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# United States Senate

WASHINGTON, DC 20510-3405

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Luther Lerfald  
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Hatton, ND 58240

Dear Luther:

Thank you for contacting me about the truth and taxation learning seminar conducted in February by the We the People Foundation for Constitutional Education.

I understand your concern about the federal government's authority to levy income taxes on individuals. I've heard from other North Dakotans who have raised similar concerns about the federal income tax. This issue has been debated by many groups, including the We the People Foundation. I have passed along these comments to officials at the IRS and the DoJ.

Additionally, I have included a brochure from the IRS that explains why individuals must pay income tax and dispels common arguments used against paying taxes. I hope this information is helpful to you.

Sincerely,



Byron L. Dorgan  
U.S. Senator

BLD:jgl  
Enclosure

*What*

about those who

believe they don't have

to pay taxes?

There have always been individuals who, for a variety of reasons, argue that various taxes are illegal. They use false, misleading, or unorthodox tax advice to gain followers. The courts have repeatedly rejected their arguments as frivolous, and now routinely impose financial penalties for raising such meritless defenses.

The promoters of this tax advice often charge hefty fees or commissions to subscribe to their philosophies. Unfortunately, in the end, you may pay more in penalties, interest, and legal fees for following their bad advice. Their philosophies have led to the financial ruin of innocent taxpayers deceived by false information. Believe it or not — a number of individuals who market these ideas actually pay taxes.

he IRS  
has focused its efforts  
against willful  
nonfilers and noncompliance  
schemes by adopting  
a twofold approach:

1.

Assist taxpayers to correct their filing status  
and comply with the tax law.

2.

Vigorously apply both civil and  
criminal sanctions against individuals who  
persist in violating the tax law.

Report suspicious or misleading  
tax information  
to your local IRS office  
or  
Call 1-800-829-0433

Maintaining public confidence in the fairness  
of tax laws is paramount. Recommending  
prosecution of those who willfully violate tax  
laws demonstrates the IRS' commitment to ensuring  
that everyone pays their fair share of taxes



 IRS

Department of the Treasury  
Internal Revenue Service

www.irs.gov

Publication 2105 (Rev. 10-1999)  
Catalog Number 23871N

TAXES

to

do

**The United States Constitution, Article 1,** Section 8, Clause 1, states "The Congress shall have the Power To lay and collect Taxes, Duties, Imposts and Excises to pay the Debts and provide for the common Defense and general Welfare of the United States."

**The Sixteenth Amendment to the Constitution,** ratified on February 3, 1913, states, "The Congress shall have the power to lay and collect taxes on income, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration."

**Congress** used the power granted by the Constitution and Sixteenth Amendment and made laws requiring all individuals to pay tax.

**Congress** has delegated to the IRS the responsibility of administering and enforcing these laws known as the Internal Revenue Code. Congress enacts the tax laws, IRS enforces them.

**Courts** have historically held there are no Constitutional or legal grounds for failure to file tax returns and failure to pay taxes.

**The term voluntary compliance** means that each of us is responsible for filing a tax return when required and for determining and paying the correct amount of tax.

**Failing to file** required returns and failing to pay taxes may result in criminal prosecution and/or civil penalties.

**While taxpayers have the right to contest** their tax liabilities in the courts, taxpayers do not have the right to violate and disobey tax laws.

## Commonly Used Frivolous Arguments:

Unscrupulous individuals and promoters advocating willful noncompliance with the tax laws have used a variety of false or misleading arguments for not paying taxes. Here are some of the most common arguments

▶ **Constitutional Argument:** Filing a Form 1040 violates the Fifth Amendment right against self-incrimination or the Fourth Amendment right to privacy.

**The Truth:** The courts have consistently held that disclosure of the type of routine financial information required on a tax return does not incriminate an individual or violate the right to privacy.

▶ **Religious Arguments:** Use the freedom of religion clause of the First Amendment by taking a vow of poverty or fraudulently claiming charitable contributions of 50% or more of your adjusted gross income.

**The Truth:** Claiming a vow of poverty or claiming fraudulent charitable contributions to a church for money which is ultimately used to pay personal expenses is not legal.

▶ **Internal Revenue Code (IRC) Arguments:**

- (1) The filing and paying of tax is voluntary.
- (2) The Internal Revenue Code doesn't apply to me because I am not a government employee nor I am a resident of a sovereign state.

**The Truth:** The tax law is found in Title 26 of the United States Code. Section 6012 of the Code makes clear that only individuals whose income falls below a specified level do not have to file returns. While our tax system is based on self-assessment and reporting, compliance with tax laws is mandatory. State citizenship does not negate the applicability of the IRC on individuals working and residing in the United States

▶ **Wages are not Income Arguments:** Labor worth a certain amount is exchanged for money worth the same amount and therefore there is no income to be taxed.

**The Truth:** The arguments that taxes on income derived from property are unconstitutional, or that income is limited to gain or profit, are consistently

dismissed by the courts. Congress has determined (through the IRC), that all income is taxable unless specifically excluded by some part of the Internal Revenue Code.

▶ **Forming a Trust Argument:** Forming a business trust to hold your income and assets will avoid taxes. A family estate trust will allow you to reduce or eliminate your tax liability.

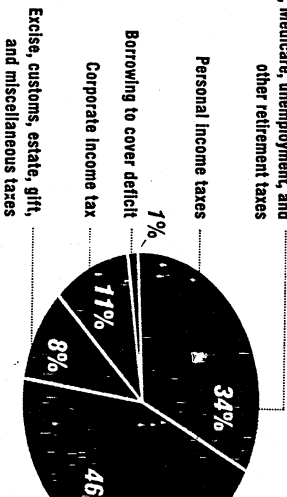
**The Truth:** Establishing a trust, foreign or domestic, for the sole purpose of hiding your income and assets from taxation is illegal and will not absolve you of your tax liability.

How are your tax dollars used to benefit the citizens of the United States? Which of these services have you or your family used lately or will use in the future?

**Income and Outlays:** These charts show the relative size of the major categories of Federal income and outlays for fiscal year 1997.

### Income

Social Security, Medicare, and other retirement taxes



### Outlays

Law enforcement and general government

