

Connect the Dots Game #1!

Find The Law

4. No prob Bob, that's defined in USC 26 S. 63. "Taxable Income" is gross income minus deductions

5. Ha, Ok, then what is gross income?

3 Thanks Carl. Now what exactly is "taxable income"?

6. Well Bob, that's defined in 26 S. 61 as income "from whatever source derived"

2. Sure Carl. Start at US Code 26 (IRS)

S. 1. Income tax is imposed on the "taxable income"

7. Ahh, so is that it?

1. Hey Bob! It's income tax time, can you help me find out how much I owe?

8. Nope, 26 USC S. 861-865 are their related regulations are what determine the sources.

9. So what exactly are these "sources"?

Start!

10. Easy, as defined in the Code of Federal Regulations CFR 1.861-8(f). Sources are basically

- Foreign Tax Credit
- Foreign Sales Corporations
- Foreign Base Company Income

11. Wait a minute Carl!. I don't earn income from any of those things, so why exactly am I paying income taxes?!?

12. No clue Bob, why are you?

The End?

Men occasionally stumble over the truth, but most of them pick themselves up and hurry off as if nothing ever happened. - Winston Churchill

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