My Own Narrative Analysis of the 16th Amendment

The Congress shall have the power to lay and collect taxes.

Reaffirms authority established and granted in Article I, Section 8.

...on incomes,...

New word, new designation within the Constitution. A business term derived from doing business and reaping dollars over and above that designated as investment capital and expense.

...from whatever source derived,...

Meaning any type business resulting in profit.

...without apportionment among the several states,...

Confirms that the category (income) is not relative to processes then prescribed by the Constitution for raising revenue. Does not negate provisions (Art I, Sec 9) that there be no direct taxes.

...and without regard to any census or Enumeration.

Further confirms that taxing income, a new category of tax, in no way relates to Processes already established in the Constitution.

Nowhere does the 16th Amendment indicate that it is authority for imposing a direct tax on individuals—in fact, Art I, Sec 9 prohibits such an undertaking. The 16th simply provided a means for Washington to tax business, which they could not do before because massive incomes of business activities, developed after the Civil War were passed directly back to individuals through sole proprietor ownership, and partnerships and corporations where profits were distributed to owners as employees (wage earners) or stock dividends. When these monies reached private hands they could not be taxed because the Constitution prohibited the Federal Government from ‘directly taxing’ those individuals.