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“FairTax has appeal for all Americans”

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When you sit down to do your taxes, ask yourself this question: What could you do with that time?



Saxby Chambliss (right) is Georgia's junior U.S. senator.

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According to the Tax Foundation, Americans spend 10.2 billion man-hours filling in forms and paying their taxes each year. That amounts to almost 5.1 million full-time workers doing nothing but tracking income and preparing tax returns. Most small businesses spend seven times more to prepare their taxes than they actually pay in taxes. Nationwide, the cost of compliance with the tax system is upward of \$250 billion per year.

As we approach April 15, we ought to consider an alternative tax system that could change the way Georgians pay their federal taxes. The FairTax, which we have introduced in the House and the Senate as companion bills, would end the income tax system as we know it.

The FairTax would repeal all income taxes -- individual and corporate -- as well as payroll, self-employment, estate and gift taxes. All of these taxes would be replaced by a 23 percent sales tax on the final sale of new goods and services. Despite this simplicity, the FairTax will raise more revenue than the current tax system.

While a 23 percent retail sales tax appears high at first, consider the following facts. Most individuals already pay 15.3 percent of every dollar earned in payroll taxes for Social Security and Medicare. However, many of us pay a lot more. Middle-income workers must forgo 27 percent of their paychecks to pay federal income taxes. When you add state and local taxes, the average American loses more than 42 percent of his or her paycheck in taxes.

The effect is compounded because corporate and payroll taxes affect the cost of every purchase we make, from a hamburger to a house to a hotel room. Dale Jorgenson, former chairman of the Harvard University economics department, estimates that under the FairTax, prices will fall 20 percent to 25 percent in the first year after adoption and may be reduced further as companies reflect decreased compliance costs.

In order to ensure that low-income individuals are not unduly burdened, the FairTax gives them relief by simply "untaxing" them. Every household will receive a monthly rebate equal to the tax on spending up to the federal poverty level, as determined by the government.

Every American will benefit from the FairTax. Workers will be able to spend up to the federal poverty level and pay no taxes. Seniors will not have to pay taxes on Social Security or other benefits and investment income. Families will benefit from less red tape and lower overall taxes.

The FairTax will end the debate over tax credits and deductions, and it will end the debates over tax cuts for some vs. tax cuts for others. The FairTax treats all Americans exactly the same, and in doing so it protects the poor, eliminates the Internal Revenue Service and abolishes tax returns for all Americans.

The FairTax gets the government out of your life yet continues to provide the necessary receipts to keep the government running, and it does so at much less cost to the economy. If you think about that when you fill out your tax forms, we feel confident you, too, will support the FairTax.