



## The FAIRtax Prebate Factsheet

Under the FAIRtax<sup>sm</sup>, 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 (\$43,280 for a family of four) has a 0% effective tax rate.

Single Adult Household				Married Couple			
Family Size	Annual Consumption Allowance	Annual Prebate	Monthly Prebate	Family Size	Annual Consumption Allowance	Annual Prebate	Monthly Prebate
Single Adult	\$15,960	\$3,671	\$306	Married Couple	\$31,920	\$7,342	\$612
and 1 dependent	\$21,640	\$4,977	\$415	and 1 dependent	\$37,600	\$8,648	\$721
and 2 dependents	\$27,320	\$6,284	\$524	and 2 dependents	\$43,280	\$9,954	\$830
and 3 dependents	\$33,000	\$7,590	\$633	and 3 dependents	\$48,960	\$11,261	\$938
and 4 dependents	\$38,680	\$8,896	\$741	and 4 dependents	\$54,640	\$12,567	\$1,047
and 5 dependents	\$44,360	\$10,203	\$850	and 5 dependents	\$60,320	\$13,874	\$1,156
and 6 dependents	\$50,040	\$11,509	\$959	and 6 dependents	\$66,000	\$15,180	\$1,265
and 7 dependents	\$55,720	\$12,816	\$1,068	and 7 dependents	\$71,680	\$16,486	\$1,374

\*Children and dependent adults such as grandparents or disabled persons, etc. living in the same residence are also counted in family size. For Families/households with 8 or more persons, add \$5,680 to the annual consumption allowance and \$109 to the monthly prebate for each additional person. The annual consumption allowance is based on the DHHS 2026 HHS Poverty Guidelines as published in the Federal Register on January 15, 2026, by DHHS. The annual prebate is calculated by multiplying the FairTax rate of 23% times the annual consumption allowance.

