

*(The following letter-- edited a bit for brevity-- was written by [CtC Warrior Justin](#) \_ and distributed to his friends, family and acquaintances after his third victory in applying the law. This latest win involved overcoming IRS efforts to specifically insist that his more than \$130,000.00 in earnings during the year involved constituted "income" and "change his account"; and declarations that his filing was "frivolous". Justin kindly included a copy of the letter when sending me scans of his victory for posting.)*

Dear friends,

I recently received a letter from the IRS, saying in completely unambiguous terms that there is **no tax on my private-sector earnings**, what most people would call "income"! This is actually not so surprising, as it says quite clearly in publicly available Treasury Department documents.

While their acknowledgement of the un-taxable nature of my earnings is unambiguous, it is not simple or in so few words, nor was it immediately forthcoming – first, they tried to scare me into declaring, under oath, that my earnings were the result of *"the performance of the functions of public office"*, just as most of us have been incorrectly declaring our entire adult lives!

And, furthermore, while this acknowledgement is exciting to me personally, it's not unique and requires no magic formula. Hundreds or thousands of people have received the same or similar acknowledgements over the last few years from everyone's favorite agency as well as from state governments across the country (many of these can be seen at [www.losthorizons.com/Newsletter.htm](http://www.losthorizons.com/Newsletter.htm)).

Here's the story:

### **Short Version**

- ◆ I filed my 2006 income tax return accurately declaring my income that was subject to the federal income tax - \$0.
- ◆ The IRS replied, asking "but what about all of this money reportedly paid to you?"
- ◆ I responded that these payments were private-sector earnings, not involving the federal government.
- ◆ They then responded with a letter, stating "Thank you very much for clearing things up, this case is closed." – EOT

## Longer Version

*"Cowardice asks the question: is it safe?*

*Expediency asks the question: is it political?*

*Vanity asks the question: is it popular?*

*But conscience asks the question: is it right?*

*And there comes a time when one must take a position that is neither safe, nor political, nor popular  
- but one must take it simply because it is right."*

- Martin Luther King, Jr.

A few years ago, I stumbled across a book, [Cracking the Code- The Fascinating Truth About Taxation In America](#) by Pete Hendrickson, a must read for every American. Around this same time, I was being introduced to a lot of arguments put out by the tax honesty movements, including the sort that Wesley Snipes was following, ending in his recent conviction and three year sentence. Taking the subject very seriously and determined to come to grips with the truth, I spent over a year doing my own research on the matter and met and spoke with many prominent individuals, from across the country, on all sides of this issue. The culmination of this research went into my paper, The Tax Debate, found at [www.PassportToFreedom.us](http://www.PassportToFreedom.us). To complete your own understanding, I recommend reading [Cracking the Code](#), The Tax Debate and everything available on Pete's website [www.losthorizons.com](http://www.losthorizons.com).

Spending so much time digesting this information and overcoming my own fears regarding this issue has resulted in the understanding and correct filings of 1040 forms for the first time in my life. My [return for 2006](#) has turned out to be especially interesting. For that year, I claimed no income subject to the tax and no withholdings as I had nothing withheld for tax liabilities, including social security and Medicare (which are just specialized forms of income taxes). However, I'm sure like most of you, I was eligible to receive \$40 for the prior 3 years of the telephone excise tax (the misapplication of which had many parallels to the income tax) since, in the case of this tax, the IRS finally admitted defeat and refunded us all the last 3 years worth (though it seems we get nothing for the decades prior). I included in my tax return corrected 1099s, rebutting 1099s filed by others, incorrectly, against me.

Shortly thereafter, I received [a check from the IRS for \\$40](#).

About nine months later, I received [this letter](#) where the IRS accused me of under-reporting my income. Well, they didn't actually accuse me of anything, but stated it "appeared" that there were differences between what I had reported (\$0) and what so-called payers reported, and asked me to agree to the greater amount.

I responded with [this letter](#), clearly stating that the payers mentioned "are **non-governmental, for-profit, private-sector business people and/or corporations, and have not paid to me any Federally-connected money for any Federally-connected services performed by me as defined in 26 U.S.C SS 7701(a)(26)**. These individual(s) and/or corporations have **nothing to do with the performance of the functions of a public office**. They were not required to report my private-sector payment on Form 1099-MISC, but did anyway. Of course their erroneous information on Form 1099-MISC does not match my correction of each." I also attached my corrected 1099s again.

Next, they sent me [this letter](#), suggesting that my 2006 return was kind of, but not really, frivolous, and that if I filed a new non-frivolous return (implying, but not saying, that my first return was frivolous), they would disregard the first, and not charge me with a "proposed" \$5000 fine. If this letter was not read at its literal face value, one might find it easy to read into it that they were saying my return was frivolous and that I would be charged a \$5000 fine if I did not send a "more correct" return (they didn't say what would make it more correct.)

I responded with [this letter](#), assuring them that "I have not, and will not, submit a frivolous tax return," as defined by law and subject to a \$5000 fine. Note that I also reminded them that they were dangerously close to witness tampering as well as other crimes.

Then, I received [this](#), a "we changed your account" letter stating they corrected the "total federal income tax withheld" on my 2006 return and thus they wanted my \$40 back. However, this was from the wrong line. On my return, the "total federal income tax withheld" line was blank; the \$40 was from 7 lines down, the "Credit for federal telephone excise tax paid".

I was just about to send a correction to this last letter, when I received this [closing notice](#). As short and simple as this notice is, it is a concrete acknowledgement and acceptance of what I stated in my

2006 return and respective letters. (I speculate whether this might have been prompted by my response to their frivolous letter – perhaps it's all just fun and games until someone is reminded that they could actually be charged with a crime.)

Despite repeated attempts to silence Pete Hendrickson, the IRS has never actually contradicted what he has revealed about the true nature of the income tax. Likewise, they have never contradicted me in my correspondence with them.

*"The Tax Code represents the genius of legal fiction... The IRS has never really known why people pay the income tax... The IRS encourages voluntary compliance, through FEAR."*

- Jack Warren Wade Jr., former IRS officer in charge of the IRS Nationwide Revenue Officer Training Program, in his book "When You Owe The IRS"

*"When an honest but mistaken man learns of his error, he either [forthrightly] ceases to be mistaken, or ceases to be honest."*

- Peter E. Hendrickson

*"When in doubt, tell the truth."*

- Mark Twain

- Justin