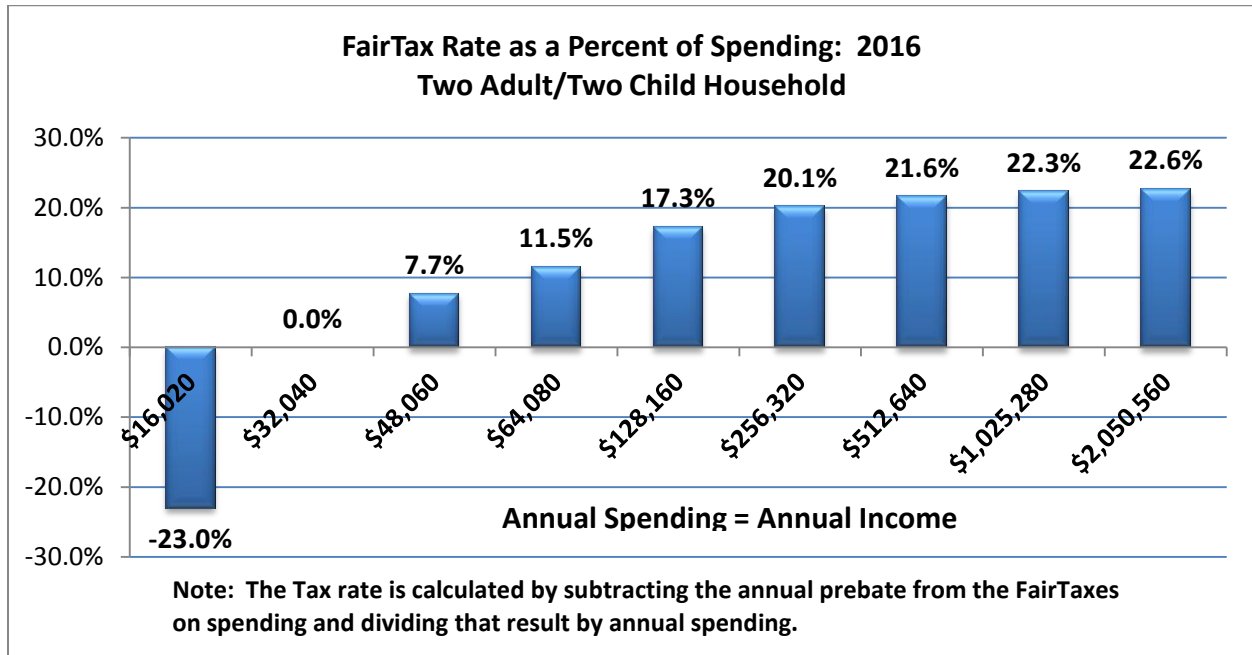


The FairTax Prebate Factsheet

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.



2016 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	\$11,880	\$2,732	\$228	Couple	\$23,760	\$5,465	\$455
and 1 dependent	\$16,020	\$3,685	\$307	and 1 dependent	\$27,900	\$6,417	\$535
and 2 dependents	\$20,160	\$4,637	\$386	and 2 dependents	\$32,040	\$7,369	\$614
and 3 dependents	\$24,300	\$5,589	\$466	and 3 dependents	\$36,180	\$8,321	\$693
and 4 dependents	\$28,440	\$6,541	\$545	and 4 dependents	\$40,320	\$9,274	\$773
and 5 dependents	\$32,580	\$7,493	\$624	and 5 dependents	\$44,460	\$10,226	\$852
and 6 dependents	\$36,730	\$8,448	\$704	and 6 dependents	\$48,610	\$11,180	\$932
and 7 dependents	\$40,890	\$9,405	\$784	and 7 dependents	\$52,770	\$12,137	\$1,011

For Families/households with more than 7 dependents, add \$4,160 to the annual consumption allowance for each additional dependent (includes grandparents, children, adopted children or children under legal guardianship). The annual consumption allowance is based on the DHHS 2016 HHS Poverty Guidelines as published in the Federal Register, January 25, 2016. The annual prebate equals 23% of the annual consumption allowance.