

**T15-0156**  
**Revenue Estimates for Alternative Proposals to the Current Law Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose (\$ billions), 2016-2025**<sup>1</sup>

	Year										2016-2025
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
<b>Fiscal Year Revenue<sup>2</sup></b>											
<b>Limit the Tax Value of Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose to a Specified Percentage:</b> <sup>3</sup>											
15 Percent	33.9	46.8	48.5	49.8	51.4	53.2	55.5	57.3	58.9	61.6	<b>516.7</b>
20 Percent	20.9	29.0	30.0	30.8	31.8	32.9	34.3	35.4	36.3	37.9	<b>319.3</b>
25 Percent	9.3	12.8	13.3	13.6	14.1	14.5	15.0	15.4	15.6	16.2	<b>139.9</b>
<b>Limit the Tax Value of Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose to a Specified Percentage and Introduce a Non-refundable Tax Credit to Potentially Increase the Tax Value of These Deductions and Exclusions to This Specified Percentage:</b> <sup>4</sup>											
15 Percent	33.8	46.6	48.3	49.7	51.2	53.1	55.3	57.1	58.7	61.4	<b>515.2</b>
20 Percent	18.3	25.4	26.4	27.1	28.0	29.0	30.3	31.3	32.1	33.6	<b>281.6</b>
25 Percent	-0.6	-0.5	-0.4	-0.4	-0.3	-0.2	-0.1	-0.1	-0.3	-0.2	<b>-3.0</b>
<b>Limit the Tax Value of Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose to a Specified Percentage and Introduce a Refundable Tax Credit to Increase the Tax Value of These Deductions and Exclusions to This Specified Percentage:</b> <sup>5</sup>											
15 Percent	32.3	44.6	46.3	47.5	49.1	50.9	53.2	54.9	56.5	59.1	<b>494.4</b>
20 Percent	15.7	21.8	22.7	23.3	24.2	25.2	26.5	27.4	28.1	29.6	<b>244.5</b>
25 Percent	-5.9	-7.7	-7.7	-7.8	-7.7	-7.6	-7.5	-7.6	-7.9	-7.8	<b>-75.2</b>
<b>Calendar Year Liability</b>											
<b>Limit the Tax Value of Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose to a Specified Percentage:</b> <sup>3</sup>											
15 Percent	45.2	47.3	48.9	50.1	51.8	53.7	56.1	57.7	59.3	62.3	<b>532.3</b>
20 Percent	27.9	29.3	30.3	31.0	32.1	33.2	34.7	35.6	36.5	38.3	<b>328.9</b>
25 Percent	12.3	13.0	13.4	13.7	14.2	14.6	15.2	15.5	15.7	16.4	<b>144.0</b>
<b>Limit the Tax Value of Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose to a Specified Percentage and Introduce a Non-refundable Tax Credit to Potentially Increase the Tax Value of These Deductions and Exclusions to This Specified Percentage:</b> <sup>4</sup>											
15 Percent	45.1	47.2	48.7	50.0	51.6	53.5	55.9	57.5	59.1	62.1	<b>530.7</b>
20 Percent	24.5	25.7	26.6	27.2	28.2	29.3	30.7	31.5	32.3	34.1	<b>290.1</b>
25 Percent	-0.7	-0.4	-0.3	-0.5	-0.2	-0.2	0.0	-0.1	-0.4	-0.1	<b>-3.1</b>
<b>Limit the Tax Value of Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose to a Specified Percentage and Introduce a Refundable Tax Credit to Increase the Tax Value of These Deductions and Exclusions to This Specified Percentage:</b> <sup>5</sup>											
15 Percent	43.1	45.1	46.6	47.8	49.5	51.4	53.7	55.3	56.9	59.9	<b>509.4</b>
20 Percent	20.9	22.1	22.9	23.4	24.4	25.5	26.8	27.6	28.3	30.1	<b>252.0</b>
25 Percent	-7.8	-7.7	-7.7	-7.9	-7.6	-7.5	-7.5	-7.7	-8.0	-7.8	<b>-77.1</b>

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-v3).

(1) Baseline is current law. The revenue estimates do not include any dynamic responses.

(2) Estimates assume a 75-25 fiscal split, i.e. fiscal year revenue is estimated to be 25 percent of revenue from the previous calendar year plus 75 percent of revenue from the current calendar year.

(3) The proposal would limit the federal income tax value of specified deductions or exclusions from taxable income. This limitation would reduce the value of these deductions and exclusions otherwise lowering taxable income in the 25-percent, 28-percent, 33-percent, 35-percent, or 39.6-percent tax brackets under the current law to 15, 20 or 25 percent. A similar limitation would apply under the alternative minimum tax as well. The income deductions and exclusions limited by this provision would include individual and employer contributions to Individual Retirement Arrangements and defined contribution retirement plans. The proposal would be effective for taxable years beginning after December 31, 2015.

(4) The proposal would limit the federal income tax value of specified deductions or exclusions from taxable income. This limitation would reduce the value of these deductions and exclusions otherwise lowering taxable income in the 25-percent, 28-percent, 33-percent, 35-percent, or 39.6-percent tax brackets under the current law to 15, 20 or 25 percent. A similar limitation would apply under the alternative minimum tax as well. In addition, the proposal would introduce a non-refundable tax credit to potentially increase the tax value of these deductions and exclusions otherwise lowering taxable income in the 10-percent and 15-percent tax brackets to 15, 20 or 25 percent. This credit would be an alternative to the existing Retirement Savings Contributions Credit. The income deductions and exclusions limited by this provision would include individual and employer contributions to Individual Retirement Arrangements and defined contribution retirement plans. The proposal would be effective for taxable years beginning after December 31, 2015.

(5) The proposal would limit the federal income tax value of specified deductions or exclusions from taxable income. This limitation would reduce the value of these deductions and exclusions otherwise lowering taxable income in the 25-percent, 28-percent, 33-percent, 35-percent, or 39.6-percent tax brackets under the current law to 15, 20 or 25 percent. A similar limitation would apply under the alternative minimum tax as well. In addition, the proposal would introduce a refundable tax credit to increase the tax value of these deductions and exclusions otherwise lowering taxable income in the 10-percent and 15-percent tax brackets to 15, 20 or 25 percent. This credit would be an alternative to the existing Retirement Savings Contributions Credit. The income deductions and exclusions limited by this provision would include individual and employer contributions to Individual Retirement Arrangements and defined contribution retirement plans. The proposal would be effective for taxable years beginning after December 31, 2015.