



Almost comically, the FairTax excludes family members who are incarcerated or will be incarcerated (FairTax, title II Section 302(b)). This is a strange concept. Apparently the entire reason for the rebate program is to negate the regressive effects of the tax on essentials of life, especially to those considered living on the so-called state defined poverty level. Nobody needs to be a rocket scientist to know that many of the people who are incarcerated are people who live below the poverty level, and are often the breadwinners of the family. The same holds true for political prisoners--people who have been convicted of arbitrary statutory crimes.



Draining the Swamp The

Lastly, notice that the natural rights and essential purchases of only "qualified" families are acknowledged (FairTax, Title II, Section 302). The rest of America is evidently not qualified. Legal plunder continues.

Under FairTax, the federal government still will be in the social welfare business, handing out checks. Proponents of FairTax claim no exemptions are necessary because to do otherwise will promote special interests lobbying. Yet, those proponents turn right around and provide exemptions to so-called "qualified" families, instead of straightforward exemptions at the cash register. Such proposals allow for government noses to stay protruded into people's lives. Everybody has a special interest in working, eating, housing, receiving medical care and buying insurance. What is so hard about exempting the essentials of life and simply getting government out of our private lives? The entire rebate process is repugnant and preposterous.

The question must also be asked, what are the administrative costs of this complicated rebate process, as opposed to simple, straightforward at-the-counter exemptions? Additionally, what are the administrative costs associated with the complicated system of credits provided by the bill (FairTax, Title II, Sections 201-207)?

Although the working class pays the sales tax, purchases made for business/trade purposes are exempt from the sales tax (FairTax, Title II, Section 102, 103(g)). Perhaps people can see why so many businesses, corporations, and trade associations are in favor of the bill! Not only are big business, that is, big contributors, relieved of the corporate income tax, capital gains taxes, depreciation schedules, and paperwork on employee withholding, those companies also will be subject to no national sales taxes on any business investments. Who is left with the burden of the national sales tax? The working class of America. Surprise! Surprise!

FairTax attempts to tax barter transactions (FairTax, Title II, Section 103(f)). Barter is not a commercial retail event and is not taxable. Barter is a like-for-like trade action between private parties and is not an event in commerce. FairTax will convert an honest transaction into a crime. Shades of the current Internal Revenue Code.

FairTax requires sellers to establish bank accounts (FairTax, Title II, Section 501(e)). As with the income tax, we smell a few unlawful seizures around the corner, as well as a few fishing expeditions by the taxing authorities. Under NESARA, sellers are liable to pay the tax. Period. That is all that is needed. Numerous sellers could make their deposits directly into a single national sales tax bank account opened by the government at each local bank much more efficiently than forcing ever seller to open and maintain a separate commercial bank account for their sales tax deposits. It is rare for anyone to have problems depositing money into a bank account; getting the money out is the usual difficulty.

In any case, bank accounts are irrelevant, nor should any person be coerced into opening a bank account. Forcing people to open bank accounts is a violation of the fundamental right to contract and not contract. So much for financial privacy and protection of rights!

FairTax requires sellers to post bond (FairTax, Title II, Section 501(g)). There is no reason for such nonsense.

Worse, FairTax requires all sellers to register with Uncle Sam (FairTax, Title II, Section 502). FairTax states that any seller who fails to register is not allowed to sell (FairTax, Title II, Section 502(e)). In other words, failing to register converts the normal business of selling into a crime! Again, so much for privacy. Instead, we have nothing but a clever disguise for State control and monitoring. Resistance against registration likely will be just as belligerent as with the current income tax.

Of course, because FairTax will tax service contracts, that essentially means all laborers and contractors must register with the state. Furthermore, taxing labor is a time bomb waiting to explode (please read the following sections).

NESARA proposes a national sales tax rate of 14%, equal to \$14 on a taxable purchase of \$100 for a total cost of \$114. This is the usual method of calculating a sales

tax--as an add-on. The FairTax national sales tax rate is 30%. That is a total cost of \$130 for buying a \$100 item. FairTax proponents claim an initial rate of 23%, somewhat deceptive because that rate is calculated by dividing the \$30 tax by the total cost of \$130.

FairTax also eliminates all payroll taxes including Social Security and Medicare (FairTax, Title I, Section 102) making the initial FairTax sales tax rate (FairTax, Title II, Section 101(b)) necessarily that much higher than the rate proposed by NESARA (NESARA, Part II, Section 5(A)). Still the NESARA proposed base rate of 14%, is less than the general revenue rate of 14.91% proposed by FairTax (FairTax, Title II, Section 101(b)(3)).

Although neither bill attempts to resolve the Social Security and Medicare mess, NESARA leaves the payroll taxes untouched. FairTax eliminates the payroll taxes, but employers still will have to report wages paid in order for employees to receive Social Security credits (FairTax, Title II, Section 903).

There is a subtler problem with the FairTax sales tax rate. FairTax declares an initial rate of 23% (FairTax, Title II, Section 101(b)(1)), but after 2003 the sales tax rate will be the sum of the declared general revenue rate (14.91%); the old age, survivors and disability insurance rate; and the hospital insurance rate (FairTax, Title II, Section 101(b)(2)). The first rate is currently 6.2% and the latter is 1.45%. In other words, after 2003, the national sales tax rate would be 22.56%. But notice that with an increase in any of those rates, the national sales tax rate also increases. With the current Social Security and Medicare mess, which Congress has repeatedly failed to adequately address, what do you think will happen to future national sales tax rates?

FairTax essentially places the burden of proof on all accused (FairTax, Title II, Section 506). That is, any person merely accused of failing to pay a tax will be guilty until proven innocent. As with the income tax, here we go again! Burden of proof must be on the government. Period. Worse, FairTax maintains one of the most invasive features of the current tyrannical income tax: the authority to summons, and to conduct examinations and audits (FairTax, Title II, Section 508).

NESARA provides a simple, straightforward administrative process in tax disputes. Under NESARA, should the National Tax Service (NTS) believe a tax has not been paid, the NTS merely prepares a statement of the alleged taxable activity and issues an Assessment/Preliminary Notice of Deficiency (NESARA, Part II, Section 7). That's all that is needed and the burden of proof stays where it belongs--on the government. Should an alleged taxpayer desire to dispute the alleged tax, the alleged taxpayer can certainly introduce their books and records as evidence to quash the allegations, but nowhere does NESARA authorize the tyrannical practice of continuing the madness of issuing summonses and conducting examinations, audits and fishing expeditions. Such practices are tyranny and invasions of privacy.

FairTax states that government purchases are subject to the sales tax (FairTax, Title II, Section 102(a)(3), Section 703). That makes no sense. Every time the government buys something, it taxes itself, and pays itself the revenue? Such a ploy is a facade, only circulating currency in and out of government coiffures. There is no net effect of such a maneuver except added administrative costs. Why pay the cost of all that extra accounting and paperwork? Isn't the national sales tax supposed to reduce paperwork and administrative costs? NESARA exempts all sales to the United States government (NESARA, Part II, Section 5(C)(1)).

FairTax allows for withholding of income for non-resident aliens (FairTax, Title II, Section 905). So much for the so-called abolishment of the personal income tax. Expect the same confusing arguments about vague terms such as gross income.

FairTax, H.R. 25, is a terrible start, and we can do better. Much better. NESARA not only provides fiscal policy reform, but monetary policy reform (NESARA, Part I). With NESARA, the purchasing power of the currency will stabilize. FairTax has no such provisions.

FairTax also provides no relief from current banking laws (NESARA, Part I, Section 7).

Both FairTax and NESARA are designed to be revenue neutral. That means neither bill changes the current income and outgo of revenues collected. Other than that

similarity, the differences between NESARA and FairTax are obvious.

FairTax addresses only symptoms, not root causes. The bill continues the intrusion of government into our private lives. FairTax is regressive in nature because not all households will qualify for rebates, and the bill contains no provisions to resolve the root problem, an unsound monetary system (NESARA, Part I). Tax reform is a good start, but ultimately futile without monetary reform. NESARA solves both problems.

NESARA is built upon the foundations of life, liberty and property, does not unduly tax the necessities of life and does not support intrusions into private lives. NESARA was written from within the grass roots of America, not by special interests. That's why NESARA will work. FairTax is not the answer.

Read H.R. 25 on line.

Go to the comparison chart

Send a letter to your representatives Voicing Opposition to H.R..