

## Life Under the FairTax

The benefits of the FairTax to the Nation as a whole have been covered in earlier columns, but some have asked how would the FairTax effect average households on an everyday basis.

In sum, it would be great.

To start with, all the hassle we are now undergoing to prepare our annual tax returns would be gone. No more searching for receipts, figuring deductions, or pulling out our hair as we fill out our 1040. Of course, for those with a small business, farm, rental property, vacation home, or any of dozens of other complicating factors, it's even worse. On average, American households spend about 26 hours to prepare and file their tax returns each year. Under the FairTax, you get an "extra" day all to yourself every year.

And for the many families who use a paid tax preparation service, and pay an average of \$200 for a simple tax return, under the FairTax, you get to keep that fee.

Under the FairTax, you also look forward to the first of the month when you get your prebate, or refund for the taxes you are likely to pay on monthly necessities. For a family of four, it amounts to about \$550 every month. And while the prebate is for taxes, it is up to you how you spend it. If you decide to cut back on purchases one month, you can save the extra and spend it however you want. This lets you save up for big purchases, rather than using a credit card or having to get a loan.

This is particularly important for young couples who spend an average of 24% of their income on debt payments. Under the FairTax, young couples will be able to pay cash for many of their bigger purchases and avoid all those high interest payments.

And most importantly, under the FairTax, the average wage earner will see their paycheck increase between 8% and 30%, depending upon the amount of money earned and the income tax currently withheld. Since average raises are running 2% to 3% per year, this is like getting a three year raise all at once.

So, no tax return hassles, extra income from the monthly prebate, a "three year raise" in every paycheck. You gotta love the FairTax.