OREGON DEPARTMENT OF REVENUE	C PAYMENT COUPON	Please correct your name	Amount of Paymer
Notice Date: 8/24/04	OT RETENDS 150-101-205 (Rev 11-00)	or address Kit is wrong	
	Notice Date:	8/24/04	
			: 02 DCN: 0335713
Reference Number:	Mail coupon and payment to:	Onecest	Income Tax
	Oregon Department of Revenue	Jet Solid t	Tirone Idx
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Tax Year: 02 DCN:	Salem OR 97309-5018	아들은 얼마 얼마나 아니다.	
Personal Income Tax	일근 나이트 교리 아름지 만든 생각하게 되는 내가 되는 바람이 모습니다.		
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Keep this portion for your records

Notice of Tax Assessment

100 02 12 2

Since the balance due on our previous Notice of Deficiency has not been paid, we are assessing your liapfility. The assessment is summarized below and should be paid within 30 days. Please use the payment coupon above to make sure your liability is credited duickly and correctly.

Tax to Pay.

6.374.00

1.620.00

Interest on Unpaid tax.

567.87

TOTAL BALANCE DUE

\$8.561.87

This motice doesn't include any other unpaid amounts or any recent payments.

Add daily interest from the date of this notice until paid. The yearly
interest rate will increase by 4 percent if you do not pay the amount due within 60 days or appeal this notice.

Datly interest is:

-Questions? Call the number above, or, if no number appears, in Salem call 502-378-4988. Inside Oregon, the toll-free number is 1-800-356-4222

TIV (hearing or speech impaired; machine only); 503-945-8617 (Salem) or 1-800-886-7204 (toll-free within Oregon). ADA: Alternative Formats available. Call 503-378-4988 (Salem) or 1-800-356-4222 (toll-free within Oregon).

For general tax information, visit www.dor.state.or.us

ASISTENCIA EN ESPAÑOL. LLAME AL 503-945-8818 EN SALEM D'ALAME GRATIS AL 1-800-356-4222 EN OREGON.

Ref #: Page 2 Notice date: 8/24/04

Oregon law requires all tax due be paid on or before the due date of the return. This notice includes charges for penalty and/or interest. If you disagree or only have concerns about the payments made or the penalty and/or interest charges, please contact the department of revenue, 955 center street ne, salem, or 97301-2555. It is possible that an adjustment can be made without having to file an appear.

If you have other disagreements of concerns, you may file an appeal.

Oregon law entitles you to fair, professional, prompt, and counteous treatment. For information concerning your rights in the audit, appeals, and collection process, call or write for the brochure. Your Rights as an Oregon Taxpayer. Call the department at 503-878-4988 or write. Oregon Department of Revenue, PD Box 14838, Salem, 08 97809-0990.

HOW TO APPEAL A NUTTICE OF ASSESSMENT

if you disagree with this Notice of Assessment, you have the right to appeal. You must appeal to the Magistrate division of the Gregon Tax Court. IF YOU HAVE NOT PAID THE TAX, PENALTY, AND INTEREST ASSESSED, YOUR APPEAL MUST BE MADE WITHIN 90 DAYS FROM THE DATE OF THIS NOTICE.

You need to contact the Magistrate Division to get the forms for filing an appeal. You may write or call:

The Oregon Tax Court Magistrate Division 1163 State Street Sajem, OR 97301-2563 503-986-5650 or TTY 503-986-5651

You must send the correct filling fee with the appeal form. The fees are:

PAYING YOUR LIABILITY:
You can pay your liability at any step of the appeal process. Payment,
doesn't mean you agree with this notice: Payment stops more interest from
being charged on your liability. If YOU PAY, YOU CAN APPEAL ANY TIME WITHIN
TWO YEARS FROM THE DATE YOU PAY THE TAX, PENALTY, AND INTEREST SHOWN ON THIS
NOTICE. You must appeal to the Magistrate Division of the Oregon Tax Court
as explained above.

NOTE: You can use VISA or MasterCard to pay an assessment. Call 503-378-4988 for information.

PENALTY AND INTEREST:

Appealing will not stop interest from being charged on the tax you owe. If
you appeal and you owe less tax; the penalty and interest charges will be
reduced.

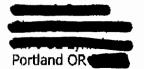
IF YOU DISAGREE ONLY WITH THE PENALTY AND/OR INTEREST CHARGES OR YOU HAVE CONCERNS ABOUT THE PAYMENTS, PLEASE WRITE TO GREGON DEPARTMENT OF REVENUE 955 CENTER STREET NE. SALEM, OR 97301-2555. WE MAY BE ABLE TO ADJUST THE CHARGES WITHOUT YOU HAVING TO FILE AN APPEAL.

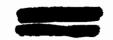
IF YOU DO NOT APPEAL ON TIME, YOUR APPEAL RIGHTS EXPIRE AND THE ADJUSTMENTS



Department of Revenue 955 Center St NE Salem, OR 97301-2555

August 24, 2004





Tax Year 2002-033

This letter contains my decision concerning your appeal to the Notice of Deficiency dated October 24, 2003. A telephone conference was held August 17, 2004 with Oscar Croslin. At issue was the department's determination that wages constitute income.

While it is technically true that the Internal Revenue Service Revenue Code does not define taxable income, gross income, from which taxable income is derived, is defined in IRC § 61 Judge Byers in *Clark v. Department of Revenue* (15 OTR 209, 2000) explains why wages are taxable:

ORS 316.037(1)(a) [FN1] provides in part that:

"A tax is imposed for each taxable year on the entire taxable income of every resident of this state." (Taxpayer is a resident.)

ORS 316.022(6) defines taxable income as:

" Taxable income' means the taxable income as defined in subsection (a) or (b), section 63 of the Internal Revenue Code, with such additions, subtractions and adjustments as are prescribed by this chapter."

Internal Revenue Code (IRC) § 63(a) (1996) states in part that:

"'[T]axable income' means gross income minus the deductions allowed by this chapter * * *. IRC § 61(a) states in part:

"Except as otherwise provided in this subtitle, gross income means all income from whatever source derived, including (but not limited to) * * *

"(1) Compensation for services, including fees, commissions, fringe benefits, and similar items."

The above are the statutory provisions that subject taxpayer's earnings, which are "compensation for services" rendered to his employer, to income tax by the state of Oregon. ORS 316.167(1) provides in part:

"Every employer at the time of the payment of wages to any employee shall deduct and retain from such wages an amount determined, at the employer's election, either (a) by a 'percentage method' withholding table or (b) by wage withholding tables, prepared and furnished under the rules and regulations of the department. * * * "

ORS 316.162(2) states:

" 'Wages' means remuneration for services performed by an employee for an employer, including the cash value of all remuneration paid in any medium other than cash ***," (With some exceptions not applicable here.)

August 24, 2004 Page 2

It is my decision that wages are taxable income and that the adjustment is correct. I am assessing your account and issuing a Notice of Assessment, mailed under separate cover. The Notice explains how to continue your appeal to the Magistrate Division of the Oregon Tax Court within 90 days from the date of the notice.

Barbara Y Stoenner, Conference Officer Personal Tax and Compliance Division

Phone 503-945-8481

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Sovereignty Education and Defense Ministry (SEDM) Website

http://sedm.org

