



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

NATIONAL DIRECTOR  
FOR LEGISLATIVE  
AFFAIRS

May 23, 2002

Mr. Gerald Klaas  
5109 Melvin Drive  
Carmichael, CA 95608

Dear Mr. Klaas:

Congressman Pombo asked that I respond to your letter of February 23, 2002, about the 299 questions submitted by Bob Schulz and the *We the People Foundation for Constitutional Education, Inc.*

I apologize for the delay in responding. I understand the Department of Justice responded to a letter from Congressman Roscoe G. Bartlett that enclosed a packet of the 299 questions, and we fully concur in the response that they provided to Congressman Bartlett.

Since shortly after the enactment of the federal income tax in 1913, some individuals and groups have encouraged others not to comply with the tax law. Using a variety of arguments, unsuccessful challenges have been made about the applicability of the tax laws. There have been assertions that the 16<sup>th</sup> Amendment was not properly ratified; the tax law is unconstitutional; and the income tax only applies to certain individuals, or violates one or more constitutional rights.

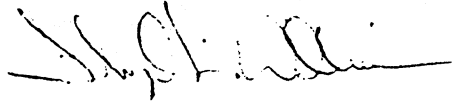
Some individuals falsely claim that, pursuant to Section 861 of the Internal Revenue Code, Americans are exempt from taxation on income earned within the United States. They argue, instead, that federal income taxes are excise taxes imposed only on nonresident aliens and foreign corporations for the privilege of receiving income from sources within the United States.

Identifying and combating actively promoted tax schemes is our highest compliance priority. One reason is the money lost to the Treasury, which is clearly substantial. However, more important, is that these promoted schemes are unfair and corrosive to the health of our tax system. Nothing undermines confidence in the tax system more than the impression that the average, honest taxpayer has to pay his or her taxes while more wealthy or unscrupulous taxpayers are allowed to get away with not paying.

I have enclosed, for your information, a document titled *The Truth About Frivolous Tax Arguments*, prepared by the IRS Office of Chief Counsel. I believe that this document answers most, if not all, of the questions submitted by Mr. Schulz's group.

I hope this information is helpful. Please contact Mary Ann Wells (identification number 50-07749) at (202) 622-4004, if you have questions.

Sincerely,

A handwritten signature in black ink, appearing to read "F. Williams", written over a horizontal line.

Floyd L. Williams

Enclosure



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May 22, 2002

Mr. Todd Sprague  
10782 Basie Way  
Rancho Cordova, CA 95670

Dear Mr. Sprague:

Congressman Pombo asked me to respond to your letter dated January 30, 2002, in which you support Mr. Bob Schulz, of the "We the People Foundation", in his effort to get a public meeting with the IRS to discuss the constitutionality of the Federal tax law.

At the request of Representative Roscoe G. Bartlett, I met with Mr. Schulz, in the U.S. Capitol, on July 19, 2001. At that meeting, I told Mr. Schulz and Mr. Bartlett the IRS has no doubt about the constitutionality of the Federal tax law, and a public debate would serve no purpose. In fact, a public debate has already occurred in Federal courts throughout the United States. The courts have ruled the Federal tax system is constitutional.

The courts have uniformly held all citizens must comply with the requirements to file returns and pay taxes. Fortunately, the vast majority of Americans recognize their civic duty and comply with their tax filing obligation. Taxpayers who fail to file income tax returns and pay taxes are a serious threat to tax administration and the American economy. Their actions undermine public confidence in the IRS's ability to administer the tax laws fairly and effectively.

Since the ratification of the 16<sup>th</sup> Amendment to the Constitution, giving the Congress the power to "lay and collect taxes on incomes," some citizens have argued that it was not properly ratified and income taxes are illegal. Unfortunately, some citizens continue to raise such arguments even though they have no basis in law, and the courts have repeatedly rejected their arguments as frivolous.

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I have enclosed a document, *The Truth About Frivolous Tax Arguments*, prepared by the IRS Chief Counsel that addresses false arguments about the legality of not paying taxes or filing returns.

I hope this information is helpful. Please contact Mary Ann Wells (identification number 50-07749) at (202) 622-4004, if you have questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Floyd L. Williams". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Floyd L. Williams

Enclosure