

FairTax Talking Points

These talking points are designed for a 15-minute speech. We suggest the use of specific examples on how people will be affected by the FairTax to better illustrate its value.

Introduction

Imagine a tax system that:

- Allows you to keep 100% of your paycheck, pension, and Social Security payments
- Frees up the time wasted on filling out cumbersome I.R.S. forms
- Makes taxation of income unconstitutional by repealing the 16th Amendment
- Ensures that all Americans pay their fair share of taxes
- Exempts all taxpayers from federal taxation on the purchase of basic necessities
- Dramatically lowers tax rates for low-income and middle-income Americans
- Reduces the cost of goods and services by as much as 20%
- Allows families to save more for home ownership, education and retirement
- Protects and ensures the funding of Social Security and Medicare
- Leaves unchanged the amount of money raised by the federal government
- Makes American products competitive — domestically and overseas

How? By enacting the most researched and best designed tax reform plan — called the FairTax.

The Problem is the Current Income Tax Code

A. The current tax code is unfair, costly, and unreasonably confusing

- Because the tax code is so complex and easy to evade, many of us pay more in taxes year than we should! The I.R.S. estimates that over 40% of Americans no longer comply with the current tax code! This makes the rest of us pay over 30% more in taxes.
- Over half of American taxpayers seek professional help in preparing their income tax returns and, according to Money Magazine, chances are 99% that taxpayers will pay someone to file an incorrect return!
- Compliance with the tax code is not only very difficult and complicated but unreasonably expensive as well. It is estimated that it costs taxpayers \$340 billion for tax filing, tax record keeping and tax reduction advice. That's equivalent to about 3 million people working full time! In America, we have taxation without comprehension!

B. The current income tax code unfairly hampers personal financial opportunity.

- Since citizens are taxed on their earnings and on what they produce, hard work and risk-taking are discouraged.
- The current income tax code inhibits economic growth, capital formation and, most importantly, job creation.
- The current income tax code punishes personal savings and investments; and sometimes these are unfairly subjected to double and even triple taxation.

C. The current income tax code tax is grossly unfair to all wage-earning Americans.

- Payroll taxes are taken out of our paychecks and we all have no control or choice over when we pay or how much we pay in taxes. Taxes are deducted from our paychecks before we can save or spend it.
- The payroll tax is the most regressive and unfair feature of our current tax system. The

FairTax Talking Points

current payroll tax applies only to wages and hurts the most important tool by which anyone who is not born to wealth has to get ahead.

- D. The current tax system is manipulated by politicians, lobbyists and other special interest.
- The complexity of the current income tax code is an open invitation to those with the means to manipulate the tax code.
 - There are more lobbyists registered in Washington D.C. for taxes than for any other issue.

The Solution is the FairTax

The FairTax is fair to all Americans and simple to understand. Under the FairTax, all wage earners will keep 100% of their paychecks, prices will drop dramatically and Social Security and Medicare funding will be more secure.

The FairTax frees up financial opportunity by restoring choice in spending, encouraging savings and investment and dramatically reducing tax evasion. With the elimination of virtually all compliance costs, nearly \$300 billion will be restored to the economy. The FairTax offers an unprecedented opportunity for lower and middle-income wage earners to get ahead, to save to buy a house, to educate themselves and their children and to save for a dignified retirement.

Under the FairTax all Americans, regardless of their income level, will be better off with the FairTax.

- Everyone will be subject to the same consumption tax rate with no exceptions and no exclusions, and those least able to share in the cost of government will carry no federal tax burden at all.
- The FairTax increases individual purchasing power making it easier to get ahead financially by eliminating:
 - the individual income tax, including capital gains taxes
 - the payroll withholding tax
 - the inheritance tax and the gift tax
 - the self-employment tax
 - the corporate income tax
 - the alternative minimum tax

The FairTax solution requires two actions:

- Passage of H.R. 25, the FairTax bill — a single rate tax on all final sales of new goods and services. This tax would become the chief source of revenue for the United States government, replacing all federal income and payroll taxes, yet generating the same revenue. The legislation provides for a tax rebate equal to the consumption tax paid on essential goods and services. The rebate ensures that no American will pay tax on the purchase of necessities.
- A constitutional amendment that will repeal the 16th Amendment and make a federal income tax unconstitutional.

FairTax Talking Points

We Can Win!

Bringing the FairTax to a vote only requires support from only 31 members of Congress! If twenty members of the House Ways and Means Committee and eleven members of the Senate Finance Committee support the FairTax, they can bring the FairTax bill out of their respective committees and onto the floor of both the House and the Senate. At that point, it would be the leadership's decision to go to a full vote by the entire membership. It can be done, and we are well on our way there.

Polling shows that the American people understand and favor fundamental reform such as a federal consumption tax. The national groundswell of support is growing rapidly. Thousands of Americans are expressing their support for the FairTax through phone calls, e-mails, letters and faxes. FairTax volunteers are growing by the hundreds. The possibility of bringing about peaceful change is one of the great strengths of the American system. It is obvious that the FairTax is a reasonable solution whose time has come.

Once again, here are the tremendous benefits of this plan. The FairTax plan:

- Allows you to keep 100% of your paycheck, pension, and Social Security payments
- Frees up the time wasted on filling out cumbersome I.R.S. forms
- Makes taxation of income unconstitutional by repealing the 16th Amendment
- Ensures that all Americans pay their fair share of taxes
- Exempts all taxpayers from federal taxation on the purchase of basic necessities
- Dramatically lowers tax rates for low-income and middle-income Americans
- Reduces the cost of goods and services by as much as 20%
- Allows families to save more for home ownership, education and retirement
- Protects and ensures the funding of Social Security and Medicare
- Leaves unchanged the amount of money raised by the federal government
- Makes American products competitive — domestically and overseas

As Americans come to understand that the FairTax will close tax loopholes and make everyone pay their fair share of taxes, it will be passed into law. Fully 85% of Americans informed about the FairTax state they are likely to support the tax change that makes the closing of these loopholes a reality. And the FairTax offers not only this, but many other benefits:

- You never pay another hidden tax again. The FairTax is printed on every receipt for every purchase
- All taxpayers are treated fairly. No loopholes for anyone.
- Individuals have more control and choice. People can make choices about how much to pay in taxes by deciding when to buy and what to buy.
- Virtually all economic models project a much healthier economy under the FairTax. Real investment will grow by an estimated 76 percent. Exports will jump by an estimated 26 percent. Interest rates on loans drop 20 to 30 percent.
- Small businesses never have to track tax withholdings or deductions.
- Tax evasion dramatically decreases. No more income-reporting means the end of “hiding” income from tax authorities.

FairTax Talking Points

- Compliance costs drop by over 90% from \$340 billion.

Next Steps

It is time for the FairTax. For nearly 100 years, we have carried the burden of an oppressive and counterproductive tax system which has punished work and achievement, savings, and investment. The current tax code has been grossly manipulated to reward elite political interests, and it hurts the average American. The current tax code has hidden the true cost of government from the very taxpayers who pay for it.

Americans are not obligated to accept a tax system that penalizes the average working American while giving special consideration to those who buy favors and perks in Washington, D.C. To be competitive in the global economy, and to renew the American dream, we must change the way we fund our national government. It is time for the FairTax!

The FairTax will allow Americans to keep 100% of their paychecks, dramatically reduce prices, protect and ensure funding of Social Security and Medicare, empower low-income taxpayers, and put choice and control back into the hands of all Americans. Only two crucial elements are necessary for the FairTax to be enacted: a public that is eager and ready for a tax system that is fair, and enough citizens seriously dedicated to do whatever persuade their elected representatives that **WE THE PEOPLE** want genuine tax reform in the form of the FairTax. It only takes thirty-one Congressmen, and we will win, provided that YOU will help make this a reality.

To learn more about the FairTax, visit FairTax.org and/or PAFairTax.org.