

Appendix D

Form 1040 for the Year 1913

Author's Note:

The federal government wasted no time in levying income taxes after Secretary of State Philander C. Knox declared that the so-called 16th Amendment had been ratified. His fraudulent declaration was made on February 25, 1913. The first Form 1040 was printed to cover the period of March 1 to December 31, 1913. This form was entitled "Return of Annual Net Income of Individuals (As provided by Act of Congress, approved October 3, 1913.)"

A most revealing part of this Form 1040 is found in the "Instructions", which are reproduced verbatim on the following pages. In the first paragraph of these instructions, there is valuable evidence which substantiates the validity of The Matrix discussed throughout this book. This paragraph is repeated as follows, in order to highlight key phrases:

This return shall be made by every **citizen of the United States, whether residing at home or abroad, and by every person residing in the United States, though not a citizen thereof,** having a *net income* of \$3,000 or over for the taxable year, and also by every **nonresident alien deriving income from property owned and business, trade, or profession carried on in the United States** by him.

[Form 1040 for the Year 1913]
[From March 1, to December 31]
[Instructions, Paragraph 1]

INSTRUCTIONS

1. This return shall be made by every citizen of the United States, whether residing at home or abroad, and by every person residing in the United States, though not a citizen thereof, having a *net income* of \$3,000 or over for the taxable year, and also by every *nonresident alien* deriving income from property owned and business, trade, or profession carried on *in the United States* by him.
2. When an individual by reason of minority, sickness or other disability, or absence from the United States, is unable to make his own return, it may be made for him by his *duly authorized* representative.
3. The *normal tax* of 1 per cent shall be assessed on the total net income less the specific exemption of \$3,000 or \$4,000 as the case may be. (For the year 1913, the specific exemption allowable is \$2,500 or \$3,333.33, as the case may be.) If, however, the normal tax has been deducted and withheld on any part of the income at the source, or if any part of the income is received as dividends upon the stock or from the net earnings of any corporation, etc., which is taxable upon its net income, such income shall be deducted from the individual's total *net income* for the purpose of calculating the amount of income on which the individual is liable for the normal tax of 1 per cent by virtue of this return. (See page 1, line 7.)
4. The *additional or super tax* shall be calculated as stated on page 1.
5. This return shall be filed with the Collector of Internal Revenue for the district in which the individual resides if he has no other place of business, otherwise in the district in which he has his *principal place of business*; or in case the person resides a foreign country, then with the collector for the district in which his principal business is carried on in the United States.
6. This return must be filed on or before the first day of March succeeding the close of the calendar year for which return is made.
7. The *penalty for failure to file the return within the time specified by law* is \$20 to \$1,000. In case of refusal or neglect to render the return within the required time (except in cases of sickness or absence), 50 percent shall be added to amount of tax assessed. In case of *false or fraudulent return*, 100 percent shall be added to such tax, and any person required by law to make, render, sign, or verify any return who makes any false or fraudulent return or statement with intent to defeat or evade the assessment required by this section to be made shall be guilty of a misdemeanor, and shall be fined not exceeding \$2,000 or be imprisoned not exceeding one year, or both, at the discretion of the court, with the costs of prosecution.
8. When the return is not filed within the required time by reason of sickness or absence of the individual, an extension of time, not exceeding 30 days from March 1, within which to file such return, *may be granted* by the collector, *provided* an application therefor is made

by the individual within the period for which such extension is required.

9. This return properly filled out must be made under oath or affirmation. Affidavits may be made before any officer *authorized by law* to administer oaths. If before a justice of the peace or magistrate, not using a seal, a *certificate of the clerk of the court as to the authority* of such officer to administer oaths should be *attached to the return*.
10. Expense for medical attendance, store accounts, family supplies, wages of domestic servants, cost of board, room, or house rent for family or personal use, are *not expenses that can be deducted from gross income*. In case an individual owns his own residence he can not deduct the estimated value of his rent, neither shall he be required to include such estimated rental of his home as income.
11. The farmer, in computing the net income from his farm for his annual return, shall include all moneys received for produce and animals sold, and for the wool and hides of animals slaughtered, provided such wool and hides are sold, and he shall deduct therefrom the sums actually paid as purchase money for the animals sold or slaughtered during the year.

When animals were raised by the owner and sold or slaughtered he shall not deduct their value as expenses or loss. He may deduct the amount of money actually paid as expense for producing any farm products, live stock, etc. In deducting expenses for repairs on farm property the amount deducted must not exceed the amount actually expended for such repairs during the year for which the return is made. (See page 3, item 6.) The cost of replacing tools or machinery is a deductible expense to the extent that the cost of the new articles does not exceed the value of the old.

12. In calculating losses, only such losses as shall have been actually sustained and the amount of which has been definitely ascertained during the year covered by the return can be deducted.
13. Persons receiving fees or emoluments for professional or other services, as in the case of physicians or lawyers, should include all actual receipts for services rendered in the year for which return is made, together with all unpaid accounts, charges for services, or contingent income due for that year, if good and collectible.
14. Debts which were contracted during the year for which return is made, but found in said year to be worthless, may be deducted from gross income for said year, but such debts can not be regarded as worthless until after legal proceedings to recover the same have proved fruitless, or it clearly appears that the debtor is insolvent. If debts contracted prior to the year for which return is made were included as income in return for year in which said debts were contracted, and such debts shall subsequently prove to be worthless, they may be deducted under the head of losses in the return for the year in which such debts were charged off as worthless.

15. Amounts due or accrued to the individual members of a partnership from the net earnings of the partnership, whether apportioned and distributed or not, shall be included in the annual return of the individual.
16. United States pensions shall be included as income.
17. Estimated advance in value of real estate is not required to be reported as income, unless the increased value is taken up on the books of the individual as an increase of assets.
18. Costs of suits and other legal proceedings arising from ordinary business may be treated as an expense of such business, and may be deducted from gross income for the year in which such costs were paid.
19. An unmarried individual or a married individual not living with wife or husband shall be allowed an exemption of \$3,000. When husband and wife live together they shall be allowed jointly a total exemption of only \$4,000 on their aggregate income. They may make a joint return, both subscribing thereto, or if they have separate incomes, they may make separate returns; but in no case shall they jointly claim more than \$4,000 exemption on their aggregate income.
20. In computing net income there shall be excluded the compensation of all officers and employees of a State or any political subdivision thereof, except when such compensation is paid by the United States Government.

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The Federal Zone:

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