

21-Jul-06

Estimated Tax Base Exceptions under the Present Income Tax for Various Items [1], Calendar Years 2003-7
[Billions of dollars]

Item	Year					Total 2003-7
	2003	2004	2005	2006	2007	
Retirement:						
Net exclusion of pension contributions and earnings	279.1	360.0	410.1	435.4	450.3	1,934.9
Keogh plans	11.4	15.6	18.6	20.2	21.3	87.2
Individual retirement plans	42.7	56.7	67.5	74.3	81.3	322.3
Exclusion of Social Security and railroad retirement benefits in excess of employee share of payroll tax [2]	305.5	311.6	313.2	320.9	331.0	1,582.2
Health:						
Exclusions of employer contributions for medical care, health insurance premiums and long-term care insurance premiums [3]	561.9	618.3	677.4	732.9	485.8	3,076.3
Exclusion of Medicare benefits:						
Medicare part A	165.2	175.5	187.5	199.0	209.6	936.8
Medicare part B	113.5	118.5	126.8	137.0	147.8	643.6
Deductibility of medical expenses [4]	47.1	50.7	52.3	54.5	55.8	260.4
Deductibility of health insurance expenses of the self-employed [5]	19.6	21.6	23.6	25.5	27.3	117.7
Exclusion of accelerated death benefits	2.8	3.4	3.8	4.1	4.4	18.5
Health savings accounts	0.0	0.0	2.2	2.4	2.6	7.2
Poverty:						
Exclusion of public assistance and SSI cash benefits	52.6	53.8	55.3	57.1	59.0	277.7
Employment:						
Exclusion of employer-provided dependent care [6]	3.5	3.7	3.9	4.1	4.3	19.5
Employee stock ownership plans	5.4	5.6	5.8	6.1	6.3	29.2
Exclusion for benefits provided under cafeteria plans [7]	85.8	94.6	103.5	111.7	119.5	515.1
Elderly and disabled:						
Exclusion of workers' compensation and special benefits for disabled coal miners:						
Workers' compensation	33.2	36.0	37.4	38.5	39.8	184.9
Special benefits for disabled coal miners	0.3	0.3	0.3	0.3	0.3	1.4
Additional standard deduction for elderly and blind	12.8	13.6	14.4	15.1	15.8	71.7
Housing:						
Deductibility of mortgage interest	362.9	376.8	392.1	409.5	426.3	1,967.6
Deductibility of property tax on owner-occupied housing	154.4	165.4	176.1	186.5	196.3	878.7
Exclusion of interest on State and local government bonds for owner-occupied housing	3.3	3.3	3.4	3.4	3.5	17.0
Depreciation of rental housing in excess of alternative depreciation system	12.6	13.6	15.0	16.9	19.5	77.6
Exclusion of interest on State and local government bonds for rental housing	0.7	0.7	0.7	0.7	0.8	3.6

Footnotes at end of table.

Page 1 of 2

Estimated Tax Base Exceptions under the Present Income Tax for Various Items [1], Calendar Years 2003-7--continued

[Billions of dollars]

Item	Year					Total 2003-7
	2003	2004	2005	2006	2007	
Families:						
Qualified State tuition programs and education IRAs	0.2	0.2	0.2	0.3	0.3	1.2
Student loan interest deduction	0.6	0.7	0.8	0.8	0.8	3.7
Employer-provided adoption expenses	[8]	[8]	[8]	[8]	[8]	0.1
Tax credits related to:						
Poverty:						
Earned income tax credit [9]:						
Nonrefundable portion	2.7	2.8	3.1	3.1	3.2	14.9
Employment:						
Dependent care credit	3.4	3.3	2.5	2.3	2.2	13.7
Work opportunity tax credit	0.4	0.2	0.1	[8]	[8]	0.8
Welfare-to-work tax credit	0.1	0.1	[8]	[8]	[8]	0.3
Elderly and Disabled:						
Tax credit for elderly and disabled	[8]	[8]	[8]	[8]	[8]	0.1
Housing:						
Low-income housing tax credit	4.1	4.3	4.5	4.7	4.9	22.5
Families:						
Child tax credit [9]	44.1	44.1	32.1	31.5	30.9	182.7
HOPE Credit and Lifetime Learning Credit	4.3	4.3	4.3	4.3	4.3	21.5
Adoption credit	0.1	0.1	0.1	0.2	0.2	0.7

[1] Estimates of exclusions and deductions represent changes in the tax base; they do not measure changes in tax liability. Tax effects of provisions are not comparable.

[2] In addition to OASDI benefits for retired workers, these figures also include disability insurance benefits and benefits for dependents and survivors.

[3] Estimate includes employer-provided health insurance purchased through cafeteria plans and health care spending through flexible spending accounts.

[4] Amounts reported on tax returns in excess of the medical deductions floor (7.5 percent of adjusted gross income).

[5] Amounts deductible from gross income (60 percent of health insurance expenses in 2001, 70 percent in 2002, and 100 percent in 2003 through 2005). Remaining amounts are deductible on Schedule A with other itemized medical expenses.

[6] Estimate includes employer-provided child care purchased through dependent care flexible spending accounts.

[7] Estimate includes amounts of employer-provided health insurance purchased through cafeteria plans and employer-provided child care purchased through dependent care flexible spending accounts. These amounts are also included in other line items in this table.

[8] Less than \$50 million.

[9] The amount of child tax credit and earned income tax credit used to offset taxes other than income tax or paid out in refunds is: \$40.9 billion in

Note.—Details may not add to totals due to rounding.

Source: Joint Committee on Taxation; Ways and Means Committee, 2004 Green Book, Table 13-2.

Estimated Tax Base Exceptions under the Present Income Tax for Various Items [1], Calendar Years 2001-5
(in billions of dollars)

Item	Year					Total 2001-5
	2001	2002	2003	2004	2005	
Retirement:						
Net exclusion of pension contributions and earnings	372.9	\$361.50	\$344.90	\$341.30	\$344.30	\$1,764.80
Keogh plans	20.1	20.4	20.6	21.9	23.7	106.8
Individual retirement plans	55.5	62.9	67.6	73.3	76.7	336.1
Exclusion of Social Security and railroad retirement benefits in excess of employee share of payroll tax [2]	269.7	279.3	288.4	298.8	307.1	1,443.30
Health:						
Exclusions of employer contributions for medical care, health insurance premiums and long-term care insurance premiums [3]	359.5	384.5	407.1	431.9	458.9	2,042.00
Exclusion of Medicare benefits:						
Medicare part A	131.7	138.3	145.4	153.8	164.8	734
Medicare part B	81.7	88	96.3	103.2	111.9	481.1
Deductibility of medical expenses [4]	29.5	32.3	33.9	35.5	36.5	167.7
Deductibility of health insurance expenses of the self-employed [5]	7.2	9	14.1	14.9	15.8	60.9
Exclusion of accelerated death benefits	2.1	2.5	2.9	3.5	3.9	14.8
Poverty:						
Exclusion of public assistance and SSI cash benefits	54.7	57.4	60.4	63.4	69.8	305.8
Employment:						
Exclusion of employer-provided dependent care [6]	0.7	0.7	0.7	0.8	0.8	3.6
Employee stock ownership plans	13.5	14	14.6	15.2	15.8	73.1
Exclusion for benefits provided under cafeteria plans [7]	45.7	48.9	51.8	55	58.5	259.9
Elderly and disabled:						
Exclusion of workers' compensation and special benefits for disabled coal miners:						
Workers' compensation	32.1	33.7	34.6	35.3	37.2	172.8
Special benefits for disabled coal miners	0.3	0.3	0.3	0.3	0.3	1.6
Additional standard deduction for elderly and blind	12.1	12.5	13	13.5	14.4	65.5

**Estimated Tax Base Exceptions under the Present Income Tax for Various Items [1], Calendar Years 2001-5
(continued)**

Item	Year					Total 2001-5
	2001	2002	2003	2004	2005	
Housing:						
Deductibility of mortgage interest	239.4	250.9	261.7	273.4	285.8	1,311.20
Deductibility of property tax on owner-occupied housing	85.4	89.5	93.8	98.2	102.6	469.5
Exclusion of interest on State and local government bonds for owner-occupied housing	3.3	3.3	3.3	3.4	3.4	16.8
Depreciation of rental housing in excess of alternative depreciation system	6.7	7.6	8.2	9.3	10.6	42.4
Exclusion of interest on State and local government bonds for rental housing	0.7	0.7	0.7	0.8	0.8	3.6
Families:						
Qualified State tuition programs and education IRAs	0.1	0.2	0.2	0.2	0.2	0.9
Student loan interest deduction	0.4	0.4	0.4	0.5	0.5	2.2
Employer-provided adoption expenses	[8]	[8]	[8]	[8]	[8]	[8]

[1] Estimates of exclusions and deductions represent changes in the tax base; they do not measure changes in tax liability. Tax effects of provisions are not comparable.

[2] In addition to OASDI benefits for retired workers, these figures also include disability insurance benefits and benefits for dependents and survivors.

[3] Estimate includes employer-provided health insurance purchased through cafeteria plans and health care spending through flexible spending accounts.

[4] Amounts reported on tax returns in excess of the medical deductions floor (7.5 percent of adjusted gross income).

[5] Amounts deductible from gross income (60 percent of health insurance expenses in 2001, 70 percent in 2002, and 100 percent in 2003–5).

[6] Estimate includes employer-provided child care purchased through dependent care flexible spending accounts.

through dependent care flexible

[8] Less than \$50 million.

Note.—Details may not add to totals due to rounding.