



OSC  
OGDEN UT 84201-0030

In reply refer to: 0469000192  
Feb. 18, 2016 LTR 3176C 0  
201412 30  
Input Op: 1483059232 00025428  
BODC: WI

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JACKSON NJ 08527-2934

Taxpayer Identification Number:  
Form: 1040  
Tax Period(s): Dec. 31, 2014

Employee Identification Number: 1000142816 M/S 4450  
Contact Telephone Number: 866-883-0235  
Contact Fax Number: 855-235-8845

Dear Taxpayer:

You recently filed a return or purported return claiming one or more frivolous positions. If not immediately corrected, the Internal Revenue Service will assess a \$5,000 penalty against you. You can correct the problem and avoid the penalty if you submit a corrected return within 30 days of this letter to the address listed above.

If you continue to submit documents asserting frivolous positions, we will assess the \$5,000 penalty each time you submit a frivolous return. If you file a joint return, we will assess the \$5,000 penalty against both you and your spouse. Internal Revenue Code section 6702 provides the IRS with the authority to assess the penalty.

#### WHY WE ARE CONTACTING YOU

Based on Section 6702, Frivolous Tax Submissions, we have determined the information you filed as a tax return, or purported tax return, on Dec. 13, 2015 is frivolous and there is no basis in the law for your position.

Federal courts, including the Supreme Court of the United States, have considered positions such as yours and repeatedly rejected them as without merit. The enclosed Publication 2105, Why do I have to Pay Taxes?, includes examples of frivolous positions and arguments regarding the U.S. tax system under the heading "Don't Fall for These Arguments." Some of these examples include:

- Arguing that filing and paying taxes is voluntary.
- Excluding salaries and/or wages from income based on the argument that the value of services is not taxable or that salaries and/or wages are not income.
- Arguing that the requirement to file a tax return violates

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Constitutional rights protecting taxpayers against self-incrimination.

- Submitting a claim for a refundable credit when there is no basis in law for the credit, such as a credit for reparations for slavery, or frivolous Forms 2439, 1099, or 4136 (fuel tax credit), or showing excessive withholding on your return.
- Submitting a document that purports to be a tax return but is not properly signed or contains an altered jurat (the written declaration that verifies that a return, declaration, statement or other document is made under penalties of perjury).

These are just some examples. For more information on positions identified as frivolous under section 6702, see Notice 2010-33, 2010-17 I.R.B., April 26, 2010, pp. 609-12, which can be found on the Internal Revenue Service's website at [www.irs.gov](http://www.irs.gov) (See Notice 2010-33 at [http://www.irs.gov/irb/2010-17\\_IRB/ar13.html](http://www.irs.gov/irb/2010-17_IRB/ar13.html)). If you do not have a computer, you can access Notice 2010-33 in the Internal Revenue Bulletin (I.R.B.), which is the IRS's authoritative publication of rulings and statements of procedure. Consult a law library to obtain the I.R.B. You can find additional information in a publication titled The Truth About Frivolous Arguments, available on-line only at [http://www.irs.gov/pub/irs-utl/friv\\_tax.pdf](http://www.irs.gov/pub/irs-utl/friv_tax.pdf)

As stated above, we are proposing to assess a \$5,000 penalty against you for each frivolous tax return or purported tax return that you filed.

#### WHAT YOU NEED TO DO

To avoid the penalty, send us a corrected return for each taxable period in the heading of this letter within 30 days of the date of this letter. If you send us corrected returns, we will disregard the previous documents that you filed and not assess the frivolous tax return penalty for each corrected return filed.

Please attach this letter to your corrected return(s) and mail to the address shown at the top of this letter. We have enclosed a copy of this letter for your records and an envelope for your convenience.

#### WHAT IF YOU DO NOT SEND A CORRECTED RETURN?

If you do not file the corrected return(s) within 30 days of the date of this letter, or if you submit additional documents

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asserting a frivolous position, we will assess the \$5,000 penalty for each frivolous tax return or purported return containing a frivolous position and send you a bill. If you filed a joint frivolous return, both you and your spouse will be assessed a \$5,000 penalty. We will not respond to any future correspondence asserting any frivolous position.

In addition, if we do not hear from you within the 30 day timeframe, we may issue a notice of deficiency for any taxes owed because of the frivolous submission or because of other items we may find during an examination. A notice of deficiency states the amount of additional tax and penalties you owe and explains your right to contest the deficiency by filing a petition with the United States Tax Court. The \$5,000 frivolous filing penalty is not included on the notice of deficiency and cannot be contested in the Tax Court.

We have enclosed Publication 2105, Why Do I Have to Pay Taxes?, which provides basic information about the tax system. We also encourage you to seek advice from a competent tax professional or a tax attorney qualified to practice in your state.

Sincerely yours,



Christine L. Davis  
Program Manager RICS/IVO

Enclosure(s):  
Copy of this letter  
Publication 2105  
Envelope

OSC  
OGDEN UT 84201-0030

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CUT OUT AND RETURN THE VOUCHER AT THE BOTTOM OF THIS PAGE IF YOU ARE MAKING A PAYMENT,  
EVEN IF YOU ALSO HAVE AN INQUIRY.

 The IRS address must appear in the window.

BODCD-WI

0469000192

Use for payments

Letter Number: LTR3176C  
Letter Date : 2016-02-18  
Tax Period : 201412



\* \*

INTERNAL REVENUE SERVICE

OSC

OGDEN UT 84201-0030



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## KNOW THE LAW

There have always been individuals who argue taxes are illegal. They use false, misleading, or unorthodox tax advice to gain followers. The courts have repeatedly rejected their arguments as frivolous and routinely impose penalties for raising such frivolous arguments. Make sure you "know the Law."

**The United States Constitution, Article 1, Section 8, Clause 1, states:** "The Congress shall have the Power to lay and collect Taxes, Duties, Imposts and Excises to pay the Debts and provide for the common Defense and general Welfare of the United States."

**The Sixteenth Amendment to the Constitution, ratified on February 3, 1913, states:**

"The Congress shall have the power to lay and collect taxes on income, from whatever source derived without apportionment among the several States, and without regard to any census or enumeration."

**Congress** used the power granted by the Constitution and Sixteenth Amendment, and made laws requiring all individuals to pay tax.

**Congress** has delegated to the IRS the responsibility of administering the tax laws, known as the Internal Revenue Code (the Code) and found in Title 26 of the United States Code. Congress enacts those tax laws, and the IRS enforces them.

**Sources of taxable income** are identified in the Code under Section 61, Gross Income Defined. The list of sources under this section is not all inclusive.

**Section 6702 of the Code** authorizes the IRS to impose a \$5000 penalty against persons who submit frivolous tax returns or other documents.



## DON'T FALL FOR THESE ARGUMENTS

While taxpayers have the right to contest their tax liabilities in the courts, taxpayers do not have the right to violate and disobey tax laws. Unscrupulous individuals and promoters advocating willful noncompliance with the tax laws have used a variety of false or misleading arguments for not filing and paying taxes. Here are some of the most common arguments:

**Constitutional Myths:** Filing a Form 1040 violates the Fifth Amendment right against self-incrimination or the Fourth Amendment right to privacy. Filing also violates the Thirteenth Amendment right against involuntary servitude and First Amendment rights based on moral or religious beliefs.

**Truth:** The courts have consistently held that disclosure of the type of routine financial information required on a tax return does not incriminate an individual or violate the right to privacy. Also, courts have consistently found that the First and Thirteenth Amendments do not provide rights to refuse to comply with federal tax laws.

**Internal Revenue Code Myths:** The filing and paying of tax is voluntary, or the Code doesn't apply to me because I am neither a government employee nor a resident of a sovereign state.

**Truth:** The term voluntary compliance means that each of us is responsible for filing a tax return when required and for determining and paying the correct amount of tax. The tax law is found in Title 26 of the United States Code. Section 6012 of the Code makes clear that only individuals whose income falls below a specified level do not have to file returns. While our tax system is based on self-assessment and reporting, compliance with tax laws is mandatory. State citizenship does not negate the applicability of the Code on individuals working and residing in the United States.

**Frivolous Credit Myths:** African and Native Americans can claim a special tax credit as reparations for slavery and other oppressive treatment.

**Truth:** There is no provision in the Code that allows taxpayers to claim reparations credits.

Unless specifically provided for in the Code, no deduction or credit will be allowed.

**Compensation Myths:** Wages, tips, and other compensation received for personal services are not income because there is no taxable gain when a person exchanges labor for money.

**Truth:** This argument has been consistently dismissed by the courts. Sources of taxable income are identified in the Code under Section 61, Gross Income Defined. Congress has determined that all incomes taxable unless specifically excluded by some part of the Code. The list of sources under this section is not all inclusive.

**Fictional Legal Basis Myths:** Taxpayers are not required to file a federal income tax return because the instructions and regulations associated with the Form 1040 do not display an OMB control number as required by the Paperwork Reduction Act.

**Truth:** The courts have uniformly rejected this argument on different grounds. Some courts have simply noted that the PRA applies to the forms themselves, not to the instruction booklets, and because the Form 1040 does have a control number, there is no PRA violation.

**Trusts Myths:** Forming a business trust to hold your income and assets will avoid taxes. A family estate trust will allow you to reduce or eliminate your tax liability.

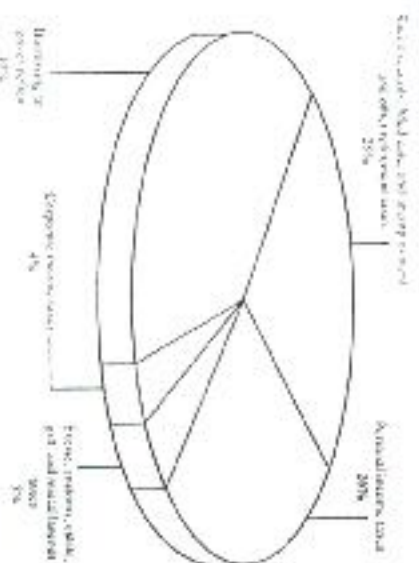
**Truth:** Establishing a trust, foreign or domestic, for the sole purpose of hiding your income and assets from taxation is illegal and will not absolve you of your tax liability.

## TAXES BENEFIT EVERYONE

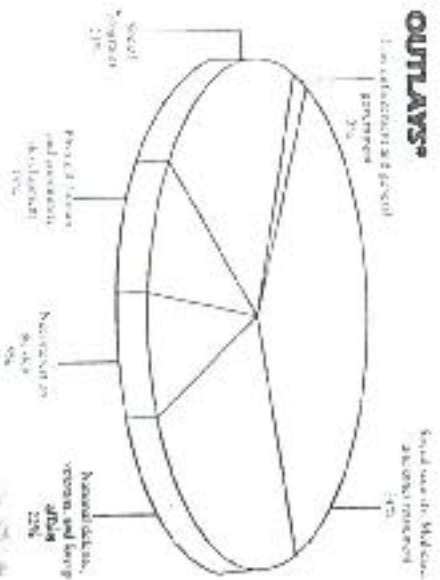
How are your tax dollars used to benefit the citizens of the United States? Which of these have you or your family used lately or will use in the future?

**Income and Outlays:** these pie charts show the relative size of the major categories of the federal income and outlays for fiscal year 2009

### INCOME



### OUTLAYS\*



\* The percentages for outlays do not total 100% due to rounding.



*What* does the IRS do to address willful noncompliance with U.S. tax laws?

1. Encourage taxpayers to self-correct their returns and comply with their tax obligations.
2. Vigorously apply both civil and criminal sanctions, including prosecution and prison sentences, against those who persist in violating the tax laws.

Report individuals or companies not complying with the tax laws to the IRS. For instructions, visit [www.irs.gov](http://www.irs.gov), and click the "Contact the IRS" link at the top. Then select "How Do You Report Suspected Tax Fraud Activity?"

Publication 2705 (Rev. 3-2011) Catalog Number 28871N  
Department of the Treasury Internal Revenue Service

[www.irs.gov](http://www.irs.gov)



# WHY DO I HAVE TO PAY TAXES?

Department of the Treasury

