

# THE UNTAX PROMISE

## Dangerous Tax Scams that Could Land You in Jail

By [Daniel J. Pilla](#)

With 18,000 pages of law and regulation, the maddening vagueness of the tax code has led to the emergence of a myriad of anti-tax programs that promise to take advantage of obscure loopholes allegedly buried in the code. There are a number of programs using a variety of arguments and strategies all built on the premise that the promoter has "discovered" a secret provision of the tax code which, when properly followed, operates to eliminate all taxes for his clients. In short, he promises to "untax" you.

To the untrained eye, the claims appear valid—particularly when "backed up" by the alleged "legal authority" that promoters offer to support their programs. Many even tell you—with photocopies to back them up—that their clients "get refunds" from the IRS after using the plan. Often, it's hard to argue with the compelling "evidence" presented to support the claims.

Many people shell out thousands of dollars to peddlers of these programs—not realizing that by doing so they are inviting the IRS to hit them with civil penalties, compound interest and possibly criminal charges.

The sad truth is, however, that the untax arguments simply do not work. The general themes upon which these claims are built have been around for years. They have been tested by the courts at all levels and they have all failed—without exception. Despite my repeated challenges to these various promoters over the years, not one has ever been able to point to a court case in which his plan was approved by the courts.

Conversely, there is court authority against every plan out there. But because the promoters do not discuss the fact that their plan or others like it have failed, they lead you to believe that you face no risk by following the program. The reality is the risk is substantial. I cannot tell you how many people I spoke with over the years who followed one plan or another, only to have their lives destroyed by the resultant IRS assessment and collection action. And

surely as you breathe you need to know that IRS assessments and collection action will follow any attempts by you to "untax" yourself through any of these various programs.

This report exposes the untax plans and schemes that constitute a dangerous tax trap and you'll discover how to identify the leading tax-protest arguments that have led to jail time for thousands of well-meaning but misguided citizens.

## **Common Untax Schemes**

There a number of different claims untaxers make. I address some of the more common ones in detail below.

### **Wages are not Income**

A recurring claim with untaxers is that ordinary wages earned by persons performing services do not constitute taxable income. The origin of this claim dates to the late 1978, when researchers Pete Soehnlén and Robert Golden published a book entitled, *Are You Required?* Soehnlén and Golden were the first to assert that the Sixteenth Amendment did not and legally could not tax wages or other compensation for personal services.

The Soehnlén and Golden work was something of an anomaly in the tax protest movement in that it was thoroughly researched and well-reasoned. Up to that point, most protest material had little legal authority to back it up and even less logical presentation. Consequently, the wages vs. income theory of tax exemption caught on quickly and many began structuring their IRS defenses around that claim.

The argument was popularized on a more massive scale by Irwin Schiff. In 1982, he released a book entitled, *How Anyone Can Stop Paying Income Taxes*. Schiff was a master promoter and salesman. His book was distributed to bookstores on a broad scale by a major publishing company and Schiff appeared on radio and television interviews across the nation. Schiff's arguments were a hybrid of the wages vs. income presentation, suggesting also that the income tax was in fact voluntary. Schiff reasoned that the laws could not be mandatory since if they were, they would violate various provisions of the Constitution. The voluntary argument still features prominently in contemporary tax protester claims.

Before long, thousands of people were following what they came to believe was the Schiff argument, but what in fact was developed by Soehnlén and Golden. It did not take the IRS long to respond. It began a systematic program of challenging the claims and dragging the protesters, including Irwin Schiff, through all manner of legal proceedings. Because of these early cases, there is an abundance of judicial precedent on the question.

Before examining the specific precedent, however, let me briefly address the merits of the argument itself. Promoters cite several cases decided under the Corporation Excise Tax Act of 1909 to support their claim. These cases raise the question whether corporate revenue of one kind or another constituted income subject to taxation. In no case was the question addressed of an individual citizen's liability for tax under the personal income tax created by virtue of the Sixteen Amendment. The reader is left with the impression that the cases must by inference exclude from taxation all compensation for personal services received by an individual.

However, we do not have to speculate on the question. The fact is, the Supreme Court squarely addressed the issue in more than one case over time. The first such case was that of *Lucas v. Earl*, 281 U.S. 111 (1930). In that case, Earl, an attorney, attempted to avoid taxation by transferring the proceeds of his personal services to his wife. The court ruled squarely that income derived from personal services, such as attorney fees, was taxed to the person that earned it. This case is the touchstone from which most income cases flow.

Many promoters, including Schiff, claim that code section 61, which lists items of gross income, excludes wages and salaries from taxation. Schiff and others claim that because the list does not include wages or salaries, the income tax cannot apply to individuals. Rather, they say, the items listed are items received only by corporations.

Section 61 reads as follows:

(a) General definition

Except as otherwise provided in this subtitle, gross income means all income from whatever source derived, including (but not limited to) the following items:

- (1) Compensation for services, including fees, commissions, fringe benefits, and similar items;
- (2) Gross income derived from business;
- (3) Gains derived from dealings in property;
- (4) Interest;
- (5) Rents;
- (6) Royalties;
- (7) Dividends;

- (8) Alimony and separate maintenance payments;
- (9) Annuities;
- (10) Income from life insurance and endowment contracts;
- (11) Pensions;
- (12) Income from discharge of indebtedness;
- (13) Distributive share of partnership gross income;
- (14) Income in respect of a decedent; and
- (15) Income from an interest in an estate or trust.

Is it fair to say that because the terms "wage" and "salary" do not appear on the list that wages and salaries are not taxable? Item number one plainly states that compensation for services is included as gross income. Are corporations the only entities that receive compensation for services? Certainly not. Black's Law Dictionary, Fourth Edition, defines "salary" as "a reward or recompense for services; a periodical compensation paid for services rendered." The term "wage" is defined as "security given for service to be performed." Surely, any person compensated for services draws a wage or salary.

How can a reasonable person argue that only corporations perform personal services? Do not receptionists perform the personal service of answering telephones? Are not carpenters performing the personal service of building structures? Do not physicians perform personal services related to the treatment of injury and illness? Whether or not these persons are incorporated, they derive compensation for the performance of services.

A more careful review of section 61 further illustrates the folly of claiming that it speaks only to items received by corporations. Each of the items on the list can be and are earned by individuals acting outside a corporate environment. Item number eight, for example, refers to alimony or separate maintenance payments. These are payments made by one spouse to another under the terms of a divorce or separation agreement. Under what circumstances does one corporation divorce another and become liable for alimony payments? Item number eleven refers to pension payments. A pension is a payment made to a person who is retired and deriving benefits under a specific contract. Under what circumstances does one corporation make pension payments to another corporation retired from service? As you can see with just these simple examples, there is simply no merit to the claim that section 61 is limited to corporate activity.

But if that's not enough, let us turn to the Supreme Court for guidance. A good history of the question of income is presented in the case of *Commissioner v. Kowalski*, 434 U.S. 77 (1977). The case involved a wage earner arguing that his fringe benefits did not constitute income. The court in *Kowalski* stated that section 61 is intended to be an "all-inclusive list, with no exceptions" other than those expressly stated in the code itself. There is no exception in the code for wages or salaries paid to an ordinary citizen in exchange for personal services. Moreover, the *Kowalski* court plainly defined the term "income," stating that it is "any accession to wealth, clearly realized and over which the citizen has complete dominion." How can it be said that ordinary wages and salaries fall outside the sweep of this definition?

The most recent Supreme Court decision on the topic was that of *Cheek v. United States*, 498 U.S. 192 (1991). This case addresses the question squarely, since Cheek was an airline pilot performing services for his employer, American Airlines. Cheek asserted that his wages were not income under the theory in question here. Cheek was prosecuted for tax evasion and failure to file returns. His case landed before the Supreme Court after his conviction. The court ruled not only that wages are taxable income but that such a conclusion is the "application of tax law in its most elementary and basic concept." The court stated that the very idea that wages were not taxable was "silly" and that it was "incomprehensible that a person of reasonable intelligence could assert that wages were not income more than 70 years after the institution of the federal income tax system."

Thousands of people came before Cheek arguing that their wages were not income. Many more have come after him. The law books are loaded with case precedent on the issue. In every case—*without a single exception*—where this issue was presented to a court, the citizen lost the legal issue. Most promoters, including Schiff, claim that if a person sends the IRS a recommended letter or undertakes a suggested strategy in response to a potential but unlikely challenge, the agency will just go away. This is both untrue and horrifically naive. The IRS does everything *but* go away in these cases *because it never loses them*.

Irwin Schiff, the self-styled father of the tax protester movement, knows this first hand, yet he continues to suggest that people will not get into trouble following his plan. Schiff was personally convicted and did three separate stints in a federal prison and lost before the Tax Court on the income tax aspects of his claims. Please read the cases of *United States v. Schiff*, 780 F. 2d 210 (2nd Cir. 1986); *United States v. Schiff*, 801 F.2d 108 (2nd Cir. 1986); *United States v. Schiff*, 876 F.2d 272 (2nd Cir. 1989); *United States v. Schiff*, 919 F.2d 830 (2nd Cir. 1990); *Schiff v. Commissioner*, 751 F.2d 115 (2nd Cir. 1985); and *Schiff v. Commissioner*, 47 TCM 1706 (US Tax Court 1984) (the last two decisions address the pure income tax aspects of Schiff's arguments).

Other cases that have rejected this argument, include:

*Hyslep v. United States*, 765 F.2d 1083, (11th Cir. 1985)

*Lovell v. United States*, 755 F.2d 517 (7th Cir. 1984)

*United States v. Aitken*, 755 F.2d 188 (1st Cir. 1984)

*Wilcox v. Commissioner*, 848 F.2d 1007 (9th Cir. 1988)

*Sullivan v. United States*, 788 F.2d 813 (1st Cir. 1986)

*Casper v. Commissioner*, 805 F.2d 902 (10th Cir. 1986)

This list is by no means exhaustive. If it were, I would have to list literally hundreds of cases. Suffice it to say that every federal court, up to and including the Supreme Court, has heard and rejected this argument. In fact, the courts have grown so weary of hearing this argument that they have turned to imposing sanctions—excessive fees and costs—against those making the argument. Schiff himself was hit with double fees and costs for presenting the argument a second time after the court initially rejected it as frivolous. See *United States v. Schiff*, 919 F.2d 830 (2nd Cir. 1990).

In the case of *Connor v. Commissioner*, 770 F.2d 17 (2nd Cir. 1985), the Second Circuit affirmed the Tax Court's judgment holding Connor liable for a \$5,000 sanction assessed under code section 6673. That section allows the Tax Court to assess sanctions (in addition to the tax and regular penalties) of up to \$25,000 when it is shown that "the taxpayer's position in such proceeding is frivolous or groundless." The *Connor* court stated that "the argument that [wages] are not [income] has been rejected so frequently that the very raising of it justifies the imposition of the sanction."

The suggestion that the IRS just turns a blind eye to this argument if one follows the suggestions of the promoter is either an outright lie or a product of manifest naiveté. Not only does the IRS not ignore these cases but it pursues them with all the legal enforcement tools at its disposal. Consider the case of *United States v. Rowlee*, 988 F.2d 1275 (2nd Cir. 1990), where a citizen was prosecuted and convicted for tax fraud and evasion, including conspiracy to defraud the United States. Likewise, *United States v. Burdett*, 962 F.2d 228 (2nd Cir. 1992), involves a man prosecuted for tax evasion. In that case, Burdett defended himself unsuccessfully upon the ground that he relied upon Schiff's book as the basis of his philosophy. *United States v. Bonneau*, 970 F.2d 929 (1st Cir. 1992), is similar. A citizen argued these issues and ended up convicted of tax evasion.

Civil law enforcement tools allow the IRS to assess taxes without regard to the claims in a return or in the absence of a return. Code section 6020. The law also allows civil penalties for failure to file a return or for filing a false or fraudulent return. Code sections 6651 and 6662. There are also penalties for underpaying estimated taxes. Code section 6654. To top it off, interest is assessed on the entirety of the tax and penalties. Code section 6621. In fact, when the act is said to be a "tax motivated" stance, that is, one having only to do with tax considerations and no bona fide business elements, interest is assessed at the rate of 120 percent the normal rate. This has the combined effect of increasing the tax assessment by eight to ten times what it normally would be if one followed the proper procedures.

To suggest the IRS has no enforcement tools or it will simply go away is dangerously childish. In *United States v. Gardell*, 94 TNT 101-22 (1st Cir. 1994), the court enforced the IRS' summons power over Gardell's wages v. income argument. The summons, issued under code section 7602 and enforced under code section 7604, allows IRS access to all third-party information from sources such as banks, employers, lenders, etc. Gardell's banks were forced to release all his financial information to the IRS so the agency could assess and collect taxes against him.

After determining and assessing one's liability for tax, the IRS has the authority to enforce collection with tax liens against and seizure of all one's "property and rights to property." Code sections 6321 and 6331. In the case of *In re Haggert*, 93 TNT 27-20 (1st Cir. 1992), the court specifically rejected Haggert's "well-worn tax protester arguments" suggesting his wages were not income. The court allowed the IRS to enter Haggert's property for the purpose seizing the items found to satisfy his debt.

## **Filing Tax Returns is Voluntary--No Law Requires One to File**

One common untax scheme claims there is no law requiring you to file tax returns or pay income taxes. The argument contends that filing income tax returns and paying taxes is entirely voluntary. To support the claim, promoters point to selected statements of current or former IRS Commissioners. The statements are usually found in the introduction to tax return instruction packages. The statements usually declare that our tax system is "based upon voluntary compliance."

In this context, does the use of the term "voluntary" mean you have the option of either paying or not paying your taxes? What do you think the IRS would say if you asked this question? The answer lies in IRS Publication 7285, *Income Tax Compliance Research*, at page 1. There we see the IRS' definition of "voluntary compliance." It is said to be the payment of taxes "without actual enforcement action, such as examination, collection or criminal investigation."

It is clear from this that the act of filing a return and paying taxes is voluntary only in the sense that nobody holds a gun to your head to force the act. However, the law provides serious civil and criminal penalties should you fail to act when required. And as the IRS' definition clearly states, if you do not file "voluntarily," the agency will resort to enforcement action to force you to. The phrase "enforcement action" implies the power to lien, levy and seize property. It also implies the power to audit returns and assess additional taxes. Finally, it implies the power to criminally prosecute and imprison those who willfully fail to comply with the law.

The claim that tax return filing is voluntary is not new. The first time I saw the argument presented as a legal defense to paying income taxes was in Irwin Schiff's book, mentioned above. Schiff contends that filing a tax return is a violation of the Fifth Amendment. He contends that because the IRS can and often does use your tax return information against you for civil and criminal purposes, filing a return cannot legally be compelled. Schiff contends that because you cannot be compelled to waive your Fifth Amendment right against self-incrimination, you cannot therefore be compelled to file a tax return.

Schiff concludes that filing a return must therefore be entirely voluntary. He claims that the IRS uses a vast system of bluff and intimidation to make Americans believe they are required to file when in fact they are not. Schiff also claims that if you elect not to file a return, the IRS is powerless to do anything about it. Schiff presents carefully excised portions of the tax code to support his proposition. He makes his case using carefully crafted sections of the code and equally selective passages from various court decisions. To the legally untrained or inexperienced, Schiff's position seems not only sound but incontrovertible.

Years ago, Schiff offered a substantial reward to anyone who could show him any law that required the filing of a tax return. His challenge was publicized on radio in every city. I took him up on it. In a letter to Schiff in about 1984, I detailed the statutory scheme requiring the filing of a return and payment of taxes. My letter explained the tax code is an intentionally complex compilation of statutes that must be read together, not individually. Only in rare instances can a particular code section stand alone. When considering whether one must file a return and pay taxes, a series of code sections must be read together. Let me illustrate.

Code sections 6011 and 6012 establish the requirement to file a return by any person who receives sufficient income. The term "income" is defined in code sections 61, 62 and 63. The tax liability itself is imposed under code section 1. That section specifies the amount of tax based on your filing status and income brackets. The tax liability is "imposed upon the taxable income" of each person within the specified categories. See code section 1.

Let us now address more clearly the "voluntary" nature of the matter. Code section 6651 establishes a civil penalty of up to 75 percent of the tax due, for failure to file a required



return in a timely manner. In addition, code sections 6653 and 6661 (other sections may apply depending upon the time period involved) impose civil penalties for failure to pay on time and failure to pay the correct amount of tax. The penalties are based upon a percentage of the tax due. They increase as the underpayment increases.

Criminal sanctions for failure to file a return or pay the tax are found in code section 7203. That provision makes it a criminal misdemeanor for any person to willfully fail to file any return required by law or fail to pay any tax due. Upon conviction, you could be fined up to \$25,000 or imprisoned for up to one year. Section 7201 is the felony "tax evasion" statute. It provides a penalty of up to five years in prison and a \$100,000 fine for willfully attempting to evade or defeat payment of the tax. Without going into detail, the code provides over 150 civil and criminal penalties addressing all imaginable actions and failures to act. The IRS issues some 34 million civil penalties each year and prosecutes about 2,500 citizens for various crimes, including failure to file returns and tax evasion.

In June of 1992, former IRS Commissioner Shirley Peterson testified before Congress concerning the IRS' non-filer program. The program was offered to allow non-filers to obtain forgiveness. (See my book, [How to Get Tax Amnesty](#) for details.) After explaining the program, Commissioner Peterson stated:

But, for those taxpayers who don't accept our encouragement, we will use a more direct approach. For example, during 1993, over 1200 examiners will audit the books and records of non-filers, including high income non-filers. Through coordination between IRS and the Department of Justice, we are also employing criminal sanctions in appropriate cases. About 300 criminal cases involving failure to file tax returns have been brought within the past few months. We expect that this number will increase as we identify more taxpayers who persist in willfully failing to comply with the law.

It is a legal impossibility for any person to be prosecuted, never mind convicted, of failure to file a tax return if the matter were purely voluntary. The reality is, there is nothing voluntary about the filing requirement. As I point out above, specific statutes mandate the filing of returns when income exceeds specified levels. If you fail to file, the IRS is adequately equipped with over 150 civil and criminal penalty provisions to enforce the law.

Please carefully read the case of *Ficalora v. Commissioner*, 751 F.2d 85 (2nd Cir. 1984). That case answers the question once and for all whether filing tax returns is voluntary. Using precisely the argument I outline above as to the code's construction, the Second Circuit Court of Appeals held that section 1 of the code "provides in plain, clear, and precise language that a tax is imposed on the taxable income of every individual." *Ficalora* takes the guesswork out of the voluntary argument.

If you still doubt it, read *United States v. Stafford*, 93-1 USTC 50,235 (5th Cir. 1993). Stafford failed to file returns and was convicted of three counts of felony tax evasion under code section 7201. He was sentenced to three years' probation with six months served in a halfway house. Stafford's claim that filing a return was purely voluntary got him nothing more than a felony conviction.

The Tax Court has ruled literally hundreds of times against this argument. And the court is losing its patience here too. Under the authority of Code section 6673, the Court is fining citizens up to \$10,000, for wasting the Court's time raising arguments that have failed time and again. In various cases, the Court has referred to the "voluntary" argument as frivolous, meritless, groundless and patently ridiculous. Schiff's own litigation history, which I reference above, makes it clear that the "voluntary" argument cannot be successful.

You might ask, "how can Schiff offer a reward if he cannot back up his position?" The answer is simple: he just refuses to pay anybody who claims it. In 1984, Schiff refused to pay me and I know that others have also claimed the reward. For example, Schiff offered his reward in 1983 on a national television broadcast. He said, "If anybody calls this show and cites a section of the code that says an individual is required to file a tax return, I'll pay them \$100,000."

An attorney named John Newman saw the show and the next day, penned a letter to the TV network in which he cited the relevant code sections and claimed Schiff's reward. The network forwarded the letter to Schiff. Schiff said that the claim was invalid because the offer was to anybody who "called the show." Newman did not call the show. He wrote a letter. Newman sued Schiff in federal court to recover the reward. See *Newman v. Schiff*, 778 F.2d 460 (8th Cir. 1985).

In that decision, the court ruled that Newman was not entitled to recover the reward but only because he did not claim it properly. The court pointed out that Schiff was the master of his own offer and since he said that a person must "call the show" to claim the reward, Newman could not recover. As to the merits of Schiff's claim, the court said,

Although Newman has not "won" his lawsuit in the traditional sense of recovering a reward that he sought, he has accomplished an important goal in the public interest of unmasking the "blatant nonsense" dispensed by Schiff. For that he deserves great commendation from the public.

In a radio debate that aired in Los Angeles in February 2000, I confronted Schiff about his offer, reading to the listening public the court decision quoted above. Schiff's response was that he "changed his offer." Schiff began advising people to file so-called "zero" returns. That is, a return that shows zero income. He argues that by filing a return, the IRS cannot charge

you with failure to file. What he doesn't say is that by claiming you earned zero income, you can be prosecuted for filing a false statement with the IRS, which is a felony. Failure to file is only misdemeanor.

In the best-case scenario, Schiff followers are routinely hit with the penalty for filing a "frivolous tax return," under code section 6702. See *Blanchard v. United States*, Docket No. CV-S-01-1083-KJD (RJJ) (D.C. Nev. 2002); *Lemieux v. United States*, Docket No. CV-S-02-0274-RLH (PAL) (D.C. Nev. 2002); and *Hoffman v. United States*, Docket No. C02-5023RJB (D.C. Wash. 2002).

You should also know that on February 10, 2003, fifteen armed IRS investigators showed up at Schiff's Las Vegas office with a search warrant. Several hours later, the agent's drove off with a moving van loaded with dozens of boxes constituting the entire contents of Schiff's office. It is undeniable that Schiff will be charged yet again with a wide variety of tax law violations. The government is also pursuing civil action against Schiff to prevent the sale of his tax scam plans.

And most notably, on March 12, 2003, Schiff was sued by the United States in a case that can only be considered the last straw for him. The suit is brought under code section 7408, which authorizes federal courts to enjoin promoters from marketing an "abusive tax shelters," defined as a "plan or arrangement" known by the promoter to be "false or fraudulent" in any material way. Code section 6700. Already, the court issued a temporary restraining order preventing the promotion and sale of Schiff's materials. The case is *United States v. Schiff*, Docket No. CV-S-03-0281-LDG-RJJ (D.C. Nev. 2003).

### **The Tax Laws do not Apply to "Sovereign Citizens"**

Another argument suggests that an unincorporated person living in a state other than the District of Columbia is not a citizen of the United States and therefore, is not subject to the federal income tax. This conclusion is drawn from code section 7701, which provides an extensive list of the definitions of terms used in the code. Subsections 7701(a)(9) and (10) define the terms "United States" and "State." Those subsections provide that the term United States "includes the States and the District of Columbia" (subs. 9) and the term state "includes the District of Columbia" (subs. 10). On the basis of this language, many promoters conclude that the word "state" in the tax code means *only* just the District of Columbia, and nothing else.

However, this myopic reading is expressly contrary to the language of section 7701(c). There it states the following:

(c) Includes and including

The terms "includes" and "including" when used in a definition contained in this title shall not be deemed to exclude other things otherwise within the meaning of the term defined.

It is argued that the definition of the terms "United States" and "State" is limited. In fact, however, code section 7701(c) expands the definition. That is to say, when section 7701(a)(10) provides that the definition of a "state" includes the District of Columbia, section 7701(c) teaches that such definition is not limited to DC, but includes "other things otherwise within the meaning of the term defined," such as the states of Florida, Minnesota, California, etc. It is flatly unreasonable to hold that because the District of Columbia is the only jurisdiction specifically named in the statute, everything else is thereby excluded from the definition.

Unlike the wages v. income argument, which is at least grounded in some element of truth (Corporation Excise Tax Act of 1909 did provide the starting point for determining the definition of income), the sovereignty/citizenship argument is simply nonsense. There is no legal basis for it. The claims with respect to it are simply figments of the imagination of those asserting it.

These claims have circulated in the tax protester movement for years. The first place I saw them was in a 1992 book, written under a pseudonym, entitled *Good-Bye April 15th!*, by "Boston T. Party." Later it surfaced in a pamphlet written in 1994, entitled "Sui Juris," by Nord Davis. (Sui Juris is defined by Black's as "possessing full social and civil rights; not under any legal disability;" i.e., a "freeman.") This same theory also appears in a 1994 book entitled, *Vultures in Eagle's Clothing*, by Lynne Meredith.

"Party," Davis and Meredith all put their individual twists on the argument. Davis claims the argument came to him some twenty years earlier, presented by a mystery IRS agent named "Lucy" who retired from the IRS and decided to "tell all." (Why she went to Davis with the story and not 60 Minutes is not explained.) But, she swore Davis to secrecy until her death, at which time he was free of the bond. She allegedly died in 1994 and Davis promptly published "Sui Juris," telling Lucy's "story."

The same kind of mystery IRS story appears in material published by Sleeping Eagle Press, in two books entitled, *Organic Sovereign American Freedom Compendium*. In a section called "The IRS Pink Pages," we find what purports to be an IRS document exclaiming that wages are not taxable income and that IRS employees know this and themselves do not file tax returns or pay taxes on wages. The source of this memo is not given nor is it reproduced in its allegedly original form. It purports to be a statement law to aid the defense of the agents' tax exempt status.