

How does the South Carolina FairTax Act prebate work?



All valid Social Security cardholders who are South Carolina residents receive a monthly prebate equivalent to the FairTax paid on essential goods and services, also known as the poverty level expenditures. The prebate is paid in advance, in equal installments each month. The size of the prebate is determined by the Department of Health & Human Services' poverty level guideline multiplied by the tax rate. This is a well-accepted, long-used poverty-level calculation that includes food, clothing, shelter, transportation, medical care, etc. See chart in Figure 1 below. (based upon 6.00% South Carolina FairTax rate)

Figure 1: 2010 FairTax prebate schedule¹

| One adult household | | | | Two adult household | | | |
|---------------------|---|----------------|-----------------|---------------------|---|----------------|-----------------|
| Household Size | Family Consumption Allowance ¹ | Annual Prebate | Monthly Prebate | Household Size | Family Consumption Allowance ¹ | Annual Prebate | Monthly Prebate |
| 1 adult | \$10,830 | \$650 | \$54 | Couple | \$21,660 | \$1,300 | \$108 |
| and 1 child | \$14,570 | \$874 | \$73 | and 1 child | \$25,400 | \$1,524 | \$127 |
| and 2 children | \$18,310 | \$1,099 | \$92 | and 2 children | \$29,140 | \$1,748 | \$146 |
| and 3 children | \$22,050 | \$1,323 | \$110 | and 3 children | \$32,880 | \$1,973 | \$164 |
| and 4 children | \$25,790 | \$1,547 | \$129 | and 4 children | \$36,620 | \$2,197 | \$183 |
| and 5 children | \$29,530 | \$1,772 | \$148 | and 5 children | \$40,360 | \$2,422 | \$202 |
| and 6 children | \$32,270 | \$1,936 | \$161 | and 6 children | \$44,100 | \$2,646 | \$221 |
| and 7 children | \$37,010 | \$2,221 | \$185 | and 7 children | \$47,840 | \$2,870 | \$239 |

¹The ACA is based on the 2010 DHHS Poverty Guidelines published in the Federal Register, Vol. 75 No. 148, August 3, 2010, pp. 45628-45629