, "No Capitation, or other direct, Tax shall be laid, unless in proportion to the Census or Enumeration herein before directed to be taken." These 2 prohibitions were never repealed and remain in force in the main body of the Constitution. The income tax is a direct tax on an individual and must be levied under the rule of apportionment, according to the Supreme Court. However, there actually**

***was levied an excise tax on corporations, in 1909 and later, which was measured by the size of their incomes and limited by their profits. That tax cannot be levied on an individual.***

**"Direct Taxes bear upon persons, upon possession and the enjoyment of rights; Indirect Taxes are levied upon the happening of an event."  
*Knowlton v. Moore, 178 US 41, 47 (1900).***

***A person's possessions include the money and assets in his possession, and thus would include his labor, as being his property and as ruled by the U.S. Supreme Court. The Court also ruled that a man's labor is inviolable and is a guaranteed right.***

**"The common business and callings of life, the ordinary trades and pursuits, which are innocuous in themselves, and have been followed in all communities from time immemorial, must therefore be free in this country to all alike upon the same conditions. The right to pursue them, without let or hinderance, except that which is applied to all persons of the same age, sex, and condition, is a distinguishing privilege of citizens of the United States, and an essential element of that freedom which they claim as their birthright. It has been well said that 'the property which every man has in his own labor, as it is the original foundation of all other property, so it is the most sacred and inviolable. The patrimony of the poor man lies in the strength and dexterity of his own hands, and to hinder his employing this strength and dexterity in what manner he thinks proper, without injury to his neighbor, is a plain violation of this most sacred property. It is a manifest encroachment upon the just liberty both of the workman and of those who might be disposed to employ him.'" *Butcher's Union Go. v. Crescent City Co., 111 US 746 (1884).***

**"That the right to conduct a lawful business, and thereby acquire pecuniary profits, is property, is indisputable." *TRUAX v. CORRIGAN, 257 U.S. 312, 348 (1921).***

**"A state may not impose a charge for the enjoyment of a right granted by the Federal Constitution." *MURDOCK v. COMMONWEALTH OF PENNSYLVANIA, 319 US 105, at 113; 63 S Ct at 875; 87 L Ed at 1298 (1943).***

***Just what is an excise tax? "A tax laid upon the happening of an event, as distinguished from its tangible fruit, is an Indirect Tax which Congress undoubtedly may impose." [Tyler et. al., Administrators v. United States, 281 US 497, 502 (1930)].***

***It must be further said at this point that if the tax were being imposed as an excise tax on a natural person, why is the tax imposed not listed in subtitle E (Alcohol, tobacco, and certain excise taxes)?***

***There are more statements by the rulings of the Supreme Court but before we get into those, let me state the following... Excise taxes used to be commonly referred to as luxury taxes. The basis for that was that an excise tax was levied on an item of consumption or a privilege, which could be avoided by the buyer or subscriber. Very few people refer to excise taxes as luxury taxes anymore because the establishment would not want this concept to take root in the public mind. There are an awful lot of citizens who would disagree with the notion that the telephone or gasoline are not necessities of life and can be avoided, thereby rendering them as luxuries.***

Constitutionally yours,



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