

FTSIG INTEGRATED DOCTRINAL TREATISE AND LITIGATION ARTIFACTS

The Five Taxonomy System of Income Governance

A Comprehensive Framework for Constitutional and Statutory Analysis
of Federal Income Tax Applicability

Prepared for Doctrinal Study and Active Litigation Reference

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This document is prepared as a scholarly and doctrinal reference. It presents legal theories and analytical frameworks based on the author's interpretation of constitutional provisions, statutes, and case law.

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TABLE OF CONTENTS

PART I: FULL DOCTRINAL TREATISE – THE FIVE TAXONOMY SYSTEM OF INCOME GOVERNANCE (FTSIG)

Chapter 1: Introduction and Doctrinal Foundation

1.1 Purpose and Scope of FTSIG

- 1.2 Core Thesis: The Income Tax as Excise
- 1.3 Historical and Constitutional Foundations
- 1.4 The Fundamental Asymmetry
- 1.5 Definitions

Chapter 2: Category One — Private Right

- 2.1 Constitutional Foundation of Private Right
- 2.2 The PersonPRI in DomesticG
- 2.3 Private Right Is Not an Excise-Taxable Event
- 2.4 DomesticG Does Not Imply DomesticC, DomesticS, or DomesticJ

Chapter 3: Category Two — Public Interest Doctrine (PID)

- 3.1 Definition and Scope of PID
- 3.2 PID Distinguished from TOB
- 3.3 PID Distinguished from Private Right
- 3.4 PID as Doctrinal Bridge

Chapter 4: Category Three — PRD-Foreign

- 4.1 Constitutional Basis
- 4.2 Statutory Treatment of Foreign Commerce
- 4.3 PersonPRI and PRD-Foreign

Chapter 5: Category Four — PRD-Internal-Non-TOB

- 5.1 Activities Within Domestic Commerce Not Rising to TOB
- 5.2 IRC §61 and Statutory Applicability
- 5.3 PersonPRI Outside the Statutory Framework

Chapter 6: Category Five — PRD-Internal-TOB

- 6.1 The Core Excise-Tax Nexus
- 6.2 IRC §7701(a)(26) — The Only Statutory Definition
- 6.3 Supporting Statutory Provisions
- 6.4 Jurisdictional Defect in Absence of TOB Finding

Chapter 7: Doctrinal Synthesis and Structural Analysis

- 7.1 Comprehensive FTSIG Classification Table
- 7.2 Structural Asymmetry in Current Enforcement
- 7.3 Burden of Proof Analysis
- 7.4 Doctrinal Imperative

PART II: MODEL COMPLAINT

Caption and Preliminary Information

I. Introduction

II. Parties

III. Jurisdiction and Venue

IV. Statement of Facts

V. Causes of Action (Counts I-V)

VI. Prayer for Relief

VII. Signature Block

PART III: CROSS-EXAMINATION SCRIPT

Section A: Establishing the Witness's Qualifications and Knowledge Base

Section B: The Statutory Definition of Trade or Business

Section C: Distinguishing DomesticG from DomesticC, DomesticS, and DomesticJ

Section D: The Excise Tax Nature of the Income Tax

Section E: Burden of Proof and Jurisdictional Defect

Section F: The FTSIG Classification Challenge

PART IV: FLOWCHART — HOW A PERSONPRI MAY ACCIDENTALLY ENTER DOMESTICC, DOMESTICS, OR DOMESTICJ

Starting Node: PersonPRI in DomesticG

Branch 1: Entry into DomesticC

Branch 2: Entry into DomesticS

Branch 3: Entry into DomesticJ

Branch 4: Entry into DomesticGOV

Branch 5: Entry into TOB

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PART I

FULL DOCTRINAL TREATISE THE FIVE TAXONOMY SYSTEM OF INCOME GOVERNANCE (FTSIG)

CHAPTER 1: INTRODUCTION AND DOCTRINAL FOUNDATION

1.1 Purpose and Scope of FTSIG

The Five Taxonomy System of Income Governance ("FTSIG") is a rigorous, court-ready analytical framework designed to classify all potential income-related activities by their constitutional and statutory character. FTSIG does not propose novel legal theory. Rather, it organizes existing constitutional provisions, statutory text, and Supreme Court precedent into a coherent taxonomic structure that permits precise identification of whether, and on what basis, a given activity falls within the lawful reach of the federal income tax imposed under Title 26 of the Internal Revenue Code ("IRC").

The purpose of FTSIG is threefold:

1. **Analytical Clarity.** FTSIG provides a systematic methodology for determining whether any particular income-producing activity is subject to federal income taxation, and if so, under which constitutional and statutory authority.

2. **Litigation Readiness.** FTSIG supplies practitioners with a doctrinal framework that can be deployed in federal court to challenge the misapplication of Title 26 to activities that fall outside its constitutional and statutory scope.
3. **Scholarly Rigor.** FTSIG integrates constitutional text, legislative history, and Supreme Court holdings into a unified taxonomy that can be examined, tested, and refined through scholarly discourse.

This treatise constitutes the authoritative exposition of FTSIG. All terms of art, doctrinal categories, and analytical constructs employed herein are defined with precision in Section 1.5, *infra*, and in the comprehensive Glossary set forth in Appendix A.

1.2 Core Thesis: The Income Tax as Excise

The core thesis of FTSIG rests upon a foundational constitutional proposition: the federal income tax imposed under Title 26 of the Internal Revenue Code is, in its constitutional character, an **excise tax on privileged activities**—principally the activity denominated "trade or business" (hereinafter "TOB") under IRC §7701(a)(26)—and is **not** a direct tax on the labor, property, or natural economic activity of a natural person exercising Private Right (hereinafter "PersonPRI").

This thesis does not depend upon any single case or statutory provision. It is derived from the structural architecture of the Constitution itself, as interpreted by the Supreme Court of the United States across a line of decisions spanning more than a century. The essential holdings are these:

First, the Constitution divides the taxing power of the federal government into two categories: *direct taxes*, which must be apportioned among the several States according to their respective populations (U.S. Const. art. I, §2, cl. 3; art. I, §9, cl. 4), and *indirect taxes* (duties, imposts, and excises), which must be uniform throughout the United States (U.S. Const. art. I, §8, cl. 1).

Second, the Supreme Court held in *Pollock v. Farmers' Loan & Trust Co.*, 157 U.S. 429 (1895), and 158 U.S. 601 (1895), that a tax levied directly upon income derived from property was, in constitutional substance, a direct tax upon the property itself, and therefore required apportionment among the States. This holding established the principle that the nature of the source determines the constitutional character of the tax.

Third, the Sixteenth Amendment, ratified in 1913, provides: "The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration." The Supreme Court, in *Brushaber v. Union Pacific Railroad Co.*, 240 U.S. 1 (1916), held that this Amendment did **not** create a new power of taxation, did **not** change the fundamental constitutional categories of direct and indirect taxes, and did **not** convert what was constitutionally a direct tax into an indirect tax. Rather, the Amendment merely removed the requirement of apportionment for taxes on income derived from privileged activities—that is, for excises measured by income.

Fourth, in *Stanton v. Baltic Mining Co.*, 240 U.S. 103 (1916), decided the same day as *Brushaber*, the Supreme Court confirmed that the income tax authorized by the Sixteenth Amendment was "an excise upon the particular privilege" of doing business and that the Amendment "conferred no new power of taxation."

FTSIG's core thesis follows directly from these holdings: if the income tax is an excise, then it can only be imposed upon *privileged activities*. The exercise of Private Right—the natural liberty to labor, to acquire property, and to contract for one's livelihood—is not a privilege and cannot be the subject of an excise.

1.3 Historical and Constitutional Foundations

The distinction between direct taxes and indirect taxes (excises) is not merely formal. It reflects a substantive constitutional commitment to

limiting the federal government's power to tax activities that exist independently of any governmental grant or privilege.

The Framers of the Constitution understood that a direct tax upon the person or the property of a citizen was the most intrusive form of government exaction, and they imposed the apportionment requirement precisely to constrain the federal government's ability to impose such taxes. The apportionment requirement makes direct taxes impractical in most cases, which was the Framers' deliberate intent.

Excise taxes, by contrast, are imposed upon *activities*—specifically, upon the exercise of a *privilege* granted by or existing under the authority of the government. As the Supreme Court explained in *Flint v. Stone Tracy Co.*, 220 U.S. 107, 151 (1911): "Excises are taxes laid upon the manufacture, sale or consumption of commodities within the country, upon licenses to pursue certain occupations and upon corporate privileges." The key element is that the activity being taxed must involve some privilege, license, or governmental grant. Without a privilege, there is no constitutional basis for an excise.

The *Pollock* decision disrupted the federal government's ability to tax income from property without apportionment. The Sixteenth Amendment was proposed and ratified to address this specific problem—but, as *Brushaber* and *Stanton* confirm, the Amendment did so by treating the income tax as an excise (which does not require apportionment) rather than by eliminating the direct/indirect distinction altogether.

This historical context is essential to FTSIG. The framework recognizes that the income tax, as constitutionally authorized, operates as an excise upon privileged activities. The statutory framework of Title 26 is the legislative implementation of this excise. Title 26, properly construed, applies only to persons engaged in activities that constitute the exercise of a privilege—primarily TOB, foreign commerce, and government service. It does not, and constitutionally cannot, apply to the Private Right activities of a PersonPRI

who has not entered into any privileged relationship with the federal government.

1.4 The Fundamental Asymmetry

FTSIG reveals a fundamental asymmetry between the lawful scope of the federal income tax and the manner in which it is currently administered and enforced.

The Government's Position. The Internal Revenue Service ("IRS"), as a matter of operational practice, treats *all* income received by *all* persons within the geographic boundaries of the United States as subject to the income tax imposed under Title 26, regardless of the source, character, or constitutional nature of the activity producing that income. The government's position presupposes that every person who receives income is, by that fact alone, within the statutory framework of Title 26.

The FTSIG Analysis. FTSIG demonstrates that this presupposition is constitutionally and statutorily unfounded. The income tax, as an excise, requires a privileged activity as its predicate. Only income from privileged activities—TOB (the core excise-tax nexus), foreign commerce (PRD-Foreign), and government service (DomesticGOV)—falls within the constitutional reach of the excise. Income from Private Right activities—the natural labor, property acquisition, and contractual dealings of a PersonPRI in DomesticG—does not involve any privilege and therefore does not trigger the excise.

This asymmetry is not trivial. It means that the federal government, as currently operating, routinely applies the income tax to activities and persons that lie beyond the constitutional and statutory scope of its authority. FTSIG provides the analytical tools to identify, document, and challenge these overreaches.

1.5 Definitions

The following terms are used throughout this treatise and all associated litigation artifacts. Each term is defined with precision and should be understood in accordance with the definition set forth below:

1.5.1 "FTSIG" means the Five Taxonomy System of Income Governance, the master classification framework that categorizes all income-related activities according to their constitutional and statutory character for the purpose of determining federal income tax applicability.

1.5.2 "PersonPRI" means a natural person exercising Private Right—one who has not entered any privileged or statutory relationship with the federal government. A PersonPRI has not entered DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB.

1.5.3 "DomesticG" (Domestic Geography) means physical presence within the several States of the Union. DomesticG is a geographic fact and does not, standing alone, constitute jurisdictional submission to the federal government for income tax purposes.

1.5.4 "DomesticC" (Domestic Commerce) means entry into interstate or regulated commercial activity that may trigger federal regulatory authority under the Commerce Clause (U.S. Const. art. I, §8, cl. 3).

1.5.5 "DomesticS" (Domestic Statutory) means voluntary or constructive entry into the statutory framework of Title 26 of the Internal Revenue Code. DomesticS is triggered by affirmative acts such as filing a Form 1040, signing a W-4, or claiming statutory deductions or credits.

1.5.6 "DomesticJ" (Domestic Jurisdiction) means submission to the adjudicative and enforcement jurisdiction of the federal government for tax purposes. DomesticJ is triggered by acts such as filing a Tax Court petition, entering an installment agreement, or failing to challenge a Notice of Deficiency.

1.5.7 "DomesticGOV" (Government) means holding public office or employment within the federal government, or performing functions of a public office as contemplated by IRC §7701(a)(26).

1.5.8 "TOB" (Trade or Business) means the specific statutory term defined under IRC §7701(a)(26) as including "the performance of the functions of a public office." TOB functions as the excise-tax nexus—the privileged activity upon which the income tax excise is imposed.

1.5.9 "PID" (Public Interest Doctrine) means the category of activities touching public interest sufficient to justify regulatory oversight (e.g., police power, health and safety regulation) but not themselves creating an excise-tax liability under Title 26.

1.5.10 "PRD-Foreign" (Public Right Doctrine, Foreign) means activities with a foreign commerce nexus falling under Congress's Article I, §8 power to regulate commerce with foreign nations.

1.5.11 "PRD-Internal-Non-TOB" (Public Right Doctrine, Internal, Non-Trade-or-Business) means internal activities within domestic commerce—such as passive investment income, capital gains, interest income—that do not rise to the level of a "trade or business" under IRC §7701(a)(26).

1.5.12 "PRD-Internal-TOB" (Public Right Doctrine, Internal, Trade or Business) means internal activities that constitute a "trade or business" as the excise-tax nexus under Title 26. This is the category in which the income tax unambiguously applies.

1.5.13 "Private Right" means the foundational natural and constitutionally protected right of a PersonPRI to labor, acquire property, and contract without government interference. Private Right is not a privilege, not a license, and not taxable as an excise. Private Right exists independent of any grant or permission from the government.

CHAPTER 2: CATEGORY ONE — PRIVATE RIGHT

2.1 Constitutional Foundation of Private Right

Private Right, as used within the FTSIG framework, denotes the foundational, natural, and constitutionally protected right of every natural person to labor, to acquire and possess property, and to enter into contracts for the purposes of securing one's livelihood and well-being. Private Right is not a privilege conferred by government; it is a pre-existing natural right that the Constitution recognizes and protects but does not create.

The Supreme Court has repeatedly affirmed the constitutional stature of Private Right:

"The right to follow any of the common occupations of life is an inalienable right. It was formulated as such under the phrase 'pursuit of happiness' in the Declaration of Independence.... This right is a large ingredient in the civil liberty of the citizen."

—

Butchers' Union Co. v. Crescent City Co.

, 111 U.S. 746, 762 (1884) (Field, J., concurring)

"The rights of the petitioners... are not less combecause they are aliens and subjects of the Emperor of China.... [T]hese rights of life, liberty, and the pursuit of happiness... [are] the rights of persons...."

—
Yick Wo v. Hopkins

, 118 U.S. 356, 369 (1886)

These holdings establish that the right to pursue a lawful occupation and to contract for one's labor is a right of the *person*—not a privilege extended by the government. A privilege, by contrast, is an activity that exists only by virtue of a governmental grant, charter, license, or statutory authorization. The distinction is constitutionally significant because the federal taxing power as to excises extends only to privileged activities, not to the exercise of natural rights.

Private Right encompasses, without limitation, the following activities when conducted by a PersonPRI in DomesticG who has not entered DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB:

- The exchange of personal labor for compensation in a private, non-interstate, non-commercial context;
- The acquisition, possession, use, and disposition of personal property;
- The entering into of private contracts for goods, services, or labor;
- The receipt of gifts, inheritances, and personal transfers;
- The cultivation and harvesting of crops or resources on one's own land for personal use or local exchange;
- The exercise of any other natural liberty that does not involve the exercise of a governmental privilege.

2.2 The PersonPRI in DomesticG

A PersonPRI is a natural person who exists in DomesticG—that is, who is physically present within the territory of one or more of the several States

of the Union—and who has not entered into any of the privileged or statutory relationships that would bring the person within the scope of Title 26. Specifically, a PersonPRI:

4. Has **not** entered DomesticC — has not engaged in interstate or regulated commercial activity;
5. Has **not** entered DomesticS — has not voluntarily or constructively submitted to the statutory framework of Title 26;
6. Has **not** entered DomesticJ — has not submitted to the adjudicative or enforcement jurisdiction of the federal government for tax purposes;
7. Is **not** in DomesticGOV — does not hold public office or federal employment;
8. Is **not** engaged in TOB — is not performing the functions of a public office or any other activity constituting a "trade or business" under IRC §7701(a)(26).

A PersonPRI stands in the original constitutional posture of a free citizen: subject to the sovereign authority of the State in which the person resides (under the State's police powers), but not subject to the federal taxing power as to excises because the person is not exercising any federal privilege.

It is critical to understand that PersonPRI status is not a claim, an election, or a declaration. It is a *factual condition*. A person either is or is not engaged in privileged activities. The FTSIG framework provides the analytical tools to make this determination with precision.

2.3 Private Right Is Not an Excise-Taxable Event

The exercise of Private Right cannot constitutionally be the subject of a federal excise tax. This conclusion follows from the fundamental nature of excise taxation:

Proposition 1: An excise tax is a tax upon a privileged activity. (*Flint v. Stone Tracy Co.*, 220 U.S. 107 (1911).)

Proposition 2: The federal income tax is an excise. (*Brushaber v. Union Pacific Railroad Co.*, 240 U.S. 1 (1916); *Stanton v. Baltic Mining Co.*, 240 U.S. 103 (1916).)

Proposition 3: Private Right is not a privilege. It is a natural right that exists independent of any governmental grant. (*Butchers' Union Co.*, 111 U.S. 746; *Yick Wo*, 118 U.S. 356.)

Conclusion: The federal income tax, being an excise, cannot be imposed upon Private Right, because Private Right is not a privileged activity.

This syllogism is complete and self-sustaining. No provision of the Internal Revenue Code, no regulation of the Treasury Department, and no administrative practice of the IRS can alter the constitutional character of Private Right or transform it into a privilege. The Constitution is the supreme law, and statutory provisions must yield where they conflict with constitutional limitations.

2.4 DomesticG Does Not Imply DomesticC, DomesticS, or DomesticJ

A critically important principle within the FTSIG framework is that mere physical presence within the several States (DomesticG) does not, standing alone, constitute entry into DomesticC (Domestic Commerce), DomesticS (Domestic Statutory), or DomesticJ (Domestic Jurisdiction). The government may not presume that a person who resides in a State has, by that geographic fact alone, entered into a privileged or statutory relationship with the federal government.

This principle flows from basic constitutional structure. The federal government is one of enumerated powers. Its authority to tax is limited to the specific subjects and modes authorized by the Constitution. The mere existence of a person within the geographic territory of the United States

does not, of itself, create a taxable nexus. Something more is required: an affirmative act of entering into a privileged activity (DomesticC, TOB, DomesticGOV) or a voluntary submission to the statutory and jurisdictional framework (DomesticS, DomesticJ).

A PersonPRI does not become subject to Title 26 merely by:

- Existing within the borders of a State;
- Breathing, eating, sleeping, or otherwise sustaining biological life;
- Working—exchanging labor for compensation in a private context;
- Acquiring or possessing personal property;
- Entering into private contracts;
- Receiving compensation, gifts, or inheritances.

Each of these activities is an exercise of Private Right. None constitutes entry into DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB. The government bears the burden of demonstrating, through specific factual predicates, that a PersonPRI has voluntarily entered into one of these categories before it may lawfully impose the income tax excise.

CHAPTER 3: CATEGORY TWO — PUBLIC INTEREST DOCTRINE (PID)

3.1 Definition and Scope of PID

The Public Interest Doctrine ("PID"), as the second category within the FTSIG framework, encompasses those activities that touch upon the public interest to a degree sufficient to justify some measure of governmental regulatory oversight, but that do not themselves constitute a "trade or

business" under IRC §7701(a)(26) and therefore do not create an excise-tax nexus under Title 26.

PID activities are distinguished by their externalities—that is, by their capacity to affect the welfare, health, safety, or economic interests of the public at large. Examples include:

- Operating a business that produces emissions affecting air or water quality;
- Providing services that affect public health or safety (e.g., food preparation, construction);
- Engaging in activities that require licensure under state police power for the protection of the public (e.g., certain professional services);
- Conducting activities on public lands or utilizing public resources.

The regulatory power invoked in relation to PID activities is typically the police power of the States, or, at the federal level, the Commerce Clause power insofar as the activities affect interstate commerce. However, the mere fact that an activity is subject to *regulation* under the police power or Commerce Clause does not automatically render it subject to *taxation* as an excise under Title 26.

3.2 PID Distinguished from TOB

The distinction between PID and TOB is critical to the FTSIG analysis. An activity may be of "public interest"—and therefore subject to regulatory oversight—without constituting a "trade or business" for purposes of the income tax excise. The two concepts operate in different constitutional spheres:

- **PID** engages the government's *regulatory* power (police power, Commerce Clause) to protect the public welfare.
- **TOB** engages the government's *taxing* power (Article I, §8, cl. 1; Sixteenth Amendment) to impose an excise on privileged activities.

A person may be subject to PID-based regulation (e.g., required to obtain a health department permit for food preparation) without being engaged in TOB as defined under IRC §7701(a)(26). The regulatory nexus is not the taxing nexus. The government may regulate an activity for the protection of the public without thereby imposing an excise tax upon it.

This distinction has been obscured in modern administrative practice, where the IRS routinely treats any regulated activity as a "trade or business" subject to the income tax. FTSIG restores the constitutional distinction between the regulatory power and the taxing power.

3.3 PID Distinguished from Private Right

PID is also distinguishable from Private Right. While Private Right encompasses activities that are purely personal and have no significant external effects upon the public welfare, PID encompasses activities that, while potentially originating in private initiative, have externalities touching the public interest.

The distinction may be illustrated as follows:

Activity	FTSIG Category	Rationale
PersonPRI growing vegetables in personal garden for own consumption	Private Right	No public externalities; purely personal activity
PersonPRI selling vegetables at a local market	PID (potentially)	Food safety externalities may justify regulatory oversight
PersonPRI operating a multi-state food distribution enterprise	DomesticC / PRD-Internal-TOB	Interstate commercial activity constituting TOB

The transition from Private Right to PID does not, of itself, bring a person within the scope of Title 26. PID-based regulation operates under the police

power and Commerce Clause; the income tax excise requires the additional element of TOB status.

3.4 PID as Doctrinal Bridge

PID serves a critical doctrinal function within FTSIG as the bridge between Private Right and the Public Right Doctrine categories (PRD-Foreign, PRD-Internal-Non-TOB, PRD-Internal-TOB). PID represents the point at which an activity begins to have public significance, but has not yet crossed the threshold into a privileged activity subject to the excise tax.

The recognition of PID as a distinct category prevents the false binary that the government currently operates under—namely, the assumption that if an activity is not purely "private" (in the narrowest sense), it must be a "trade or business" subject to tax. FTSIG inserts PID as an intermediate category to capture the many activities that have public dimension but do not constitute privileges.

CHAPTER 4: CATEGORY THREE — PRD-FOREIGN (PUBLIC RIGHT DOCTRINE, FOREIGN)

4.1 Constitutional Basis

The third FTSIG category, PRD-Foreign, encompasses activities with a foreign commerce nexus. Congress's power to regulate and tax foreign commerce derives from two distinct constitutional provisions:

9. **The Foreign Commerce Clause** — Article I, §8, cl. 3: "The Congress shall have Power... To regulate Commerce with foreign Nations...."
10. **The Taxing Clause** — Article I, §8, cl. 1: "The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises...."

The foreign commerce power is among the most comprehensive of Congress's enumerated powers. It provides an independent constitutional basis for taxation that is distinct from the basis for taxing domestic activities. Income derived from transactions with foreign nations, foreign persons, or activities conducted in foreign commerce falls within PRD-Foreign regardless of whether such income also constitutes TOB income under IRC §7701(a)(26).

The constitutional distinctness of PRD-Foreign is reflected in the structure of the Internal Revenue Code itself, which contains numerous provisions treating foreign-source income differently from domestic-source income. This differential treatment is not arbitrary; it reflects the separate constitutional basis upon which Congress exercises its taxing authority over foreign commerce.

4.2 Statutory Treatment of Foreign Commerce

The Internal Revenue Code contains several provisions that implicitly acknowledge the categorical distinctness of PRD-Foreign income:

IRC §911 — Foreign Earned Income Exclusion. This provision permits qualifying individuals to exclude from gross income a specified amount of foreign earned income and housing costs. The existence of §911 constitutes an implicit legislative acknowledgment that foreign-source income is categorically distinct from domestic income and may be treated differently for tax purposes. If all income were constitutionally identical, there would be no basis for this exclusion.

IRC §§1441-1446 — Withholding on Foreign Persons. These provisions impose withholding requirements on payments to nonresident aliens and foreign corporations. The existence of a separate withholding regime for foreign persons confirms that the constitutional and statutory basis for taxing foreign commerce participants is distinct from the basis for taxing domestic participants.

IRC §§861-865 — Source Rules. These provisions establish complex rules for determining whether income is sourced within or without the United States. The very existence of source rules demonstrates that Congress recognizes income as having categorically different characteristics depending on its geographic and commercial origin—a recognition fully consistent with FTSIG's taxonomy.

IRC §864(b) — Trade or Business Within the United States. This provision provides specific rules for determining when a nonresident alien or foreign corporation is engaged in a "trade or business within the United States." The fact that TOB has a separate, more detailed definition for foreign persons further confirms that TOB is a defined and limited category, not an all-encompassing label.

4.3 PersonPRI and PRD-Foreign

A PersonPRI in DomesticG who has no foreign commerce connections does not fall within PRD-Foreign. This category is relevant only to persons whose income-producing activities have a nexus to foreign nations, foreign persons, or foreign commerce. A PersonPRI who engages exclusively in Private Right activities within DomesticG has no connection to PRD-Foreign and is not subject to any taxation predicated upon the foreign commerce power.

Conversely, a PersonPRI who enters into foreign commerce transactions may, by that act, transition from Private Right status into PRD-Foreign status with respect to the income derived from those foreign commerce activities. Such a transition does not affect the person's Private Right status with respect to other, non-foreign-commerce activities.

CHAPTER 5: CATEGORY FOUR — PRD-INTERNAL-NON-TOB

5.1 Activities Within Domestic Commerce Not Rising to TOB

The fourth FTSIG category, PRD-Internal-Non-TOB, covers a significant class of income-producing activities: those that occur within the domestic commercial sphere but do not constitute a "trade or business" under IRC §7701(a)(26). These activities exist within the realm of domestic commerce (DomesticC) but fall short of the excise-tax nexus because they lack the element of TOB.

Examples of activities that may fall within PRD-Internal-Non-TOB include:

- **Passive investment income:** Dividends received from corporate stock holdings, where the person is a passive investor and does not participate in the management or operations of the corporation;
- **Capital gains from personal assets:** Gains realized upon the sale of personal-use property (e.g., a personal residence, personal vehicle, personal effects) or investment assets held for appreciation;
- **Interest income:** Interest earned on savings accounts, certificates of deposit, or bonds where the person's activity is limited to lending capital and does not rise to the level of a lending business;
- **Rental income:** Income from the rental of real property where the person's involvement does not rise to the level of a real estate TOB (e.g., renting out a spare room or a single property without active management constituting a business);
- **Royalty income:** Passive royalties received from intellectual property where the person is not actively engaged in the business of licensing.

The significance of this category is substantial: even within the domestic commercial sphere, not all income-producing activities constitute TOB. The Internal Revenue Code itself implicitly recognizes this distinction through provisions such as IRC §469 (passive activity loss limitations), which differentiate between income from activities in which the taxpayer "materially participates" and income from passive investments.

5.2 IRC §61 and Statutory Applicability

IRC §61 provides that "gross income means all income from whatever source derived." This provision is frequently cited by the government as establishing universal tax liability for all income. However, this reading of §61 commits a critical logical error: it presupposes the applicability of the statute to the person in question.

IRC §61 defines "gross income" for purposes of Title 26. It operates *within* the statutory framework to define what constitutes income once a person has been determined to be within that framework. But §61 does not, and cannot, establish the threshold question of *whether* a given person is within the statutory framework in the first place.

The distinction is analogous to the rules of a private club. The club's bylaws may provide that "all members shall pay annual dues." This provision defines the obligations of members, but it does not make non-members into members. Similarly, §61 defines gross income for persons within Title 26's statutory framework, but it does not bring persons who are outside that framework into it.

For a PersonPRI who has not entered DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB, §61 is simply inapplicable. The PersonPRI is not within the statutory framework, and §61 does not operate to bring the person into it.

5.3 PersonPRI Outside the Statutory Framework

A PersonPRI who has not entered DomesticC or DomesticS is not subject to the income tax provisions of Title 26 regardless of the type of income the PersonPRI receives. Whether the PersonPRI earns compensation for personal labor, receives gifts, realizes gains on personal property, or derives any other form of economic benefit, none of these events constitutes a taxable event under Title 26 because the PersonPRI is not within the statutory framework.

This does not mean that such a PersonPRI is "evading" taxes. Tax evasion presupposes a legal obligation to pay taxes. A PersonPRI who is not within the statutory framework has no such obligation, and therefore cannot evade it. The PersonPRI is simply outside the scope of the statute—as the statute, properly construed, intends.

IRC §§1-5 impose graduated tax rates on "taxable income." But "taxable income" is a defined term (IRC §63) that itself depends upon "gross income" (IRC §61), which in turn depends upon the person being within the statutory framework. The entire chain of tax computation presupposes statutory applicability. For a PersonPRI outside the framework, the chain never begins.

CHAPTER 6: CATEGORY FIVE — PRD-INTERNAL-TOB

6.1 The Core Excise-Tax Nexus

The fifth and final FTSIG category, PRD-Internal-TOB, represents the core of the income tax excise. This is the category in which the federal income tax under Title 26 unambiguously applies. PRD-Internal-TOB encompasses activities that constitute a "trade or business" within the meaning of IRC

§7701(a)(26)—the privileged activity upon which the income tax excise is levied.

PRD-Internal-TOB is the only FTSIG category that simultaneously satisfies all requirements for the imposition of the income tax excise:

11. **Constitutional Authority:** The activity constitutes the exercise of a privilege, making it a proper subject of excise taxation;
12. **Statutory Applicability:** The person is within the statutory framework of Title 26 by virtue of engaging in TOB;
13. **Jurisdictional Nexus:** The activity creates the factual predicate for federal jurisdiction over the person's income;
14. **Defined Taxable Event:** The income derived from the TOB activity constitutes "gross income" under IRC §61 and "taxable income" under IRC §63.

The FTSIG analysis demonstrates that the income tax is not a tax on income *per se*—it is a tax on the *privilege* of engaging in TOB, *measured by* the income derived from that privileged activity. This distinction is not academic; it goes to the very heart of the tax's constitutional validity.

6.2 IRC §7701(a)(26) — The Only Statutory Definition

IRC §7701(a)(26) provides the only statutory definition of "trade or business" in Title 26:

"The term 'trade or business' includes the performance of the functions of a public office."

— 26 U.S.C. §7701(a)(26)

This definition is remarkable for what it says and what it does not say:

What it says: TOB "includes the performance of the functions of a public office." The only specific activity identified by the statute as constituting a "trade or business" is the performance of public office functions. This is the single, concrete example provided by Congress.

What it does not say: The statute does not define TOB to include the private labor of a natural person. It does not define TOB to include the exchange of services for compensation in a private context. It does not define TOB to include the acquisition or disposition of personal property. It does not define TOB to include any activity that is an exercise of Private Right.

The use of the word "includes" has been the subject of debate. IRC §7701(b) provides that "[t]he 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." However, this interpretive canon does not expand the definition beyond its constitutional limits. "Includes" may bring in additional activities that are "otherwise within the meaning" of TOB—but only those activities that share the essential character of the statutorily defined example (public office functions): namely, activities that are *privileged* in nature.

The significance of the §7701(a)(26) definition cannot be overstated. Congress had the opportunity to define TOB expansively—to include, for example, "all gainful activity" or "any activity producing income." It did not do so. Instead, it defined TOB by reference to the paradigmatic example of a privileged activity: the performance of public office functions. This legislative choice is strong evidence that Congress understood TOB to be limited to privileged activities and did not intend it to encompass Private Right.

6.3 Supporting Statutory Provisions

Several other provisions of the Internal Revenue Code confirm that TOB is a defined, limited category—not a catch-all for all income-producing activity:

IRC §162 – Deductions for Trade or Business Expenses. This section allows deductions for "all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business." The allowance of deductions *presupposes* that the taxpayer is in fact carrying on a TOB. The existence of this deduction confirms that TOB is a specific condition that must be established, not a universal state of being.

IRC §1402 – Self-Employment Tax. This section imposes a tax on "self-employment income," which is defined as "net earnings from self-employment." Self-employment income expressly requires that the income be derived from a "trade or business" carried on by the individual. The self-employment tax therefore applies only to persons in TOB—further confirming that TOB is a prerequisite, not a presumption.

IRC §864(b) – Trade or Business Within the United States (Nonresident Aliens). This provision defines specific circumstances under which a nonresident alien or foreign corporation is considered to be engaged in a "trade or business within the United States." The detailed, limiting nature of this definition demonstrates that Congress treats TOB as a defined category requiring specific factual predicates—not as a default condition applicable to all persons.

IRC §183 – Activities Not Engaged in for Profit. This section limits deductions for activities "not engaged in for profit" and draws a distinction between activities that constitute a TOB and those that are merely hobbies. The very existence of §183 confirms that not all income-producing activities are TOB; some are explicitly excluded from TOB treatment.

6.4 Jurisdictional Defect in Absence of TOB Finding

The government's failure to establish that a PersonPRI is engaged in TOB before applying Title 26 constitutes a jurisdictional defect. The income tax excise applies only to privileged activities. If the government cannot demonstrate that the person's activity constitutes TOB (or another

privileged activity such as DomesticGOV or PRD-Foreign), then the government has no constitutional or statutory basis for imposing the tax.

This is not a procedural technicality. It is a fundamental limitation on the government's power. The federal government is a government of enumerated powers. It may not exercise power that has not been granted to it. The power to impose an excise tax extends only to privileged activities. If the factual predicate for the excise (TOB status) has not been established, the government is acting *ultra vires*—beyond its lawful authority.

In practice, the IRS routinely assesses taxes against individuals without making any finding or determination that the individual is engaged in TOB. Tax returns (Form 1040) do not contain any field requiring the government to identify the specific privileged activity that gives rise to the tax liability. The assessment process does not include a step in which the government establishes that the person's income derives from a TOB. This systematic failure to establish the factual predicate is a pervasive jurisdictional defect that FTSIG exposes and challenges.

CHAPTER 7: DOCTRINAL SYNTHESIS AND STRUCTURAL ANALYSIS

7.1 Comprehensive FTSIG Classification Table

The following table provides a comprehensive mapping of each FTSIG category against its constitutional basis, statutory provisions, taxable status, jurisdictional requirements, and applicable IRC sections:

FTSIG Category	Constitutional Basis	Key Statutory Provisions	Taxable as Excise?	Jurisdictional Requirement
1. Private Right	5th & 14th Amendments (Due Process, liberty of contract); Natural law	None — outside statutory framework	No. Not a privileged activity; cannot be subject of excise.	No federal tax jurisdiction. PersonPRI in DomesticG only.
2. PID (Public Interest Doctrine)	State police power; Commerce Clause (regulatory, not taxing)	Various regulatory statutes (not Title 26)	No. Regulatory nexus \neq excise-tax nexus.	Regulatory jurisdiction only; no federal tax jurisdiction.
3. PRD-Foreign	Art. I, §8, cl. 3 (Foreign Commerce); Art. I, §8, cl. 1 (Taxing)	IRC §§861-865, §911, §§1441-1446, §864(b)	Yes. Foreign commerce is within Congress's enumerated powers.	Foreign commerce nexus must be established.
4. PRD-Internal-Non-TOB	Art. I, §8, cl. 1 (Taxing); 16th Amendment — but only if person is within statutory framework	IRC §§1-5, §61, §63, §469	Conditionally. Only if person has entered DomesticC/DomesticS; not TOB excise proper.	Entry into DomesticC or DomesticS must be established.
5. PRD-Internal-TOB	Art. I, §8, cl. 1 (Taxing); 16th Amendment; excise power over privileged activities	IRC §7701(a)(26), §61, §162, §1402, §864(b), §183	Yes. This is the core excise-tax nexus.	TOB status must be established through factual predicates.

7.2 Structural Asymmetry in Current Enforcement

The FTSIG classification table reveals the structural asymmetry in current federal income tax enforcement. The IRS operates on the presumption that all persons who receive income are in Category 5 (PRD-Internal-TOB) or, at minimum, Category 4 (PRD-Internal-Non-TOB). This presumption is reflected in the design of the Form 1040, which requires all persons to report "total income" under IRC §61 without any threshold inquiry into whether the person is within the statutory framework.

Under FTSIG, this approach is constitutionally deficient for the following reasons:

15. **No Threshold Determination.** The IRS does not make any determination that the person is engaged in TOB, is in DomesticGOV, or has entered DomesticC or DomesticS before issuing a tax assessment. The assessment is based solely on the receipt of income, without regard to the constitutional character of the activity producing that income.
16. **No Distinction Between Private Right and Privilege.** The IRS treats income from Private Right activities identically to income from privileged activities. This treatment ignores the fundamental constitutional distinction between excisable privileges and non-excisable rights.
17. **Burden Misallocation.** The IRS places the burden on the person to demonstrate non-liability (through claims, deductions, or affirmative defenses) rather than bearing the initial burden of demonstrating that the person is within the statutory framework.
18. **Default Presumption of Statutory Applicability.** The entire system operates on the presumption that Title 26 applies to all persons.

FTSIG demonstrates that this presumption is constitutionally unfounded.

7.3 Burden of Proof Analysis

The question of burden of proof is central to the FTSG framework. Under general principles of law, the party asserting jurisdiction bears the burden of establishing it. The government, as the party asserting that a person is within the statutory framework of Title 26, should bear the burden of proving the factual predicates for statutory applicability—namely, that the person has entered DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB.

This burden allocation is supported by fundamental principles:

Jurisdictional Burden. In all areas of law, the party invoking the jurisdiction of a tribunal or the authority of a statute bears the burden of establishing jurisdiction. The government may not simply presume jurisdiction; it must prove it. This principle applies with full force to the income tax: the government must prove that the person is within the statutory framework before it may impose tax liability.

IRC §7491 — Burden of Proof in Tax Cases. While IRC §7491 provides for a limited shift of the burden of proof to the government in certain circumstances, FTSG's argument is more fundamental: the burden of proving *statutory applicability* (a threshold jurisdictional question) rests with the government at all times, not merely in cases where §7491 has been triggered.

Due Process. The Fifth Amendment provides that no person shall be "deprived of life, liberty, or property, without due process of law." Imposing a tax on a PersonPRI without first establishing that the person is within the statutory framework—and thus that the government has authority to impose the tax—is a deprivation of property without due process.

7.4 Doctrinal Imperative

FTSIG is not a "tax protest" argument. It does not assert that taxes are unconstitutional, that the Sixteenth Amendment was improperly ratified, or that the income tax is voluntary in some colloquial sense. FTSIG accepts the constitutional validity of the income tax as an excise on privileged activities and accepts the validity of the Internal Revenue Code as the statutory implementation of that excise.

What FTSIG demands is simple: **that the government operate within its enumerated powers.** The income tax is an excise. An excise requires a privileged activity. The government must establish that the person is engaged in a privileged activity before imposing the tax. If the person is a PersonPRI exercising only Private Right, the excise does not apply, and the government may not impose it.

This is not radicalism. It is constitutional fidelity. The Constitution establishes a government of limited, enumerated powers. The taxing power is among those enumerated powers, but it is not unlimited. FTSIG provides the analytical framework to hold the government to the limits of its own authority.

— END OF PART I —

PART II

MODEL COMPLAINT

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF CALIFORNIA

[PERSONPRI NAME], a natural
person exercising Private Right,
Plaintiff, v. UNITED STATES OF
AMERICA; INTERNAL REVENUE

Case No. _____
**COMPLAINT FOR
DECLARATORY AND
INJUNCTIVE RELIEF** JURY

SERVICE; COMMISSIONER OF TRIAL DEMANDED
INTERNAL REVENUE, Defendants.

COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF

I. INTRODUCTION

1. This action arises under the Constitution of the United States, specifically the Fifth Amendment's guarantee of due process, Article I, §8, cl. 1 and §9, cl. 4 (Taxing Clause and limitation on direct taxes), and the Sixteenth Amendment. Plaintiff [PersonPRI Name] ("Plaintiff") is a natural person, a PersonPRI as defined under the Five Taxonomy System of Income Governance ("FTSIG"), who exercises only Private Right within Domestic Geography ("DomesticG"). Plaintiff has not entered Domestic Commerce ("DomesticC"), has not entered the Domestic Statutory framework of Title 26 ("DomesticS"), has not submitted to Domestic Jurisdiction ("DomesticJ"), does not hold public office or federal employment ("DomesticGOV"), and is not engaged in a Trade or Business ("TOB") as defined under 26 U.S.C. §7701(a)(26).

2. Defendants, the United States of America, the Internal Revenue Service, and the Commissioner of Internal Revenue (collectively, "Defendants"), have unconstitutionally and unlawfully applied Title 26 of the Internal Revenue Code to Plaintiff's Private Right activities. Defendants have assessed taxes, issued notices, and threatened or initiated enforcement actions (including liens, levies, and penalties) against Plaintiff without establishing any factual predicate demonstrating Plaintiff's entry into DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB. These actions exceed Defendants' constitutional and statutory authority and violate Plaintiff's rights under the Fifth Amendment.

3. Plaintiff brings this Complaint seeking a declaratory judgment that Plaintiff, as a PersonPRI in DomesticG who has not entered DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB, is not subject to the income

tax excise imposed under Title 26; an injunction permanently enjoining Defendants from further enforcement actions against Plaintiff's Private Right activities; and such other relief as this Court deems just and equitable.

II. PARTIES

4. Plaintiff [PersonPRI Name] is a natural person and a citizen of the State of [State], residing in [City, State]. Plaintiff is a PersonPRI as defined under the FTSIG framework—a natural person exercising only Private Right within DomesticG. Plaintiff has not voluntarily or constructively entered DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB.

5. Defendant United States of America is a sovereign nation and the entity responsible for the administration and enforcement of Title 26 of the Internal Revenue Code through its agents and instrumentalities.

6. Defendant Internal Revenue Service ("IRS") is an agency within the United States Department of the Treasury, responsible for the assessment and collection of federal taxes under Title 26.

7. Defendant Commissioner of Internal Revenue is the chief officer of the IRS, responsible for the administration and enforcement of the internal revenue laws of the United States. The Commissioner is sued in his or her official capacity.

III. JURISDICTION AND VENUE

8. This Court has subject-matter jurisdiction over this action under **28 U.S.C. §1331** (federal question jurisdiction) because this action arises under the Constitution of the United States and laws of the United States, specifically the Fifth Amendment, Article I, §8 and §9, the Sixteenth Amendment, and Title 26 of the Internal Revenue Code.

9. This Court has jurisdiction under **28 U.S.C. §1346(a)(1)** (suits against the United States for recovery of internal revenue taxes) to the extent Plaintiff seeks a refund of taxes unlawfully assessed and collected.

10. This Court has jurisdiction under **28 U.S.C. §§2201-2202** (Declaratory Judgment Act) to declare the rights and legal relations of the parties and to grant further necessary or proper relief based upon such a declaration.

11. This Court has jurisdiction under **5 U.S.C. §§701-706** (Administrative Procedure Act) to review the final agency action of the IRS in assessing taxes and initiating enforcement actions against Plaintiff without establishing the factual predicates for statutory applicability.

12. **Venue** is proper in this District under 28 U.S.C. §1391(e) because Defendant United States of America is a defendant, and a substantial part of the events or omissions giving rise to the claim occurred in this District, and Plaintiff resides in this District.

IV. STATEMENT OF FACTS

13. Plaintiff is a natural person, a PersonPRI, residing in DomesticG within the State of [State]. Plaintiff is not a corporation, partnership, trust, estate, or other artificial entity. Plaintiff is a living, breathing natural person exercising the natural rights recognized and protected by the Constitution of the United States.

14. Plaintiff Has Not Entered DomesticC. Plaintiff has not engaged in interstate commercial activity. Plaintiff has not registered a business entity (corporation, LLC, or partnership) with any State or federal authority. Plaintiff has not obtained an Employer Identification Number ("EIN") from the IRS. Plaintiff has not entered into any commercial transaction that constitutes interstate commerce within the meaning of Article I, §8, cl. 3 of the Constitution.

15. Plaintiff Has Not Entered DomesticS. Plaintiff has not voluntarily submitted to the statutory framework of Title 26 of the Internal Revenue Code. To the extent Plaintiff may have previously filed a Form 1040 or other return under Title 26, any such filing was made under mistake of law, without full understanding of its legal consequences, and without informed, voluntary consent to enter the statutory framework. Plaintiff hereby expressly repudiates any prior constructive entry into DomesticS and asserts Plaintiff's continuing status as a PersonPRI.

16. Plaintiff Has Not Entered DomesticJ. Plaintiff has not consented to the adjudicative or enforcement jurisdiction of the federal government for tax purposes. Plaintiff has not filed a petition in United States Tax Court. Plaintiff has not entered into an installment agreement, offer in compromise, or other agreement with the IRS that constitutes submission to DomesticJ. To the extent Plaintiff may have responded to IRS notices or communications, such responses were made without the intent to submit to jurisdiction and should not be construed as consent.

17. Plaintiff Is Not in DomesticGOV. Plaintiff does not hold public office, elected or appointed, at the federal, state, or local level. Plaintiff is not employed by the federal government. Plaintiff does not perform the functions of a public office. Plaintiff is not a federal contractor.

18. Plaintiff Is Not Engaged in TOB. Plaintiff is not engaged in a "trade or business" as defined under IRC §7701(a)(26). Plaintiff does not perform the functions of a public office, which is the only activity specifically defined as TOB by the statute. Plaintiff's activities are limited to the exercise of Private Right—the natural right to labor, to acquire property, and to contract for Plaintiff's livelihood.

19. Defendants' Unlawful Actions. Despite the foregoing, Defendants have taken one or more of the following actions against Plaintiff: (a) assessed federal income taxes against Plaintiff for one or more tax years; (b) issued notices of deficiency, notices of intent to levy, or notices of federal tax lien; (c) threatened or initiated collection actions, including levies on

Plaintiff's bank accounts or wages and the filing of federal tax liens against Plaintiff's property; (d) imposed penalties and interest on the assessed amounts; and/or (e) otherwise treated Plaintiff as a person subject to the income tax provisions of Title 26.

20. Failure to Establish Factual Predicates. At no time have Defendants made any written determination or finding that Plaintiff is engaged in DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB. Defendants have not identified any specific privileged activity engaged in by Plaintiff that would give rise to excise-tax liability under Title 26. Defendants have applied Title 26 to Plaintiff based solely on the presumption that all persons who receive income are within the statutory framework—a presumption that is constitutionally and statutorily unfounded.

V. CAUSES OF ACTION

COUNT I: VIOLATION OF DUE PROCESS (FIFTH AMENDMENT)

21. Plaintiff incorporates by reference all preceding paragraphs as though fully set forth herein.

22. The Fifth Amendment to the United States Constitution provides that no person shall be "deprived of life, liberty, or property, without due process of law."

23. Defendants have assessed taxes, penalties, and interest against Plaintiff and have threatened or initiated collection actions (levies, liens) to deprive Plaintiff of property without establishing any factual or legal predicate demonstrating that Plaintiff is within the statutory framework of Title 26.

24. The imposition of tax liability upon a PersonPRI who has not entered DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB, and who is

exercising only Private Right, constitutes a deprivation of property without due process of law in violation of the Fifth Amendment.

25. Defendants' failure to make any determination of statutory applicability before imposing liability, and Defendants' refusal to identify the specific privileged activity giving rise to the tax, violate the procedural and substantive requirements of due process.

COUNT II: ULTRA VIRES ACTION

26. Plaintiff incorporates by reference all preceding paragraphs as though fully set forth herein.

27. The federal government is a government of enumerated powers. Its authority to impose taxes is limited to the specific subjects and modes authorized by the Constitution: direct taxes (with apportionment) and indirect taxes/excises (with uniformity).

28. The income tax under Title 26, as confirmed by the Supreme Court in *Brushaber v. Union Pacific Railroad Co.*, 240 U.S. 1 (1916), and *Stanton v. Baltic Mining Co.*, 240 U.S. 103 (1916), is an excise tax on privileged activities, not a direct tax on income from non-privileged sources.

29. Plaintiff is not engaged in any privileged activity. Plaintiff is a PersonPRI exercising only Private Right. Private Right is not a privilege and cannot be the subject of an excise tax.

30. Defendants' application of Title 26 to Plaintiff's Private Right activities exceeds Defendants' constitutional and statutory authority and constitutes action *ultra vires*—beyond the scope of Defendants' lawful power.

COUNT III: DECLARATORY JUDGMENT — NON-APPLICABILITY OF TITLE 26

31. Plaintiff incorporates by reference all preceding paragraphs as though fully set forth herein.

32. An actual controversy exists between Plaintiff and Defendants concerning whether Plaintiff, as a PersonPRI in DomesticG who has not

entered DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB, is subject to the income tax excise imposed under Title 26 of the Internal Revenue Code.

33. Plaintiff seeks a declaratory judgment, pursuant to 28 U.S.C. §§2201–2202, that: (a) the income tax imposed under Title 26 is an excise tax on privileged activities; (b) Plaintiff, as a PersonPRI exercising only Private Right, is not engaged in any privileged activity subject to the excise; (c) Plaintiff is not within the statutory framework of Title 26; and (d) Defendants may not lawfully assess, collect, or enforce the income tax against Plaintiff.

COUNT IV: INJUNCTIVE RELIEF

34. Plaintiff incorporates by reference all preceding paragraphs as though fully set forth herein.

35. Defendants' continued enforcement actions against Plaintiff—including the assessment of taxes, penalties, and interest; the filing of tax liens; the issuance of levies; and the threat of further collection activity—cause Plaintiff irreparable harm for which there is no adequate remedy at law. These actions deprive Plaintiff of property, damage Plaintiff's credit, and chill Plaintiff's exercise of Private Right.

36. Plaintiff seeks a permanent injunction enjoining Defendants, their agents, employees, and successors from: (a) assessing any federal income tax against Plaintiff based on Plaintiff's Private Right activities; (b) issuing any notice of deficiency, notice of intent to levy, or notice of federal tax lien against Plaintiff based on such activities; (c) initiating or continuing any collection action against Plaintiff based on such activities; and (d) otherwise treating Plaintiff as a person subject to the income tax provisions of Title 26 in the absence of a determination that Plaintiff is engaged in DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB.

COUNT V: VIOLATION OF THE TAXING CLAUSE (ARTICLE I, §8, CL. 1 AND §9, CL. 4)

37. Plaintiff incorporates by reference all preceding paragraphs as though fully set forth herein.

38. Article I, §8, cl. 1 of the Constitution grants Congress the power to "lay and collect Taxes, Duties, Imposts and Excises," subject to the requirement that "all Duties, Imposts and Excises shall be uniform throughout the United States." Article I, §9, cl. 4 provides that "[n]o Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census."

39. The income tax, as applied to Plaintiff's Private Right activities, is not an excise (because Private Right is not a privilege) and is therefore a direct tax. As a direct tax, it is subject to the apportionment requirement of Article I, §9, cl. 4. The income tax as currently imposed is not apportioned among the States. Therefore, the application of the income tax to Plaintiff's Private Right activities violates the Taxing Clause.

40. The Sixteenth Amendment does not save this application. As held in *Brushaber*, the Sixteenth Amendment did not create a new taxing power or authorize the imposition of direct taxes without apportionment. It merely removed the apportionment requirement for income taxes that are excises in character. Since the tax as applied to Plaintiff is not an excise, the Sixteenth Amendment does not authorize its imposition without apportionment.

VI. PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court enter judgment in Plaintiff's favor and against Defendants, and grant the following relief:

- 19. Declaratory Judgment:** A declaration that Plaintiff, as a PersonPRI in DomesticG who has not entered DomesticC, DomesticS, DomesticJ,

DomesticGOV, or TOB, is not subject to the income tax excise imposed under Title 26 of the Internal Revenue Code;

20. **Declaratory Judgment:** A declaration that the federal income tax under Title 26 is an excise tax on privileged activities and may not be imposed upon the Private Right activities of a PersonPRI;
21. **Injunctive Relief:** A permanent injunction enjoining Defendants from assessing, collecting, or enforcing any federal income tax against Plaintiff based on Plaintiff's Private Right activities;
22. **Injunctive Relief:** A permanent injunction enjoining Defendants from filing any tax lien, issuing any levy, or taking any collection action against Plaintiff's property based on assessments relating to Plaintiff's Private Right activities;
23. **Order to Abate:** An order directing Defendants to abate all tax assessments, penalties, and interest previously imposed against Plaintiff that are based on Plaintiff's Private Right activities;
24. **Release of Liens:** An order directing Defendants to release all federal tax liens filed against Plaintiff's property that are based on assessments relating to Plaintiff's Private Right activities;
25. **Refund:** An order directing Defendants to refund all taxes, penalties, and interest previously collected from Plaintiff that were imposed in connection with Plaintiff's Private Right activities, together with statutory interest thereon;
26. **Costs and Fees:** An award of costs and reasonable attorney's fees pursuant to 26 U.S.C. §7430 and 28 U.S.C. §2412 (Equal Access to Justice Act);
27. **Further Relief:** Such other and further relief as this Court deems just and equitable.

VII. VERIFICATION AND SIGNATURE

Respectfully submitted,

[PersonPRI Name]

Plaintiff, Pro Se

[or: Attorney Name, Bar No. _____]

[Address]

[City, State ZIP]

[Telephone]

[Email]

Dated: _____

— END OF PART II —

PART III

CROSS-EXAMINATION SCRIPT

The following cross-examination script is designed for use in examining an IRS agent, revenue officer, or government representative to expose the misclassification of a PersonPRI as engaged in a "trade or business" under IRC §7701(a)(26). All questions should be adapted as necessary to the specific facts and procedural posture of the case.

PRELIMINARY NOTE TO EXAMINING COUNSEL

This script follows a progressive disclosure methodology. Each section builds upon the admissions obtained in the prior section. Do not skip sections or rearrange questions without understanding the cumulative effect. Tactical notes in brackets explain the strategic purpose of each

line of questioning.

SECTION A: ESTABLISHING THE WITNESS'S QUALIFICATIONS AND KNOWLEDGE BASE

Q-1: Please state your name and current title for the record.

[Note: Establishes the witness's identity and position within the IRS for the record.]

Q-2: How long have you been employed by the Internal Revenue Service?

[Note: Establishes experience level; a long tenure strengthens the impact of any demonstrated ignorance of statutory definitions.]

Q-3: In your current capacity, are you responsible for determining whether individuals are subject to the income tax provisions of Title 26?

[Note: Pins the witness to a specific role in the assessment/enforcement process.]

Q-4: Are you familiar with the term "trade or business" as it is used in Title 26 of the Internal Revenue Code?

[Note: A "yes" commits the witness to knowledge; a "no" undermines the basis for any assessment.]

Q-5: Can you tell the Court which section of the Internal Revenue Code provides the statutory definition of "trade or business"?

[Note: Tests whether the witness knows that IRC §7701(a)(26) is the definitional provision. Most IRS agents have never read this section.]

Q-6: During your training at the IRS, were you ever instructed on the distinction between a "trade or business" as defined in IRC §7701(a)(26) and the exercise of a private right to labor by a natural person?

[Note: This question is designed to elicit a "no," establishing that the IRS does not train its agents to distinguish between Private Right and TOB—a critical failure in the assessment process.]

Q-7: Were you trained to presume that all persons who receive income are engaged in a "trade or business"?

[Note: If "yes," this establishes the systemic presumption that FTSIG challenges. If "no," subsequent questions will demonstrate that the witness acted on such a presumption in practice.]

Q-8: Were you ever trained on the constitutional distinction between an excise tax on a privileged activity and a direct tax on property or labor?

[Note: Establishes that the IRS does not train agents on the constitutional character of the income tax.]

SECTION B: THE STATUTORY DEFINITION OF TRADE OR BUSINESS

Q-9: I'd like to direct your attention to 26 U.S.C. §7701(a)(26). Do you have a copy of that provision before you?

[Note: Ensure the witness has the statute. If necessary, provide a copy and have it marked as an exhibit.]

Q-10: Can you please read for the Court the definition of "trade or business" as set forth in IRC §7701(a)(26)?

[Note: The witness will read: "The term 'trade or business' includes the performance of the functions of a public office." This is the critical moment—the court hears, from the government's own witness, that the only statutory definition of TOB is the performance of public office functions.]

Q-11: Is that the complete text of the statutory definition of "trade or business" in IRC §7701(a)(26)?

[Note: Confirms that this is the full definition—there is no additional text.]

Q-12: Is the Plaintiff a public officer?

[Note: Expected answer: "No." This establishes that the Plaintiff does not fall within the only specifically defined category of TOB.]

Q-13: Does the Plaintiff perform the functions of a public office?

[Note: Expected answer: "No." This reinforces the prior admission.]

Q-14: If the Plaintiff is not performing the functions of a public office, what specific statutory definition of "trade or business" did you apply to the Plaintiff when you made your assessment?

[Note: This is a trap question. The witness cannot identify a statutory definition because §7701(a)(26) is the only one, and it points to public office functions. The witness will likely attempt to invoke judicial interpretations or common usage—which opens the door to further questioning about the limits of the statutory definition.]

Q-15: Are you aware of any provision in Title 26 that defines "trade or business" to include the private labor of a natural person exchanging personal services for compensation?

[Note: Expected answer: "No" or evasion. There is no such provision. This establishes that the statute does not support the assessment.]

Q-16: Are you aware of any provision in Title 26 that defines "trade or business" to include the exercise of the natural right to labor, as recognized in *Butchers' Union Co. v. Crescent City Co.*, 111 U.S. 746 (1884)?

[Note: Forces the witness to confront the constitutional distinction between natural rights and statutory privileges.]

Q-17: When you determined that the Plaintiff was engaged in a "trade or business," did you apply any specific test or criteria to reach that determination?

[Note: Exposes the absence of any analytical process in the assessment. The IRS typically does not make a TOB determination—it simply presumes all income is taxable.]

Q-18: Can you produce any written document reflecting your determination that the Plaintiff's specific activities constitute a "trade or business" as defined in IRC §7701(a)(26)?

[Note: Expected answer: "No." There is no such document because the IRS does not make individual TOB determinations.]

SECTION C: DISTINGUISHING DOMESTICG FROM DOMESTICC, DOMESTICS, AND DOMESTICJ

Q-19: Do you agree that a natural person may reside within the geographic boundaries of a State of the United States without being engaged in interstate commerce?

[Note: Establishes the DomesticG/DomesticC distinction. The expected answer is "yes"—it would be absurd to claim otherwise.]

Q-20: Can you identify any specific act performed by the Plaintiff that constituted entry into interstate commerce—that is, that constituted entry into what this framework refers to as "DomesticC" or Domestic Commerce?

[Note: Forces the witness to identify a specific jurisdictional predicate. If the witness cannot, the foundation for applying Title 26 is undermined.]

Q-21: Do you agree that the filing of a Form 1040 is a voluntary act by the filer?

[Note: Establishes the voluntary nature of entry into DomesticS. The government's position is that filing is mandatory—but mandatory only for persons already within the statutory framework.]

Q-22: Can you identify any document signed by the Plaintiff that constitutes voluntary, informed entry into the statutory framework of Title 26—that is, entry into what this framework refers to as "DomesticS" or Domestic Statutory?

[Note: Forces the witness to produce evidence of voluntary submission. In most cases, no such document exists—any prior filings were made without understanding of their legal consequences.]

Q-23: Can you identify any specific consent or submission by the Plaintiff that constituted entry into the adjudicative jurisdiction of the federal

government for tax purposes—that is, entry into "DomesticJ" or Domestic Jurisdiction?

[Note: Establishes that the Plaintiff has not consented to jurisdiction.]

Q-24: Do you agree that mere physical presence within a State does not, by itself, establish that a person is engaged in a "trade or business" as defined in IRC §7701(a)(26)?

[Note: Reaffirms the core FTSIG principle that DomesticG ≠ TOB.]

Q-25: Do you agree that mere receipt of compensation for personal services does not, by itself, establish that a person is performing "the functions of a public office"?

[Note: Drives home the gap between the Plaintiff's actual activities and the statutory definition of TOB.]

SECTION D: THE EXCISE TAX NATURE OF THE INCOME TAX

Q-26: Are you familiar with the Supreme Court's decision in *Brushaber v. Union Pacific Railroad Co.*, 240 U.S. 1 (1916)?

[Note: Tests the witness's knowledge of foundational precedent. Most IRS agents are not familiar with this case.]

Q-27: Are you aware that the Supreme Court in *Brushaber* held that the income tax authorized by the Sixteenth Amendment is an excise tax, and that the Sixteenth Amendment did not create a new power of taxation?

*[Note: Puts the *Brushaber* holding before the court through the witness.]*

Q-28: Are you familiar with *Stanton v. Baltic Mining Co.*, 240 U.S. 103 (1916), in which the Supreme Court confirmed that the income tax is "an excise upon the particular privilege" of engaging in business activity?

[Note: Reinforces the excise characterization with a second case.]

Q-29: If the income tax is an excise—that is, a tax on a privileged activity—can you identify the specific privilege that the Plaintiff is exercising that gives rise to the excise?

[Note: This is the critical question. If the witness cannot identify a privilege, the excise has no constitutional basis as applied to the Plaintiff.]

Q-30: Is the exercise of the natural right to labor—the right to exchange personal services for compensation—a privilege granted by the government?

[Note: Expected answer: "No." If "yes," the witness contradicts settled Supreme Court precedent. Either way, the answer advances the FTSIG argument.]

Q-31: If the right to labor is not a privilege, and the income tax is an excise upon a privilege, how can the income tax be constitutionally applied to the Plaintiff's labor income?

[Note: Presents the logical conclusion of the foregoing admissions. The witness cannot answer this question without either conceding the point or contradicting prior admissions.]

SECTION E: BURDEN OF PROOF AND JURISDICTIONAL DEFECT

Q-32: Before you assessed tax liability against the Plaintiff, did you make a determination that the Plaintiff was engaged in a "trade or business" as defined in IRC §7701(a)(26)?

[Note: Expected answer: "No." The IRS assessment process does not include a TOB determination step.]

Q-33: Can you produce any written determination, memorandum, or finding in which you or any IRS employee concluded that the Plaintiff's specific activities constitute a "trade or business"?

[Note: Expected answer: "No." This establishes the absence of any factual predicate for the assessment.]

Q-34: Is it the policy or practice of the IRS to make individual determinations of "trade or business" status before assessing income tax liability?

[Note: Expected answer: "No." This reveals the systemic presumption that all income is taxable regardless of its source or the person's constitutional status.]

Q-35: Do you agree that, in general, the party asserting jurisdiction bears the burden of establishing it?

[Note: This is a well-established legal principle. The witness should agree.]

Q-36: If the government bears the burden of establishing jurisdiction, and the government has not made any determination that the Plaintiff is engaged in a "trade or business," on what factual and legal basis did the government assess the tax?

[Note: Forces the witness to confront the jurisdictional defect head-on. The absence of a TOB determination means the government has not established its own jurisdictional predicate.]

Q-37: If you cannot demonstrate that the Plaintiff is within the statutory framework of Title 26, do you agree that the assessment is without legal foundation?

[Note: The witness will likely not agree, but the question is asked for the record—it frames the issue for the court.]

SECTION F: THE FTSIG CLASSIFICATION CHALLENGE

Q-38: I would like you to consider the following five categories of income-producing activity. I will describe each briefly, and then I will ask you to classify the Plaintiff's activities.

[Note: Introduce the FTSIG categories to the witness and the court.]

Q-39: Category 1: Private Right. The exercise of the natural right to labor, to acquire property, and to contract—without engagement in any

privileged or statutory activity. Does the Plaintiff's activity fall within this category?

[Note: If "yes," the witness has conceded the case. If "no," the witness must explain why.]

Q-40: Category 2: Public Interest Doctrine (PID). Activities touching public interest sufficient to justify regulatory oversight, but not constituting a "trade or business." Does the Plaintiff's activity fall within this category?

[Note: If "yes," the activity is not TOB and the income tax excise does not apply.]

Q-41: Category 3: PRD-Foreign. Activities with a foreign commerce nexus. Does the Plaintiff have any foreign commerce connections?

[Note: Expected answer: "No." This eliminates PRD-Foreign.]

Q-42: Category 4: PRD-Internal-Non-TOB. Domestic activities producing income that do not constitute a "trade or business." Does the Plaintiff's activity fall within this category?

[Note: If "yes," the activity is not TOB, and the threshold question of statutory applicability remains unresolved.]

Q-43: Category 5: PRD-Internal-TOB. Activities constituting a "trade or business" as defined in IRC §7701(a)(26). Does the Plaintiff's activity fall within this category?

[Note: If "yes," the witness must explain how the Plaintiff's activities meet the §7701(a)(26) definition. If "no," the excise-tax nexus is absent.]

Q-44: If you cannot classify the Plaintiff's activities within any category that gives rise to excise-tax liability under Title 26, how can you maintain that Title 26 applies to the Plaintiff?

[Note: This is the concluding question. It encapsulates the entire FTSIG challenge. The witness is forced to either classify the Plaintiff into a taxable category (and explain the basis) or concede that the classification cannot be made—in which case, the assessment has no foundation.]

Q-45: No further questions.

— END OF PART III —

PART IV

FLOWCHART — HOW A PERSONPRI MAY ACCIDENTALLY ENTER DOMESTIC C, DOMESTIC S, OR DOMESTIC J

The following flowchart identifies the specific acts, events, and circumstances by which a PersonPRI exercising Private Right within DomesticG may accidentally or unknowingly transition into DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB—thereby potentially bringing the PersonPRI within the scope of Title 26. Each pathway is analyzed for the nature of entry (voluntary, constructive, or coerced), the FTSIG category implicated, and the available remedies or challenges.

STARTING NODE

PersonPRI in DomesticG — Exercising Private Right

Status: Outside the statutory framework of Title 26. Not in DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB.



The PersonPRI may unknowingly transition through any of the following branches:

BRANCH 1: ENTRY INTO DOMESTICC (DOMESTIC COMMERCE)

Triggering Acts:

#	Act or Event	Nature of Entry	FTSIG Transition	Reversal / Challenge
1.1	Obtaining a business license from a state authority	Voluntary	Private Right → DomesticC (and potentially PRD-Internal-TOB)	Surrender or non-renew the license; cease the licensed activity. Assert that the licensing was for regulatory (PID) purposes and did not constitute entry into TOB.
1.2	Registering a business entity (LLC, corporation, partnership) with a state or federal authority	Voluntary	Private Right → DomesticC / PRD-Internal-TOB	Dissolve the entity. Withdraw the registration. Assert that the entity was never operational or was created under mistake of law.
1.3	Obtaining an Employer Identification Number (EIN) from the IRS	Voluntary	Private Right → DomesticC / DomesticS	Close the EIN account with the IRS. Assert that the EIN was obtained

#	Act or Event	Nature of Entry	FTSIG Transition	Reversal / Challenge
				under mistake of law and was never associated with TOB activity.
1.4	Engaging in interstate commercial transactions (selling goods or services across state lines)	Voluntary	Private Right → DomesticC	Cease interstate commerce. Confine activities to intrastate, non-commercial transactions. Challenge whether specific transactions actually constitute "interstate commerce."
1.5	Accepting payment through commercial banking systems tied to federal reporting (Form 1099, W-2)	Constructive	Private Right → DomesticC / DomesticS	Transition to non-reporting payment methods. Object to third-party information returns. File corrected information returns if erroneous.
1.6	Entering into contracts that reference or incorporate federal	Voluntary / Constructive	Private Right → DomesticC	Negotiate contracts that do not incorporate federal regulatory

#	Act or Event	Nature of Entry	FTSIG Transition	Reversal / Challenge
	commercial regulations (UCC, federal procurement , etc.)			frameworks. Assert that private contracts do not create federal jurisdiction.

WARNING – BRANCH 1

Entry into DomesticC is often the first step in a chain reaction. Once a PersonPRI enters DomesticC, the government may argue that the person has entered the regulatory sphere and is therefore subject to Title 26. The PersonPRI must be vigilant to prevent DomesticC acts from being construed as entry into DomesticS or TOB.

BRANCH 2: ENTRY INTO DOMESTICS (DOMESTIC STATUTORY)

Triggering Acts:

#	Act or Event	Nature of Entry	FTSIG Transition	Reversal / Challenge
2.1	Filing a Form 1040 (Individual Income Tax Return)	Voluntary (often under mistake of law)	Private Right → DomesticS	Cease filing. Assert that prior filings were made under mistake of law and without informed consent. File amended

#	Act or Event	Nature of Entry	FTSIG Transition	Reversal / Challenge
				returns asserting correct zero liability if within the limitations period.
2.2	Signing a W-4 form (Employee's Withholding Certificate) with an employer	Voluntary / Coerced (employer demands as condition of employment)	Private Right → DomesticS	Submit a revised W-4 claiming exempt status (if legally supportable). Assert that signing the W-4 was coerced by the employer and did not constitute voluntary entry into the statutory framework.
2.3	Applying for a Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)	Voluntary / Constructive (often applied for at birth by parents)	Private Right → DomesticS	Challenge the use of the SSN for Title 26 purposes. Assert that the SSN was obtained for Social Security (Title 42) purposes and does not constitute voluntary submission to Title 26.
2.4	Filing any	Voluntary	Private Right	Cease filing.

#	Act or Event	Nature of Entry	FTSIG Transition	Reversal / Challenge
	return or form under Title 26 (e.g., Form 1099, Schedule C, Form 941)		→ DomesticS	Assert mistake of law. Correct any erroneous filings within the applicable limitations period.
2.5	Claiming deductions, credits, or exemptions under Title 26 (e.g., standard deduction, earned income credit, child tax credit)	Voluntary	Private Right → DomesticS	Cease claiming statutory benefits. Recognize that acceptance of statutory benefits implies acceptance of statutory obligations.
2.6	Participating in tax-advantaged programs (IRA, 401(k), HSA, 529 Plan)	Voluntary	Private Right → DomesticS	Withdraw from tax-advantaged programs. Recognize that participation in programs created by Title 26 constitutes voluntary entry into the statutory framework.

WARNING – BRANCH 2

DomesticS entry is the most common pathway and the most difficult to reverse. The filing of a Form 1040 is treated by the IRS as conclusive evidence that the filer is within the statutory framework. A PersonPRI who has filed returns in prior years faces the challenge of repudiating those filings. This requires careful legal analysis and, in most cases, professional legal counsel.

BRANCH 3: ENTRY INTO DOMESTICJ (DOMESTIC JURISDICTION)

Triggering Acts:

#	Act or Event	Nature of Entry	FTSIG Transition	Reversal / Challenge
3.1	Filing a petition in United States Tax Court	Voluntary	Private Right → DomesticJ	Once filed, jurisdiction is established. The PersonPRI should raise lack of subject-matter jurisdiction as an affirmative defense if the underlying assessment was not based on TOB activity.
3.2	Responding to an IRS notice without	Constructive	Private Right → DomesticJ	Always challenge jurisdiction in any

#	Act or Event	Nature of Entry	FTSIG Transition	Reversal / Challenge
	challenging jurisdiction			response to an IRS notice. Include a jurisdictional objection in every communication. Assert PersonPRI status and demand identification of the privileged activity.
3.3	Entering into an installment agreement or offer in compromise with the IRS	Voluntary	Private Right → DomesticJ / DomesticS	Seek to rescind the agreement on grounds of mistake of law or absence of statutory applicability. Assert that the agreement was entered without understanding that the PersonPRI was not within the statutory framework.
3.4	Consenting to audit or examination without objecting to jurisdiction	Constructive	Private Right → DomesticJ	Object to jurisdiction at the outset of any audit. Demand that the IRS identify the

#	Act or Event	Nature of Entry	FTSIG Transition	Reversal / Challenge
				specific TOB activity before proceeding.
3.5	Failing to timely challenge a Notice of Deficiency (90-day letter)	Constructive (by default)	Private Right → DomesticJ	If the 90-day period has lapsed, the assessment becomes final. The PersonPRI may pay the tax and sue for refund in District Court, raising jurisdictional and constitutional challenges.
3.6	Requesting a Collection Due Process (CDP) hearing without challenging underlying jurisdiction	Constructive	Private Right → DomesticJ	Always include a jurisdictional challenge in any CDP hearing request. Assert that the underlying assessment is invalid because the PersonPRI is not within the statutory framework.

WARNING – BRANCH 3

DomesticJ is the most dangerous category because, once jurisdiction is established, the PersonPRI is subject to the full enforcement machinery of the IRS, including levies, liens, and potential criminal prosecution. Every interaction with the IRS must include a jurisdictional objection to prevent constructive entry into DomesticJ.

BRANCH 4: ENTRY INTO DOMESTICGOV (GOVERNMENT)

Triggering Acts:

#	Act or Event	Nature of Entry	FTSIG Transition	Reversal / Challenge
4.1	Accepting federal employment (civilian or military)	Voluntary	Private Right → DomesticGO V / TOB (per §7701(a)(26))	Resign from federal employment. Upon separation, assert restoration of PersonPRI status if no other FTSIG transitions persist.
4.2	Accepting state employment that is federally funded	Voluntary / Constructive	Private Right → DomesticGO V (potentially)	Challenge whether the position constitutes "performance of the functions of a public office" under §7701(a)(26). Assert that state employment

#	Act or Event	Nature of Entry	FTSIG Transition	Reversal / Challenge
				is not federal privilege.
4.3	Holding elected or appointed public office (federal, state, or local)	Voluntary	Private Right → DomesticGO V / TOB	Resign from public office. This is the paradigmatic TOB activity under §7701(a)(26).
4.4	Serving as a federal contractor	Voluntary	Private Right → DomesticGO V / DomesticC	Terminate the contract. Assert that contractor status does not constitute "performance of the functions of a public office" absent delegation of governmental authority.

BRANCH 5: ENTRY INTO TOB (TRADE OR BUSINESS)

Triggering Acts:

#	Act or Event	Nature of Entry	FTSIG Transition	Reversal / Challenge
5.1	Performing the functions of a public office (IRC §7701(a))	Voluntary	Private Right → TOB / PRD-Internal-TOB	Cease performing public office functions. This is the

#	Act or Event	Nature of Entry	FTSIG Transition	Reversal / Challenge
	(26))			only activity specifically defined as TOB by statute.
5.2	Any other activity meeting judicially developed criteria for TOB (regular, continuous, and substantial activity for profit)	Voluntary / Constructive	Private Right → TOB / PRD-Internal-TOB (if activity meets judicial criteria)	Challenge the classification by arguing: (a) the statute defines TOB only as public office functions; (b) judicial expansion beyond the statutory definition exceeds the constitutional scope of the excise; (c) the specific activity does not meet even the judicially developed criteria.

NOTE – BRANCH 5

The judicial expansion of the TOB definition beyond the statutory text of §7701(a)(26) is one of the most significant areas of contestation within the FTSIG framework. Courts have developed multi-factor tests for determining TOB status, but these tests are judicially created and may exceed the constitutional scope of the excise if they capture activities

that are not truly "privileged." FTSIG argues that the statutory definition should control.

PRESERVATION OF PRIVATE RIGHT

The following guidelines summarize what a PersonPRI must do—and refrain from doing—to maintain Private Right status and avoid accidental entry into DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB:

Actions to AVOID:

28. **Do not file** a Form 1040 or any other return under Title 26 unless you have determined, with qualified legal counsel, that you are within the statutory framework.
29. **Do not sign** a W-4 form without understanding its legal consequences. A W-4 constitutes an election to participate in the Title 26 withholding system.
30. **Do not obtain** an EIN unless you have established a genuine TOB or entity that requires one.
31. **Do not register** a business entity (LLC, corporation) unless you intend to enter DomesticC.
32. **Do not claim** deductions, credits, or exemptions under Title 26. Acceptance of statutory benefits implies acceptance of statutory obligations.
33. **Do not participate** in tax-advantaged programs (IRA, 401(k), HSA) unless you have accepted entry into DomesticS.
34. **Do not respond** to IRS notices without including a jurisdictional objection and an assertion of PersonPRI status.

35. **Do not enter** into installment agreements, offers in compromise, or other agreements with the IRS without challenging the underlying statutory applicability.
36. **Do not file** a Tax Court petition without first considering whether doing so constitutes consent to DomesticJ.
37. **Do not accept** federal employment or public office if you wish to remain outside DomesticGOV.

Actions to TAKE:

38. **Document** your PersonPRI status through a contemporaneous record establishing that you are not in DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB.
39. **Challenge** every IRS communication with a written jurisdictional objection, demanding that the IRS identify the specific privileged activity (TOB) that gives rise to the alleged tax liability.
40. **Object** to third-party information returns (Form W-2, Form 1099) that mischaracterize your Private Right income as TOB income.
41. **Consult** qualified legal counsel before taking any action that may constitute entry into DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB.
42. **Maintain** detailed records of all economic activities to demonstrate that your activities constitute the exercise of Private Right and not TOB.
43. **Study** the FTSIG framework and relevant case law to understand your constitutional rights and the limits of federal taxing authority.

END STATE

PersonPRI remains in DomesticG — Private Right preserved.

Requires constant vigilance against inadvertent entry into DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB.

— END OF PART IV —

APPENDIX A

COMPREHENSIVE GLOSSARY OF FTSIG TERMS

Term	Definition
FTSIG	Five Taxonomy System of Income Governance. The master classification framework that categorizes all income-related activities by their constitutional and statutory character for the purpose of determining federal income tax applicability. The five categories are: (1) Private Right, (2) PID, (3) PRD-Foreign, (4) PRD-Internal-Non-TOB, and (5) PRD-Internal-TOB.
PersonPRI	A natural person exercising Private Right . A PersonPRI has not entered any privileged or statutory relationship with the federal government. Specifically, a PersonPRI has not entered DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB.
Private Right	The foundational natural and constitutionally protected right of a PersonPRI to labor, acquire property, and contract without

Term	Definition
	government interference. Private Right is not a privilege, not a license, and not taxable as an excise. It exists independent of any governmental grant.
DomesticG	Domestic Geography. Physical presence within the several States of the Union. DomesticG is a geographic fact, not a jurisdictional submission. Mere presence in DomesticG does not constitute entry into DomesticC, DomesticS, DomesticJ, DomesticGOV, or TOB.
DomesticC	Domestic Commerce. Entry into interstate or regulated commercial activity that may trigger federal regulatory authority under the Commerce Clause (U.S. Const. art. I, §8, cl. 3). Examples include registering a business entity, obtaining an EIN, and engaging in interstate transactions.
DomesticS	Domestic Statutory. Voluntary or constructive entry into the statutory framework of Title 26 of the Internal Revenue Code. DomesticS is triggered by acts such as filing a Form 1040, signing a W-4, applying for an SSN for tax purposes, or claiming statutory deductions and credits.
DomesticJ	Domestic Jurisdiction. Submission to the adjudicative and enforcement jurisdiction of the federal government for tax purposes. DomesticJ is triggered by acts such as filing a Tax Court petition, entering into installment agreements, or failing to challenge a Notice of Deficiency.
DomesticGOV	Government. Holding public office or employment within the federal government, or performing

Term	Definition
	functions of a public office as contemplated by IRC §7701(a)(26). This is the paradigmatic TOB category.
TOB	Trade or Business. The specific statutory term defined under IRC §7701(a)(26) as including "the performance of the functions of a public office." TOB functions as the excise-tax nexus—the privileged activity upon which the federal income tax excise is constitutionally imposed.
PID	Public Interest Doctrine. The category of activities touching public interest sufficient to justify regulatory oversight (e.g., police power, health and safety regulation) but not themselves creating an excise-tax liability under Title 26. PID is the doctrinal bridge between Private Right and the Public Right Doctrine categories.
PRD-Foreign	Public Right Doctrine (Foreign). Activities with a foreign commerce nexus falling under Congress's Article I, §8 power to regulate commerce with foreign nations. Statutory provisions include IRC §§861-865, §911, §§1441-1446.
PRD-Internal-Non-TOB	Public Right Doctrine (Internal, Non-Trade-or-Business). Internal activities within domestic commerce—such as passive investment, capital gains, interest, rental income—that do not rise to the level of a "trade or business" under IRC §7701(a)(26).
PRD-Internal-TOB	Public Right Doctrine (Internal, Trade or Business). Internal activities that constitute a "trade or business" as the excise-tax nexus under Title 26. This is the category

Term	Definition
	in which the income tax unambiguously applies.
Excise Tax	An indirect tax imposed upon the exercise of a <i>privileged activity</i> . The federal income tax, as confirmed by the Supreme Court in <i>Brushaber</i> (1916) and <i>Stanton</i> (1916), is an excise tax measured by income derived from the privileged activity.
Direct Tax	A tax imposed upon property or persons directly, subject to the constitutional requirement of apportionment among the several States according to population (U.S. Const. art. I, §2, cl. 3; art. I, §9, cl. 4).
Excise-Tax Nexus	The connection between a person's activity and the privileged event that triggers excise-tax liability. Under FTSIG, the excise-tax nexus for the federal income tax is TOB status under IRC §7701(a)(26).
Statutory Applicability	The threshold determination of whether a person is within the statutory framework of Title 26. Statutory applicability must be established before the provisions of Title 26 (including IRC §61, §63, §§1-5) can apply to the person.
Ultra Vires	Latin: "beyond the powers." An act by a government entity or officer that exceeds the scope of its lawful authority. The application of Title 26 to a PersonPRI not engaged in any privileged activity is <i>ultra vires</i> .

TABLE OF AUTHORITIES

Case	Relevance to FTSIG
<i>Pollock v. Farmers' Loan & Trust Co.</i> , 157 U.S. 429 (1895); 158 U.S. 601 (1895)	Held income tax on property income was a direct tax requiring apportionment. Established that the nature of the source determines the constitutional character of the tax.
<i>Brushaber v. Union Pacific Railroad Co.</i> , 240 U.S. 1 (1916)	Held that the 16th Amendment did not create a new taxing power, did not change the direct/indirect classification, and that the income tax is an excise. Core authority for FTSIG's excise-tax thesis.
<i>Stanton v. Baltic Mining Co.</i> , 240 U.S. 103 (1916)	Confirmed the income tax is "an excise upon the particular privilege" of doing business. Corroborates <i>Brushaber</i> .
<i>Flint v. Stone Tracy Co.</i> , 220 U.S. 107 (1911)	Defined excise taxes as taxes on privileges, licenses, and corporate activities. Establishes the privilege requirement for excise taxation.
<i>Butchers' Union Co. v. Crescent City Co.</i> , 111 U.S. 746 (1884)	Affirmed the right to pursue lawful occupation as an "inalienable right," not a government-granted privilege. Foundation for the Private Right category.
<i>Yick Wo v. Hopkins</i> , 118 U.S. 356 (1886)	Affirmed that rights of persons (including the right to labor) are constitutionally protected regardless of citizenship status. Supports the Private Right category.

STATUTORY PROVISIONS REFERENCED

Provision	Description and FTSIG Relevance
U.S. Const. art. I, §2, cl. 3	Apportionment requirement for direct taxes.
U.S. Const. art. I, §8, cl. 1	Taxing Clause — power to lay and

Provision	Description and FTSIG Relevance
	collect taxes, duties, imposts, and excises.
U.S. Const. art. I, §8, cl. 3	Commerce Clause — power to regulate commerce with foreign nations and among the several States.
U.S. Const. art. I, §9, cl. 4	Direct tax limitation — no capitation or other direct tax without apportionment.
U.S. Const. amend. V	Due Process Clause — no deprivation of life, liberty, or property without due process of law.
U.S. Const. amend. XVI	Sixteenth Amendment — power to tax incomes without apportionment (for excises).
IRC §1-5 (26 U.S.C. §§1-5)	Graduated tax rates on "taxable income." Presuppose statutory applicability.
IRC §61 (26 U.S.C. §61)	Definition of "gross income." Operates within the statutory framework; does not establish applicability.
IRC §63 (26 U.S.C. §63)	Definition of "taxable income." Dependent upon §61.
IRC §162 (26 U.S.C. §162)	Deductions for TOB expenses. Presupposes TOB status.
IRC §183 (26 U.S.C. §183)	Activities not engaged in for profit. Distinguishes TOB from non-TOB activities.
IRC §469 (26 U.S.C. §469)	Passive activity loss limitations. Distinguishes material participation from passive investment.
IRC §861-865 (26 U.S.C. §§861-865)	Source rules for domestic and foreign income. Relevant to PRD-Foreign.
IRC §864(b) (26 U.S.C. §864(b))	Definition of TOB for nonresident

Provision	Description and FTSIG Relevance
	aliens. Confirms TOB is a defined, limited category.
IRC §911 (26 U.S.C. §911)	Foreign Earned Income Exclusion. Acknowledges categorical distinctness of foreign income.
IRC §§1441-1446 (26 U.S.C. §§1441-1446)	Withholding on foreign persons. Separate regime confirming PRD-Foreign distinctness.
IRC §1402 (26 U.S.C. §1402)	Self-employment tax. Requires TOB status.
IRC §7701(a)(26) (26 U.S.C. §7701(a)(26))	Definition of "trade or business" — "includes the performance of the functions of a public office." The excise-tax nexus provision. Central to FTSIG.
28 U.S.C. §1331	Federal question jurisdiction.
28 U.S.C. §1346	Suits against the United States.
28 U.S.C. §§2201-2202	Declaratory Judgment Act.
5 U.S.C. §§701-706	Administrative Procedure Act — judicial review of agency action.

This document was prepared as a comprehensive doctrinal and litigation reference under the Five Taxonomy System of Income Governance (FTSIG).

All legal theories, arguments, and positions set forth herein are based on the author's interpretation of constitutional provisions, statutory text, and judicial precedent. This document does not constitute legal advice. Persons considering the use of these arguments in litigation should consult qualified legal counsel.

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