



Stories In The News

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Viewpoints: Letters / Opinions Flat Tax vs FairTax

Stephen Eldridge
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Sitnews recently published my reply to AK FairTax (FT) Director Wiley Brooks' Letter along with a Letter from another FT marketer Joe O'Hara whose Letter explains NOTHING specific about the FT, but merely offers generic propaganda.

The Fair Tax® (FT) is a Progressive Scam we need a 10% Tithe Tax!

I am a retired lifetime tax consulting professional (JD, LL.M. in Taxation, CPA, co-author of a 3 volume tax treatise, lecturer), with no financial stake in ANY tax system. This only a brief summary - for supporting details, call Stephen C. Eldridge tel. 423-532-7337. Website: <http://sceldridge.wix.com/sceldridge>

FT admits readily (advertises) that it is MORE Progressive (more welfare) - see <http://bit.ly/1uym1pB>

Of prime importance, the Prebate is NOT a real refund of FT paid, as it appears to be. It is a \$600B NEW ENTITLEMENT, which would have all Americans receiving a substantial 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 (Prebate) would have the poor make no contribution to the federal budget, pay nothing even for their personal SS/Medicare benefits, AND give them a large tax welfare check. FT (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 penalty for reporting SS Wages, thereby inviting the fraudulent reporting of SS Wages (as also noted by other authors).

The Prebate is apparently 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 than any FT they might pay, by assuming the poor spend more than the underlying HHS Poverty Guidelines and also by assuming they will pay FT on all of their purchases (but they WON'T see <http://bit.ly/1xBkWLZ> (6/1/15))

Some FT ers today still market the original FT lie that we would get a large raise from the elimination of the Income Tax AND prices with FT would be the same as today's - but 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, admits that prices would rise substantially, but prices would rise even higher than they admit - see <http://bit.ly/1ELKVqb>

FT results in a 40-70% in-your-face sales tax that would spark a taxpayer revolt destroying our retail-sales-sensitive economy. That 40% is the sum of 30% (not 23%) FT, plus (e.g.) 10% S/L sales tax.

That 70% is the increased rate needed at a sample 30% FT evasion rate (the FT incredibly assumes zero evasion, zero intentional reduction in spending and zero migration from new to used goods).

On top of that 40-70% tax, FT also hides another appx. 15+% 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) FT s 30% rate is really 42+%; the 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 & federal pension COLA s caused by FT s nearly 30% price increase, and for b) fraudulent new SS benefits invited by FT s removal of the tax penalty for reporting SS Wages (as noted by other independent authors). 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 STAA may audit consumers see Sec 101(d). Also we may well have to file an Annual FT Summary . See Myth that the FT Abolishes the IRS at bit.ly/1xqIOTQ

As also noted by Cato Institute (see <http://bit.ly/1vNxnq3>), FT leaves us more vulnerable to winding up with both a NEW Income Tax and FT (instead of adding 20-30% to the FT 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 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.

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 Flat Income Tax; No Deductions, No Exemptions, No Credits and a 10% rate, with business income taxed only once on a very simple basis - See H.R. 1040 (which has been included in Paul Ryan's new budget), but with changes as noted here - IRS is neutered, 1 page tax filing, everyone pays, more evolutionary. Let your representatives in Congress know that this is what you want. See <http://bit.ly/1Awx57>