



The FAIRtax Prebate Factsheet

Under the FAIRtaxsm, all Americans consume what they see as their necessities of life free of tax. While permitting no exemptions, the FAIRtax (HR25) 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 (\$33,820 for a family of four) has a 0% effective tax rate. That same household will have a federal tax burden of 2.9% of their income under current law.

2019 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	\$12,490	\$2,873	\$239	Couple	\$24,980	\$5,745	\$479
and 1 dependent	\$16,910	\$3,889	\$324	and 1 dependent	\$29,400	\$6,762	\$564
and 2 dependents	\$21,330	\$4,906	\$409	and 2 dependents	\$33,820	\$7,779	\$648
and 3 dependents	\$25,750	\$5,923	\$494	and 3 dependents	\$38,240	\$8,795	\$733
and 4 dependents	\$30,170	\$6,939	\$578	and 4 dependents	\$42,660	\$9,812	\$818
and 5 dependents	\$34,590	\$7,956	\$663	and 5 dependents	\$47,080	\$10,828	\$902
and 6 dependents	\$39,010	\$8,972	\$748	and 6 dependents	\$51,500	\$11,845	\$987
and 7 dependents	\$43,430	\$9,989	\$832	and 7 dependents	\$55,920	\$12,862	\$1,072

For families/households with 8 or more dependents, add \$4,420 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 Poverty Guidelines as published in the *Federal Register*, January, 2019. The annual prebate equals 23% of the annual consumption allowance.

