

# FAIR TAX ACT "A Nonpartisan Bill"

for "Truth in Taxation and Job Creation"

Americans For Fair Taxation (AFFT)

[www.fairtax.org](http://www.fairtax.org)

## The FairTax will:

- Replace the current complex and unfair federal tax system with a simple retail sales tax.
- Replace personal and corporate income taxes and Social Security, Medicare, gift and estate taxes.
- Save taxpayers \$430 billion now being wasted in complying with the current tax code.
- Substantially lower prices by removing business income taxes, payroll taxes and compliance costs that are hidden in today's prices.
- Make American products more competitive with foreign products and return jobs to America.
- Provide a more stable revenue source and raise the same amount of money for the federal government with a loophole-free, fair and simple sales tax that collects 23 cents per dollar spent.
- Dramatically lower tax rates for lower and middle-income Americans by monthly prebates to households to offset the sales tax on all purchases up to the poverty level.
- Protect and ensure the funding of Social Security and Medicare.
- Starts the repeal of the 16<sup>th</sup> Amendment and elimination of the Internal Revenue Service.

## A Fair and Simple Tax

### Frequently Asked Questions:

#### Is it possible to pass the FairTax?

Yes! The bill has been introduced in Congress and has ten times more support than any other reform plan. Grassroots activism is causing Congressional support to grow rapidly.

#### Where can I get more information?

<http://thomas.loc.gov> -- Then insert bill Number **HR 25**.  
The Senate FairTax bill is **S 13**.

<http://www.fairtax.org> -- This website has plenty of research.

## What can we as Americans do? Get involved!

**STEP ONE:** Write/fax letters to your Representative and Senators. Sample letter at: <https://secure2.convio.net/afft/site/Advocacy?id=121&pagename=homepage>.  
Have 10 friends or relatives send in letters and call as you did.

**STEP TWO:** Call the local district offices of your Congressman and Senators and ask them to join as a co-sponsor of HR25/ S 13. Just leave a message with the office staff.

**STEP THREE:** Sign a petition and see how to volunteer at: [www.fairtaxvolunteer.org](http://www.fairtaxvolunteer.org)

**STEP FOUR:** Join others in your area in the effort to enact the FairTax. Information is available at: [http://www.fairtax.org/site/PageServer?pagename=grassroots\\_volunteer\\_leader](http://www.fairtax.org/site/PageServer?pagename=grassroots_volunteer_leader)

**THIS TAX REFORM WILL BRING JOBS & PROSPERITY  
TO AMERICA LIKE NO OTHER PROPOSAL CAN**

**To Learn More:** [www.fairtax.org](http://www.fairtax.org)

The FairTax has many times the support of any other tax reform proposal in the U.S. Congress.



**MAKE IT JUST  
ANOTHER DAY**

Americans For Fair Taxation

**JUST IMAGINE – NO MORE TAX RETURNS!**

# The FairTax, The Fair Way To Fund Our Federal Government

It costs Americans \$430 billion every year to comply with the current federal income tax code. This waste in paperwork is equal to \$1,300 each year for every man, woman and child in the U.S. The FairTax will provide a more stable tax base and raise the same amount of revenue - but the cost to comply with it will only be about \$12 billion annually, or only \$50 for every man, woman and child. **Efficiency cost (cost of less than optimal financial decisions made to minimize taxes) has been estimated to exceed compliance cost, thus bringing the cost of our current tax system to approximately \$1 trillion (\$3,300 per U.S. resident).** Not only is the current 72,000 page tax code wasteful of our money and time, it is too complicated to understand. An average of 22% of the cost of every good and service produced in the U.S. is the hidden cost of federal business income and payroll taxes. This hidden tax puts Americans at a ~20% disadvantage when competing here or abroad with foreign produced goods and services. A Harvard study shows, after the sales tax replaces the current tax code, prices will decline 12-30% and result in companies and jobs returning to the U.S.

Our Founding Fathers recognized the danger an income tax posed to the freedom of citizens and twice forbade it in the U.S. Constitution. In 1913 politicians amended the Constitution and passed an income tax that started at 1% for the very rich. This has evolved into today's regressive income tax where the minimum tax for a low-income person is 40.65% (7.65% Social Security and Medicare taxes, 23% hidden tax discussed above, and the minimum income tax rate of 10% = 40.65%). It is wasteful, complicated, coercive, and invades our privacy. The failed 97-year-old income tax experiment has proven to be as risky and dangerous as our Founding Fathers had predicted. **The sale of tax favors has so corrupted Congress that our legislators too often are unresponsive to constituents.**

The FairTax is fundamental tax reform. It is a tax on consumption rather than income. It treats everyone equally as our Founding Fathers intended. It is a simple 23 cent/dollar sales tax on all new (not used) goods and services, with no loopholes. This sounds high unless we are aware of the 40.65% that people in even the lowest income bracket are now paying. To protect the poor, and to assure that no tax will be paid on necessities, the FairTax provides for a monthly payment to every household in the amount of what the tax would be for purchases up to the poverty level for a household of that size. This untaxes the poor and results in a tax that is much more progressive than the current code. With the elimination of the 22% hidden tax that is imbedded in the cost of products we buy today and the addition of the \$0.23/dollar sales tax, we will be paying about the same for things as we are now. The difference is that we will receive 100% of our paychecks and have no income tax, Social Security tax, Medicare tax, estate tax, capital gains tax, corporate tax, self employment tax or taxes on savings and investments. Only when someone spends money for new goods or services will they be taxed. This will include purchases by individuals that now have unreported underground or illicit income. Education and used goods will be exempt from the sales tax.

The FairTax bill has been introduced in Congress by Representative Rob Woodall (R-GA). Many other Congressmen and Senators now have signed the bill as cosponsors **(many times the number of cosponsors of any flat income tax proposal).** Known as the FairTax Act, HR 25 (and S 13 in the Senate), it will replace the federal tax code. Americans For Fair Taxation (AFFT), a national non-profit and non-partisan research group that has evolved into a volunteer grassroots effort to enact the FairTax bill, advocates the FairTax. AFFT has spent over \$23 million for research performed by many leading economists and market experts in the U.S., including the Chairman of the Economics Department at Harvard and top economists at Stanford, MIT, University of Chicago, research think tanks, etc. The FairTax has been called "the most researched public policy issue ever".

To learn more go to the FairTax website: [www.fairtax.org](http://www.fairtax.org) or call **1(800) 324-7829**. Studies have shown that 85% of the public supports the FairTax over other alternatives once they learn about all the alternatives. Former Chairman of the Federal Reserve, Dr. Alan Greenspan in his testimony before the President's Tax Commission proposed replacing the current income tax code with a consumption (sales) tax. The FairTax is attractive to labor, business, rich and poor. Former IRS Commissioner Fred Goldberg said, "The IRS has become a symbol of the most intrusive, oppressive and non-democratic institution in our democratic society." It is unconscionable that we, as a free people, allow ourselves to be taxed in such an inefficient, coercive, and intrusive manner. There is no greater legacy for us to leave our children and country than to eliminate the wasteful, burdensome and loophole riddled income tax and restore the simple, efficient and fair tax system intended by our Founding Fathers. Just think, NO MORE TAX RETURNS!!!