Arrow Plastics Sticking to Its Guns

Arrow Custom Plastics does not withhold TAXES from its workers.

A massive fraud has been committed, and so far, the vast majority of Americans remain duped. The deception has been so successful, in fact, that stating the truth sounds absurd (even when it is provable).

Congress could not, and did not, impose a tax on the income of most Americans, because of the strict limits on federal power imposed by the Constitution. This was not an accident or oversight; they did not even try to tax the income of most Americans. What they did instead was to impose a far more limited tax, and write the law in such a way that it could easily be misinterpreted, both by the public and by the tax professionals. See Congressional Record pertaining to the establishment of the Income Tax.

After reading the first few sections of law, it seems quite clear to most people that a tax has been imposed on their income. The law has been misrepresented to the public, both by the IRS and those in the tax industry (usually due to ignorance, rather than intentional deceit).

“Is this one of those tax protestor arguments?”

No. The people who are wasting effort protesting the law most likely don't know what the law says. People have used many arguments (some with a little merit, and some completely wrong) in an effort to stop giving money to the IRS, but for the most part these have been ineffective. It is, therefore, easy to jump to the conclusion that the material here is just another one of “those tax-protestor arguments.” Nothing could be farther from the truth.

And the proof of that is in the LAW itself. The position described on this site is based entirely on the federal statutes and regulations themselves. There is no leap of faith or "creative interpretation" required to reach the conclusion. The truth of the matter is that there is a part of the law which most tax professionals either have never seen, or have never completely understood. When this part is examined carefully, it becomes clear that the tax professionals have been grossly misinterpreting the entire federal income tax code.

"So is this some big conspiracy?"

This is more a conspiracy of ignorance than a conspiracy of secrecy. Yes, this did require some people in government to intentionally deceive the public, and then to make an ongoing effort to conceal the truth. But the vast majority of IRS employees and tax professionals do not know the truth.

Please read the article "Ignorance, Fraud, and the Great Deception."

"My income isn't taxable? That's ridiculous!"

As Hitler's minister of propaganda said, "if you tell a lie often and long enough, it becomes the truth." Everyone "knows" that most income is taxable.

It is so widely known, in fact, that most people would never bother to examine the actual evidence (LAW). (And this is what gives rise to the above phenomenon.) For the rare individuals who are willing to examine the evidence, the law, for themselves, Larken Roses' Taxable Income report proves the above claim, using extensive legal citations for each step.

Having never seen the law itself, the average American will swear under penalty of perjury (on a tax return) that he owes federal income tax. After all, if his income wasn't taxable, the "experts" would have told him so.

"The tax experts can't all be wrong."

Actually, they can. Unfortunately, like everyone else, "experts" are susceptible to some imperfect aspects of human nature. Throughout history, the so-called "experts" in medicine, science, etc. have generally ignored whatever evidence contradicted their preconceived notions. The same is true of modern-day tax "experts." When given a piece of evidence that would shatter their career (and probably their world view), it is much easier for them to just dismiss the evidence.

For those tax professionals who dare to challenge their preconceived notions, or for those who would like to challenge the expertise of their favorite tax "expert," we have a short Test For Tax Professionals. For those tax professionals who will actually address the issue using the statutes and regulations themselves, we welcome their comments, thoughts and arguments.

"My tax-professional says this is all nonsense."

Assertions are easy to make. "The moon is made of green cheese." See? If flashing "certifications" and "licenses" at you gains your utmost respect, and nullifies your desire for actual proof of their claims, then you are gullible. If, on the other hand, you deem yourself fit to examine the evidence, law, for yourself, you are a prudent individual. Most (if not all) tax professionals in this country learned about tax law by listening to the prior generation of "experts," instead of by examining the statutes and regulations themselves. Because of this, the tax-advice industry has been instrumental in spreading and perpetuating the biggest fraud in the history of the planet. Most tax professionals are guilty of incompetence. (The few who know the truth, but do not tell their clients, are guilty of something far worse.)

"So what does the law really say?"

The "normal" tax (so called "income tax") in Title 26, Chapter 1 and taxes such as inheritance and gift tax in Chapter 1, Part III of the Internal Revenue Code are governed by geographical determination just as the social welfare taxes are. There are, in all cases three considerations:

The item of "income",
The geographical source from which the income is derived, and the status or circumstance of whomever receives the income item.
An income item might be a wage, salary, interest, gains from property sales, or any other item listed in the definition of "gross income" at § 61 of the Internal Revenue Code. All "tax professionals" have made a fundamental mistake for years, by thinking that an "item" of income is the same as the "source" of the income, when this is not correct.

The "income tax" is not a direct tax on incomes, but an indirect tax on the "source" of the income, where the income produced is used to measure the amount of tax on the "source" or activity. This fundamental fact has been successfully concealed from the American public for nearly 87 years, but as the Supreme Court and the Secretary of

the Treasury have repeatedly stated, the federal income tax is (and has always been) an indirect “excise” tax.

Excises, generally speaking, are taxes imposed on certain activities or privileges. A statement in the Congressional Record from March 27, 1943 (page 2580) was made by a “Mr. F. Morse Hubbard, formerly of the legislative drafting research fund of Columbia University, and a former legislative draftsman in the Treasury Department” (clearly someone whose job would require a comprehensive understanding of the proper application of the law).
His comments include the following:

“The income tax is, therefore, not a tax on income as such. It is an excisetax with respect to certain activities and privileges which is measured by reference to the income which they produce. The income is not the subject of the tax: it is the basis for determining the amount of the tax.”

And this is confirmed by Treasury Decision 2303, made in 1916, with direct reference to the fact that the 16th Amendment did NOT expand Congress' taxing power to permit it to impose a direct tax on incomes without apportionment (as the public has been led to believe). The purpose of the 16th Amendment, according to the Supreme Court in Brushaber v. Union Pacific (240 U.S. 1), and again in Stanton v. Baltic Mining (240 U.S. 103) was to make it clear that the income tax is, and has always been, an indirect “excise” tax, which never required “apportionment.” The Secretary of the Treasury agreed with the Court in Treasury Decision 2303.

“The provisions of the sixteenth amendment conferred no new power of taxation, but simply prohibited [Congress' original power to tax incomes] from being taken out of the category of indirect taxation, to which it inherently belonged, and being placed in the category of direct taxation subject to apportionment.” [Treasury Decision 2303]

The income tax is imposed on “all income from whatever source derived” (minus deductions), but this has been universally misread as all income “no matter where it comes from.” The mere receipt of income, by itself, is not (and could not be) the subject of this excise tax. It is the “source” which is the subject of the tax, and the amount of income received from that “source” is what is used to determine the amount of tax due.

Therefore, the next task is to determine the “source” of the income, and the reader is directed from 26 USC § 61 (where “gross income” is defined as “all income from whatever source derived), TO Section 861 and the regulations thereunder (found in

Subchapter N), to “determine the sources of income for purposes of the income tax.” Sources may be from:

Within the United States, Without the United States, Both within and without the United States. The false assumption is that the “sources” of domestically earned incomes of US citizens represent some of the taxable sources of income, when the law does not state this ANYWHERE. And the reason WHY the law is written this way, indeed, why it HAD TO BE written this way, revolves around limited Congressional jurisdiction under the Constitution. Congress does not have the power to tax income sources derived from transactions of INTRAstate commerce (which is from where most incomes are derived), as shown in exquisite detail in “Taxable Income.”

The section of regulations for determining taxable income (26 CFR § 1.861-8. Subchapter N) states that it applies only to income “from specific sources and activities.” And the statutes and regulations under the part which “determine[s] the sources of income for purposes of the income tax” all apply only to these same “specific sources and activities,” which are all related to international or foreign commerce. In other words, the only income sources that are taxed under the law are related to foreign or international commerce, not domestic commerce (for US citizens). This massive fraud is what the American public can now understand, thanks to the Internet.

Finally, we must determine status or circumstance of the prospective “taxpayer”. Citizens, residents, and domestic corporations such as Arrow Custom Plastics, of States of the Union are subject to Chapters 1 & 2 taxes on items of income from without the United States, including insular possessions of the United States. Of which a comprehensive list appears in the Code of Federal Regulations at 26 CFR § 1.861-8(f)(1)(vi).

Nonresident aliens and foreign corporations are subject to Chapters 1 & 2 taxes on items of income identified in 26 USC § 61 of the Internal Revenue Code from sources within the United States, i.e., States of the Union.

Since Arrow Customs Plastics is not a government enterprise required to withhold at the source under auspices of Chapter 24 of the Code, the company chief financial officer becomes a withholding agent for purposes of 26 U.S.C. §§ 1441 et seq. only. In other words, Arrow Custom Plastics is required to withhold from wages of nonresident aliens only, not from citizens of the States of the Union.

Now let's consider the privileges and benefits aspect of these various taxes other than the social welfare taxes in Chapter 21.

Citizens, residents and domestic corporations of the several States are supported and protected in foreign commerce by Government of the United States. This is largely a treaty and trade agreement function.

Therefore, Congress can legitimately impose a “normal” tax and other such taxes on foreign-earned income. The inverse is true for foreign corporations and nonresident aliens.

Some have said that the “source” of the income does not matter because the 16th Amendment says .....from whatever source derived.... and 26 USC 61(a) says ....gross income means all income from whatever source derived.....

If the source does not matter then why does the law tell you to go to § 861 specifically from where the tax is imposed on taxable income? Why does 26 USC § 61 link directly to 26 USC § 861 if the source of the income is not paramount, after defining “gross income” as “all income, from whatever source derived”?

In 1954, the IRS Code was renumbered, rearranged, and reworded, and the critical LINK to the true nature of the income tax (an indirect tax on the source) was put at the BOTTOM of 26 USC § 61,a place where nobody ever looks, and in the current Dec, 31,1999 IRC, the reference has been dropped altogether, but in the prior regulations the 1939 Statutes told the reader in the text of the law that for the sources of income the reader was to go to § 119 (the predecessor of § 861), helping to show that the source of the income has ALWAYS been what has been taxed.

If the source of the income is irrelevant, then why are the taxable sources of income specifically listed in § 861? In other words, why does the law LIMIT the meaning of sources if the sources of the income do not matter? Here is what we find when we go to the Code:

Subchapter A. Determination Of Tax Liability

Subchapter B. Computation Of Taxable Income

Subchapter N. Tax Based On Income From Sources Within Or Without The United States

1. 26 USC § 1 imposes the income tax on “taxable income.”

2. 26 USC § 61 defines “gross income” as income “from whatever source derived.”

3. 26 USC § 861(a) defines Gross income from sources within the United States.

Income from sources

Within the United States, see § 861 of this title.

Without the United States, see § 862 of this title.

4. 26 USC § 63 defines “taxable income” as “gross income” minus deductions.

5. 26 USC § 861 and 26 CFR § 1.861 determine the taxable “sources of income.”

6. 26 CFR § 1.861-8 shows that the taxable “sources of income” from within the United States apply only to those engaged in international or foreign commerce (including commerce within federal possessions).

In fact, we find three independent routes to get to the correct information in the law.

Section 861 and following and related regulations determine the sources of income for purposes of the income tax. Section 861(b) and § 1.861-8 are to be specifically used to determine taxable income from sources within the United States. Exempted income is income exempted by statute or by the Constitution, and the current and historical regulations show that those incomes that are NOT exempted do not include income of Arrow Custom Plastics or most domestic companies.

Therefore, using the exact wording of the law without any “assumptions” about what the law contains, we discover that domestically earned incomes of US citizens and US companies earned exclusively from within the United States (from intrastate commerce) are NOT nor have they ever been taxed under federal law.

This is what the law actually says. Ask your accountant to prove that the law does not say this, and ask them to show you where the law says something else. They can't. It is time for this fraud to end.

SOURCE: “Trinity Farms” <trinityfarms@trinityfarms.org
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http://www.arrowplastics.com/withholding_statement.htm