

# The FairTax Basics

<p><b>Current Federal Income Tax System is Abolished</b></p>	<p>The FairTax, at 131 pages, abolishes the Internal Revenue Service, along with 67,00 pages of IRS tax code.</p> <p style="text-align: center;"><b>Taxes Repealed</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center;"><b>Individual</b></td> <td style="width: 50%; text-align: center;"><b>Business/Investor</b></td> </tr> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Individual Income Tax</li> <li>• Alternative Minimum Tax</li> <li>• Estate (Death) Tax</li> <li>• Gift Tax</li> <li>• Employee Paid Social Security, Medicare, and Medicaid Taxes (FICA)</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>• Corporate Income Tax</li> <li>• Capital Gains Tax</li> <li>• Self-Employment Tax</li> <li>• Employer Paid Social Security, Medicare, and Medicaid Taxes (FICA)</li> </ul> </td> </tr> </table>	<b>Individual</b>	<b>Business/Investor</b>	<ul style="list-style-type: none"> <li>• Individual Income Tax</li> <li>• Alternative Minimum Tax</li> <li>• Estate (Death) Tax</li> <li>• Gift Tax</li> <li>• Employee Paid Social Security, Medicare, and Medicaid Taxes (FICA)</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Income Tax</li> <li>• Capital Gains Tax</li> <li>• Self-Employment Tax</li> <li>• Employer Paid Social Security, Medicare, and Medicaid Taxes (FICA)</li> </ul>
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<p><b>Keep 100% of Your Paycheck!</b></p>	<p>The FairTax ends federal withholding. Americans keep 100% of their paychecks, minus any state income taxes that may apply.</p>				
<p><b>Eliminates Hidden Taxes and Compliance Costs</b></p>	<p>Many economists predict that removing business taxes, and lowering tax code compliance costs will cause retail prices to decrease by an average of 22%. The FairTax is about 90% less costly to comply with. Tax preparation costs Americans about \$13 for every \$100 of taxes paid.</p>				
<p><b>National Retail Sales Tax</b></p>	<p>The FairTax is a 23% sales tax on new goods and services. Used goods are not taxed.</p>				
<p><b>Basic Necessities are Untaxed</b></p>	<p>The FairTax completely untaxes the poor. Each family receives a monthly prebate check that ensures no family pays taxes on spending up to the poverty level. The prebate is based on family size.</p>				
<p><b>Underground Economy</b></p>	<p>Illegal Immigrants and Others Working Off the Books Cost the U.S. Hundreds of Billions of Dollars in Unpaid Taxes. With the FairTax, everyone pays taxes when they purchase new products and services.</p>				
<p><b>Revenue Neutral</b></p>	<p>The FairTax pays for all current government operations, including Social Security and Medicare. Government revenues are more stable and predictable than with the federal income tax because consumption is a more constant revenue base than income is.</p>				
<p><b>Charitable Donations</b></p>	<p>The FairTax protects charitable organizations. No taxes are assessed on contributions to nonprofit organizations (or gifts to family members, friends, needy persons, etc.). Money is not taxed until it is spent.</p>				
<p><b>Education</b></p>	<p>The FairTax encourages higher education. No taxes are assessed on tuition or education purchases.</p>				
<p><b>Business Expenses</b></p>	<p>The FairTax lowers operating expenses by not taxing business to business purchases, and is only assessed at end user consumption.</p>				