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VICTORY TAX

One of my favorite movies is The Matrix. The reason why I like it so much is because it is actually based on truth (like a lot of fiction movies are). While doing research on the things of this world, I have come to realize that a lot of things that we have been told, and things that we believe to be true, are not.

For example, most Americans believe the following statements:

- Microwaved food is safe for human consumption.
- There is a law requiring citizens to have a social security number.
- Fluoride is good for your teeth.
- Michael Moore exposed the REAL truth behind 9/11.
- The cost of living goes up every year.
- Vaccines are effective, necessary and safe!
- High cholesterol causes strokes and heart disease.
- The house you live in is a good investment.
- The Federal Reserve Bank is federal and has reserves.
- There are no known cures for HIV/Aids.

Now, all of the above statements are “known” facts. But if you would do your own research.... Wait, let me state that again. **IF YOU WERE TO DO YOUR OWN RESEARCH**, you would find that not only are the above statements false, but in most cases, they are the complete opposite of the truth.

Now, I don't have time to go through all this, so right now I will focus on the tax controversy.

There are two basic types of tax. There is indirect tax and direct tax. The term indirect is in reference to a person's labor. For example, gas tax, tobacco tax or sales taxes are all indirect taxes. Social security, Medicare and Federal income taxes are direct taxes on your labor. Generally speaking indirect taxes are avoidable, whereas direct taxes are not.

Now, the Constitution states in Article 1, section 9, ***“No capitation, or other direct, Tax shall be laid, unless in Proportion to the Census or Enumeration herein before directed to be taken.”***

To make this real simple and plain, **“No direct tax on labor is allowed unless it is split up evenly among everybody”**

By the way, if you are a federal employee, you are considered by the government to be privileged as opposed to a private sector worker. Since your income is derived from gains (tax of citizens), it is constitutional to lay tax on your wages. That is “considered” an indirect tax.

Here is how the Supreme Court describes it;

“An income tax is neither a property tax nor a tax on occupations of common right, but is an excise tax.”

“The legislature may declare as ‘privilege’ and tax as such for state revenue, those pursuits not matters of common right, but it has no power to declare as a ‘privilege’ and tax for revenue purposes, occupations that are of common right”

Simms v. Ahrens, 271 SW 720 (1925)

Congress on the other hand has the right to tax gains or profits. Examples would be dividends, royalties, alimony, pensions and things of that nature.

So doesn't this mean that the Federal Income tax that we pay nowadays is unconstitutional? No it doesn't!!! Let's start at the beginning.

The Beginning of Income Tax

In 1862, America was in the midst of a civil war. Abe Lincoln thought that this would be a quick and painless war, but it turned out to be long and bloody. President Lincoln had left the gold standard and started printing money (greenbacks) out of thin air to finance northern government. This caused inflation in the dollar supply. So on July 1st 1862, they passed the Internal Revenue Act of 1862 (which was a revision of an earlier flat rate income tax passed in 1861) to combat inflation and finance the war.

This was the first income tax and it was put on the pay of government workers and it was withheld. Luxury taxes (remember the monopoly board?) were imposed on a long list of commodities, including alcohol, tobacco, jewelry, yachts, playing cards etc. The act taxed licenses (on almost all professions) and also gains and profits (receipts from corporations, interest and dividends) as well as stamp tax and inheritance tax.

This Act established that **income** is ‘gains’ or ‘profits’. This is the reason why only government workers paid it. If income meant anybody's wages that had a job, then obviously everyone would have been taxed, and of course, that would have been unconstitutional. A person's labor is his own personal property and cannot be taxed.

“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’.”

Butcher's Union Co. v. Crescent City Co., 111 U.S. 746 (1883)

The Sixteenth Amendment

In 1894 Congress enacted another federal **income** tax. This tax would allow for not only salaries but ANY OTHER compensation that was paid to anyone who was in the privileged sector. The Supreme Court declared that this was unconstitutional because if you tax gains from personal property, then that is just like taxing the property itself, and is therefore a direct tax.

“The power to tax real and personal property and the income from both, there being an apportionment, is conceded: that such tax is a direct tax in the meaning of the Constitution has not been, and, in our judgment, cannot be successfully denied:...”
Pollock v. Farmers Loan & Trust, 157 U.S. 429 and 158 U.S. 601 (1895)

But this created a loophole. Someone who had otherwise “taxable income” could attempt to get out of paying taxes by assigning that income to his/her personal property which would take it out of the category of indirect and make it a direct tax. To make a long story short, this is what led to the 16th amendment.

The 16th amendment reads ***“The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States....”***

So, did this amendment authorize everyone to be taxed, or did it just close the loophole? If you notice, it doesn't say that congress has the power to lay and collect direct taxes. So in order for this amendment to be compliant with Article 1, section 9 of the constitution, it would seem that it could only mean the same indirect tax that it had always meant. What did the Supreme Court have to say about it?

"The 16th Amendment does not extend the power of taxation to new or excepted subjects, but merely removes the occasion for apportioning taxes on income among the states. Neither can the tax be sustained as a tax on the person, measured by income. Such a tax would be by nature a capitation rather than an excise."
PECK v. LOWE, 247 U.S. 165(1918).

"The 16th Amendment conferred no new power of taxation, but simply prohibited the previous complete and plenary power of income taxation possessed by Congress from the beginning from being taken out of the category of indirect taxation to which it inherently belonged."
STANTON v. BALTIC MINING CO., 240 U.S. 103 (1916).

"The 16th Amendment must be construed in connection with the taxing clauses of the original Constitution and the effect attributed to them before the amendment was adopted."
EISNER v. MACOMBER, 252 U.S. 189 (1920).

So, it looks like the fact that it is said that international bankers (J.P. Morgan, Paul Warburg, and John D. Rockefeller) bribed Secretary of State Philander Knox into

fraudulently declaring that the 16th amendment had been properly ratified when it had not, really didn't matter. Even after the 16th amendment, only a small percentage of Americans paid "income" tax.

So why are we ALL paying it today?

Ah yes, the plot thickens. During WWII (by now you probably realize that wars are just GREAT for the economy.... Who's economy?), the government wanted to raise money for the war so they enacted the **Victory Tax of 1942**. This was to be a temporary two year tax supposedly authorized by Article 1 Section 8 clause 12 of the constitution which says that Congress has the power:

"To raise and support armies, but no appropriation of money to that use shall be for a longer Term than two years"

This was a direct tax on everyone's labor and would have been unconstitutional if it was enforced, so it had to be voluntary (even though they didn't tell the public about the voluntary part). Now the IRS says the 16th amendment authorizes them to tax everyone's labor. But since the sixteenth amendment was already signed, it would **appear** that this Victory Tax would have been unnecessary. Maybe the government didn't realize this at that time. There had to be a way that they could get everyone to pay this voluntary tax so the wicked ones unleashed one of their greatest weapons (Hollywood) to do what it was made to do, program the minds of the people!

Henry Morgenthau, the Secretary of the Treasury at the time, ordered John J. Sullivan, a Treasury Department official, to contact none other than Walt Disney! Walt flew in to D.C. to have a meeting with Morgenthau and Internal Revenue Commissioner Guy Helvering. Morgenthau told Walt that the U.S. wanted him to help sell people on paying the income tax. Walt wondered why this was even needed. Couldn't you just throw people in jail if there was a law saying you **must** pay? Mr. Helvering told Walt that he wanted people to be enthusiastic about paying taxes.

So Walt went back to California and put a short movie together called "The New Spirit". The objective was to make people feel it was their "patriotic" duty to pay the income tax. It starred Donald Duck (Walt's biggest star at the time). Along with this movie, "Inflation" and "Spirit of 43" all played instrumental roles in the tax propaganda.

The New Spirit

Donald wants to help the war effort but becomes reluctant when the radio announcer tells him to pay taxes, but the announcer shows him that the U.S. needs his money, and helps him through the simple tax forms. By the end of the movie, Donald is so energized that he rushes to Washington to pay his taxes in person! Donald learned to pay his "**Taxes to beat the Axis**" http://en.wikipedia.org/wiki/Axis_powers. This movie was nominated for an academy award.

Inflation

The Devil receives a telephone call from Adolph Hitler, who asks for the Devil's help in the war effort. The Devil tells Hitler that he will cause high inflation in the USA, and his worries will be over. He encourages the audience to buy as much as they can so that goods will become scarce and prices will go up. Hoarding rationed goods and cashing in war bonds will also help. Factory worker Joe Smith just got a raise in pay, so he starts buying everything on the installment plan, including a fur coat for his wife. After the Smiths hear a radio address by President Roosevelt, they realize that they should be more prudent in their spending habits to help the war effort. *Written by David Glagovsky*

Spirit of 43

Donald cashes his paycheck and is unsure how to best spend his money. Two aspects of his personality materialize: 'Thrift' and 'Spendthrift'. Thrift tells Donald he should save to pay his taxes, but spendthrift tells Donald that it is his money and he should spend it how he pleases. In the end, Donald realizes that it is his duty to serve his country and pay taxes.

According to tax historian John Witte, “In 1939, about **15%** of the people paid income tax. That’s all, period. At the end of the war, we had **80%** of our families paying income tax.” Just entertainment huh?

In 1944, the Victory Tax was repealed by section 6 of the Income Tax Act of 1944 after it had been renewed. But, for some strange and unknown reason, Congress decided to keep it on the down low. Because most people didn’t know about it, they just kept paying taxes.

So I guess we are all here today, still paying the Victory Tax voluntarily. Tell me, do you feel victorious?

Trickeration of the IRS?

The IRS would like you to believe that everyone must pay tax. They would like you to believe that the 16th amendment gives them that right and that the law is the IRS code. But according to the Supreme Court, the code is not the law, it is just the regulation and assessment of the law. The law is the Constitution.

The revenue laws are a code or system in regulation of tax assessment and collection. They relate to taxpayers, and not to nontaxpayers. The latter are without scope”

United States Court of Claims, Economy Plumbing and Heating v. United States, 470 F.2d 585, at 589 (1972)

The IRS threatens the public and says, “All employees must be taxed. All employers must make their employees fill out a W-4, and administer a W-2. All income must be taxed”. But, according to Pete Eric Hendrickson, author of “Cracking the Code”:

“That “income”, “wages”, “self-employment income”, “employee”, “employer” and “trade or business”—as these and certain other terms are used within, and in regard to, the tax law—have narrow legal meanings exclusively involving, and applying to, certain privileged activities, such as holding or administering a government office, or working in one.”

Maybe this is why the 16th amendment does matter. Because the 16th amendment’s language is what enables the general public to believe they have to pay. Maybe the wicked ones knew this when it was declared ratified. It seems that this bribe would be a good investment. Without this amendment, very few of us would believe we have to pay tax today.

According to the Supreme Court, when you fill out your W-4, you are voluntarily entering into an agreement with the federal government, and claiming that the money you receive is taxable “income”. And since you sign this under penalty of perjury, you are also voluntarily waving your 5th amendment right! You just don’t realize it.

"A tax on income is not economically or legally a tax on its source." However, wages, salaries, commissions, and tips (sources) are considered to be "income" for an individual when he lists them as "income" on an IRS tax return form. When he signs the tax form under penalty of perjury, he has made a voluntary oath that his wages, salary, commissions, and tips listed on the return are "income" and that he is subject to the tax."

Graves v. People of the State of New York *ex rel* O'Keefe, 59 S.Ct. 595 (1939)

So when the IRS, comes and knocks your door down, seizes your property and throws you in jail, don’t say that it is unconstitutional. The Supreme Court says it’s not unconstitutional, for you told them that you worked for the government and that you made “income”. Since the lower courts are not in compliance with the Supreme Court, the judges don’t care about Supreme Court rulings, and since the government has already stated that they don’t have to show a law that requires citizens to pay tax, your complaints could very well go unanswered.

Is this the dirty little secret that the IRS doesn’t want you to know? Is this why the IRS chooses to audit certain people when they know millions don’t pay and they could just go after them? Is this why some taxpayers get thrown in jail for not paying taxes, while on the other hand, the IRS has allegedly given out over 2 million dollars in refunds to other citizens? www.losthorizons.com

I am not an accountant or a lawyer! This article is not intended to incite you to take any action. **It is for informational purposes only!** Do your own research, and make an informed decision.

Until next time,

Free Your Mind!

Matt Mason

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