



ADVANCING AMERICAN FREEDOM

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Flawed CBO Revenue Estimates Should Not Set Terms For TCJA Reauthorization

TOPLINE: The Congressional Budget Office (CBO)'s **projections for the Tax Cuts and Jobs Act of 2017 (TCJA) have undercounted TCJA's revenue generation by \$1.5T so far and could end up being wrong by \$3.2T or more when all is said and done.** Rather than allow unreliable estimates to upend or delay much-needed tax reform, Congress should move forward immediately to make as many of TCJA's provisions permanent and protect the American people from a major tax hike from going into effect at the end of 2025.

CBO Was Wrong About the Trump-Pence Tax Cuts:

- Prior to the passage of TCJA in 2017, CBO [estimated](#) that the bill would increase the deficit by \$1.455T over the next 10 years and reduce revenues by \$1.649T.
- Months later in April 2018, CBO [estimated](#) that TCJA would increase the deficit by about \$1.9T over 10 years. **Both estimates were wrong.**
- Federal revenue continued to grow despite CBO projecting a massive increase in the deficit, and actual revenue and current projections continue to exceed CBO's estimates from before TCJA was passed. **Actual revenue from 2018 to 2024 has already outpaced CBO's inflation-adjusted projections after TCJA was enacted by \$1.498 T.**

Analyzing Current Projections Up To 2027 Shows an Even Starker Contrast:

- **2018 to 2027, actual revenue and current projections:**
 - In total, they exceed CBO's post-TCJA projections by \$3.214T.
 - Individual income tax revenue exceeds CBO's post-TCJA projections by \$2.04T.
 - Corporate income tax revenue exceeds CBO's post-TCJA projections by \$240B.
 - They exceed CBO's projections from 2017 without any tax cuts by \$2.177T.

Flawed CBO Estimates Jeopardize the Future of Tax Cuts for Hardworking American Families:

- Despite CBO's wildly inaccurate projections, TCJA is proven to have driven more economic activity and increased tax revenue collections, even with lower rates.
- Seven years after its passage, however, individual tax rates and small business relief are set to expire at the end of 2025 because of congressional rules that limit the use of [budget reconciliation](#) to provide tax relief if the resulting deficit impact is more than the amount outlined in reconciliation or occurs outside of the ten-year budget window.

APPENDIX — TABLES

TCJA Comparisons

In Billions of Dollars

Revenue Number Source & Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
June 2017 Projection (Pre-TCJA)	3,531	3,687	3,853	4,011	4,178	4,361	4,545	4,742	4,948	5,158	43,016
April 2018 Projection (Post-TCJA)	3,338	3,490	3,678	3,827	4,012	4,228	4,444	4,663	5,002	5,299	41,979
Actual Revenue & Current Projections	3,330	3,463	3,421	4,047	4,897	4,439	4,918	5,163	5,580	5,935	45,193

(Congressional Budget Office and Office of Management and Budget)

Individual Income Taxes (TCJA)

In Billions of Dollars

Revenue Number Source & Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
June 2017 Projection (Pre-TCJA)	1,724	1,833	1,933	2,036	2,136	2,246	2,355	2,469	2,588	2,713	22,032
April 2018 Projection (Post-TCJA)	1,639	1,744	1,833	1,900	1,990	2,092	2,199	2,316	2,574	2,804	21,091
Actual Revenue & Current Projections	1,684	1,718	1,609	2,044	2,632	2,176	2,426	2,621	2,968	3,253	23,131

(Congressional Budget Office and Office of Management and Budget)

Corporate Income Taxes (TCJA)

In Billions of Dollars

Revenue Number Source & Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
June 2017 Projection (Pre-TCJA)	324	344	380	383	389	395	405	416	428	443	3,907
April 2018 Projection (Post-TCJA)	243	276	307	327	353	388	421	447	449	431	3,642
Actual Revenue & Current Projections	205	230	212	372	425	420	530	524	495	469	3,882

(Congressional Budget Office and Office of Management and Budget)

