

- Include 100 percent of Social Security benefits in taxable income, but:
  - Create a non-refundable credit for Social Security beneficiaries equal to 15 percent of the current standard deduction; and
  - Create a non-refundable credit equal to 15 percent of an individual's Social Security benefits.
- Allow deduction of medical expenses in excess of 10 percent of Adjusted Gross Income (AGI) (as in current law).
- Allow deduction of miscellaneous itemized deductions in excess of 5 percent of AGI.

The BPC Plan achieves a massive simplification of the tax code:

- **Aligns the top individual, capital gains and dividend tax rates**
- **Reduces the corporate tax rate**
- **Eliminates the AMT**
- **Eliminates the need to file returns for most individuals<sup>88</sup>**

Despite a low top rate of 27 percent, the new tax system created under the BPC Plan is **more progressive than the current system** and **raises the requisite revenue to achieve our debt-reduction goal**.

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<sup>88</sup> According to Tax Policy Center projections, only 50 percent of tax units would be required to file tax returns, as opposed to 88 percent under the current tax system.