

Table T20-0108
Senator Sanders's Tax Plan: Impact on Tax Revenue, Excluding Provisions Dedicated to Finance Medicare for All, 2021-30 by Fiscal Year and Total for FY2031-40 1
Baseline: Current Law

Proposal	Fiscal Year (\$ billions)											
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-30	2031-40
Individual Income and Payroll Taxes												
Increase the net investment income tax rate from 3.8 percent to 10 percent	11.4	18.1	19.1	19.9	19.6	19.6	20.5	21.5	22.4	23.7	195.9	317.4
Triple the above-the-line deduction for educator expenses and index it to inflation	-0.2	-0.3	-0.3	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-4.1	-6.2
Apply the Social Security payroll tax (6.2 percent) to individual earnings above \$250,000	75.9	108.3	117.3	127.0	134.1	143.0	153.2	164.2	175.1	187.5	1,385.7	2,669.1
Repeal the 20 percent deduction on pass-through business income	36.8	59.9	64.8	69.0	24.6	0.0	0.0	0.0	0.0	0.0	255.2	0.0
Total for individual income and payroll taxes	124.0	186.1	200.8	215.5	177.9	162.1	173.2	185.2	197.1	210.8	1,832.7	2,980.3
Business Taxes												
Gradually replace current depreciation rules with economic depreciation	212.5	388.7	355.7	254.2	166.0	94.5	29.6	9.3	26.7	49.2	1,586.4	1,037.0
Eliminate tax preferences for fossil fuels	2.6	3.9	3.8	3.7	3.5	3.0	2.4	2.1	2.1	2.0	29.1	5.1
Tighten the definition of inverted corporations, defining them as corporations owned by 50 percent of the same shareholders after a merger	0.1	0.5	0.7	1.1	1.5	1.8	2.3	2.8	3.3	3.8	17.9	37.1
Eliminate the tax deduction for expenses incurred in moving factories abroad	*	*	*	*	*	*	*	*	*	*	*	-0.4
Restore top corporate income tax rate to 35 percent	78.4	166.6	205.2	222.2	236.3	238.8	239.6	246.0	251.9	258.1	2,143.1	3,277.4
Limit the interest deduction to 20 percent of adjusted taxable income	21.3	30.1	22.8	20.4	20.7	21.2	21.5	21.9	22.4	22.8	225.1	261.5
Apply the same tax rate on offshore and domestic income and apply a per-country limit on the foreign tax credit	40.1	81.7	93.7	97.2	100.8	89.5	77.9	77.5	80.4	83.4	822.2	1,055.9
Raise the base erosion and anti-abuse rate (BEAT) to 17.5 percent	5.3	11.0	12.8	13.3	13.8	12.1	10.4	10.3	10.6	11.0	110.6	139.8
Eliminate the tax preference for foreign-derived intangible income	10.4	22.7	27.4	28.8	29.8	25.0	20.0	19.4	20.1	20.9	224.5	264.4
Treat companies managed and controlled in the United States as domestic corporations	0.8	1.4	1.5	1.5	1.6	1.6	1.7	1.7	1.8	1.9	15.5	23.8
Tighten rules for classifying independent contractors	0.2	0.8	1.4	1.7	1.8	1.8	1.9	1.9	1.9	2	15.4	23
Total for business taxes	371.7	707.4	725.0	644.1	575.8	489.3	407.3	392.9	421.2	455.1	5,189.8	6,124.6
Estate and Gift/Wealth Taxes												
Impose an annual wealth tax at rates ranging from 1 percent to 8 percent, and a 40 percent tax on all net wealth under \$1 billion and 60 percent over \$1 billion for any person who gives up US citizenship	164.6	223.3	227.2	232.0	233.3	235.7	239.7	238.1	236.8	232.2	2,262.8	3,680.4
Total for estate and gift/wealth taxes	164.6	223.3	227.2	232.0	233.3	235.7	239.7	238.1	236.8	232.2	2,262.8	3,680.4
Excise/Consumption Taxes												
Impose a financial transaction tax (FTT) of 0.5 percent on stock trades, 0.1 percent on bond trades, and 0.005 percent on derivative trades	-79.9	-66.6	-25.8	61.9	115.1	122.8	123.2	124.4	125.6	126.9	627.6	1,336.6
Total for excise/consumption taxes	-79.9	-66.6	-25.8	61.9	115.1	122.8	123.2	124.4	125.6	126.9	627.6	1,336.6
Total revenue effect of plan	580.3	1,050.2	1,127.2	1,153.5	1,102.0	1,009.9	943.4	940.6	980.7	1,024.9	9,912.9	14,122.0
As a share of GDP ²	2.5	4.4	4.5	4.5	4.1	3.7	3.3	3.2	3.2	3.2	3.6	3.6

* indicates a positive or negative revenue effect of less than 50 million dollars.

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2) and TPC estimates.

1. Baseline is the law currently in place as of March 18, 2020 (including provisions in the The Tax Cuts and Jobs Act and the Consolidated Appropriations Act of 2020). Unless otherwise noted, provisions are assumed effective 01/01/2021. Estimates include microdynamic behavioral responses. For a description of the provisions, see TPC's "An Analysis of Senator Sanders's Tax Proposals" (March 2020).

2. The GDP forecast is from the Congressional Budget Office (CBO). January 2020. *Budget and Economic Outlook: 2020 to 2030*, and long-run supplemental tables.