

THE DAILY CALLER

The FAIRtax Is A Progressive Scam – We Need A 10% “Tithe” Tax!

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February 14, 2017

While many of its proponents are fiscal conservatives, the proposed FAIRtax (FT) admits readily and advertises that it is *more* progressive than the tax regime that Americans live under today. Of prime importance, its “prebate” feature is *not* a real refund of taxes paid, as it appears to be. It is a \$600B *new entitlement*, with all Americans receiving a big monthly federal check – a very bad idea for those of us who are not socialists. It is financially and politically unwise to create yet another huge entitlement that will only increase in the future.

FT’s prebate has the poor pay for no part of the fed budget, pay nothing for their personal SS/Medicare benefits, and *gives them a big tax welfare check*. The prebate extends tax welfare to the non-working poor – and also takes the next Progressive Cloward-Piven step towards giving SS/Medicare to *all* regardless of work, by removing the tax cost of reporting SS Wages, which “invites” fraud in reporting them (as also noted by other authors).

The Prebate is calculated to *merely* repay the poor for any FT they pay (as if we all agree with that), but it would actually pay them far *MORE* by “assuming” the poor spend *more* than the underlying HHS Poverty Guidelines *and* that they will pay FT on *all* of their purchases — but they won’t.

Some FT’ers still market the old FT lie that we get a big raise (no Income & P/R taxes) *and* FT prices would be the same as today’s — that just cannot be true. FT is merely supposed to change the method of paying the *same* total tax dollars we pay today, so if you get a big raise, prices must go up by the same total dollar amount (except for minor savings in compliance costs). Retail prices would *rise* by nearly the full 30%. Even the AFFT, and an economist it

engaged, now admit that prices would rise substantially, but prices would rise even higher than they admit.

FT results in a combined fed+S/L 30-45% *initial* in-your-face sales tax that would spark a taxpayer revolt that would destroy our retail-sales-sensitive economy — that's 30% FT (*not* 23%) plus 0-15% S/L. Those rates might go up to (say) 60-75 at an illustrative 30% evasion/avoidance rate (incredibly, FT “assumes “*zero* evasion, *zero* intentional reduction in spending and *zero* migration from new to used goods – instead of increasing the FT rates, the \$600-\$900B shortfall will more likely result in a *new* Income tax, see below).

The FT's 30% rate is really closer to 50%. FT hides another appx. 20% in taxes (but FT'ers deceptively say “the FT is fully transparent – just look at your receipt and you will see all of the FT you will pay”). 1) 12+% is hidden by having fed + S/L govts pay FT (which is likely unconstitutional) – ultimately, they must get that money from us, 2) The fed budget will rise for a) SS & all fed pension COLA's caused by FT's 30% price increase, and for b) fraudulent new SS benefits “invited” by FT's removal of the tax cost for reporting SS Wages (as noted by other authors), 3) FT economists have admitted that the FT is 5% short.

Incidentally, *USED* property is advertised as exempt from FT, but that may be a *cruel hoax*, because of the practical difficulty of establishing that the buyer has met the requirements that FT was paid AND that *none* of 3 listed credits against the FT were claimed.

FT's *new* IRS (i.e., STAA) may be *more* invasive than today's IRS – the buyer is liable to pay FT and receive/show a receipt and so STAA may audit consumers – see Sec 101(d). Also we may well have to file an “Annual FT Summary.”

As also noted by The Cato Institute, FT leaves us more vulnerable to winding up with *both* a NEW Income Tax and FT (instead of adding 20-30% on top of the FT's already high explicit 30% rate). Congress would surely repeal FT's laughable Sunset Clause and (with the 16th Amendment surely still firmly in place) would use the excuse of the large revenue shortfall from evasion/avoidance to (in lieu of raising the already high FT rate) enact a *new* Income Tax which I believe is Congress' true ultimate objective – i.e., to be able to grab even more of our money to redistribute to those who will vote for them and contribute to their campaigns.

To summarize the FT rate, it appears that FT required a 70-80% rate. AFFT simply “assumed” away 20-30% evasion/avoidance, hid 12% by taxing fed +S/L govts, reduced the rate by 5%, and ignored the FT-caused fed budget increases – to get the rate down to 30%. Then a clever AFFT lawyer deceptively twisted the statute to make 30% superficially appear to be “only” 23%.

Seniors would start to pay for SS/Medicare again and some would pay a 2nd-3rd tax on their earnings. Many middle class seniors would pay more FT than they would have paid in Income Tax and many would lose purchasing power because of 1) the nearly 30% price increase, and 2) the higher S/L & federal taxes required because they must pay FT and can only get those funds from us, and 3) higher federal taxes due to nearly 30% higher SS & federal pension COLA's and fraudulent SS benefits.

FT promises grand economic benefits which are all entirely unpredictable – mere Hype & Change. FT employs marketing hype and hyperbole, making countless undeliverable claims.

We need a very Flat Income Tax; No: deductions/exemptions/credits, a 10% rate, business income taxed only once and on a very simple basis. The IRS should be neutered with a 1 page tax filing. Everyone pays. More evolutionary. See, [A Very Flat Income Tax](#); let your representatives in Congress know that this is what you want