

## Letter to the Editor - The FAIRtax (“FT”)

I am a retired tax professional (JD, LLM in Taxation, CPA, co-author of a 3-volume tax treatise, and lecturer), with no stake in ANY tax system (I would pay *LESS* tax under FT). This is a brief summary - for details, see Web: <http://sceldridge.wix.com/sceldridge> & YouTube video <https://youtu.be/wiVLf1vrQX8>

FT is 30% sales tax, not 23%. If an item costs \$100 before adding FT, you add \$30 (not \$23), for a total of \$130. They deceptively divide the \$30 FT by the total \$130. Pretty sneaky, eh? When exposed, they babble that it “compares to” a 23% income tax, but FT is a SALES tax of 30%. The 30% FT would be *added* onto virtually every dollar you spend on goods and services.

FT admits readily (advertises) that it is *MORE* Progressive (more welfare) – see <http://sceldridge.wix.com/sceldridge%23!fairtaxs-progressive-socialist-heart/c1hzm>

The Prebate is not a refund of FT paid, as advertised. It would be a (today) \$750+B *NEW ENTITLEMENT*, with *EVERYONE* receiving a big monthly federal check. It is financially/politically unwise to create yet another huge entitlement that automatically increases annually and could be increased even more by Congress at any time.

FT (Prebate) has the poor pay no part of the fed govt, pay nothing for their personal SS/Medicare benefits AND give them a big tax welfare check. FT (Prebate) extends tax welfare to the non-working poor – and also takes the next Progressive Cloward-Piven step towards giving SS/Medicare to all regardless of work, by removing the tax cost of reporting SS Wages, which “invites” fraud in reporting them (as also noted by other authors).

The Prebate purports to merely repay the poor for any FT they pay (as if we all agree with that), but it would actually pay them far *MORE* by “assuming” the poor spend more than the underlying HHS Poverty Guidelines and that they will pay FT on all of their purchases (but they *WON’T*) – see <http://sceldridge.wix.com/sceldridge#!ft-increases-tax-welfare/copu>

Many FT’ers still market the original FT lie that we get a big raise (no Income & P/R taxes) *AND* FT prices would be the same as today’s - that can’t be true. FT is merely supposed to change the method of paying the same total tax dollars we pay today, so if you get a big raise, prices must go up by the same total dollar amount (except for minor savings in compliance costs). Retail prices would rise by nearly the full 30%. Even the AFFT’s in-house economist later admitted that prices would rise substantially, but prices would rise even higher than AFFT admits - see <http://sceldridge.wix.com/sceldridge#!ft-will-increase-prices-by-nearly-30/czaa>

FT results in a combined fed+S/L 30-45% initial in-your-face sales tax that would spark a taxpayer revolt that would destroy our retail-sales-sensitive economy - that’s 30% FT (not 23%) plus 0-15% S/L. Those rates might go up to (say) 60-75% at an illustrative 30% evasion/avoidance rate (incredibly, FT “assumes” “zero evasion, zero intentional reduction in spending, and zero migration from new to used goods – instead of increasing the FT rates, the \$600-\$900B shortfall will more likely result in a new Income tax, see below).

The FT's 30% rate is actually closer to 50%. FT hides another appx. 20% in taxes (but FT'ers deceptively say "the FT is fully transparent - just look at your receipt and you will see all of the FT you will pay"). 1) 12+% is hidden by having fed + S/L govts pay FT (which is likely unconstitutional) – ultimately, they must get that money from us, 2) The fed budget will rise for a) SS & all fed pension COLAs caused by FT's 30% price increase, and for b) fraudulent new SS benefits "invited" by FT's removal of the tax cost for reporting SS Wages (as noted by other authors ), 3) FT economists have admitted that the FT is 5% short.

USED goods are advertised as exempt from FT, but that is a cruel hoax because the buyer won't be able to prove that FT was paid by the seller(s) AND that none of the listed credits against FT were claimed, all as **required by the Bill**. And because the price of all used goods will rise to reflect the higher cost of new goods, the buyer will incur FT twice, once implicitly in the higher price of used goods and once explicitly because he can't prove the seller(s) paid FT.

Contrary to AFFT claims, FT's new IRS (i.e., STAA) may well be even **more** invasive than today's IRS - the buyer is liable to pay FT and receive/show a receipt, and STAA may audit consumers – see FT Sec 101(d). Also, we may well have to file an "Annual FT Summary". See <http://sceldridge.wix.com/sceldridge#!the-myth-that-the-irs-is-abolished-/c1tu0>

As also noted by Cato Institute (see <http://bit.ly/1vNxnq3> ), FT leaves us more vulnerable to wind up with **both** a **NEW** Income Tax **and** FT (instead of dramatically increasing FT's already high explicit 30% rate). Congress would surely repeal FT's laughable Sunset Clause and (with the 16th Amendment surely still in place) would use the excuse of the large revenue shortfall from evasion/avoidance to enact a new Income Tax which I believe is Congress' true ultimate objective (i.e., to grab even more of our money to redistribute to those who will vote for them).

To summarize, the FT required a much higher tax rate. AFFT simply "assumed" away 20-30% evasion/avoidance, hid 12% by taxing fed +S/L govts, reduced the rate by 5%, and ignored the FT-caused fed budget increases - to get the rate down to 30%. Then a clever AFFT lawyer twisted the statute's words deceptively, making 30% superficially appear to be "only" 23%.

Seniors would start to pay for SS/Medicare again and some would pay a 2nd-3rd tax on their earnings. Many middle-class seniors would pay more FT than they would have paid in Income Tax. Many would lose purchasing power because of 1) the nearly 30% price increase and 2) the higher S/L & federal taxes required because both govts must pay FT and can only get those funds from us, and 3) higher federal taxes due to nearly 30% higher SS & federal pension COLAs and fraudulent SS benefits.

FT promises grand economic benefits which are all entirely unpredictable - mere Hype & Change. FT employs marketing hype and hyperbole, making countless undeliverable claims.

Instead, we need a Flat Income Tax; No Deductions/Exemptions/Credits, 10% rate, business income taxed only once on a very simple basis - IRS is neutered, 1-page tax filing, everyone pays, evolutionary. See A Very Flat Income Tax, <http://sceldridge.wix.com/sceldridge#!page-2/cjg9> Let your representatives in Congress know that this is what you want.

