

Internal Revenue Laws Were Repealed

By Al Thompson

December 11th, 2003

Background

When Congress passes laws, there is a very specific procedure that they follow. Laws are enacted by either a Bill or a Resolution that may originate in the House or the Senate. "A bill that has been agreed to in an identical form by both bodies becomes the law of the land only after: 1. Presidential approval; or 2. failure by the President to return it with objections to the House in which it originated within 10 days, (Sundays excepted) while Congress is in session; or 3. the overriding of a presidential veto by two-thirds vote in each House."

For a full explanation see

<http://thomas.loc.gov/home/lawsmade.bysec/formsofaction.html>

Once a bill or resolution is enacted it must be published. "One of the important steps in the enactment of a valid law is the requirement that it shall be made known to the people who are bound by it." This makes sense, since the people must have a place to refer to, in order to find out what their obligations are, if any, to the Government.

When the bills and resolutions are enacted, they are first published as a "slip law", which means they are published in an "unbound pamphlet."

These slip laws become "competent evidence" in all federal and state courts, tribunals, and public offices.

They then become published in the United States Statutes at Large, and these are "legal evidence" of the laws, and are accepted as proof of the laws in any court in the United States.

For a full explanation see:

<http://Thomas.loc.gov/home/lawsmade.bysec/publication.html>

The statutes are then codified by the Law Revision Counsel of the House of Representatives. The codes become "prima facie" evidence of the law, and they stand as law, unless rebutted or challenged. However, the codes are not law, but simply prima facie (on its face) evidence of the law. This kind of evidence should be rebutted or challenged, especially when dealing with any alleged internal revenue code.

However, when communicating with the Internal Revenue Service, literally thousands upon thousands of people have been asking the simple question, "Show me the law", and have been stonewalled by that agency without any apparent recourse. People have been thrown in prison for violating a "law" that hasn't been disclosed when demanded.

Why does this happen? It would seem to be obvious, that the Government would put forth the law when requested. Why don't they do it? I submit that the reason is these laws simply do not exist because they were repealed in 1939. Yes, that is correct; the internal revenue laws were repealed in that year.

It Happened February 10th, 1939.

Look at **Exhibit A**, it is a copy of the INTERNAL REVENUE CODE February 10th, 1939 [H. R. 2762] [Public, No 1] Chapter 2 at Section 4. it says the following: "...all such laws and parts of laws codified herein, to the extent they relate exclusively to internal revenue, are repealed, effective, except as provided in Sec. 5."

Section 5 "Continuance of Existing Law Any provision of law in force on the 2nd day of January 1939 corresponding to a provision contained in the Internal Revenue Title shall remain in force until the corresponding provision under such Title takes effect."

What just happened? It appears that indeed, the internal revenue laws were repealed and saved in the Internal Revenue Title for use to preserve the rights and liabilities that occurred when these internal revenue laws were in effect. But since they were repealed, they no longer applied, after the date of enactment, to anyone unless the liability occurred before the enactment of this statute. In other words, they were moved to the Internal Revenue Title for savings or archive purposes, and that they only applied to those who incurred a liability before the date of enactment. The Internal Revenue Title thus contained repealed law.

Now look at **Exhibit B**, which is Public Law 591-Chapter 736, approved August 16th, 1954, H.R. 8300 which is called Internal Revenue Code of 1954. On the eleventh line down it states, "To revise the internal revenue laws of the United States." What laws? The laws in the Internal Revenue Title were repealed laws. So what did they revise? They revised nothing. They did indeed give the perception that these laws were being enacted, however, it would be a legislative impossibility given the normal procedures Congress uses to enact laws. Remember, Congress enacts laws, they do not enact Codes. Codes are written by codifiers, and they are an index to make it easier and more orderly to find the law.

As I understand this, Congress can only revise codes, but they amend statutes and statutes are the publication of the laws. So it appears to be what some call a "legislative orphan." It didn't follow the normal process Congress uses to enact laws. We can only surmise that Congress pulled a fast one and made it appear that the internal revenue laws were "revised", when the truth of the matter is that they attempted to "enact" a statute based upon repealed law. The lawmaking process does not work that way. Congress cannot amend repealed laws; they would have to enact new ones.

If the internal revenue laws were repealed, and that appears to be the fact, what does this mean? Did Congress do this on purpose? Or did it happen over a period of time between 1939 and 1954. What did they know, and when did they know it? We may never be able to answer that question, but we do know that they did it, and the law still stands today.

Many in the "tax honesty" movement have been saying over and over again, "Show me the law..." and the government remains silent. The more complete question is: Show me the law that makes me liable for the tax. And again, the government remains silent. It is because there is no law, and the government knows it. If they actually pointed to a purported liability, it would be a gross error, or worse, a complete lie.

I've had two occasions myself and I asked the question to IRS officials, "Please tell me what statute, code, or regulation that makes me liable for the tax, and I got nothing but silence. One IRS appeals officer told me, "I don't have to answer that, that's compelled testimony."

Therefore, since the internal revenue laws were repealed, what is the purpose in studying the codes? Nothing. Why study codes that are not supported by law? It doesn't make any sense. It appears that the process of studying codes occurs because people think that they are law, but the reality is that they may or may not be an accurate representation of law. One should always demand the underlying statute before answering any complaint or charge. Remember, the "slip laws" are competent evidence, the statutes are legal evidence, and the codes are prima facie evidence of the law. If someone is dealing with an IRS issue, I would most certainly demand to see the slip laws along with the statutes.

In fact, the Department of Justice states the following: "The text of all statutes alleged to have been violated, including the penalty provision, and the pertinent statute of limitations should be typed out in full either in the body of the prosecutor's affidavit or as exhibits to the prosecutor's affidavit. If attached as an exhibit, each statute should be typed on a separate page. If the text of the pertinent statute is unusually long or convoluted, contact the Office of International Affairs regarding the possibility of reduction. It is usually not necessary to also include the applicable provisions of the Sentencing Guidelines."

http://www.usdoj.gov/usao/eousa/foia_reading_room/usam/title9/crm00607.htm

In almost every instance I have seen in income or employment tax cases, there is no lawful affidavit sworn by a competent witness and there is no statute included in any charge/claim. Many people have been put in jail, based upon unsworn charges with no statutes.

Therefore, it is essential that the statutes be included in any kind of charge, and this is something that overlooked in the cases I've seen. Why? In the case of the internal revenue laws, it appears they were repealed in 1939 and no new internal revenue laws were enacted. The government attorneys simply move their process forward because we don't challenge their presentments,

Any charges from the federal government that does not include lawfully enacted statutes are nothing more than merit less, frivolous, charges that are meant to embarrass, oppress, harass, and intimidate the people.

How was this fact pasted over by so many researchers? The power of breaking a belief that one has held most of their life is quite difficult to break.

About two years ago, at a research meeting in Oklahoma, Jack Cohen, from Washington state, pointed out this fact of the 1939 internal revenue laws were repealed. Yes, we've been sitting on this for two years, but we just didn't realize the implications. Jack held up the book to all the researchers. They all looked at it, but then they completely forgot about it and carried on with little discussion. I was there, and since the other researchers didn't have much of an interest, I thought maybe there was not much merit to Jack's statement. But I kept thinking that if what Jack said was true, then we don't have to go through all this other material, if the internal revenue laws were repealed. Why are we studying codes if there is no law? Even now, with the evidence in my hands, it is still hard to believe, but the statutes speak for themselves. It is our knowledge and understanding that seems to be subject to our old ways of thinking.

Therefore, unless we're missing something, it appears that indeed the internal revenue laws were repealed and that may be one of the reasons that the government refuses to "show me the law". There isn't one.

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MORE INTERNAL REVENUE INFO

The last action arising under the laws codified in the Code of 1939 was finalized some time after 1960 and before 1966. West's Code Annotated included the 1939 Code in its 1955 edition, and provided Pocket Parts until 1960. The 1939 Code was not included in the 1966 edition. Congress has never enacted any new internal revenue laws since 1939. So the alleged Code of 1954 is not a "code of laws". Its provisions have no statutory foundation. It is, at best, a code of municipal ordinances.

Also note:

Treasury Order (TO) 150-01 created 33 Districts and 4 Regional offices under the Commissioner of Internal Revenue. TO 150-02, which cancelled 150-01, legally closed all 37 offices created by TO 150-01

Therefore, The Commissioner is not authorized to collect taxes, but if he were, it would only be in the District of Columbia.

4 USC 72 says that all offices attached to the seat of the government are to be exercised in the District of Columbia, and not elsewhere, except as expressly provided by law. The Secretary's office is attached to the seat of the government, and so is the Commissioner's. No law provides authority for the Commissioner to operate outside the District, so his activities and functions are limited to that area. No Delegation Order authorizes him to collect taxes, so anyone under his supervision is likewise limited.

The Secretary has not delegated the "authority to levy" to the Commissioner, or the "authority to file lien claims." The Secretary has delegated all authority to "enforce" the "internal revenue laws" to the Director of the Bureau of Alcohol, Tobacco, Firearms, and Explosives.

Also, keep in mind that the word "Internal" is used for a purpose. The word having the opposite meaning is "external." We know the INTERNAL REVENUE CODE and the Internal Revenue Laws were not created for those who are external, or outside government. Therefore, we can conclude that it was created for "internal" purposes, to collect from those who receive a benefit from within the government structure. It is a tax to be collected from those who are employed by it, who are now re-"venued". Their venue has changed from state to federal. Working within government is a benefit and or privilege that can be or is taxable. Something like a kickback.

INTERNAL REVENUE CODE

Intended to Include All General and Permanent Laws of the United States and Parts of Such Laws, Relating Exclusively to Internal Revenue, in Force on January 2, 1939, and All Internal Revenue Laws Relating to Temporary Internal Revenue Taxes the Occasion for Which Arises After the Effective Date of the Code

FIRST SESSION OF THE SEVENTY-SIXTH CONGRESS
OF THE
UNITED STATES OF AMERICA

AN ACT

To consolidate and codify the internal revenue laws of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the laws of the United States hereinafter codified and set forth as a part of this act under the heading "Internal Revenue Title" are hereby enacted into law.

SEC. 2. CITATION.—This act and the internal revenue title incorporated herein shall be known as the Internal Revenue Code and may be cited as "I. R. C."

SEC. 3. EFFECTIVE DATE.—Except as otherwise provided herein, this act shall take effect on the day following the date of its enactment.

SEC. 4. REPEAL AND SAVINGS PROVISIONS.—(a) The Internal Revenue Title, as hereinafter set forth, is intended to include all general laws of the United States and parts of such laws, relating exclusively to internal revenue, in force on the 2d day of January 1939 (1) of a permanent nature and (2) of a temporary nature if embraced in said Internal Revenue Title. In furtherance of that purpose, all such laws and parts of laws codified herein, to the extent they relate exclusively to internal revenue, are repealed, effective, except as provided in section 5, on the day following the date of the enactment of this act.

(b) Such repeal shall not affect any act done or any right accruing or accrued, or any suit or proceeding had or commenced in any civil cause before the said repeal, but all rights and liabilities under said acts shall continue, and may be enforced in the same manner, as if said repeal had not been made; nor shall any office, position, employment, board, or committee, be abolished by such repeal, but the same shall continue under the pertinent provisions of the Internal Revenue Title.

(c) All offenses committed, and all penalties or forfeitures incurred under any statute hereby repealed, may be prosecuted and punished in the same manner and with the same effect as if this act had not been passed.

(d) All acts of limitation, whether applicable to civil causes and proceedings, or to the prosecution of offenses, or for the recovery of penalties or forfeitures, hereby repealed shall not be affected thereby, but all suits, proceedings, or prosecutions, whether civil or criminal, for causes arising, or acts done or committed, prior to said repeal, may be commenced and prosecuted within the same time as if this act had not been passed.

(e) The authority vested in the President of the United States, or in any officer or officers of the Treasury Department, by the law as it existed immediately prior to the enactment of this act, hereafter to give publicity to tax returns required under any internal revenue law in force immediately prior to the enactment of this act or any information therein contained, and to furnish copies thereof and to prescribe the terms and conditions upon which such publicity may be given or such copies furnished, and to make rules and regulations with respect to such publicity, is hereby preserved. And the provisions of law authorizing such publicity and prescribing the terms, conditions, limitations, and restrictions upon such publicity and upon the use of the information gained through such publicity and the provisions of law prescribing penalties for unlawful publicity of such returns and for unlawful use of such information are hereby preserved and continued in full force and effect.

SEC. 5. CONTINUANCE OF EXISTING LAW.—Any provision of law in force on the 2d day of January 1939 corresponding to a provision contained in the Internal Revenue Title shall remain in force until the corresponding provision under such Title takes effect.

SEC. 6. ARRANGEMENT, CLASSIFICATION, AND CROSS REFERENCES.—The arrangement and classification of the several provisions of the Internal Revenue Title have been made for the purpose of a more convenient and orderly arrangement of the same, and, therefore, no inference, implication or presumption of legislative construction shall be drawn or made by reason of the location or grouping of any particular section or provision or portion thereof, nor shall any outline, analysis, cross reference, or descriptive matter relating to the contents of said Title be given any legal effect.

SEC. 7. EFFECT UPON SUBSEQUENT LEGISLATION.—The enactment of this act shall not repeal nor affect any act of Congress passed since the 2d day of January 1939, and all acts passed since that date shall have full effect as if passed after the enactment of this act; but, so far as such acts vary from, or conflict with, any provision contained in this act, they are to have effect as subsequent statutes, and as repealing any portion of this act inconsistent therewith.

SEC. 8. COPIES AS EVIDENCE OF ORIGINAL.—Copies of this act printed at the Government Printing Office and bearing its imprint shall be conclusive evidence of the original Internal Revenue Code in the custody of the Secretary of State.

SEC. 9. PUBLICATION.—The said Internal Revenue Code shall be published as a separate part of a volume of the United States Statutes at Large, with an appendix and index, but without marginal references; the date of enactment, bill number, public and chapter number shall be printed as a headnote.

SEC. 10. INTERNAL REVENUE TITLE.—The Internal Revenue Title, heretofore referred to, and hereby and herein enacted into law, is as follows:

INTERNAL REVENUE TITLE

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Exhibit B

PUBLIC LAW 591 - CHAPTER 736

APPROVED AUGUST 16, 1954, 9:45 a. m., E. D. T.

H. R. 8300

Internal Revenue Code of 1954

ENACTED DURING THE

SECOND SESSION OF THE EIGHTY-THIRD CONGRESS

OF THE UNITED STATES OF AMERICA

Begun and held at the City of Washington on Wednesday, January 6, 1954.

An Act

To revise the internal revenue laws of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) CITATION.—

(1) The provisions of this Act set forth under the heading "Internal Revenue Title" may be cited as the "Internal Revenue Code of 1954".

(2) The Internal Revenue Code enacted on February 10, 1939, as amended, may be cited as the "Internal Revenue Code of 1939".

(b) PUBLICATION.—This Act shall be published as volume 68A of the United States Statutes at Large, with a comprehensive table of contents and an appendix ; but without an index or marginal references. The date of enactment, bill number, public law number, and chapter number, shall be printed as a headnote.

(c) CROSS REFERENCE.—For saving provisions, effective date provisions, and other related provisions, see chapter 80 (sec. 7801 and following) of the Internal Revenue Code of 1954.

(d) ENACTMENT OF INTERNAL REVENUE TITLE INTO LAW.—The Internal Revenue Title referred to in subsection (a)(1) is as follows:

CH. 1—NORMAL TAXES AND SURTAXES 275

Subchapter N—Tax Based on Income From Sources Within or Without the United States

Part I. Determination of sources of income.

Part II. Nonresident aliens and foreign corporations.

Part III. Income from sources without the United States.

PART I—DETERMINATION OF SOURCES OF INCOME

Sec. 861. Income from sources within the United States.

Sec. 862. Income from sources without the United States.

Sec. 863. Items not specified in section 861 or 862.

Sec. 864. Definitions.

SEC. 861. INCOME FROM SOURCES WITHIN THE UNITED STATES.

(a) **GROSS INCOME FROM SOURCES WITHIN UNITED STATES.**—The following items of gross income shall be treated as income from sources within the United States:

(1) **INTEREST.**—Interest from the United States, any Territory, any political subdivision of a Territory, or the District of Columbia, and interest on bonds, notes, or other interest-bearing obligations of residents, corporate or otherwise, not including—

(A) interest on deposits with persons carrying on the banking business paid to persons not engaged in business within the United States,

(B) interest received from a resident alien individual, a resident foreign corporation, or a domestic corporation, when it is shown to the satisfaction of the Secretary or his delegate that less than 20 percent of the gross income of such resident payor or domestic corporation has been derived from sources within the United States, as determined under the provisions of this part, for the 3-year period ending with the close of the taxable year of such payor preceding the payment of such interest, or for such part of such period as may be applicable, and

(C) income derived by a foreign central bank of issue from bankers' acceptances.

(2) **DIVIDENDS.**—The amount received as dividends—

(A) from a domestic corporation other than a corporation entitled to the benefits of section 931, and other than a corporation less than 20 percent of whose gross income is shown to the satisfaction of the Secretary or his delegate to have been derived from sources within the United States, as determined under the provisions of this part, for the 3-year period ending with the close of the taxable year of such corporation preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence), or

(B) from a foreign corporation unless less than 50 percent of the gross income of such foreign corporation for the 3-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources

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within the United States as determined under the provisions of this part; but only in an amount which bears the same ratio to such dividends as the gross income of the corporation for such period derived from sources within the United States bears to its gross income from all sources; but dividends from a foreign corporation shall, for purposes of subpart A of part III (relating to foreign tax credit), be treated as income from sources without the United States to the extent exceeding the amount of the deduction allowable under section 245 in respect of such dividends.

(3) **PERSONAL SERVICES.**—Compensation for labor or personal services performed in the United States; except that compensation for labor or services performed in the United States shall not be deemed to be income from sources within the United States if—

(A) the labor or services are performed by a nonresident alien individual temporarily present in the United States for a period or periods not exceeding a total of 90 days during the taxable year,

(B) such compensation does not exceed \$3,000 in the aggregate, and

(C) the compensation is for labor or services performed as an employee of or under a contract with—

(i) a nonresident alien, foreign partnership, or foreign corporation, not engaged in trade or business within the United States, or

(ii) a domestic corporation, if such labor or services are performed for an office or place of business maintained in a foreign country or in a possession of the United States by such corporation.

(4) **RENTALS AND ROYALTIES.**—Rentals or royalties from property located in the United States or from any interest in such property, including rentals or royalties for the use of or for the privilege of using in the United States patents, copyrights, secret processes and formulas, good will, trade-marks, trade brands, franchises, and other like property.

(5) **SALE OF REAL PROPERTY.**—Gains, profits, and income from the sale of real property located in the United States.

(6) **SALE OF PERSONAL PROPERTY.**—Gains, profits, and income derived from the purchase of personal property without the United States (other than within a possession of the United States) and its sale within the United States.

(b) **TAXABLE INCOME FROM SOURCES WITHIN UNITED STATES.**— From the items of gross income specified in subsection (a) as being income from sources within the United States there shall be deducted the expenses, losses, and other deductions properly apportioned or allocated thereto and a ratable part of any expenses, losses, or other deductions which cannot definitely be allocated to some item or class of gross income. The remainder, if any, shall be included in full as taxable income from sources within the United States.

SEC. 862. INCOME FROM SOURCES WITHOUT THE UNITED STATES.

(a) **GROSS INCOME FROM SOURCES WITHOUT UNITED STATES.**—The following items of gross income shall be treated as income from sources without the United States:

(1) interest other than that derived from sources within the United States as provided in section 861 (a) (1);

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(2) dividends other than those derived from sources within the United States as provided in section 861 (a) (2);

(3) compensation for labor or personal services performed without the United States;

(4) rentals or royalties from property located without the United States or from any interest in such property, including rentals or royalties for the use of or for the privilege of using without the United States patents, copyrights, secret processes and formulas, good will, trade-marks, trade brands, franchises, and other like properties;

(5) gains, profits, and income from the sale of real property located without the United States; and

(6) gains, profits, and income derived from the purchase of personal property within the United States and its sale without the United States.

(b) **TAXABLE INCOME FROM SOURCES WITHOUT UNITED STATES.**— From the items of gross income specified in subsection (a) there shall be deducted the expenses, losses, and other deductions properly apportioned or allocated thereto, and a ratable part of any expenses, losses, or other deductions which cannot definitely be allocated to some item or class of gross income. The remainder, if any, shall be treated in full as taxable income from sources without the United States.

SEC. 863. ITEMS NOT SPECIFIED IN SECTION 861 OR 862.

(a) **ALLOCATION UNDER REGULATIONS.**—Items of gross income, expenses, losses, and deductions, other than those specified in sections 861 (a) and 862 (a), shall be allocated or apportioned to sources within or without the United States, under regulations prescribed by the Secretary or his delegate. Where items of gross income are separately allocated to sources within the United States, there shall be deducted (for the purpose of computing the taxable income therefrom) the expenses, losses, and other deductions properly apportioned or allocated thereto and a ratable part of other expenses, losses, or other deductions which cannot definitely be allocated to some item or class of gross income. The remainder, if any, shall be included in full as taxable income from sources within the United States.

(b) **INCOME PARTLY FROM WITHIN AND PARTLY FROM WITHOUT THE UNITED STATES.**—In the case of gross income derived from sources partly within and partly without the United States, the taxable income may first be computed by deducting the expenses, losses, or other deductions apportioned or allocated thereto and a ratable part of any expenses, losses, or other deductions which cannot definitely be allocated to some item or class of gross income; and

the portion of such taxable income attributable to sources within the United States may be determined by processes or formulas of general apportionment prescribed by the Secretary or his delegate. Gains, profits, and income—

(1) from transportation or other services rendered partly within and partly without the United States,

(2) from the sale of personal property produced (in whole or in part) by the taxpayer within and sold without the United States, or produced (in whole or in part) by the taxpayer without and sold within the United States, or

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(3) derived from the purchase of personal property within a possession of the United States and its sale within the United States,

shall be treated as derived partly from sources within and partly from sources without the United States.

SEC. 864. DEFINITIONS.

For purposes of this part, the word "sale" includes "exchange"; the word "sold" includes "exchanged"; and the word "produced" includes "created", "fabricated", "manufactured", "extracted", "processed", "cured", or "aged".