

## The Current Tax System (income tax) Compared to the Fair Tax...

- Current system is too complex and costly, with 73,000+ pages of code and regulations that burden individuals and businesses with over 7 billion hours and nearly \$1/2 trillion to comply - EVERY YEAR.
- **The Fair Tax reduces compliance costs to individuals to ZERO, and near zero to businesses with greatly simplified recordkeeping.**
- The income tax now ranges from 10% to 39.6%, and payroll taxes (a flat rate) for workers and employers are another 15.3%. The combined tax rate range is 25.3% to 43.3% for all but the lowest-income Americans. High rates result from the exemptions, deductions, credits and loopholes that narrow the tax base to benefit the special interest lobbies.
- **The Fair Tax taxes goods and services only once and at one rate. NO EXCEPTIONS.** The Fair Tax marginal rate is 23%, but only above the poverty level. A family of 4 can spend \$31,020 tax-free. If they choose to spend twice that amount, then they pay an effective tax rate of only 11.5%.

## The Fair Tax Encourages Savings and Investment and raises wages

- **Under The Fair Tax, savings and investments are not taxed at all.** And as Americans save more, coupled with the flood of capital now trapped offshore that will return home, the pool of funds available for lending will grow.
- Investment levels impact all wage earners due to the close tie between real wages and the level of capital investment per worker. For example, a worker or farmer is more productive if he has more and better machinery and equipment to work with; and higher productivity leads to higher real wages.

- **The Fair Tax will provide for the repeal of the 16th Amendment and the income tax through companion legislation - HJR-16.** With no income tax, the United States becomes the most attractive place on earth to invest, build business, and hire talented employees.
- **Lower operating costs under The Fair Tax will level the playing field between Mom & Pop businesses and chain operations,** allowing all businesses to be competitive both domestically and globally.

## Advantages for Low-Income and Fixed-Income Americans...

- **The Fair Tax allows workers to take home their whole paycheck** - free of federal tax withholding.
- **Under The Fair Tax, the impoverished pay no net tax at all** because their spending is limited to below the poverty level. Used goods are not taxed, allowing these families to avoid taxes even on additional spending beyond the basic necessities.

## The Fair Tax Delivers massive benefits to Seniors and Retirees...

- Of prime importance, **The Social Security and Medicare programs will be permanently funded** on an actuarially sound basis by a fixed percentage of the consumption tax.
- No longer will retirees rely on a dwindling tax base to fund Social Security.
- **No more taxation of Social Security income to seniors.** No more taxation of all forms of savings and retirement income.
- Seniors relying on Social Security to fund their daily living will pay No Net Taxes due to receiving the advance monthly consumption allowance.

- **Used goods are not taxed**, allowing another option to avoid taxes where appropriate.
- **No capital gains taxes when homes are sold**, regardless of how the proceeds are used or the length of time the home was owned or lived in.

## Charitable Giving Will Thrive Under The Fair Tax...

- Currently, only those who itemize their deductions (1/3 rd of taxpayers) get credit for charitable giving.
- **Under The Fair Tax, charitable giving will increase** because people will have more money to give - and that money will be pre-tax funds. Giving to charity becomes a personal preference instead of a tax consideration.
- Religious speech will no longer be subject to IRS censorship since **churches will be treated the same as any other business.**

## How The Fair Tax Aids Agriculture...

- No more self-employment or other federal taxes on farm and ranch income. **NO ESTATE TAX!**
- No taxes on feed, fertilizer, machinery, or any other business-to-business transactions.
- Farmers and ranchers benefit from a more prosperous, growing economy, lowering the need for federal subsidies and once again, leveling the playing field between family-owned farms and corporate farms.

