

GROSS INCOME COMPUTATION WORKSHEET

FORM INSTRUCTIONS

Source: <http://sedm.org>

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1. **PURPOSE:**

The purpose of this form is to document the reasons why the cost of producing your labor is deductible on a federal tax return and to document the amount of the “gross income” entered on the tax return AFTER the deductions are taken. These deductions are based on the content of the following memorandum on our website:

How the Government Defrauds You Out of Legitimate Deductions for the Market Value of Your Labor, Form #05.026
<http://sedm.org/Forms/FormIndex.htm>

This free form is intended as an attachment to a federal or state tax return in computing “gross income” which goes on the state or federal tax return. It might be used, for instance, as an attachment to the following forms on our website:

1.1. IRS Form 1040NR or 1040NR-EZ.

1.2. *Federal Nonresident Nonstatutory Claim for Return of Funds Unlawfully Paid to the Government--Long*, Form #15.001

<http://sedm.org/Forms/FormIndex.htm>

1.3. *Federal Nonresident Nonstatutory Claim for Return of Funds Unlawfully Paid to the Government--Short*, Form #15.002

<http://sedm.org/Forms/FormIndex.htm>

2. **IMPORTANT WARNINGS:**

2.1. Please **DO NOT** contact us for instructions or help in how to fill out or submit this form. We remind the reader that only Members may use this form **AFTER** they satisfy all of the requirements found in the [Member Agreement](#). One of the requirements in Section 5 of said agreement is that you won't ask us to either prepare, advise, or assist in the preparation of “tax returns”. This form meets all the requirements for being a tax return in an ordinary sense, but it cannot be described as a “tax return” in a statutory sense because it is filed by a nontaxpayer not subject to any provision of the I.R.C. and it specifically forbids any use or application of the I.R.C. against the submitter and makes the recipient responsible by franchise agreement to pay all tax and penalty liability assessed using privileged information submitted to the government. It instead is more correctly described as a “tax statement” pursuant to [26 U.S.C. §6011\(a\)](#). However, the government may still attempt to allege that it falls under the provisions of [26 U.S.C. §6700](#) or [26 U.S.C. §7206](#) and invoke these provisions in order to try to unlawfully harass or discredit us. To prevent such harassment, please do not contact us for help. We welcome your feedback on how to improve this form or correct any errors, but that is the only kind of contact you can have with us about it without violating the Member Agreement.

2.2. [I.R.C. Section 6702](#) authorizes the IRS to institute penalties of up to \$5,000 for the filing of frivolous “tax returns” filed by entities who are “taxpayers” as defined in [26 U.S.C. §7701\(a\)\(14\)](#) and “persons” described in [26 U.S.C. §6671\(b\)](#). The only thing the IRS can penalize is the abuse of its own forms by “taxpayers”. This form is not *their* form and the submitter is not a statutory “taxpayer” who is subject to any provision of the I.R.C., and therefore there is no hazard of penalty. Furthermore, it contains none of the flawed arguments the IRS typically penalizes submitters for. For further information on this subject, see:

2.2.1. *Why Penalties are Illegal for Anything but Federal Employees, Contractors, and Agents*, Form #05.010

<http://sedm.org/Forms/FormIndex.htm>

2.2.2. IRS Notice 2007-30: Frivolous Positions

<http://famguardian.org/Subjects/Taxes/FalseRhetoric/n-07-30.pdf>

2.2.3. IRS Notice 2008-14: Frivolous Positions

<http://famguardian.org/Subjects/Taxes/FalseRhetoric/n-08-14.pdf>

2.2.4. *Flawed Tax Arguments to Avoid*, Form #08.004

<http://sedm.org/Forms/FormIndex.htm>

2.3. If you decide to file a standard IRS form 1040NR in addition to this form because you want to ask for a return of unlawfully withheld or seized or levied assets, be advised that:

2.3.1. You must attach the following form to the filing to remain a Member in good standing and comply with all the terms of the [Member agreement](#):

Tax Form Attachment, Form #04.201

<http://sedm.org/Forms/FormIndex.htm>

2.3.2. You must indicate that the amounts were withheld, paid, levied, or seized illegally and UNDER PROTEST and therefore are returnable. See item 4.9.1 below for details.

- 2.3.3. Must indicate that any requirement on the refund is to be disregarded if it will make you into either a “filer” or a “taxpayer” or cause you to lose your status as a “nontaxpayer”.
- 2.3.4. You must emphasize that you are a “nonfiler” as defined in the IRS Restructuring and Reform Act of 1998, [Pub. L. 105-206](#), title III, §3707, July 22, 1998, [112 Stat. 778](#), paragraph (b) and that all amounts paid were paid under protest as a “nontaxpayer” and therefore are not “taxes”.
- 2.3.5. Engaging in any of the following excise taxable activities on the return will transform you into a “taxpayer” who has a liability and who is connected with a “trade or business”.
- 2.3.5.1. Taking deductions of any kind pursuant to [26 U.S.C. §162](#). You cannot take deductions without being engaged in a “trade or business”.
- 2.3.5.2. Taking earned income credits under [26 U.S.C. §32](#).
- 2.3.5.3. Using a graduated rate of tax under [26 U.S.C. §1](#) instead of the flat 30% rate indicated in [26 U.S.C. §871\(a\)](#). The tax rate is IRRELEVANT if you aren’t engaged in a “trade or business” and earn no “gross income”
- 2.3.5.4. Taking advantage of any treaty benefit under the terms of an income tax treaty with a foreign country.
- 2.3.5.5. Using IRS form 1040 instead of 1040NR. This constitutes an “election” to become a “resident alien” with a domicile in the District of Columbia pursuant to [26 U.S.C. §7701\(b\)\(4\)\(B\)](#) and [26 U.S.C. §6013\(g\)](#) and (h). See Form #04.020, Section 12.
- 2.4. Members of SEDM are forewarned that the ONLY amount they can put in blocks 15 through 19 of this form is ZERO in order to maintain their status as either a “nontaxpayer” or as a Member in good standing. If they put a nonzero amount in any of these blocks, our Members agreement makes them into Members in Bad Standing who are not authorized to read or use our materials for any years in which they have the status of either non-members or Members in Bad Standing. Also, if you put a nonzero amount in line 32 to for refund due, you are likely to be treated as a “taxpayer”, because there is no I.R.C. provision that authorizes refund to “nontaxpayers” or “persons other than taxpayers” referenced in [26 U.S.C. §7426](#). If “nontaxpayers” want to avoid being involuntarily converted to “taxpayers”, then they must indicate no refund due but also no liability. This is clarified in the following:

Taxpayers argue that § 6702 does not apply to them in that the Form 1040 that they filed was not a “purported return.” While taxpayers did write on the forms the words “not a tax return,” the form was undeniably filed to obtain a refund of the taxes withheld from their wages for which the filing of a return is necessary. 26 CFR §301.6402-3(a)(1) (1983). As stated a district court that recently faced this same situation:

Since the plaintiffs’ stated purpose was to obtain a refund, the documents submitted must be deemed to be purported tax returns for purposes of Section 6702. It is true that the plaintiffs wrote on the forms that they were not returns, but this disclaimer has no effect in light of the plaintiffs’ stated purpose to have the documents treated as returns. If such a disclaimer were sufficient to avoid liability under Section 6702, tax protesters could flood the IRS with frivolous tax returns bearing similar disclaimers without penalty.”

*Nichols v. United States, 575 F.Supp. 320, 322(D.Minn.1983). Thus, the Form 1040 was a purported return, and the district court correctly granted summary judgment on the issue of the penalty under § 6702.
[Davis v. U.S., 742 F.2d 171, 54 A.F.T.R.2d 84-6084, 84-2 USTC P 9808]*

We remind our readers that all taxes paid without protest are non-refundable. Therefore, you should emphasize that nothing paid is voluntary, and pay “under protest” if at all. This is accomplished on a blanket basis for all payments by our [Legal Notice of Change in Citizenship/Domicile and Divorce from the United States](#), Form #10.001. See:

“The principle that taxes voluntarily paid can not be recovered back is thoroughly established. *It has been so declared in the following cases in the Supreme Court: United States v. New York & Cuba Mail Steamship Co. (200 U. S. 488, 493, 494); Chesebrough v. United States (192 U. S. 253); Little v. Bowers (134 U. S. 547, 554); Wright v. Blakeslee (101 U. S. 174, 178); Railroad Co. v. Commissioner (98 U. S. 541, 543); Lamborn v. County Commissioners (97 U. S. 181); Elliott v. Swartwout (10 Pet. 137). And there are numerous like cases in other Federal com: Procter & Gamble Co. v. United States (281 Fed. 1014); Vaughan v. Riordan (280 Fed. 742, 745); Beer v. Moffatt (192 Fed. 984, affirmed 209 Fed. 779); Newhall v. Jordan (160 Fed. 661); Christie Street Commission Co. v. United States (126 Fed. 991); Kentucky Bank v. Stone (88 Fed. 383); Corkie v. Maxwell (7 Fed. Cas. 3231).*

And the rule of the Federal courts is not at all peculiar to them. It is the settled general rule of the State courts as well that no matter what may be the ground of the objection to the tax or assessment if it has been paid voluntarily and without compulsion it can not be recovered back in an action at law, unless there is some constitutional or statutory provision which gives to one so paying such a right notwithstanding the payment was made without compulsion.--Adams v. New Bedford (155 Mass. 317); McCue v. Monroe County (162 N.Y. 235); Taylor v. Philadelphia Board of Health (31 P. St. 73); Williams v. Merritt (152 Mich. 621); Gould v. Hennepin County (76 Minn. 379); Martin v. Kearney County (62 Minn. 538); Gar v. Hurd (92 Ills. 315); Slimmer v. Chickasaw County (140 Iowa, 448); Warren v. San Francisco (150 Calif. 167); State v. Chicago & C. R. Co. (165 No. 597).

And it has been many times held, in the absence of a statute on the subject, that mere payment under protest does not save a payment from being voluntary, in the sense which forbids a recovery back of the tax paid, if it was not made under any duress, compulsion, or threats, or under the pressure of process immediately available for the forcible collection of the tax.--Dexter v. Boston (176 Mass. 247); Flower v. Lance (59 N.Y. 603); Williams v. Merritt (152 Mich. 621); Oakland Cemetery Association v. Ramsey County (98 Minn. 404); Robins v. Latham (134 No. 466); Whitbeck v. Minch (48 Ohio St. 210); Peebles v. Pittsburgh.(101 Pa. St. 304); Montgomery v. Cowlitz County (14 Wash. 230); Cincinnati & C. R. Co. v. Hamilton County (120 Tenn. 1).

The principle that a tax or an assessment voluntarily paid can not be recovered back is an ancient one in the common lam and is of general application. See Cooley on Taxation (vol. 2, 3d ed. p. 1495). That eminent authority also points out that every man is supposed to know the law, and if he voluntarily makes a payment which the law would not compel him to make he can not afterwards assign his ignorance of the law as a reason why the State should furnish him with legal remedies to recover it back.”

*[Treasury Decision 3445;
SOURCE: <http://famguardian.org/TaxFreedom/CitesByTopic/voluntary.htm>]*

3. PROCEDURE FOR USE:

- 3.1. This form is electronically fillable. If you have the free Adobe Acrobat Reader available at <http://adobe.com>, you can fill in all the fields and print it out. If you have the full version of Adobe Acrobat, you can also save the filled in form for later reuse.
 - 3.2. **Section 1, blocks 15 to 18:** Enter the total earnings from IRS form W02
 - 3.3. **Section 1, block 19:** Total blocks 15 to 18.
 - 3.4. **Section 1, block 20:** Enter Social Security benefits.
 - 3.5. **Section 2:** Enter the values for blocks 20 through 29. Enter the total of blocks 20 through 29 into block 30.
 - 3.6. **Section 3:** Sub
 - 3.7. **Block 13:** If you live within or were born within a state of the Union, check the first of the two options in block 11. If you were born in American Samoa or Swain’s Island, check the second block. Either one of these options will make you into an “American National” who is not a “U.S. citizen” or “citizen of the United States” under federal law.
 - 3.8. **Block 14:** If you are a believer (in God), check the first of the two boxes in block 12. If you are not a believer, check the second of the two boxes.
 - 3.9. **Blocks 27 and 29:** Enter total withholding and backup withholding for the year from your corrected Information Returns, Enclosures 4 through 7.
 - 3.10. Sign and date in blocks 32 and 33.
 - 3.11. **COVER LETTER:** A cover letter explaining what you are doing is also very helpful. A very good example of such a cover letter may be found at:
<http://famguardian.org/TaxFreedom/Forms/IncomeTaxRtn/Federal/1040NRFedLetter.htm>
- 4. RESOURCES FOR FURTHER STUDY**
- 4.1. *Legal Requirement to File Federal Income Tax Returns*, Form #05.009
<http://sedm.org/Forms/FormIndex.htm>
 - 4.2. *Why Penalties are Illegal for Anything But Government Franchisees, Employees, Contractors, and Agents*, Form #05.010-shows why it is illegal to penalize the submitter.
<http://sedm.org/Forms/FormIndex.htm>
 - 4.3. Authorities on “refunds”:
<http://famguardian.org/TaxFreedom/CitesByTopic/refund.htm>
 - 4.4. *Correcting Erroneous Information Returns*, Form #04.012: Shows how to prepare corrected information returns of every description
<http://sedm.org/Forms/FormIndex.htm>
 - 4.5. *The Nonresident Alien Position*, Form #05.020-Why most Americans domiciled in states of the Union start out as nonresident aliens unless they surrender their status to become privileged “residents” and federal “public officials” under the Foreign Sovereign Immunities Act, [28 U.S.C. §1605\(a\)](#), available at:
<http://sedm.org/Forms/FormIndex.htm>
 - 4.6. *About IRS Form W-8BEN*, Form #04.001- How to fill out AMENDED IRS form W-8BEN, available at:
<http://sedm.org/Forms/FormIndex.htm>
 - 4.7. *About SSNs/TINs on Tax Correspondence*, Form #07.017-Why you can’t put a government number on any government form, available at:
<http://sedm.org/Forms/FormIndex.htm>
 - 4.8. *The Trade or Business Scam*, Form 05.001, available at:
<http://sedm.org/Forms/FormIndex.htm>
 - 4.9. *Why Domicile and Becoming a “Taxpayer” Require Your Consent*, Form #05.002, available at:
<http://sedm.org/Forms/FormIndex.htm>
 - 4.10. *Why you are a “national” or a “state national” and not a “U.S. citizen”*, Form #05.006-Why you are a “national” and a “nonresident alien” but not a “citizen” pursuant to “acts of Congress”:
<http://sedm.org/Forms/FormIndex.htm>

GROSS INCOME COMPUTATION WORKSHEET		YEAR(s)	
SECTION 1: GROSS RECEIPTS			
			Explanation
"Income" connected with a "trade or business"			26 U.S.C. §871(b) 26 U.S.C. §7701(a)(26)
NOTE: All Information Returns you may have received relating to me are incorrect because I am not engaged in a "trade or business". Furthermore, they are hearsay evidence inadmissible under the Federal Rules of Evidence because not signed under penalty of perjury. All such hearsay evidence, if contradicted by evidence such as this under penalty of perjury is inadmissible as evidence. They should not have been submitted and the amount that should have been indicated on them for income should have been zero. Those who submit the said false information returns have been notified repeatedly of this fact and refuse their legal duty to correctly submit said returns, making them liable for tortious civil penalties under 26 U.S.C. §7434 . Because I am afraid of losing my job and my livelihood, I have chosen not to litigate in defense of my rights but still insist on correcting these erroneous reports. If you disagree with this determination, rebut the questions at the end of Enclosure 9 within 30 days. If you do not, you shall be deemed to agree with everything in it. If you have any information returns in your possession which are not rebutted by Enclosures 3 through 6, please provide them to me so that they too may be rebutted promptly. You will note that all information returns are Tax Class 5, which is "Estate and Gift" tax. See IRS Doc. 6209 year 2003, pages 4-1 and 4-2. I do <u>not</u> choose to make any voluntary "gifts" to the federal government and my business associates are wrong in assuming that I do and sending you Information Returns that indicate said consent to make a gift..			
15	"Wages" from IRS form W-2 <small>(See enclosure 4 for corrected W-2 information returns, if any)</small>	\$	26 CFR §31.3401(a)-3 26 U.S.C. §6041(a)
16	Earnings from IRS form 1042-S <small>(See enclosure 5 for corrected 1042-S information returns, if any)</small>	\$	26 U.S.C. §6041(a)
17	Earnings from IRS form 1098 <small>(See enclosure 6 for corrected 1098 information returns, if any)</small>	\$	26 U.S.C. §6041(a)
18	Earnings from IRS form 1099 <small>(See enclosure 7 for corrected 1099 information returns, if any)</small>	\$	26 U.S.C. §6041(a)
19	Subtotal (Add lines 15 through 18)	\$	If zero, estate is a "foreign estate" as defined in 26 U.S.C. §7701(a)(31)
"Income" not connected with a "trade or business"			26 U.S.C. §871(a) 26 U.S.C. §7701(a)(26)
20	Passive income from within the " United States " (District of Columbia)	\$	
21	Total gross receipts	\$	26 U.S.C. §871(a)
SECTION 2: EXPENSES, EXEMPTIONS, AND COST OF GOODS SOLD			
22	Fair Market Value (FMV) of all goods sold (also called Cost of Goods Sold)	\$	26 U.S.C. §§83, 1001
23	Fair Market Value of all labor provided under contract to third parties	\$	26 U.S.C. §§83, 1001
24	Gifts received	\$	26 U.S.C. §2503(b)
25	Value of stocks exchanged for other stocks of EQUAL value	\$	26 U.S.C. §1032
26	Value of insurance policies exchanged for other insurance policies of EQUAL value	\$	26 U.S.C. §1035
27	Value of real property exchanged for other real property of EQUAL value	\$	26 U.S.C. §1038
28	Property and money received in divorce settlements	\$	26 U.S.C. §1041
29	Minus Fair Market Value (FMV)/Cost of your personal (not business) labor (Rebut questions in section 13 of the following if you disagree within 30 days of receipt of this form. Otherwise, you agree: How the Government Defrauds You Out of Legitimate Deductions for the Market Value of Your Labor , Form #05.026 http://sedm.org/Forms/FormIndex.htm)	\$	26 U.S.C. §83
30	Net expenses, exemptions, and cost of goods sold (add lines 20 through 29)	\$	
SECTION 3: NET GROSS INCOME			
31	Net "gross income". Subtract block 30 from block 21 and enter the result	\$	26 U.S.C. §61
SECTION 4: SIGNATURE			
32. Submitter signature:	I certify under penalty of perjury from without the corporate "State", from without the "United States", and from within the Sovereign <i>Republic</i> state in accordance with 28 U.S.C. §1746(1) that the facts provided in this form are true, correct, and complete to the best of my knowledge and ability. This perjury statement may only be litigated in a state court with a jury trial where the entire content of this submission is admitted into evidence with nothing redacted and the Submitter is not censored in any way in what he may say or submit to the jury for examination. No jurist or the judge may be "taxpayers" or be in receipt of any benefit derived from income taxes to ensure that the decision makers are entirely impartial. _____ Signature	33. Date signed:	