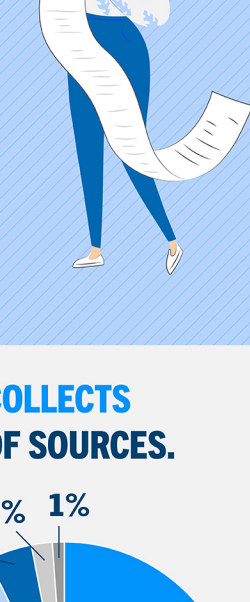


# HOW THE U.S. TAX SYSTEM WORKS

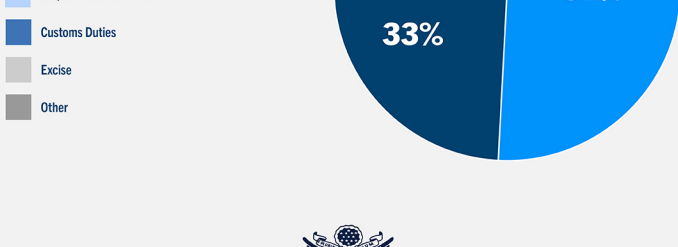


Most Americans agree that our tax system is **COMPLEX, CONFUSING, and INEFFICIENT.**



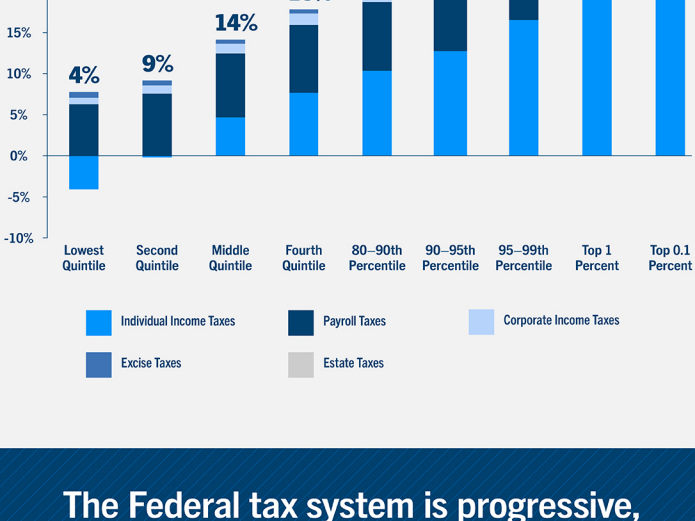
## THE FEDERAL GOVERNMENT COLLECTS REVENUES FROM A VARIETY OF SOURCES.

2025 Total Revenues: \$5,235 Billion



## ALL INCOME GROUPS PAY TAXES, BUT OVERALL THE U.S. FEDERAL TAX SYSTEM IS PROGRESSIVE.

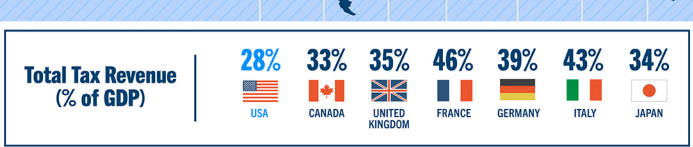
Effective Federal Tax Rates by Type (% of Expanded Cash Income in 2022)



The Federal tax system is progressive, with higher-income taxpayers facing higher tax rates.



## THE U.S. TAX BURDEN IS LOWER THAN THAT OF MOST ADVANCED ECONOMIES

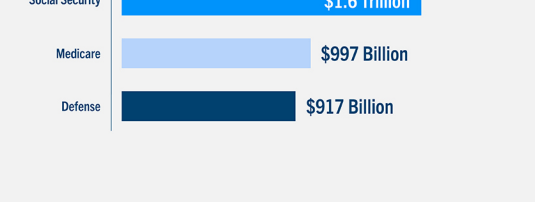


## Tax Expenditures

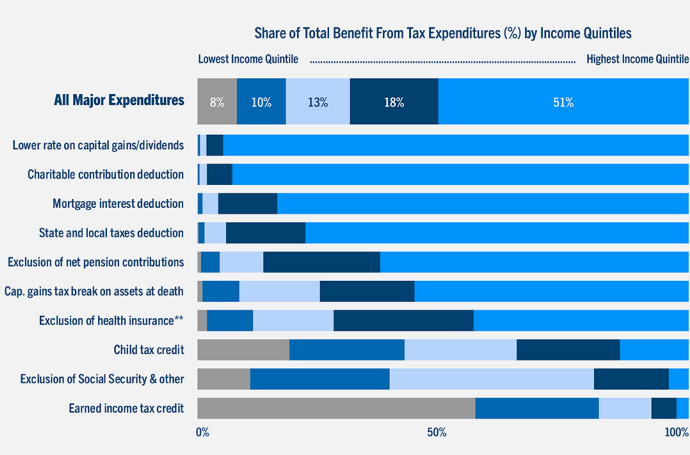
(also known as tax breaks) include



These provisions can **CREATE MARKET DISTORTIONS** and together **COST MORE THAN** what the government spends on **SOCIAL SECURITY, DEFENSE, OR MEDICARE.**



## TAX EXPENDITURES TEND TO BENEFIT HIGH-INCOME TAXPAYERS.



Economists agree that there are many policy options to **SIMPLIFY THE CODE**, help the economy and reduce the deficit, and many of these options are focused on specific tax expenditures.



## TAX REFORM DONE RIGHT WOULD



To learn more about the policy options visit [PGPF.ORG/TAXES](https://pgpf.org/taxes)

