

US Federal Budget

UnitedUS

Version 0.5	2023	Proposed 2027		Notes
		Percent	With Additions	Difference
<b>Revenue</b>	<b>4509</b>		<b>5705</b>	<b>1196</b>
Individual Income Taxes	2305	51%	2305	0
<i>Base Income Taxes</i>			2305	
<i>Add higher income brackets</i>			400	
<i>Close tax loopholes</i>			100	
<i>Lower overall income taxes %</i>			-500	
Payroll Taxes	1101	24%	1451	350
Social Security Taxes (6.2%+6.2%)		24%	1451	
<i>Base Social Security</i>			1101	
<i>Remove Wage Base Limit</i>			350	
Medicare Taxes (1.45%+1.45%)	343	8%	443	100
<i>Base Medicare taxes</i>			343	
<i>Set Medicare percent to 2%</i>			100	
Unemployment insurance	55	1%	55	0
Other retirement	12	0%	12	0
Corporate Income Taxes	412	9%	732	320
<i>Base Corporate Tax</i>			412	
<i>Set corporate tax at 30%</i>			200	
<i>Tax corporate buybacks</i>			20	
<i>Progressive taxation of highly compensated C Suites</i>			100	
Other	281	6%	307	26
Excise Taxes	90	2%	90	
Estate and Gift Taxes	25	1%	25	
Customs Duties and Tariffs	54	1%	80	
Miscellaneous Revenue	76	2%	76	
Other	36	1%	36	
Federal VAT/GST Tax			400	400
<i>5% base/none on necessities/higher on luxury items</i>				
			Check	1196
		Percent	With Subtractions	Difference
<b>Expenses</b>	<b>5685</b>		<b>4707</b>	<b>-978</b>
<b>Mandatory Spending</b>	<b>3650</b>	64%	<b>3063</b>	
Social Security	1313	23%	1238	-75
<i>Base Social Security</i>			1313	
<i>Apply mortality tables</i>			-50	
<i>Phased withdrawals</i>			-25	
Medicare	847	15%	663	-184
<i>Base Medicare</i>		0%	847	
<i>80% Budget</i>		0%	-169	
<i>Reforms</i>		0%	-15	
Medicaid	536	9%	414	-122
<i>Base Medicaid</i>		0%	536	
<i>80% Budget</i>		0%	-107	
<i>Reforms</i>		0%	-15	

**A 27% increase in revenues (AR2027)**

**127%**

**40%**

100%

Add 40% for >\$5M and 45% for >\$20M (progressively of course)

Including carried interest, accelerated depreciation, interest expense, 1031 exchange, etc

Balance creation of VAT tax (consumption) with lowering of income taxes (income)

**25%**

132%

Stabilize Social Security funding

**6%**

129%

Stabilize Medicare funding

**7%**

178%

We are the premier market of the world, the corporate tax should reflect that reality.

Tax backdoor C suite compensaation tactics

If a company has egregiously higher compensation for C suite executives, then the company will pay higher corporate taxes

**5%**

109%

Increased tariffs (modest)



Other (SNAP/Fed Emp Benefits/Student aid)	954	17%	748	-206
Base Other			954	
80% Budget			-191	
Reforms			-15	
<b>Discretionary Spending</b>	<b>1639</b>	<b>29%</b>	<b>1144</b>	
Defense	766	13%	596	-170
Base Defense			766	
One theater war			-120	
Strategy reform			-10	
Procurement reform			-20	
VA reform			-20	
Nondefense	873	15%	548	-325
Base Non Defense			873	
80% Budget			-175	
Organizational reform			-150	
<b>Interest on Debt</b>	<b>396</b>	<b>7%</b>	<b>500</b>	<b>104</b>
Check				-978

<b>Deficit</b>	<b>-1176</b>	<b>998</b>
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<b>Deficit Reduction</b>	<b>0</b>	<b>998</b>
	<b>10 years</b>	<b>9980</b>
	Reduce national debt by \$1T a year for ten years	
		\$9,980

Analysis			2035
Total US Federal Debt 2023/2035	\$33,000		\$23,020
US GDP 2023/2035	\$23,500		\$28,200
Percent of GDP	140%		82%
Projected US Federal Debt in 2035			\$52,000

**Total Budget Balance Change YoY**  
**2174**

Target 85% of GDP as baseline for triggering balanced budget requirements  
The purpose of a balanced budget mechanism is to force Congress and the Executive branch to make policy compromises  
All policy choices can be revisited at a later time if conditions warrant it (as long as the Balanced Budget law is followed)

## References

### General Budget

US Federal Budget	<a href="https://en.wikipedia.org/wiki/United_States_federal_budget">https://en.wikipedia.org/wiki/United_States_federal_budget</a>
US Federal Government Budget Summary tables	<a href="https://www.govinfo.gov/content/pkg/BUDGET-2023-BUD/pdf/BUDGET-2023-BUD-26.pdf">https://www.govinfo.gov/content/pkg/BUDGET-2023-BUD/pdf/BUDGET-2023-BUD-26.pdf</a>
The Budget and Economic Outlook: 2025 to 2035	<a href="https://www.cbo.gov/publication/61172">https://www.cbo.gov/publication/61172</a>
US Federal Budget Infographic Fiscal 2023	<a href="https://www.cbo.gov/publication/59727">https://www.cbo.gov/publication/59727</a>

### Debt

US Federal Debt	<a href="https://en.wikipedia.org/wiki/National_debt_of_the_United_States">https://en.wikipedia.org/wiki/National_debt_of_the_United_States</a>
Federal Debt: Total Public Debt	<a href="https://fred.stlouisfed.org/series/GFDEBTN/">https://fred.stlouisfed.org/series/GFDEBTN/</a>
Federal Debt: Total Public Debt as Percent of Gro	<a href="https://fred.stlouisfed.org/series/GFDEGDQ188S">https://fred.stlouisfed.org/series/GFDEGDQ188S</a>

### Taxes

Taxation in the US	<a href="https://en.wikipedia.org/wiki/Taxation_in_the_United_States">https://en.wikipedia.org/wiki/Taxation_in_the_United_States</a>
Historical Income tax rates	<a href="https://taxfoundation.org/data/all/federal/historical-income-tax-rates-brackets/">https://taxfoundation.org/data/all/federal/historical-income-tax-rates-brackets/</a>
Income Tax history	<a href="https://www.businessinsider.com/income-tax-history-2015-3?op=1">https://www.businessinsider.com/income-tax-history-2015-3?op=1</a>
Federal Income Tax rates	<a href="https://bradfordtaxinstitute.com/Free_Resources/Federal-Income-Tax-Rates.aspx">https://bradfordtaxinstitute.com/Free_Resources/Federal-Income-Tax-Rates.aspx</a>



History of US taxes <https://www.forbes.com/sites/mikepatton/2015/10/31/a-brief-history-of-the-individual-and-corporate-income-tax/>

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**Tax Policy**

US Income tax policy	<a href="https://en.wikipedia.org/wiki/Income_tax_in_the_United_States">https://en.wikipedia.org/wiki/Income_tax_in_the_United_States</a>
Consumption vs Income taxes	<a href="https://taxfoundation.org/research/all/federal/us-consumption-tax-vs-income-tax/">https://taxfoundation.org/research/all/federal/us-consumption-tax-vs-income-tax/</a>
Border adjustment tax	<a href="https://www.investopedia.com/terms/b/border-adjustment-tax.asp">https://www.investopedia.com/terms/b/border-adjustment-tax.asp</a>
Raising federal revenue options	<a href="https://taxfoundation.org/blog/raising-federal-revenues-options/">https://taxfoundation.org/blog/raising-federal-revenues-options/</a>
International taxes	<a href="https://home.treasury.gov/policy-issues/tax-policy/international-tax">https://home.treasury.gov/policy-issues/tax-policy/international-tax</a>
OECD and UN updated income and capital Model	<a href="https://www.pwc.com/gx/en/tax/newsletters/tax-policy-bulletin/assets/pwc-oecd-un-updated-income-capital-model-tax-conventions.pdf">https://www.pwc.com/gx/en/tax/newsletters/tax-policy-bulletin/assets/pwc-oecd-un-updated-income-capital-model-tax-conventions.pdf</a>

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**Defense Spending**

US Military Budget	<a href="https://en.wikipedia.org/wiki/Military_budget_of_the_United_States">https://en.wikipedia.org/wiki/Military_budget_of_the_United_States</a>
US historical defense spending	<a href="https://econofact.org/u-s-defense-spending-in-historical-and-international-context">https://econofact.org/u-s-defense-spending-in-historical-and-international-context</a>

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**Income Equality**

Income inequality in the US	<a href="https://en.wikipedia.org/wiki/Income_inequality_in_the_United_States">https://en.wikipedia.org/wiki/Income_inequality_in_the_United_States</a>
Gini Co-efficient by country	<a href="https://worldpopulationreview.com/country-rankings/gini-coefficient-by-country">https://worldpopulationreview.com/country-rankings/gini-coefficient-by-country</a>
CEO-worker pay gaps	<a href="https://inequality.org/facts/income-inequality/#ceo-worker-pay-gaps">https://inequality.org/facts/income-inequality/#ceo-worker-pay-gaps</a>