GOVERNMENTAL RECEIPTS 08.

This chapter presents the Budget's estimates of taxes and governmental receipts including the effects of tax legislation enacted in 2025 and discusses the provisions of those enacted laws.

Estimates of Governmental Receipts

Governmental receipts are taxes and other collections from the public that result from the exercise of the Federal Government's sovereign or governmental powers. The difference between governmental receipts and outlays is the surplus or deficit.

The Federal Government also collects income from the public through market-oriented activities. Collections from these activities are subtracted from gross outlays, rather than added to taxes and other governmental receipts, and are discussed in the "Offsetting Collections and Offsetting Receipts" chapter of this volume.

Total governmental receipts (hereafter referred to as "receipts") are estimated to be $5,475.7 billion in 2026, an increase of $239.3 billion or 4.6 percent from 2025. The estimated increase in 2026 is largely due to increased tariff collections, along with higher social insurance and retirement receipts. Receipts in 2026 are estimated to be 17.1 percent of Gross Domestic Product (GDP).

Receipts in the 2027 Budget are estimated to rise to $5,921.0 billion in 2027, an increase of $445.2 billion or 8.1 percent relative to 2026. Receipts are projected to grow at an average annual rate of 6.3 percent between 2028 and 2031, rising to $7,559.4 billion. Receipts are projected to rise to $9,846.1 billion in 2036, growing at an average annual rate of 5.4 percent between 2032 and 2036. This growth is largely due to assumed increases in incomes resulting from both real economic growth and inflation, along with increased tariff collection and tax reforms.

As a share of GDP, receipts are projected to increase from 17.1 percent in 2026 to 17.5 percent in 2027, and to increase steadily to 18.7 percent in 2036.

Table 08—1. Receipts by Source—Summary

In Billions of Dollars

	2025 Actual	Estimate										
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Individual income taxes	2,656.0	2,629.9	2,869.3	3,074.0	3,280.0	3,564.2	3,802.7	4,043.8	4,294.9	4,546.2	4,804.3	5,069.1
Corporation income taxes	452.1	398.6	440.1	455.5	481.8	516.3	540.8	562.9	579.4	605.3	630.0	653.4
Social insurance and retirement receipts	1,748.3	1,849.8	1,934.5	2,053.9	2,158.5	2,276.4	2,395.1	2,518.8	2,675.6	2,806.0	2,954.7	3,110.3
(On-budget)	*(464.6)*	*(482.2)*	*(510.2)*	*(542.3)*	*(570.6)*	*(602.4)*	*(634.3)*	*(669.0)*	*(709.5)*	*(745.9)*	*(781.8)*	*(824.0)*
(Off-budget)	*(1,283.7)*	*(1,367.7)*	*(1,424.3)*	*(1,511.6)*	*(1,588.0)*	*(1,674.0)*	*(1,760.9)*	*(1,849.8)*	*(1,966.1)*	*(2,060.2)*	*(2,172.8)*	*(2,286.3)*
Excise taxes	105.9	105.6	107.4	107.6	110.2	113.1	113.6	114.7	116.2	116.9	120.0	123.0
Estate and gift taxes	29.5	35.8	42.0	45.1	47.5	51.6	54.7	57.8	61.5	64.8	68.7	72.7
Customs duties	194.9	406.1	464.0	479.2	500.0	524.2	551.7	575.0	600.0	625.4	652.4	681.3
Miscellaneous receipts	49.7	49.9	63.7	73.2	82.2	91.4	100.9	111.3	119.2	126.6	130.8	136.2
Total, receipts	**5,236.4**	**5,475.7**	**5,921.0**	**6,288.4**	**6,660.3**	**7,137.3**	**7,559.4**	**7,984.3**	**8,446.8**	**8,891.3**	**9,360.8**	**9,846.1**
(On-budget)	*(3,952.7)*	*(4,108.1)*	*(4,496.7)*	*(4,776.8)*	*(5,072.4)*	*(5,463.3)*	*(5,798.5)*	*(6,134.6)*	*(6,480.8)*	*(6,831.1)*	*(7,188.0)*	*(7,559.8)*
(Off-budget)	*(1,283.7)*	*(1,367.7)*	*(1,424.3)*	*(1,511.6)*	*(1,588.0)*	*(1,674.0)*	*(1,760.9)*	*(1,849.8)*	*(1,966.1)*	*(2,060.2)*	*(2,172.8)*	*(2,286.3)*
Total receipts as a percentage of GDP	17.3	17.1	17.5	17.7	17.8	18.2	18.3	18.4	18.6	18.6	18.7	18.7

Legislation Enacted in 2025 That Affects Governmental Receipts

Five laws were enacted during 2025 that affect receipts. The major provisions of those laws that have a significant impact on receipts are described below.[1]

Providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Environmental Protection Agency relating to "Waste Emissions Charge for Petroleum and Natural Gas Systems: Procedures for Facilitating Compliance, Including Netting and Exemptions". (Public Law 119-2)

The Act, signed into law on March 14, 2025, repealed the Environmental Protection Agency's November 18, 2024 rule "Waste Emissions Charge for Petroleum and Natural Gas Systems: Procedures for Facilitating Compliance, Including Netting and Exemptions." That rule established compliance requirements under the Methane Emissions Reduction Program, which imposed an annual charge on methane and other greenhouse-gas emissions from the oil and gas sector when those emissions exceed the program's waste-emissions thresholds.

Providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Internal Revenue Service relating to "Gross Proceeds Reporting by Brokers That Regularly Provide Services Effectuating Digital Asset Sales" (Public Law 119-5)

The Act, signed into law on April 10, 2026, repealed the IRS's December 30, 2024 rule "Gross Proceeds Reporting by Brokers That Regularly Provide Services Effectuating Digital Asset Sales," which had required parties conducting decentralized-finance transactions to report specific details of digital-asset sales to the IRS.

Working Families Tax Cut Act (Public Law 119-21)

This Act, also titled, "To provide for reconciliation pursuant to title II of H. Con. Res. 14", which was signed into law on July 4, 2025, permanently extended many of the provisions in the 2017 Tax Cut and Jobs Act (TCJA; Public Law 115-409), provided additional comprehensive tax reform for individuals and corporations, and delivered on many of President Trump's campaign promises such as "No Tax on Tips", "No Tax on Overtime", and "No Tax on Car Loans". Significant provisions of this Act are described in greater detail below.

Individual Tax Reform

Extend the TCJA tax rates for individuals for real savings for U.S. taxpayers. This Act permanently extended the lower individual income tax rates and thresholds enacted in the TCJA, set to expire on January 1, 2026, and allowed for additional inflation adjustments for the two lowest tax brackets providing for additional relief for low and middle-income taxpayers.

Extend the TCJA standard deduction increases. This Act permanently extended the increased standard deduction enacted in the TCJA, set to expire on January 1, 2026. The Act increased the standard deduction levels for 2025 to $23,625 for heads of households; $15,750 for single filers; and $31,500 for joint filers. These amounts will be adjusted for inflation after 2025.

Extend the TCJA personal exemptions eliminations, with relief for seniors. This Act permanently extended the elimination of the personal exemptions enacted in the TCJA, set to expire on January 1, 2026. The Act also included a temporary $6,000 deduction for qualified seniors through 2028.

Provide permanent increases to the Child Tax Credit and require valid Social Security number. This Act permanently extended the child tax credit increases enacted in the TCJA, set to expire on January 1, 2026, and increased the level to $2,200, of which $1,400, is an inflation-adjusted, maximum refundable amount. The Act also required the parent (at least one parent if they are joint filers) and child to have an SSN to be eligible for the tax credit.

Extend and increase the qualified business income passthrough deduction. This Act permanently extended the Section 199A qualified business income deduction at 20 percent. Originally enacted in the TCJA, it was set to expire on January 1, 2026. The Act also provided small businesses with a new $400 minimum deduction for qualified taxpayers, and increased the deduction limit phase-in range by increasing the non-joint and joint return amounts to $75,000 and $150,000, respectively.

Extend the increased alternative minimum tax exemption amounts. The Act permanently extended the alternative minimum tax exemption enacted in the TCJA, set to expire on January 1, 2026.

Extend the home mortgage interest deduction. The Act permanently extended the deduction for qualified resident interest to the first $750,000 of acquisition indebtedness and eliminated the deduction for interest on home equity indebtedness.

Extend the repeal of miscellaneous itemized deductions. The Act permanently extended the temporary miscellaneous itemized deductions enacted in the TCJA, set to expire on January 1, 2026. This provision also restored

[1] In the discussions of enacted legislation, years referred to are calendar years, unless otherwise noted.

"educator expenses" as an eligible itemized deduction, which includes unreimbursed books, supplies, and computer purchases made by teachers, principals, and other instructors.

Extend the repeal of the limitation on itemized deductions. The Act permanently repealed the limitations on itemized deductions for certain individual taxpayers, also known as the "Pease Limitation". This was originally enacted in the TCJA and was set to expire on January 1, 2026. The Act also added an additional limitation on itemized deductions for taxpayers in the top income bracket by reducing the value of all itemized deductions by two percentage points.

Increase Limitation on SALT Deductions. This Act increased SALT deductions from $10,000 to $40,000 for joint filers (from $5,000 to $20,000 for separate filers) and indexed these limitations for inflation through tax year 2029. The Act also phased down the limitation for taxpayers with modified adjusted gross income over $500,000 (over $250,000 for married filing separately filers).

Deliver on No Tax on Tips. For tax years 2025 through 2028, the Act introduced below-the-line deductions for qualified tips up to $25,000.

Deliver on No Tax on Overtime. For tax years 2025 through 2028, the Act introduced below-the-line deductions for qualified overtime premium pay up to $12,500 ($25,000 for joint filers).

Deliver on No Tax on Car Loans. For tax years 2025 through 2028, the Act introduced below-the-line deductions for qualified, US-made passenger vehicle loan interest up to $10,000.

Establish Trump Accounts to Support the Next Generation of Americans. The Act defined Trump Accounts. A Trump Account is a traditional individual retirement account (IRA) established for the benefit of a child with special rules before the child turns 18. Trump Accounts may receive contributions from nonprofits, governments, employers, and individuals. Contributions to a Trump Account are generally subject to an annual limit of $5,000, adjusted for inflation. Distributions are generally prohibited prior to age 18 and allowed after age 18 under the same rules as other traditional IRAs, such as for higher education expenses and first home purchases. In the Trump Accounts Contribution Pilot Program, the U.S. Treasury will pay $1,000 to seed the Trump Accounts of eligible U.S. citizens born between 2025 and 2028.

Institute a Charitable Deduction for non-Itemizers. The Act created a permanent below-the-line deduction for individuals who do not itemize deductions to claim charitable deduction of up to $1,000 ($2,000 for joint filers).

Institute a Charitable Deduction floor for Itemizers. This act established a permanent floor of 0.5 percent of the individual's contribution base for charitable deductions when the individual chooses to itemize.

Establish a 1 percent Excise Tax on Remittance Transfers. This act established a 1 percent excise tax on remittance transfers made on money orders sent overseas paid by the sender.

Business Tax Reform

Extend Full Expensing. The Act permanently extended 100 percent bonus depreciation for property placed in service on or after January 20, 2025. In prior law, bonus depreciation was being reduced—from 100 percent in 2022 down to 20 percent in 2026 and to 0 percent in 2027.

Restore full expensing on domestic research and development expenses. This Act permanently restored immediate deductibility of domestic research costs, and allowed small businesses to apply this rule retroactively to tax year beginning after December 31, 2021.

Reinstate EBIDTA basis for the deductibility on business interest. This Act permanently reinstated the earnings before interest, taxes, depreciation, and amortization (EBIDTA) basis for determining the limit for the deductibility of business interest for tax years beginning in 2025.

Expand Expensing to Include Manufacturing Real Estate. This Act allowed taxpayers an additional first-year depreciation deduction equal to 100 percent of the adjusted basis of a qualified production property.

Expand Opportunity Zones. This Act expanded the Opportunity Zone program, which offers tax benefits for investments in low-income areas, to additional qualified areas starting in 2027.

International Tax Reform

Change Allocation Rules for Foreign Tax Credit. The Act changed the foreign tax credit limit on certain income such as net CFC tested income (NCTI), by reducing the foreign tax haircut from 20 percent to 10 percent and by no longer requiring domestic expenses to be allocated against foreign income, unless directly related.

Update the Deductions for Foreign derived eligible income and net CFC tested income. The Act permanently reduced the global intangible low-taxed income (GILTI) deduction from 50 percent to 40 percent, and permanently reduced the foreign derived intangible income (FDII) deduction from 37.5 percent to 33.34 percent.

Other Tax Reform

Extend and enhance the estate and gift tax Exemption. The Act permanently increased and indexed for inflation the estate and gift tax exemption to $15 million (per individual) for estates of decedents dying in 2026 and later.

Terminate Green New Deal Energy Credits. The Act terminated and phases out many clean energy tax credits introduced under the Inflation Reduction Act (Public Law 119-169), such as the Section 30D electric vehicle tax credit, the Section 25D residential clean energy credit, and the Section 25C energy efficient home improvement credit. The Section 45Y clean electricity production credit and the 48E clean electricity investment credit are also phased out early. Credits for solar and wind projects are terminated as soon as 2028 if construction begins after July 4, 2026, and other technologies start phasing out for facilities whose construction begins after 2033.

Disallow Premium Tax Credit for Individuals with Certain Alien Status. The Act prohibited individuals with alien status who report income below 100 percent of the federal poverty level from receiving the premium tax credit. The Act also limited premium tax credit eligibility for non-citizens to only certain alien statuses, such as permanent residents, beginning in 2027.

Guiding and Establishing National Innovation for U.S. Stablecoins Act (Public Law 119-27)

The Act, signed into law on July 18, 2025 also known as the GENIUS Act, created a regulatory regime for payment stablecoins—digital tokens that must be redeemable for a fixed value. Only "permitted issuers" may issue them to U.S. persons. The Act also set rules for reserve reuse, safekeeping services, and grants supervisory, examination, and enforcement powers over federal-qualified issuers. The Act established that stablecoins are excluded from securities law, but issuers must comply with the Bank Secrecy Act's anti-money laundering requirements.

Internal Revenue Service Math and Taxpayer Help Act (Public Law 119-39)

The Act, which was signed into law on November 25, 2025, required the Internal Revenue Service (IRS) to provide in the notice to taxpayers clearer explanations about identified math or clerical error and the procedures to request abatement of the error assessment. The Act also created a pilot program for sending notices of math or clerical errors by certified or registered mail.