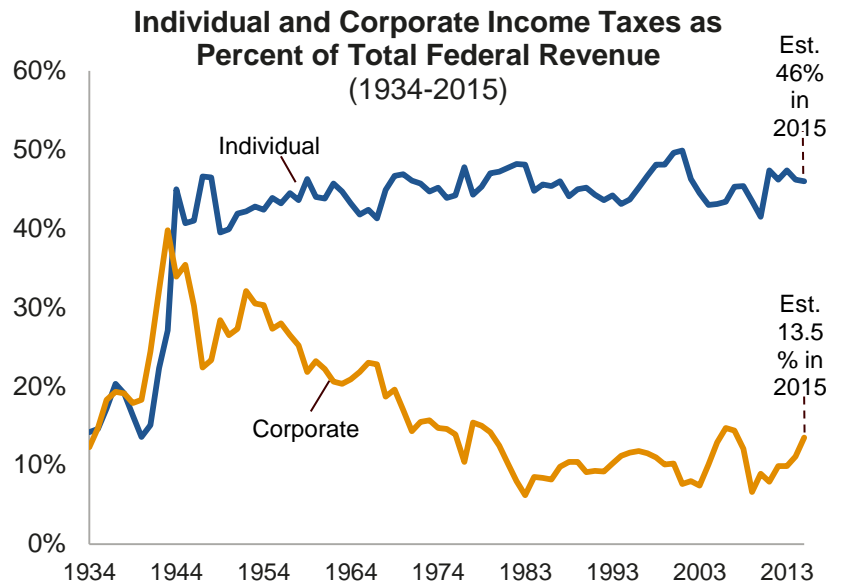


Federal Budget Tip Sheet: Taxes and Revenue

Key Fact: Corporate income taxes are projected to account for less than 14 percent of all federal tax revenue in fiscal 2015. Meanwhile, income taxes paid by regular Americans accounts for 46 percent of all federal revenue. These tax dollars support important programs and services such as education, clean drinking water, and public transportation.

Tax Breaks: Loopholes, credits, and deductions in the tax code together siphoned off \$1.18 trillion in 2013, as much as the entire discretionary budget that year. And 10 of the largest tax breaks that together totaled more than \$770 billion in tax savings in 2013 disproportionately benefited the top 1 percent of households.ⁱ

We Don't All Pay Taxes Equally: In theory the tax code is progressive, meaning those who make more money pay higher tax rates – yet in practice that's not always the case. As Warren Buffett made famous, billionaires sometimes pay lower rates than middle-class workers. And because the tax code is chock full of tax breaks, some corporations, like Bank of America and Citigroup, have gotten away with paying zero federal income taxes, even when they earn billions in profit.



Source: OMB
National Priorities Project

A Few Tax Breaks Benefit Working Families:

The Earned Income Tax Credit (EITC) and the Child Tax Credit are effective anti-poverty measures, lifting 10.1 million Americans above what's known as the Supplementary Poverty Measure in 2012.ⁱⁱ These credits reduce the amount of tax that families pay and help low income families because even families that owed no income tax can get a refund. The EITC cost the federal government \$63 billion in 2012, providing an average credit of \$2,335 per household.ⁱⁱⁱ The EITC has support from both conservatives and liberals, because it helps low-income families and rewards work.

President Obama's 2015 Budget: The president proposes to collect \$3.34 trillion in tax revenue in fiscal 2015, an increase of 11 percent relative to 2014. This increase would come from a stronger economy and from limiting tax deductions and loopholes for top income earners, which would raise \$651 billion over 10 years, including \$37 billion in fiscal 2015.^{iv} This aligns well with public opinion, which shows two-thirds of American voters support closing corporate loopholes and limiting tax breaks for the wealthy.^v The president's fiscal 2015 budget would also expand the EITC for low-income childless workers, which would benefit more than 13 million individuals.

Personalized Tax Receipt: Want a personalized tax receipt for the total amount of federal income taxes you paid? Go to bit.ly/TaxReceipt – where you can also see the average tax receipt for taxpayers in your state.

More About Taxes And Revenue: bit.ly/NPPRevenue

ⁱ Office of Management and Budget, Analytical Perspectives, Chapter 14: Tax Expenditures, Fiscal Year 2015.

ⁱⁱ Center on Budget and Policy Priorities, [Policy Basics: The Earned Income Tax Credit](#).

ⁱⁱⁱ Internal Revenue Service, [Statistics for Tax Returns with EITC](#).

^{iv} Office of Management and Budget, [Fiscal Year 2015 Budget of the U.S. Government](#).

^v Americans for Tax Fairness/Hart Research Associates [poll](#), conducted Oct. 25-30, 2013.