



Written by [Bob Adelman](#) on January 12, 2023

DOA: Fair Tax Act to Abolish the IRS Has Zero Chance of Passage

Tantalizing though it may sound, Rep. Buddy Carter's (R-Ga.) [bill to replace the IRS](#) and the nation's present convoluted and complex income-tax system with a simple flat-consumption tax has no chance of seeing the light of day in the new Congress.

It was one concession that now-Speaker of the House Kevin McCarthy was more than happy to give to those blocking his campaign. Efforts in past decades to pass a similar bill have been ignored, with no committee even looking at it and never passing it on for a floor vote.



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The concept is elegant: In place of the IRS (and its 87,000 new agents), the Fair Tax Act would eliminate all taxes — federal, state, estate, capital gains, gift, and payroll — and replace them with a nationwide sales tax, a simple 23-percent sales tax on all goods and services purchased for personal consumption.

Carter made his pitch to his colleagues:

Instead of adding 87,000 new agents to weaponize the IRS against small business owners and middle America, this bill will eliminate the need for the department entirely by simplifying the tax code with provisions that work for the American people and encourage growth and innovation.

Armed, unelected bureaucrats should not have more power over your paycheck than you do.

His pitch so far has elicited the support of fewer than a dozen of his colleagues. One of them, Rep. Jeff Duncan (R) from South Carolina, gave his approval:

As a former small business owner, I understand the unnecessary burden our failing income tax system has on Americans.

The Fair Tax Act eliminates the tax code, replaces the income tax with a sales tax, and abolishes the abusive Internal Revenue Service.

If enacted, this will invigorate the American taxpayer and help more Americans achieve the American Dream.

Another Republican supporter, Rep. Bob Good of Virginia, added:

I support the Fair Tax because it simplifies our tax code.

This transforms the U.S. tax code from a mandatory, progressive, and convoluted system to



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a fully transparent and unbiased system which does away with the IRS as we know it.

It is good for our economy because it encourages work, savings, and investment. Thank you to my colleague Rep. Buddy Carter for leading this effort to simplify the system for American taxpayers.

Just in case Carter's bill gains some traction, the Biden White House fired a warning shot:

With their first economic legislation of the new Congress, House Republicans are making clear that their top economic priority is to allow the rich and multi-billion-dollar corporations to skip out on their taxes, while making life harder for ordinary, middle-class families that pay the taxes they owe.

The chances that Carter's bill won't see the light of day is due to the present system's ability to be manipulated by Congress to reward certain segments of the economy through tax incentives, credits, or welfare transfer payments from people who earned it to those who didn't, for political purposes.

The root of the evil is the 16th Amendment: "The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration."

This amendment passed muster at the Supreme Court in 1916, three years after its passage. Since then, it has allowed the Federal Reserve, also created in 1913, in conjunction with the U.S. Treasury, to fund both World Wars and create the largest welfare state in history.

Would a national sales tax do anything to reduce that welfare state? To be enforced, would not every transaction need to be monitored by the federal government so that "all goods and services purchased for personal consumption" could be effectively taxed?

Bad as it is, it's perhaps best to keep the present system in place and let the utopian idea of a flat tax die a natural death in the 118th Congress.



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