



Use a flat tax for the income tax

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The FAIRtax — i.e., H.R. 25 (“FT”) is a progressive scam — we need a simple 10 percent tithing income tax.

FT marketers advertise that it is more progressive (more welfare).

Of prime importance, the prebate is not a real refund of FT paid, as it appears to be. It is a \$600 billion new entitlement with all Americans receiving a big monthly federal check — a bad idea. It is financially and politically unwise to create yet another huge entitlement that will only increase in the future.

FT (prebate) has the poor pay for no part of the federal budget, pay nothing for their personal Social Security/Medicare benefits, and give them a big tax welfare check. FT (prebate) extends tax welfare to the non-working poor — and also gives Social Security/Medicare to all regardless of work, by removing the tax cost of reporting Social Security wages, which invites fraud in reporting them (as also noted by other authors).

The prebate is marketed as merely repaying 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 Health and Human Services poverty guidelines and that they will pay FT on all of their purchases (but they won't).

They claim (deceptively) FT is only a 23 percent sales tax. If goods cost \$100 before FT, you add \$30, total \$130. They deceptively divide the \$30 FT, by \$130.

Some FT'ers still market the old FT lie that we get a big raise (no income or 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 take home pay rises, prices must go up by the same total dollar amount (except for minor savings). Even the AFFT now admits that prices would rise substantially, and perhaps the full 30 percent.

FT causes a combined federal plus state/local 30-45 percent initial in-your-face sales tax that would spark a taxpayer revolt that would destroy our retail-sales-sensitive economy (30 percent FT — not 23 percent — plus 0-15 percent state/local taxes. An illustrative 30 percent evasion/avoidance rate produces a \$1 trillion +/- revenue shortfall likely to bring a new income tax. Incredibly, FT “assumes” zero evasion, intentional reduction in spending, and migration to used goods.

The 30 percent rate is really 50 percent. While claiming to be “fully transparent — just look at your receipt and you see all the tax,” FT hides another approximately 20 percent.

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 three listed credits against the FT were claimed.

It is a myth that the IRS is abolished. FT's new IRS (i.e., STAA) may be more invasive. The buyer is liable to pay FT and receive/show a receipt. STAA may audit consumers and may require an annual FT summary.

As also noted by Cato Institute, FT leaves us more vulnerable to winding up with both a new income tax and FT (instead of adding 20-30 percent on top of the FT's already high 30 percent 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 enact a new income tax (I believe Congress' goal is to saddle us with both taxes).

To summarize, it appears that FT initially required a 70-80 percent rate. They simply assumed away 20-30 percent evasion/avoidance, hid another 20 percent — all to get the rate down to 30 percent. Then they deceptively twisted the statute to make 30 percent superficially appear to be “only” 23 percent.

Seniors would start to pay for Social Security/Medicare again. Some would pay a second or third tax. Many middle-class seniors would pay more FT than they would have paid in income tax and many would lose purchasing power.

FT promises grand economic benefits which are all entirely unpredictable — mere hype and change. FT employs marketing hype and hyperbole, making countless undeliverable claims.

We need a very flat income tax with no deductions/exemptions/credits, a 10 percent rate, business income taxed only once and on a very simple basis — IRS is neutered, one-page tax filing, everyone pays, more evolutionary.