



## FairTax Benefits

The FairTax Act of 2009 (H.R. 25) replaces all federal taxes on income, including payroll withholding taxes, with a national retail sales tax on the final sale of all new—but not used—goods and services that is fair, simple, and visible. When passed and signed into law, the FairTax will:

- ◆ Eliminate all federal personal income, gift, estate, capital gains, alternative minimum, earned income tax credit, Social Security, Medicare, self-employment, and corporate income taxes;
- ◆ Enable workers and retirees to receive 100% of their paychecks and pension benefits;
- ◆ Continue Social Security and Medicare benefits; only the means of collecting revenue to fund these programs changes;
- ◆ Rebate to households each month the federal sales tax paid on basic necessities up to a level of spending known as the poverty level (based only on the number of people in a household—not income—and set by the U.S. Department of Health and Human Services) which will remove the burden of federal taxation on the poor;
- ◆ Treat everyone the same with no deductions, exemptions, loopholes or interference by lobbyists;
- ◆ Collect federal sales tax from every consumer in the country, including citizens, foreign visitors, illegal aliens and those involved in the “underground economy;”
- ◆ Reveal to each individual the precise amount of tax being paid to the federal government;
- ◆ State the amount of national sales tax paid on every cash register receipt;
- ◆ Collect the national sales tax at the retail cash register, just as 45 states already do;
- ◆ Allow states the option of collecting the national retail sales tax, along with their state and local sales taxes (states and retailers will receive a fee for performing this service);
- ◆ Bring greater accountability, easier enforcement and visibility to federal tax collection;
- ◆ Set a “revenue neutral” federal sales tax rate; that is, a rate that raises the same amount of tax revenue collected now by the federal income tax system;
- ◆ Restore financial privacy to individuals and corporations by eliminating the need for any record-keeping now required for the preparation and filing of federal income tax returns;
- ◆ Abolish the Internal Revenue Service and all audits of federal income tax returns;
- ◆ Eliminate the very high federal income tax compliance costs that are now imposed on businesses by the federal tax code and embedded in the retail prices consumers pay;
- ◆ Encourage saving and investing, thereby providing capital needed for creation of jobs and economic growth;
- ◆ Classify tuition as an investment in human capital rather than consumption, making education about half as expensive as it is now;
- ◆ Attract trillions of dollars of foreign equity investment to the United States, as well as encourage domestic firms to locate projects in the United States that might otherwise go abroad; and
- ◆ Repeal the 16th Amendment, through companion legislation; forbidding a federal income tax.

In summary, the benefits of the FairTax are compelling. The FairTax eliminates the present bias against work, saving, and investment caused by taxing income. Eliminating this bias will lead to higher rates of economic growth, greater productivity of labor, rising real wages, more jobs, lower interest rates, and a higher standard of living for the American people.

Details about the FairTax and the grass-roots organization, Americans for Fair Taxation, are available at [fairtax.org](http://fairtax.org), [fairtaxnation.com](http://fairtaxnation.com), [pafairtax.org](http://pafairtax.org), plus numerous other websites, blogs, social networking sites and two books by Boortz and Linder: *The FairTax Book* and *FairTax: The Truth*.