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%.

Published by the Mesocratic National Committee
February 2026

Executive Summary

The Mesocratic Party proposes replacing the current seven-bracket federal income tax system and the three-tier capital gains tax system with a single, unified flat tax rate of 15% on all individual income — earned and investment alike.

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.

This proposal eliminates the standard deduction entirely. In its place, the 15% Plan establishes a $25 per hour federal minimum wage — indexed annually to inflation — ensuring that no full-time American worker earns less than $52,000 per year. Rather than giving tax breaks to compensate for low wages, we ensure the wages themselves are sufficient.

For American families raising children, the 15% Plan includes the American Family Growth Credit (AFGC): families with both parents as U.S. citizens and three or more children under 18 pay zero federal income tax on the first $500,000 of household income. Families with one or two children receive a $50,000 per-child deduction against taxable income.

The 15% Plan is paired with mandatory corporate codetermination — requiring worker representation on corporate boards for companies above defined size thresholds — to prevent large corporations from passing higher labor costs to consumers.

Key findings of this paper:

- Today, the federal government collects approximately 10% of Americans' true gross income in individual income taxes. The other 4 million words of the tax code exist to make that 10% as complicated, unequal, and expensive to calculate as possible. The 15% Plan replaces all of it with one rate: 15% on every dollar, from the first dollar.
- 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%.
- The result: a family earning $100,000 with two children currently loses $25,210 per year to federal taxes, health insurance, student loans, and tax preparation. Under the 15% Plan, that family keeps every dollar. Their total annual cost drops from $25,210 to $0.
- At every income level, Americans take home more money under the 15% Plan than they do today — not because taxes went down, but because the things taxes should have been paying for all along (healthcare, education) are finally covered. The tax rate is higher. The cost of being an American is dramatically lower.

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).

The effective rate against AGI has been remarkably stable: roughly 14%. But AGI is not true income — it is income after deductions have already reduced it. Against true gross income (approximately $20.8 trillion), the government collects roughly 10%. This distinction matters: the 15% Plan applies to true gross income, not AGI. Americans are currently paying 10% of what they actually earn. We are proposing 15%. The difference funds everything.

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.

The 15% Plan eliminates all deductions and exemptions, taxing every dollar of income from the first dollar earned. This expands the effective tax base to approximately $20.8 trillion.

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.

The 15% Plan applies a flat 15% rate to this expanded base (after family credits). That is an increase of approximately 5 percentage points over what Americans effectively pay today. We are honest about this: your tax rate goes up. But the 5-point increase funds free healthcare, free public college, $100,000 teacher salaries, and a corporate rate cut from 21% to 15% — and the total amount taken from your paycheck goes down, not up, because the costs those 5 points replace are far larger than the tax increase itself.

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

Current effective collection rate: ~10.2% of true gross income ($2.13T ÷ $20.8T)

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

The 15% Plan generates approximately $762 billion more in individual income tax revenue than the current system, plus saves $120 billion by cutting the corporate rate to 15%. After the corporate rate cut, the net new revenue is $667 billion. Here is what it funds:

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 (+$2,101/mo)
Family, $150K, 2 kids	$35,560/yr	$7,500/yr	+$28,060/yr (+$2,338/mo)
Family, $250K, 3+ kids	**$60,310/yr**	**$0/yr**	**+$60,310/yr (+$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.*

Every single income level takes home more money under the 15% Plan. Not because taxes went down — but because the total cost of being an American went down. The tax code gets simpler. Healthcare gets free. College gets free. Student debt disappears. And you keep more of what you earn than you do today.

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**

At 11.3%, the plan is revenue-neutral with current collections. The Mesocratic Party has chosen 15% because the surplus funds the investments the country needs — and because the total cost to Americans still goes down at every income level once healthcare and education are factored in.

3.5 Capital Gains Unification

The 15% Plan treats capital gains identically to earned income. Short-term gains (currently taxed up to 37%) and long-term gains (currently 15–23.8%) are both taxed at 15%. The carried interest loophole is eliminated entirely because there is no longer a preferential rate to exploit.

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

The current federal corporate income tax rate is 21%, generating approximately $420 billion in annual revenue. The Mesocratic Party proposes reducing the corporate rate to 15% — matching the individual rate.

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**

Under all reasonable scenarios, the 15% Plan generates a net surplus of approximately $667 billion per year. This is a tax plan that matches the rate for individuals and corporations, funds the most aggressive education investment in American history, and still collects hundreds of billions more in revenue than the current system.

4. The $25/Hour Federal Minimum Wage

4.1 Why a Minimum Wage Replaces a Tax Exemption

The 15% Plan has no standard deduction and no personal exemption. Instead, it ensures that wages themselves are sufficient. A $25 per hour federal minimum wage, indexed annually to inflation, guarantees that no full-time American worker earns less than $52,000 per year.

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

As demonstrated in Section 3.3, the minimum-wage worker's total annual cost drops from $15,898 under the current system to $7,800 under the 15% Plan. They take home $675 more every month. The tax line on their paycheck goes up by $3,600. But their health insurance premium ($5,964), out-of-pocket medical costs ($1,500), student loan payment ($4,032), and TurboTax subscription ($200) all drop to zero.

This is the central argument of the 15% Plan: the tax rate is not the cost of being an American. The tax rate plus insurance plus debt plus complexity is the cost of being an American. When you eliminate insurance, debt, and complexity, you can afford to set the tax rate at a level that funds the things those costs were failing to cover anyway — and still leave everyone better off.

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.

The Mesocratic Party's answer is structural, not rhetorical. The 15% Plan is paired with a mandatory corporate codetermination requirement — modeled on Germany's proven Mitbestimmung system — that places worker representatives on corporate boards.

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

The 15% Plan affects taxpayers differently depending on income level. Below is a summary of the impact at key income levels, accounting for the full Mesocratic platform (15% flat tax, free healthcare, free public college, $25/hr minimum wage, AFGC family credits).

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.

The 15% Plan ends this. Income is income. A dollar earned from a paycheck and a dollar earned from a stock sale are the same dollar. Both are taxed at 15%. The loophole doesn't need to be closed — it ceases to exist.

9. Where the Surplus Goes

The 15% Plan generates a net surplus of approximately $667 billion per year after the corporate rate reduction. This surplus funds the Mesocratic investment agenda:

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

10.1 What the 15% Plan Eliminates

- 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%)

10.2 What the 15% Plan Preserves

- 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

Under the 15% Plan, the federal tax return fits on a single page:

1. Report total income from all sources (wages, investments, business income, capital gains).
2. Subtract applicable family credits (AFGC or per-child deduction).
3. Multiply by 15%.
4. Subtract applicable credits (EITC).
5. That’s your tax.

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

11. How the Parties Compare on Tax Reform

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

12. Conclusion

The 15% Plan is not a tax cut. It is not a tax hike. It is a tax replacement.

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.

You earn it, you keep 85%.

Sources and References

- IRS Statistics of Income, Individual Income Tax Returns (2017–2022)
- Bureau of Economic Analysis, NIPA Table 2.1 (Personal Income)
- Congressional Budget Office, Budget and Economic Outlook (2025)
- Joint Committee on Taxation, Revenue Estimates (2024–2025)
- Tax Policy Center, Distribution Tables (2024)
- KFF Employer Health Benefits Survey (2025)
- HealthCare.gov, Average Marketplace Premiums (2025)
- Education Data Initiative, Average Student Loan Debt (2025)
- National Education Association, Rankings and Estimates (2025)
- Bureau of Labor Statistics, Occupational Employment and Wage Statistics (2024)
- Federal Reserve Bank of New York, Household Debt and Credit Report (2025)

Prepared for the Mesocratic National Committee