

FairTaxSM Effective Tax Rates in 2000

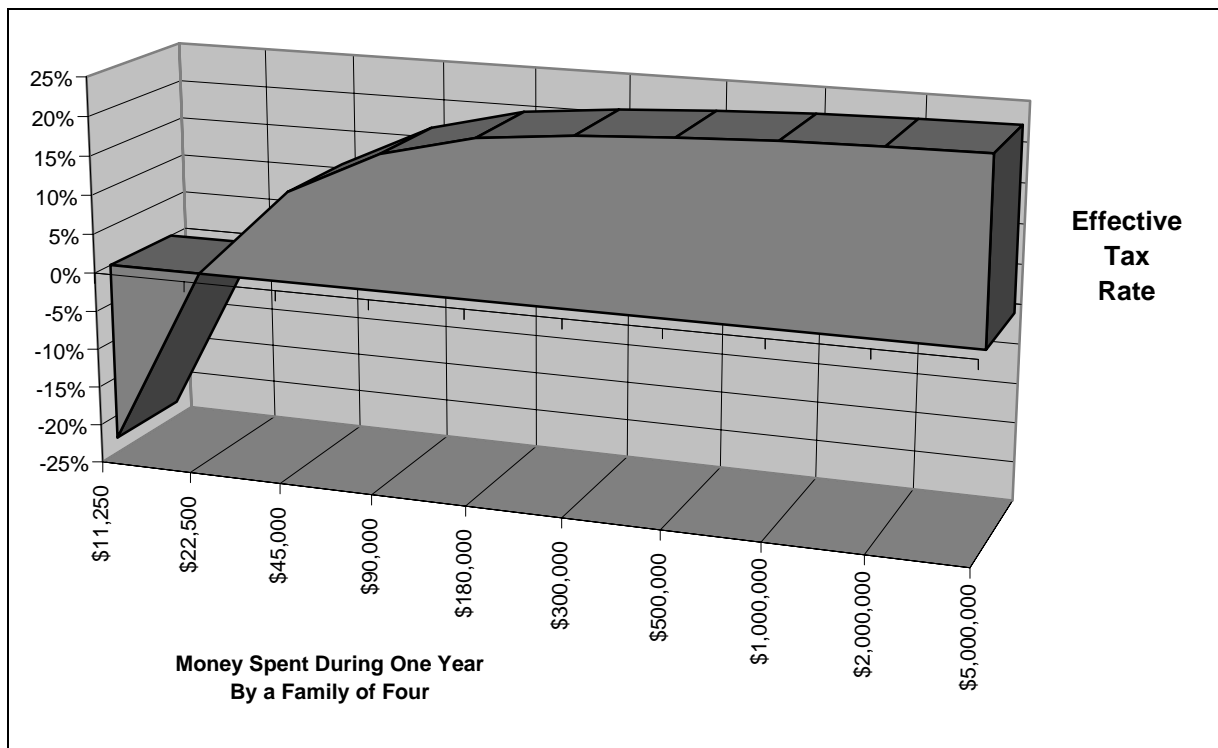


Figure 1: This figure represents the effective tax rate for a family of four under the FairTax at various levels of annual expenditure or consumption in the year 2000. At an annual expenditure level of \$22,500, the poverty level for a family of four, the effective tax rate is zero, at \$45,000 it is 11.5%, at \$90,000 it is 17.2%, at \$180,000 it is 20%, and at \$5,000,000 it is 23%.

Effective tax rates are *net* tax rates after taking into account any tax refunds or tax rebates. The FairTax is a 23% federal *consumption* tax collected only once, at the final point of purchase for personal consumption. The FairTax is designed to replace all federal *income* taxes, including personal, payroll, corporate, self-employment, capital gains, gift, and inheritance taxes.

To protect low-income families from paying tax on necessities, the FairTax prepays a monthly rebate to every household. The size of the rebate is equal to the consumption tax paid on essential goods and services, up to the government's poverty level, for the size of the household in question – e.g., a family of four in Figure 1 above.

If you would like to find out more about the FairTax, please contact

– Americans for Fair Taxation –

– the people who care enough to put the I.R.S. out of its misery –

www.fairtaxvolunteer.org

1-800-FAIRTAX