



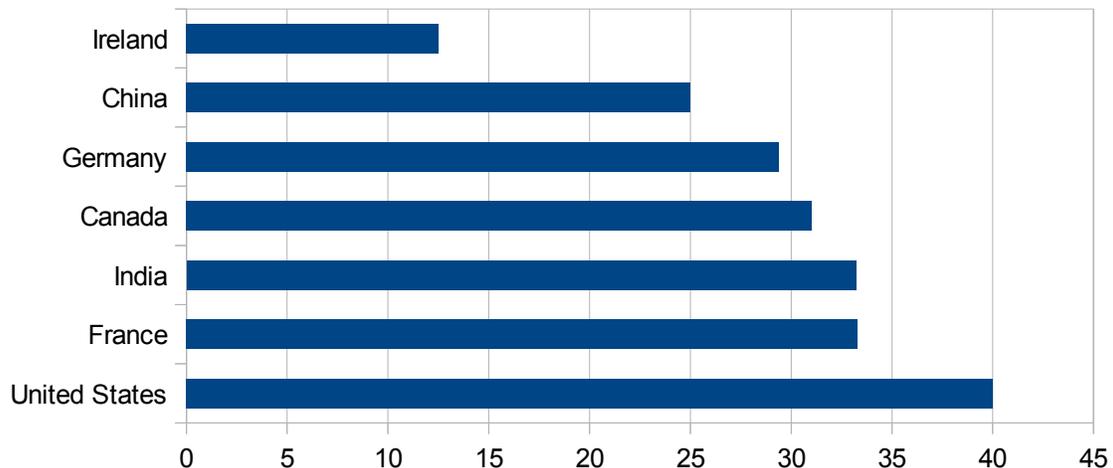
## The two minute Fair Tax

Current Federal Income tax laws have only been around since 1913 as a result of the 16<sup>th</sup> Amendment to the Constitution. Before then, there were short lived attempts at income taxation which were deemed unconstitutional in 1895.

The unfunded Social Security and Medicare entitlements are estimated to be \$107 trillion. In 2010 the debt rose another \$1.5 trillion for interest plus \$5.3 trillion for Medicare and Social Security. 47+% of American households pay no Federal Income Taxes. That can't sustain our country.

### Selected Corporate Income Tax Rates

(Source Wikipedia for 2010)



Companies have had incentive to move US business operations to many of the above countries to avoid higher US taxes giving employers opportunities to prosper.

To reduce unemployment, we need to enable employers (verb, not noun) ways to thrive. When employers do well they can employ more people. Employers can move jobs back to the US where we will be able to compete again.

The solution: The FairTax.

- Total elimination of the Federal Income Tax, replaced by a national sales tax on only personally consumed new products and services, only once. Business to business transactions are not taxed.
- Elimination of FICA and Medicare taxes.
- A monthly prebate deposit to all US citizens. Households receive a monthly payment, compensating for taxes, based on the government poverty levels.
- Elimination of the IRS.

- Elimination of your personal Federal Income tax forms.
- Elimination of the need for special investments that avoid income taxes.
- Elimination of about 40% of lobbyists in Washington.
- Elimination of corporate overhead to comply with tax laws.
- More jobs.
- Significant reduction in tax avoidance. You buy a lot you pay more taxes.

The following illustrates the direct impact of the Fair Tax on the price of new products. One reason why the cost is approximately the same is that, with the Fair Tax, there are no embedded income taxes paid by the companies that supply the raw materials, the manufacturer, the assembler, the distributor and the seller. Those organizations also spend money on tax administration. The addition of 23% sales tax will bring the product's price back to about where it is now. The new price may be less due to the amount of tax compounding.

Current Price	Price after Fair Tax
 <b>\$20.<sup>00</sup></b>	 <b>\$20.<sup>00</sup></b>
<b>You pay income taxes</b>	<b>No income taxes</b>

The following example illustrates how price and product market share can vary based upon whether the product was made in the US or foreign country and whether the FairTax is implemented or not.

		Made In		
		China	USA	
Tax System	Current	\$77	\$100	Sale Price
		\$0	\$23	Embedded Tax
		90%	10%	Market Share
	Fair Tax	\$100	\$100	Sale Price
		\$23	\$23	Sales Tax
		10%	90%	Market Share

To learn more go to [www.KSFairTax.org](http://www.KSFairTax.org).