

# The Fair Tax

*A national, 23 percent sales tax would institute fairness and common sense, and ease complexity.*

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## Problem:

The current federal income tax system is broken—unfair, overly complex, and almost impossible for most Americans to understand. The Fair Tax is a reasonable, nonpartisan alternative before Congress that is both fair and easy to understand. A system that allows taxpayers to keep their entire paycheck and only pay taxes on what is spent.

- The financial burden of taxes and the sheer complexity of the tax code are consistently ranked among the top challenges facing America's small businesses—nearly one-in-three report spending in excess of 80 hours—two full work weeks—per year on federal taxes, and one-in-five spend more than 120 hours per year.
- Nearly half of small businesses spend \$5,000 or more annually on the administration (i.e.: accountant fees) of federal taxes alone and 27 percent report spending more than \$10,000. This is before they even pay their actual taxes.
- It is estimated that American taxpayers spend billions of dollars each year in compliance alone: 85 percent of small-business owners must pay an external tax practitioner or accountant to handle their taxes.
- The current tax code poses a huge headache to small firms and we desperately need fundamental reform and simplification of the tax law—49 percent of small firms support replacing the existing code with the Fair Tax.

## Solution:

NSBA advocates that the Fair Tax is a fair, efficient, transparent, and intelligent solution to the frustration and inequity of the current tax system.

- The Fair Tax is a 23 percent, single rate, national retail sales tax that treats every person equally and allows American businesses to thrive, while generating the same tax revenue as the current four-million-word-plus tax code .
- The Fair Tax applies to the sale of all consumer goods and services at the final point of consumption and rates depend on the amount of purchases made.
- Every taxpayer would be subject to the same tax rate with no exceptions and no exclusions and gets to keep 100 percent of their paycheck, pension, and Social Security payments enabling them to save more, invest in their businesses, and boost our economy through job creation and innovation.
- It would dramatically reduce the tax bias against work, savings and investment, and would substantially reduce complexity and compliance costs.
- The Fair Tax would make the U.S. an extremely attractive location to manufacture goods and put U.S. produced products on even footing with foreign produced goods.
- NSBA supports both bills introduced: S.18, introduced by Sens. Jerry Moran (R-Kan.) and David Perdue (R-Ga.), and H.R. 25, introduced by Rep. Rob Woodall (R-Ga.).

## Learn More:

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