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The FairTax

The concept of the FairTax system has been around for many years. It has gained in popularity over the last five years with the added publicity from being introduced as a bill in the U.S. Congress. The FairTax is simply a national retail sales tax, which will replace all forms of income tax, payroll taxes and corporate taxes. It will add to the retail prices of all goods and services a 23% tax. The corresponding prices of these goods and services will drop a significant amount due to the unburdening of the embedded taxes now hidden in them. To allow for the unburdening of the citizens of this country on the basic necessities of life, a monthly prebate check will be sent by the Social Security Administration to offset the taxes up to the poverty level. Since higher income citizens earn and spend more money, the tax becomes progressive for the most part over a lifetime. Individuals and families can elect to live more modestly, save more and pay less tax, but eventually when the savings are spent they will have to pay the taxes.

Several side benefits of this system are the elimination of the much hated and very expensive IRS and the dreaded April 15th tax date. Since used goods are not taxed with this system, it would lead to a more thrifty society. The reuse and repair of material goods, rather than discarding them with still usable product life will help slow the flow of garbage to the landfills. Individuals or families will only need to register once per year for their prebate and no longer will need to file tax returns annually. A simple collection of the taxes can be performed just as state sales taxes already are done with a small portion of the tax allocated to the retailers and states to perform this function. The lack of corporate taxes will bring our companies' headquarters and incorporation back within our borders and prompt many foreign companies to incorporate here also. With the downfall of the IRS, we would see a large amount of corporate influence peddling disappear from the halls of congress by those seeking special tax code treatment. With the poverty level prebate in place; the poorest of society will virtually be exempt from federal taxes until their salaries increase. The wealthy high rollers who like big new houses, lots of fancy cars and use more services provided by others will pay a lot more taxes. Savings would be encouraged to lower ones tax burden and the savings will translate into investment capital, which will drive business investment and a lot of growth in the national economy. Another benefit would be the push by illegal immigrants to work on legal work visas so they could qualify for the prebate system. Illegal immigration will be punished by the higher tax burden of this sales tax unless they follow the proper guidelines to qualify for some prorated prebate credit. (Anything that punishes illegal immigration in my book is just fine.)

There are some concerns with the new system, but they can be addressed and dealt with at worst with the same kinds of enforcement as the current tax system. In my opinion, the benefits far outweigh the detractors and I will support this legislation with only two conditions as follows. The system will need to be revenue neutral so as to not decrease current federal income. I realize the federal budget is larger than it should be and needs to be trimmed, but if we as a nation are to have any hope of paying off our national debt, then revenues can't drop. Secondly, the 16th amendment needs to be repealed at the time of inception of the FairTax. I could not in good conscience pass this tax without the dismantling of the now unpopular, wasteful and unfair income tax system foisted upon this country nearly 100 years ago.



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I urge all my fellow citizens to research the FairTax at <http://www.fairtax.org/> or the Wikipedia entry on the web. There is a lot of information available on the web and several books available at the library to answer your questions. Let's make a fair taxation system, which doesn't require the invasion of our privacy by our federal government.

As Americans we naturally strive to better our careers, income and fortunes in life. We will find ourselves paying our fair share of the tax burden to run our government as we go through different stages of our lives and can feel proud that we all help provide for the important business of the U.S. government.

Eric Deaton



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Paid for by the Committee to Elect Eric Deaton to U.S. Senate, Dianna Anderson Deaton, Treasurer