



Talking points to use when presenting the FairTaxSM Plan

These talking points are designed for a 15-minute speech. We suggest the use of specific examples on how people will be affected by the FairTax to better illustrate its value.

Introduction

Imagine a tax system that:

- Allows you to keep 100 percent of your paycheck, pension, and Social Security payments.
- Frees up the time wasted on filling out cumbersome IRS forms.
- Wipes out the income tax code and shuts down the IRS.
- Makes taxation of income unconstitutional by repealing the 16th Amendment.
- Exempts all taxpayers from federal taxation up to the poverty level, through a monthly rebate.
- Ensures that all Americans pay their fair share of taxes.
- Dramatically lowers tax rates for low-income and middle-income Americans.
- Makes taxes visible by eliminating hidden income and payroll taxes in consumer prices.
- Enables families to save more for home ownership, education, and retirement.
- Protects and ensures the funding of Social Security and Medicare.
- Leaves unchanged the amount of money raised by the federal government.
- Makes American products more competitive overseas.

How? This tax system is the most researched, and we think you'll agree, the best tax reform plan. It's called the FairTax.

The problem is the current income tax code.

A. The current tax code is unfair, costly, and unreasonably confusing.

- Because the tax code is so complex and easy to evade, many of us pay more in taxes per year than we should! The IRS estimates that over 40 percent of Americans are out of compliance with the current tax code! This makes the rest of us pay about 30 percent more in taxes.
- Over half of American taxpayers seek professional help simply to prepare their returns. And according to *Money* magazine, chances are 99 percent that you will pay someone to file an incorrect return!



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- Compliance with the tax code is not only very difficult and complicated, consuming a total of 6 billion hours, but unreasonably expensive as well. It is estimated that it costs taxpayers \$265.1 billion for tax filing, tax record keeping, and tax reduction advice. That's just shy of \$900 for every man, woman, and child in America! We have taxation without comprehension!
- B. The current income tax code unfairly hampers personal financial opportunity.
- When citizens are taxed on their earnings and on what they produce, hard work is discouraged.
 - The current income tax code inhibits economic growth, capital formation, and, most importantly, job creation.
 - The current income tax code punishes personal savings and investments, and sometimes these are unfairly subjected to double and even triple taxation.
- C. The current income tax code tax is grossly unfair to all wage-earning Americans.
- Payroll taxes are taken out of our paychecks, and we all have no control or choice over when we pay or how much we pay in taxes. They are deducted from our paychecks before we can save or spend them.
 - The payroll tax is the most regressive and unfair feature of our current tax system. The current payroll tax applies to the first dollar of wages earned, effectively stifling the most important tool to improve one's economic well-being.
- D. The current tax system allows for massive loopholes encouraging politicians and lobbyists to pick winners and losers.
- The tax code is filled with loopholes that are manipulated by high-priced lobbyists for their clients and by other special interests.
 - The complexity of the current income tax code is an open invitation to those with the means to manipulate the tax code.
 - There are more lobbyists registered in Washington, D.C. for taxes than for any other issue.

The solution is the FairTax.

The FairTax is fair to all Americans and simple to understand. Under the FairTax, all wage earners keep 100 percent of their paychecks and Social Security and Medicare funding are more secure.

The FairTax frees up financial opportunity by restoring choice in spending, encouraging savings and investment, and dramatically reducing tax evasion. With the elimination of 90 percent of compliance costs, over \$238 billion is restored to the economy. The FairTax offers an unprecedented opportunity for lower- and middle-income wage earners to get ahead, to save to



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buy a house, to educate themselves and their children, and to save for a dignified retirement. All Americans, regardless of their income level, are better off with the FairTax.

- Everyone is subject to the same consumption tax rate (23 cents of each dollar of retail spending) with no exceptions and no exclusions, and those least able to share in the cost of government carry no federal tax burden at all.
- The FairTax increases individual purchasing power, making it easier to get ahead financially by eliminating:
 - the individual income tax
 - the payroll income tax
 - the estate tax and the gift tax
 - capital gains taxes
 - the alternative minimum tax
 - the self-employment tax
 - the corporate income tax

The solution we propose involves two actions:

- Passage of legislation that institutes a single-rate FairTax on all final sales of new goods and services. This tax becomes the chief source of revenue for the United States government, replacing all federal income and payroll taxes, yet generating the same revenue. The legislation provides for a tax rebate equal to the consumption tax paid on essential goods and services. The rebate ensures that no American pays tax on the purchase of necessities.
- A constitutional amendment (HJR 16) that repeals the 16th Amendment and makes a federal income tax unconstitutional.

We can win!

Bringing the FairTax to a vote only requires 31 members of Congress! If 11 members of the Senate Finance Committee and 20 members of the Ways and Means Committee support the FairTax, they can bring the FairTax bill out of their respective committees and onto the floor of both the House and the Senate. At that point, it is the leadership's decision to go to a full vote by the entire membership. It can be done, and we are well on our way there.

Polling shows that the American people understand and favor fundamental reform such as a federal consumption tax. The national groundswell of support is growing in leaps and bounds. Thousands of Americans are expressing their support for the FairTax through phone calls, e-mails, letters, and faxes. FairTax volunteers are growing by the hundreds. The possibility of bringing about peaceful change is one of the great strengths of the American system. It is obvious that the FairTax is a reasonable solution whose time has come.

Let me repeat the tremendous benefits of the FairTax Plan. The FairTax Plan:



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- Frees up the time wasted on filling out complicated IRS forms.
- Wipes out the income tax code and shuts down the IRS.
- Makes taxation of income unconstitutional by repealing the 16th Amendment through companion legislation.
- Exempts all taxpayers from federal taxation up to the poverty level, through a monthly rebate.
- Ensures that all Americans pay their fair share of taxes.
- Dramatically lowers tax rates for low-income and middle-income Americans.
- Makes taxes visible by eliminating hidden income and payroll taxes in consumer prices.
- Enables families to save more for home ownership, education, and retirement.
- Protects and ensures the funding of Social Security and Medicare.
- Leaves unchanged the amount of money raised by the federal government.
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As Americans come to understand that the FairTax closes tax loopholes and makes everyone pay their fair share of taxes, it will be passed into law. Fully 85 percent of Americans informed about the FairTax are likely to support the tax change that makes the closing of these loopholes a reality. And the FairTax offers not only this, but many other benefits:

- You never pay another hidden tax again. The FairTax is printed on every receipt for every purchase.
- All taxpayers are treated fairly. No loopholes for anyone.
- Individuals have more control and choice. People can make choices about how much to pay in taxes, by deciding when to buy and what to buy.
- Virtually all economic models project a much healthier economy under the FairTax. Real investment will grow by an estimated 76.4 percent. Exports will jump by an estimated 26.4 percent. Interest rates will drop between 20 and 30 percent.
- Small businesses never have to track tax withholdings or deductions.
- Tax evasion dramatically decreases. No more income reporting means the end of "hiding" income from tax authorities.
- Compliance costs are slashed. Compliance costs drop by over 90 percent, from \$265 billion.

Concluding remarks

It is time for the FairTax. For nearly 100 years, we have carried the burden of an oppressive and counterproductive tax system which has punished work and achievement, savings, and



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investment. The current tax code has been grossly manipulated to reward elite political interests and it hurts the average American. The current tax code has hidden the true cost of government from the very taxpayers who pay for it.

Americans are not obligated to accept a tax system that penalizes the average working American while giving special consideration to those who buy favors and perks in Washington, D.C. To be competitive in the next century and to renew the American dream, we must change the way we fund our national government. It is time for the FairTax.

The FairTax allows Americans to keep 100 percent of their paychecks, protects and ensures funding of Social Security and Medicare, empowers low-income taxpayers, and puts choice and control back into the hands of all Americans. All the crucial elements are in place: A public eager and ready for a tax system that is fair and a Congress seriously willing to consider genuine tax reform. It only takes 31 members of Congress, and we will win.

To learn more about the FairTax, read *The FairTax Book* by syndicated talk show host Neal Boortz and Congressman John Linder, sponsor of the FairTax legislation. To get your copy go to www.FairTax.org.

What is the FairTax Plan?

The FairTax Plan is a comprehensive proposal that replaces all federal income and payroll based taxes with an integrated approach including a progressive national retail sales tax, a prebate to ensure no American pays federal taxes on spending up to the poverty level, dollar-for-dollar federal revenue replacement, and, through companion legislation, the repeal of the 16th Amendment. This nonpartisan legislation (HR 25/S 1025) abolishes all federal personal and corporate income taxes, gift, estate, capital gains, alternative minimum, Social Security, Medicare, and self-employment taxes and replaces them with one simple, visible, federal retail sales tax – administered primarily by existing state sales tax authorities. The IRS is disbanded and defunded. The FairTax taxes us only on what we choose to spend on new goods or services, not on what we earn. The FairTax is a fair, efficient, transparent, and intelligent solution to the frustration and inequity of our current tax system.

What is Americans For Fair Taxation (FairTax.org)?

FairTax.org is a nonprofit, nonpartisan, grassroots organization solely dedicated to replacing the current tax system. The organization has hundreds of thousands of members and volunteers nationwide. Its plan supports sound economic research, education of citizens and community leaders, and grassroots mobilization efforts. For more information visit the Web page: www.FairTax.org or call 1-800-FAIRTAX.

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(AFFT Documents)\Talking points to use when presenting the FairTax Plan)