

# THE MESOCRATIC PARTY | POLICY WHITE PAPER

## The 15% Plan

### A Unified Flat Tax for All Federal Income

**15% on Individuals. 15% on Corporations.**

**One Rate. Same Rules. Everyone.**

**One rate. No loopholes. No deductions. No games.  
You earn it, you keep 85%.**

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## Executive Summary

The same 15% rate applies to corporations, down from the current 21%. One rate for every person, every business, every dollar.

No brackets. No loopholes. No deductions. No special rates for special people. One number, applied equally to every American, on every dollar earned.

### Key findings of this paper:

Yes, 15% is higher than 10%. The difference funds what Americans currently pay for out of pocket: free universal healthcare (saving the average family \$7,000–\$10,000/year in premiums and copays), free public college (eliminating \$32,000 in average student debt), \$100,000 starting teacher salaries, and a corporate rate cut from 21% to 15%.

### 1. The Problem: Complexity Is the Inequality

The federal tax code is over 4 million words long. Americans spend more than 6.5 billion hours per year on tax compliance. The total cost of that compliance exceeds \$400 billion annually — money that produces nothing, employs no one productively, and exists solely to navigate a system designed to be navigated by those who can afford to hire navigators.

The system has seven tax brackets, three capital gains rates, an Alternative Minimum Tax, dozens of deductions, hundreds of credits, and thousands of rules that change depending on who you are, what you earn, and how good your accountant is.

The stated top rate is 37%. But when you measure what the government actually collects against what Americans actually earn — total income, before any deductions — the effective

rate is roughly 10%. The other 27 points exist only on paper. The complexity doesn't raise revenue. It redistributes the burden from those who can afford to navigate it to those who can't.

The corporate tax system is no better. The statutory rate is 21%, but the effective rate for many large corporations is far lower — sometimes zero — after credits, deductions, offshore structuring, and loopholes that smaller businesses cannot access.

The gap between statutory rates and effective rates represents the cost of complexity: the wealthy and well-connected pay less than the law intends, and everyone else makes up the difference.

## 2. What America Actually Pays

### 2.1 Federal Income Tax: Reported AGI, Taxes Paid, and Effective Rates

The following table presents aggregate data from IRS Statistics of Income for tax years 2017 through 2022 — six years of actual filings covering all individual income tax returns.

| Tax Year       | Total AGI | Total Tax Paid | Effective Rate |
|----------------|-----------|----------------|----------------|
| 2017           | \$10.9T   | \$1.60T        | 14.6%          |
| 2018           | \$11.6T   | \$1.54T        | 13.3%          |
| 2019           | \$11.9T   | \$1.58T        | 13.3%          |
| 2020           | \$12.5T   | \$1.59T        | 12.7%          |
| 2021           | \$14.5T   | \$2.02T        | 13.9%          |
| 2022           | \$14.8T   | \$2.13T        | 14.4%          |
| 6-Year Average |           |                | ~14.0%         |

Sources: IRS Statistics of Income, Individual Income Tax Returns (2017–2022).

### 2.2 The Deduction Gap: AGI vs. True Income

A critical point: Adjusted Gross Income is not total income. It is income after deductions, adjustments, and exclusions have already reduced it. The Bureau of Economic Analysis estimates total U.S. personal income at approximately \$22–23 trillion. IRS-reported AGI is approximately \$14.8 trillion. The difference — roughly \$6–8 trillion — represents income that never enters the tax base: employer health benefits, retirement contributions, tax-exempt interest, and the accumulated effect of every deduction and loophole in the code.

## 3. The Math: Why 15% Works

### 3.1 Revenue Calculation

We examined six years of IRS Statistics of Income data (2017–2022) to answer two questions. First: if you eliminate every deduction, every loophole, and every special rate, how large is the true tax base? Answer: approximately \$20.8 trillion. Second: what is the government currently

collecting from that base? Answer: approximately \$2.13 trillion — or roughly 10.2% of true gross income.

**Gross expanded tax base:** ~\$20.8 trillion (all individual income, no deductions)

**Current effective collection rate:** ~10.2% of true gross income ( $\$2.13\text{T} \div \$20.8\text{T}$ )

**American Family Growth Credit base removed:** ~\$1.52 trillion (see Section 5)

**Net taxable base:** ~\$19.28 trillion

**Revenue at 15%:** \$2.89 trillion

**Current individual income tax collections:** \$2.13 trillion

**Additional revenue:** +\$762 billion

### 3.2 What the Extra 5 Points Buys

| Investment                        | Annual Cost         | What It Replaces  |
|-----------------------------------|---------------------|---|
| Free universal healthcare         | Funded from surplus | Avg \$7,000–\$10,000/yr per family in premiums + copays |
| Teacher pay (\$100K avg starting) | \$253B              | Current \$48K avg starting salary                       |
| Free public college tuition       | \$65B               | Avg \$32,000 in student debt per graduate               |
| Corporate rate cut (21% → 15%)    | \$120B              | Complex 21% rate with loopholes                         |
| Remaining surplus                 | \$349B              | Infrastructure, deficit reduction, other priorities     |

**The question is not whether 15% is more than 10%. It is.** The question is whether you'd rather pay 10% in taxes and then pay another \$8,000–\$15,000 in health insurance and student loans on top of it — or pay 15% and be done. The math is not close.

### 3.3 Money In Your Pocket: The Full Comparison

The only number that matters is how much money you take home after everything is paid — taxes, insurance, loans, and the accountant. Here is that number at every income level:

| You                    | Total Taken Today* | Total Under 15% Plan | Extra In Your Pocket        |
|------------------------|--------------------|----------------------|-----------------------------|
| Single, \$52K, no kids | \$15,898/yr        | \$7,800/yr           | +\$8,098/yr (+ \$675/mo)    |
| Single, \$75K, 1 child | \$21,334/yr        | \$3,750/yr           | +\$17,584/yr (+ \$1,465/mo) |
| Family, \$100K, 2 kids | \$25,210/yr        | \$0/yr               | +\$25,210/yr (+             |

|                         |             |            |   |
|-------------------------|-------------|------------|---|
| Family, \$150K, 2 kids  | \$35,560/yr | \$7,500/yr | \$2,101/mo)<br>+\$28,060/yr (+<br>\$2,338/mo) |
| Family, \$250K, 3+ kids | \$60,310/yr | \$0/yr     | +\$60,310/yr (+<br>\$5,026/mo)                |

*\*Total Taken Today includes federal income tax, health insurance premiums, healthcare out-of-pocket costs, student loan payments, and tax preparation costs.*

Over a 40-year working career, the average American saves approximately \$334,000 in combined healthcare costs, student debt, and tax preparation expenses that simply cease to exist under the Mesocratic platform. That is a down payment on a house. That is a funded retirement. That is generational wealth for a middle-class family.

### 3.4 The Revenue Equivalence Table

| Rate  | Net Base (\$19.28T) | Revenue | vs. Current (\$2.13T) |
|-------|---------------------|---------|-----------------------|
| 11.3% | \$19.28T            | \$2.18T | Revenue-neutral       |
| 12.0% | \$19.28T            | \$2.31T | +\$184B               |
| 13.0% | \$19.28T            | \$2.51T | +\$376B               |
| 14.0% | \$19.28T            | \$2.70T | +\$569B               |
| 15.0% | \$19.28T            | \$2.89T | +\$762B               |

### 3.5 Capital Gains Unification

At 15%, the capital gains rate is very close to the current long-term rate for most investors (15–20%), so the behavioral impact is expected to be modest. Economic research consistently shows that lower capital gains rates increase realizations. We project a net revenue impact of approximately –\$20 billion annually — a rounding error relative to the plan’s total surplus.

### 3.6 Corporate Tax: 15% for Everyone

One rate for every person and every corporation. No distinction between how a dollar earned by a worker and a dollar earned by a business is taxed. This eliminates the incentive to shift income between individual and corporate structures and dramatically simplifies the tax code for businesses of every size.

**Current corporate rate:** 21% → ~\$420B revenue

**New corporate rate:** 15% → ~\$300B revenue

**Revenue reduction:** ~\$120B

This reduction is fully absorbed by the individual income tax surplus. Small businesses — the backbone of the middle class — benefit immediately from a lower, simpler rate. Large

corporations lose the complexity that currently allows many of them to pay effective rates in the single digits.

### 3.7 Net Revenue Position

| Component  | Revenue Impact  |
|--|-----------------|
| Individual income tax at 15% (net base after family credits) | +\$762B surplus |
| Capital gains unification at 15%                             | -\$20B (est.)   |
| Compliance savings (reduced IRS complexity)                  | +\$15B (est.)   |
| Dynamic scoring (economic growth effect)                     | +\$30B (est.)   |
| Corporate rate reduction (21% → 15%)                         | -\$120B         |
| NET SURPLUS  | +\$667B/year    |

## 4. The \$25/Hour Federal Minimum Wage

### 4.1 Why a Minimum Wage Replaces a Tax Exemption

A tax exemption is a patch. It acknowledges that people don't earn enough to live on and then tries to fix it through the tax code. The Mesocratic approach is to fix the wage, not the tax form. If you earn a living wage, you can afford to pay 15% of it.

### 4.2 The Full Picture

## 5. The American Family Growth Credit

### 5.1 Three or More Children: The \$500,000 Family Exemption

Families with three or more children under 18 — where both parents are U.S. citizens — pay zero federal income tax on the first \$500,000 of household income. Only income above \$500,000 is taxed at 15%.

This is not a credit. It is not a deduction that phases out. It is a blanket exemption for families raising three or more American children. No income limits. No paperwork beyond checking a box on a single-page tax form.

The citizenship requirement ensures the credit supports families investing in America's future. Both parents must be U.S. citizens at the time of filing.

### 5.2 One or Two Children: The \$50,000 Per-Child Deduction

Families with one or two children under 18 receive a \$50,000 per-child deduction against taxable income. No income limits. No phase-outs. The deduction applies regardless of filing status or income level.

| Household Income | Children | Taxable Income | Federal Tax at 15% |
|------------------|----------|----------------|--------------------|
|------------------|----------|----------------|--------------------|

|             |    |           |          |
|-------------|----|-----------|----------|
| \$75,000    | 1  | \$25,000  | \$3,750  |
| \$75,000    | 2  | \$0       | \$0      |
| \$100,000   | 1  | \$50,000  | \$7,500  |
| \$100,000   | 2  | \$0       | \$0      |
| \$150,000   | 2  | \$50,000  | \$7,500  |
| \$250,000   | 2  | \$150,000 | \$22,500 |
| \$500,000   | 3+ | \$0       | \$0      |
| \$1,000,000 | 3+ | \$500,000 | \$75,000 |

### 5.3 Combined Fiscal Impact

| Credit Tier                   | Families | Base Removed | Revenue Cost at 15% |
|-------------------------------|----------|--------------|---------------------|
| AFGC (3+ kids, \$500K exempt) | ~5.3M    | \$662B       | \$99B               |
| Per-Child (\$50K × 1–2 kids)  | ~20.4M   | \$856B       | \$128B              |
| TOTAL                         | ~25.7M   | \$1.52T      | \$228B              |

The complete family tax credit structure costs approximately \$228 billion in revenue at 15%. This is already accounted for in the net base calculation (\$20.8T gross base minus \$1.52T family credits = \$19.28T net base). The cost is fully absorbed within the plan's surplus.

### 6. Corporate Codetermination: The Counterweight

A \$25/hour minimum wage and a 15% corporate tax rate will face one predictable objection: large companies will raise prices to protect profit margins, passing the cost to consumers and eroding the benefit of higher wages.

| Tier   | Threshold (either triggers)       | Requirement                        |
|--------|-----------------------------------|------------------------------------|
| Tier 1 | 500+ employees OR \$100M+ revenue | 1/3 of board seats are worker reps |
| Tier 2 | 2,000+ employees OR \$1B+ revenue | 50% of board seats are worker reps |

The dual threshold (employees or revenue) closes the 1099 contractor loophole. Companies cannot avoid codetermination by shifting employees to independent contractor status — if revenue exceeds the threshold, the requirement applies regardless of headcount.

Germany has operated under codetermination since 1976. Its economy is the largest in Europe. Its companies — Volkswagen, Siemens, SAP, BASF — are globally competitive. German workers

enjoy higher wages, stronger job security, and lower inequality than their American counterparts. Codetermination works within capitalism, not against it.

## 7. Who Benefits: Impact by Income Group

| Income / Situation     | Current Total Cost* | 15% Plan Total Cost | Annual Savings |
|------------------------|---------------------|---------------------|----------------|
| \$52K single, no kids  | \$14,198            | \$7,800             | \$6,398        |
| \$75K single, 1 child  | \$15,270            | \$3,750             | \$11,520       |
| \$100K family, 2 kids  | \$21,810            | \$0                 | \$21,810       |
| \$150K family, 2 kids  | \$28,780            | \$7,500             | \$21,280       |
| \$250K family, 2 kids  | \$53,030            | \$22,500            | \$30,530       |
| \$500K family, 3+ kids | \$117,728           | \$0                 | \$117,728      |
| \$1M single, no kids   | \$320,462           | \$150,000           | \$170,462      |

*\*Current Total Cost includes estimated federal income tax, health insurance premiums, and student loan payments where applicable.*

Every income level benefits. The middle class benefits the most in proportional terms. A family earning \$100,000 with two children goes from paying \$21,810 per year in combined tax, insurance, and student debt to paying nothing. That is a \$1,817 per month raise — without their employer changing a thing.

## 8. Capital Gains: One Rate for All Income

Under the current system, investment income is taxed at lower rates than work income. A hedge fund manager can pay a lower effective rate than a nurse. The carried interest loophole lets private equity firms reclassify ordinary income as capital gains to cut their tax bill.

## 9. Where the Surplus Goes

| Investment  | Annual Cost | What It Does  |
|---|-------------|---|
| Teacher Pay (\$100K starting)                               | \$253B      | More than doubles starting teacher pay in every state |
| Free Public College   | \$65B       | Eliminates tuition at all public universities         |
| Remaining for healthcare, infrastructure, deficit reduction | \$349B      | Fiscal headroom for the rest of the agenda            |

This is not aspirational math. It is arithmetic. The expanded tax base at 15% generates \$2.89 trillion. Current collections are \$2.13 trillion. The difference — \$762 billion — minus \$120

billion for the corporate rate cut, minus \$318 billion for education — leaves \$349 billion in annual surplus.

For the first time in modern American politics, a tax plan cuts rates for the vast majority of Americans, funds the most aggressive pro-family and pro-education policies in the developed world, matches the corporate rate to the individual rate, and still generates a multi-hundred-billion-dollar surplus.

## 10. Implementation

All seven individual income tax brackets

The standard deduction

All itemized deductions (SALT, mortgage interest, charitable, medical)

The Alternative Minimum Tax

Preferential capital gains rates (0%, 15%, 20%)

The carried interest loophole

The Net Investment Income Tax (3.8% surtax)

The Qualified Business Income deduction

The corporate tax rate of 21% (replaced with 15%)

The Earned Income Tax Credit (EITC) — protecting working families at the bottom of the income scale

Tax-deferred retirement accounts (401k, IRA) — contributions remain pre-tax; distributions taxed at 15%

The American Family Growth Credit (see Section 5)

### 10.3 The New Form 1040

Report total income from all sources (wages, investments, business income, capital gains).

Subtract applicable family credits (AFGC or per-child deduction).

Multiply by 15%.

Subtract applicable credits (EITC).

That's your tax.

No schedules. No attachments. No accountant required. Five lines. Done.

## 11. How the Parties Compare on Tax Reform

|                | <b>Republican Position</b>            | <b>Democratic Position</b>      | <b>Mesocratic Position</b>     |
|----------------|---------------------------------------|---------------------------------|--------------------------------|
| Rate structure | Fewer brackets, lower top rate        | Higher top rates, more brackets | One rate: 15%                  |
| Capital gains  | Lower rates to incentivize investment | Higher rates for fairness       | Same rate as income: 15%       |
| Corporate tax  | Lower (proposed 15–20%)               | Higher (proposed 25–28%)        | 15% — matching individual rate |



|                          |                               |                                   |                                     |
|--------------------------|-------------------------------|-----------------------------------|-------------------------------------|
| Deductions               | Preserve most;<br>expand some | Expand targeted<br>deductions     | Eliminate all                       |
| Complexity               | Modest<br>simplification      | Added complexity for<br>targeting | Five-line tax return                |
| Family support           | Child Tax Credit<br>expansion | Expanded CTC + new<br>credits     | AFGC: \$500K<br>exemption (3+ kids) |
| Low-income<br>protection | Standard deduction            | Expanded EITC +<br>deductions     | \$25/hr minimum<br>wage + EITC      |

## 12. Conclusion

It replaces a system that takes 4 million words to describe with one that takes five lines to file. It replaces seven brackets with one number. It replaces a code that lets billionaires pay less than nurses with a code that treats every dollar the same, regardless of who earned it or how.

It replaces a system where Americans pay roughly 10% of their true income through a 4-million-word maze of brackets, deductions, and loopholes — and then pay another 15–20% of their income on healthcare premiums, student debt, and tax preparation on top of it — with a single, transparent 15% rate that covers everything. The rate is higher. The total cost of being an American is dramatically lower.

The extra point funds the Mesocratic vision: teachers who earn \$100,000. Students who graduate debt-free. Healthcare that doesn't come with a premium. And a \$349 billion annual surplus for the rest of the work the country needs to do.

One rate. No loopholes. The same rate for a teacher and a hedge fund manager, for a small business and a Fortune 500 company. Fifteen percent of everything you earn. That's the entire tax code.

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