

The Fair and Simple Tax Act of 2008

Section-By-Section

Sec. 1. Short Title: The Fair and Simple Tax Act of 2008

Sec. 2. Simplified Alternative Determination of Income Tax Liability for Individuals

- Implements a new tax-filing form and simplifies tax liability for individuals according to the following criteria:
 - 10% of income up to \$40,000
 - 15% of income for income over \$40,000 and up to \$150,000
 - 30% of income over \$150,000

Sec. 3. Estate and Gift Taxes

- Fully repeals the estate and gift taxes

Sec. 4. Alternative Minimum Tax

- Brings fairness to Alternative Minimum Tax (AMT) by indexing both individual and corporate AMT to inflation

Sec. 5. Corporate Income Tax

- Reduces the tax rate on entrepreneurs from 35% to 25%

Sec. 6. Individual Capital Gains Rate

- Reduces individual capital gains tax rate from 15% to 10%

Sec. 7. Indexing of Capital Gains

- FAST Act promotes tax fairness and long-term investing goals by indexing for inflation the cost basis used in calculating the capital gains tax

Sec. 8. Retirement Savings Accounts

- Promotes retirement saving by creating a new, tax-free savings account that will encourage retirement savings and eliminates the double-taxation on American's savings
- Individuals will be allowed to make up to \$5,000 of tax-free contributions per year

Sec. 9. Lifetime Savings Accounts

- Creates a new tax-free savings account from which individuals may draw funds at any time
- Individuals will be allowed to make up to \$5,000 of tax-free contributions per year

Sec. 10. Lifetime Skills Accounts

- Creates a new tax-free savings account to enable workers to save for training and education
- Individuals will be allowed to make up to \$1,000 of tax-free contributions per year

Sec. 11. Expanded deduction for medical care expenses

- The FAST Act provides a new health care deduction for all individuals under the age of 65 who do not have employer healthcare coverage.

- The deduction would be \$7,500 for individuals and \$15,000 for families. Additionally, the FAST Act allows families to allocate unspent money from healthcare deduction into a Health Savings Account to be used for out-of-pocket health expenses.

Sec. 12. Permanent extension of the Research and Development Tax Credit

- The FAST Act provides for a permanent extension of the Research and Development Tax Credit

Sec. 13. Permanent Extension of 2001 and 2003 tax relief measures

- The FAST Act provides for a permanent extension of the Economic Growth and Tax Relief Reconciliation Act of 2001 and the Jobs and Growth Tax Relief Reconciliation Act of 2003.