

**Legal and Lawful Amount of Tax Due:  
The Correct Amount of Tax Due Under the Law  
Vs.  
The Amount of Tax Legally Due**

As was highlighted in the first session, the IRS has recently changed its language about the taxpayer's right to pay the lowest-possible tax. Whereas the age-old standard was that the taxpayer had the right to pay "no more" (but "no less") than "only the correct amount of tax due under the **law**" [IRS Publication 1], the Treasury bureau has set a new standard by which the taxpayer has the right to pay "only the amount of tax that is **legally due**" [IRS Publication 1, 12/14 Revision]. Although this change in the published language of this right does not change the actual language of the law, the typical taxpayer prefers not to become informed of the actual language of the law, leans instead toward the "no less" provision of the original version of IRS Publication 1, and far over-pays the obligation of the actual language of the law. The IRS has accordingly further blurred the distinction between what **is** due under the actual language of the law and what legally **becomes** due when an employer withholds taxes from employee earnings and/or when an individual signs and files an income tax return.

The oldest examples of this are social security contributions and Medicare premiums that have **no** bearing on an individual income tax return. While Congress has legislated a requirement neither for individuals to **make** nor for employers to **withhold** social security contributions or Medicare premiums, once such amounts **are** withheld, they **become legally due** since Congress has legislated a requirement for employers to pay the liability **created** by such withholding. Hence, amounts paid by individuals for social security are merely contributions since they are paid directly to current beneficiaries and do not guarantee future benefits to the contributors since there is no insurance contract beneath the program; and amounts paid by individuals for Medicare are considered premiums for hospitalization even though there is no insurance contract beneath the program and are considered fully paid when premiums for healthcare services begin at age 65.

The youngest examples of this are income tax contributions and healthcare coverage penalties that have **specific** bearing on an individual income tax return. While Congress has legislated a requirement neither for individuals to **make** nor for employers to **withhold** income tax contributions, once such amounts **are** withheld, they **become legally due** since Congress has legislated a requirement for employers to pay the liability **created** by such withholding. Hence, amounts paid by individuals for income tax are merely contributions since they are specifically not required of the individual by the actual language of the law—this is also true in all but seven of the States—and amounts paid by individuals for healthcare coverage penalties are also contributions since the individual income tax returns on which such penalties are based are specifically not required by the actual language of the law.

While current beneficiaries depend on continued inflow of social security contributions, individuals who make continued contributions far beyond the requirements of the actual

language of the law in other tax categories do so only to their own detriment, not only diminishing their ability to generate wealth but also intensifying their future dependence on government benefits for subsistence and healthcare. When individuals begin filing individual income tax returns, they may assume that the word “return” refers to the return of tax, but, in reality, any refund is for only the refundable portion of the total amount of tax paid for the year, the portion that even the IRS acknowledges as far beyond the requirements of the actual language of the law. The typical individual falls quickly into such a trap of over-paying the IRS and quickly spending whatever is received as a refund each year, paying literally hundreds of thousands of dollars beyond the requirements of the actual language of the law over the course of a lifetime, spending the comparatively tiny amount refunded on lifestyle, and ending up penniless at age 65.

By changing its language about the taxpayer's right to pay the lowest-possible tax, the IRS has also defended itself against any possible refund requests based on discovery that the actual language of the law requires much less than what the typical taxpayer pays in income tax. However, technically, the IRS has also reminded taxpayer's of their right to self-determination—that is, the taxpayer has the *right* to arrange his affairs so that “the amount of tax that is legally due” is as low as possible.