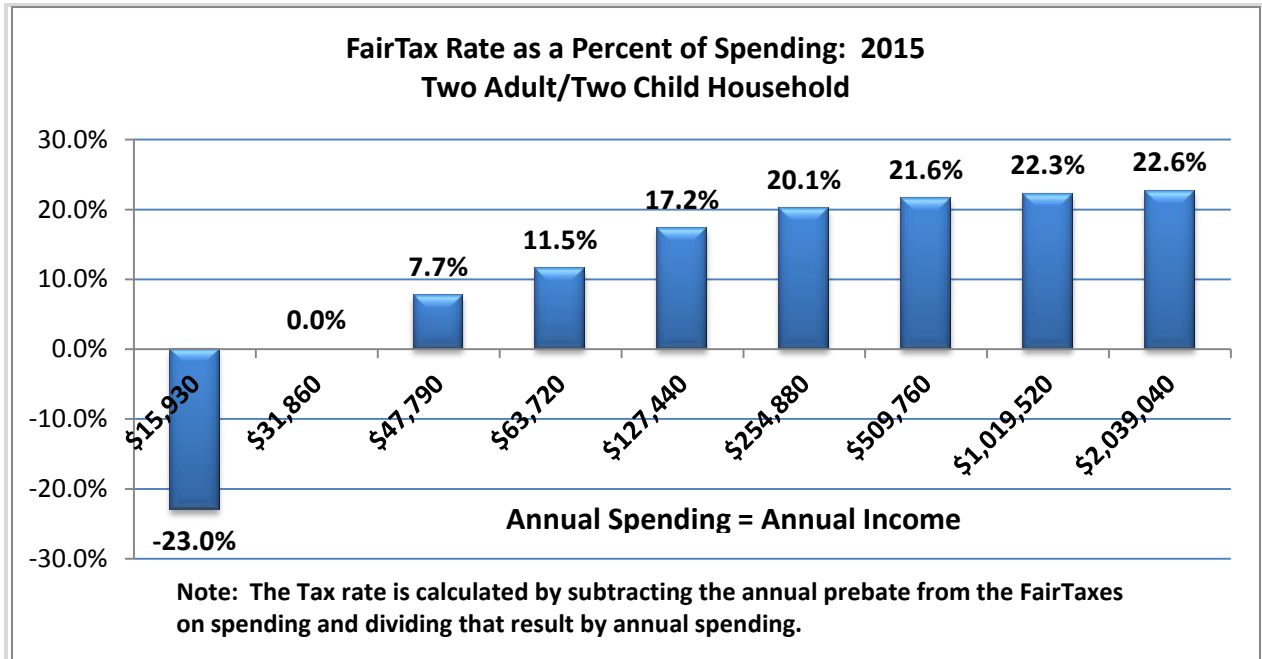


The FairTax Prebate Explained

Under the FairTax, all Americans consume what they see as their necessities of life free of tax. While permitting no exemptions, the FairTax (HR25/S155) provides a monthly universal prebate to ensure that each family unit can consume tax free at or beyond the poverty level, with the overall effect of making the FairTax progressive in application. There is no marriage penalty as the couple gets twice the amount that a single adult receives.

While everyone pays the same tax rate at the cash register, the prebate results in effective tax rates (annual taxes paid divided by annual spending) that increase as the level of spending increases – a progressive tax rate structure. For example, a person spending at the poverty level has a 0% effective tax rate, whereas someone spending at twice the poverty level has an effective tax rate of 11.5%, and so on.



2015 FairTax Prebate Schedule

One-adult household				Two-adult household			
Size of Family	Annual Consumption Allowance	Annual Prebate	Monthly Prebate	Size of Family	Annual Consumption Allowance	Annual Prebate	Monthly Prebate
1 person	\$11,770	\$2,707	\$226	Couple	\$23,540	\$5,414	\$451
and 1 child	\$15,930	\$3,664	\$305	and 1 child	\$27,700	\$6,371	\$531
and 2 children	\$20,090	\$4,621	\$385	and 2 children	\$31,860	\$7,328	\$611
and 3 children	\$24,250	\$5,578	\$465	and 3 children	\$36,020	\$8,285	\$690
and 4 children	\$28,410	\$6,534	\$545	and 4 children	\$40,180	\$9,241	\$770
and 5 children	\$32,570	\$7,491	\$624	and 5 children	\$44,340	\$10,198	\$850
and 6 children	\$36,490	\$8,393	\$699	and 6 children	\$26,300	\$6,049	\$504
and 7 children	\$40,890	\$9,405	\$784	and 7 children	\$52,660	\$12,112	\$1,009

For Families/households with more than 8 persons, add \$4,160 to the annual consumption allowance for each additional person. The annual consumption allowance is based on the DHHS 2015 HHS Poverty Guidelines as published in the Federal Register, January 22, 2015. The annual prebate equals 23% of the annual consumption allowance.