

THE FAIR TAX

It's time for a Tax Revolution

It's time to Abolish The IRS

H.R.25

FAIRTAX ACT OF 2023

THE FAIR TAX

Introduction to FairTax Act of 2023 H.R.25

FairTax for individuals

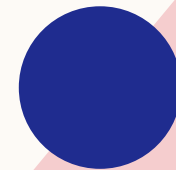
FairTax for businesses

FairTax for the Environment

Why is it a FairTax?

Timeline & Implementation

Summary & Goals



INTRODUCTION

FairTax Act of 2023 (H.R.25) has been introduced to the United States Congress. Is it time for a tax revolution?

The current US Tax Code grows more complex daily with the help of lobbyist and budget concerns. It has been used as a tool to manipulate markets, drive social agendas, target political opponents, and has been weaponized against the American people through the IRS.

As politicians in Washington add 1 new tax code per day to fund their bills, no regular taxpayer could possibly ever know what rules they need to follow to be certain they are compliant with the law.

Taxpayers are constantly living in fear that they may not have had enough already taken out of their wages to cover their share. Endless hours and massive funds are spent on complying with the burden of the current income tax system.

The tax code is full of discrimination based on; marital status, income levels, age, education choices, housing, dependents, and much more.

The environment suffers as truckloads of mail in hauled into and out of IRS facilities daily.

Taxpayers have had enough, it is time Abolish the tax code and IRS as we know it.

Albert Einstein: "The hardest thing in the world to understand is the income tax."

Alfred E. Neuman: "Today, it takes more brains and effort to make out the income-tax form than it does to make the income."

WHAT IS THE FAIRTAX? 4

The FairTax is a national consumption tax that would be levied on all new goods and services purchased within, shipped to, or provided to end users located within the USA and its territories.

A consumption tax is levied when you spend money, based on choice or need. Unlike the *income tax* that is levied when you earn money, based on amounts of “taxable” income that have been earned and unearned in a given year. It is also different than a *flat tax*, that is a tax on income earned and unearned in a year, at a single tax rate for all taxpayers. Both the current income tax or a flat tax require expensive accountants and complex tax returns even for the average citizen.

This new tax system taxes everyone equally, at a single rate, without prejudice or giving favors. The tax is paid at the register and individuals have no other obligation to be compliant with paying their share of federal taxes. The FairTax is designed to capture income that goes untaxed within the USA. It would abolish the current federal tax code, as well as the social security burden on employees and employers.

Bob Thaves: "I don't know if I can live on my income or not--the government won't let me try it."



**“ TAXATION IS THE PRICE
WHICH CIVILIZED
COMMUNITIES PAY FOR THE
OPPORTUNITY OF
REMAINING CIVILIZED ”**

Albert Bushnell Hart

FAIRTAX FOR INDIVIDUALS

- Individuals within the USA and its territories will pay a federal “consumption tax” on new goods and services they purchase at the time of sale.
- Take home all of your wages, no social security or income tax will need to be withheld, the consumption tax pays into Social Security and funds all government programs.
- **NO PERSONAL TAX RETURNS REQUIRED.**
- Just keep your receipt for 3 years to show you paid tax on your purchases. No other paperwork needs to be kept.
- No longer worry that you made an error and will owe more later, or worse be selected for an expensive and intrusive IRS audit.

CITIZENS IN POVERTY WILL PAY NO TAX

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The FairTax does not want anyone in poverty to pay federal tax. The poor and middle classes benefit greatly from the FairTax when compared to keeping our current system of taxation. Their standards of living and well-being rise at a faster rate than the wealthy.

FairTax solutions for the poor include; reimbursing individuals by sending a monthly “pre-bate” (Pre – Rebate) for any tax they may have spent up to the current poverty limit based on their family size. Additionally employees will get to take home all their pay saving 7.65% of current taxes imposed on all employees, and purchases of used items will be tax exempt from tax.

How the Prebate works

In 2022 the poverty limit for a family of 4 was \$27,750 for the year. Families earning less than this for the year are considered living in poverty. Fairtax ensures they have at least \$532 of assistance per month.

If the consumption tax is 23% that year, a family of 4 will get a pre-bate of \$6,383 annually, which would be paid in installments of \$532 per month ($\$27,750$ poverty limit \times 23% consumption tax = \$6,383 tax paid up to poverty limit / 12 = \$532 per month). This replaces any refunds and credits that were previously paid to low income families through refundable tax credits, which are paid annually.

All families will be eligible for the “pre-bate”, there will be no discrimination based on income, marital status, political agenda. Families register their households annually to opt into the Prebate payments and report any changes to family size.

All individuals must be Legal Residents or USA citizens to qualify for a monthly Prebate.

FAIRTAX FOR BUSINESSES

Businesses can finally focus on annual revenue growth and investing based on business needs not tax purposes.

FairTax promotes fairness across industries without regard to special interests & business size. No lobbied tax credits to prop up a business industry or markets.

It reduces the cost of employees, eliminates the FICA taxes collected upon all wages paid and similar taxes paid on net Self Employment earnings, employers will continue to report forms W-2 to Social Security department annually for future benefit calculations.

Less administrative burden on businesses, collect tax at time of sale, report and remit to sales tax department regularly weekly or monthly based on amounts the business collects.

Businesses can use their Point of Sale software to generate reports of what was sold and tax collected. No other reports are required.

Businesses can claim a credit for items they paid tax on that were part of the final product being sold, Costs of Good Sold. The business can claim a credit back for purchases they made, essentially only remitting tax on the income after costs of good sold when they file and pay the sales tax they have collected.

Businesses get a credit (compensation for their time) for filing their returns by the due date. The opposite of a penalty, a reward for being on time!

FAIRTAX FOR THE ENVIRONMENT

Truck loads of paper tax returns are delivered to the IRS daily!

As trees and landfills suffer, correspondence continues to come by mail from the IRS. Exhaustive letters to taxpayers about missing information, changes to their returns, updates on issues that are in progress, some that have taken over 2 years and are still not resolved.

The Fairtax removes all individual, business, trust & estate tax return filing requirements. Guaranteeing accurate filings and total compliance for the average person. And reducing paperwork tremendously.

The Fairtax promotes recycling, reusing, and waste reduction.

Used items purchased are always exempt from all federal taxes under the FairTax.

WHY IS IT A FAIR TAX?

- Collects taxes equally on all new purchases of good and services
- Less areas for tax cheats to abuse the tax codes
- Reduces filing & collections burden on the government and the people
- Normal taxpayers are not burdened with complex tax codes annually
- Low income people can buy used to pay 0% tax
- All US citizens will get the monthly prebate, equally determined, based on household size.
- Everyone takes home their full pay
- Everyone pays their fair share; all international travelers, undocumented workers, or illegal crime rings will all end up paying on purchases at the register.
- Its more constitutional, it is an equal tax imposed with out prejudice or discrimination.
- Expatriates and dual citizens no longer worry about their passport being suspended for taxes owed to USA while living abroad.

TAX EXEMPTIONS / NO TAX



Albert Camus: "it is no more immoral to directly rob citizens than to slip indirect taxes into the price of goods that they cannot do without."

WILL IT GET THE VOTES TO PASS IN WASHINGTON DC?

If you understand the FairTax you will demand it, write or call your representative today and demand a FairTax system!

We must ask:

- Do Members want Americans to continue to file more and more complicated and intrusive tax returns and be subject to arbitrary IRS action or not?**
- Do Members want Americans to see the true cost of their federal government on each purchase of new goods and retail services or not?**
- Do Members support the largest transfer of power from the federal government to the people, the FAIRtax, or not?**
- Do Members of Congress endorse the corrupt income tax and the IRS or do they endorse the FAIRtax--the best solution for the American people.**

TIMELINE

1/1/2023

Repeal the Internal Revenue Code and adopt the FairTax.
Contact your Representative and demand a Fair Tax system that honors your constitutionally provided rights.

12/31/2024

Businesses value inventory and work in progress for future business related sales tax credits.
Become a “Registered Seller” by applying with sales tax bureaus.
This is the final tax year subject to the current tax code.

1/1/2025

Businesses begin charging 23% inclusive or 30% exclusive tax on sales of new products or services provided within the USA or to customers within the USA.
Individuals keep their full income and keep receipts for proof of tax paid on purchases.

2/15/2025

Businesses file monthly sales tax report for the prior months activity and remit tax payments by the 15th of the following month.
Businesses report applicable credits to reduce their tax burden on monthly sales tax reports.

12/31/2027

Close all departments of the Internal Revenue Service. All records shall be destroyed by 12/31/27.
Repeal the 16th Amendment to protect citizens from the reenactment of an Income Tax.

IMPLEMENTATION

TYPICAL SCENARIOS

- **Tax Inclusive Rate 23%** The tax-inclusive rate is always less, it assumes the sales price already includes the federal tax. The rate is obtained by dividing the 30% tax by the total purchase cost including the 30% tax. A \$100 item would have a \$30 tax = \$130 total cost, then take the \$30 tax / divided total cost \$130 = 23% as included tax rate. The consumer pays \$100, total, which breaks down to \$77 for the product/service and \$23 for the “Inclusive tax”, the merchant pays \$23 to the government as the tax collected.
- **Tax Exclusive Rate 30%** The tax exclusive rate is 30% of the pre-tax selling price. An item costs \$100 before tax and is subject to a 30% sales tax, = \$30 tax. The consumer pays \$130 for the product/service, total, which includes \$100 for the product and \$30 in “Exclusive tax”, the merchant pays \$30 to the government as the tax collected.

COLLECTIONS & COMPLIANCE

- Consumers are liable for tax, imposed and collected at the time of sale.
- Consumers pay tax for new products or services and retain receipts for 3 years.
- Merchants reports sales made on a monthly basis, and remit the sales tax collected & due.
- Merchants may report Cost of Goods sold expenses to apply credits toward the taxes due. Total tax due \$30 – \$10 (credit for purchase of products sold) = \$20 of tax due when filing and paying.
- Businesses/Merchants who report and pay taxes when due receive a credit for being on time.
- State sales tax agencies will be paid a % of the tax they collect and remit to the US Treasury.

GLOBAL AND CASH MARKETS

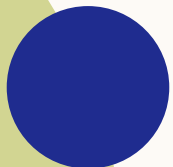
Would people just buy out of the country?

It is unlikely that “shopping across the border ”will result in any cost savings to the consumer. As the relative cost of retail goods and services with the FairTax remains very close to the same levels found in the marketplace today.

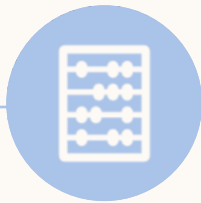
The FairTax will, for the first time, tax undocumented workers who now evade U.S. income and payroll taxes. All persons living or visiting in the U.S. will pay taxes, whether they are here legally or illegally.

The FairTax brings jobs back to America by allowing companies to operate on our soil tax free rather than paying the current corporate income tax of 35 percent.

Under the FairTax, various economists have predicted higher economic growth ranging from 7 to 14 percent over the current system, more jobs, and higher wages. Such growth will create jobs for American citizens and legal immigrants.



GOALS



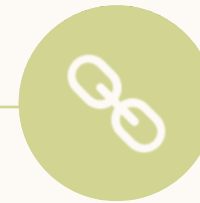
SIMPLIFY TAX BURDEN ON CITIZENS

- Restore Taxpayer Rights & privacy
- No need to document, measure and track personal income (retirement, savings interest, wages, gambling winnings)
- Protects individuals from costly Audits and errors in calculations



ENCOURAGE HIRING AND BUSINESS GROWTH

- Reduces oversight, compliance, and other paperwork burdens
- Reduces areas of Audit, eliminating government costs
- Reduces the cost to employ workers
- Businesses receive compensation for timely filing and remitting sales tax



CLOSE TAX LOOPHOLES AND RECOVER LOSSES

- Affluent individuals and businesses can no longer exploit tax loopholes
- Collect tax on underground and undertaxed segments of the economy that is escaping tax under the current system
- A hotline will be established to report merchants that are not collecting tax or providing receipts

SUMMARY

By using this consumption based taxation, we can collect an equally administered tax from virtually all stateside businesses & residents.

Our Individuals can thrive because they will have control over their financial success. Imagine taking all of your earnings home and only paying tax on what you want to.

By giving a monthly allowance, we can assure no US citizen living in poverty and paying tax. Families can get assistance monthly instead of tax refunds they received annually in the past.

Our Businesses will be able to focus on making business decisions instead of tax decisions.

We will be decreasing the paperwork burden creating a measurable net positive impact on the environment.

The Fair Tax is designed to collect tax! Sufficient tax revenue will be collected to fund government spending, retirement & social security payment obligations, all without penalizing the worker and businesses.

LEARN MORE

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