

Table T08-0064
Options to Limit the Extension of the 2001-06 Tax Cuts Above \$200,000
Static Impact on Individual Income and Estate Tax Liability and Revenue (\$ billions), 2009-18 ¹

	Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-18
Fiscal Year Revenue²											
Extend 2001-06 income tax cuts and make estate tax repeal permanent	0.0	0.0	-125.4	-248.2	-253.9	-260.2	-266.8	-274.4	-282.5	-290.6	-2,002.1
OPT 1: Roll back income tax cuts for those with AGI > \$200K, extend for others, extend estate tax repeal ³	0.0	0.0	-72.6	-157.8	-159.3	-161.2	-162.9	-165.4	-167.8	-170.2	-1,217.3
Savings from Option 1 relative to full extension of income tax cuts and permanent estate tax repeal	0.0	0.0	52.7	90.4	94.6	99.1	103.9	109.1	114.7	120.4	784.8
OPT 2: Roll back income tax cuts for those with AGI > \$200K, extend for others, freeze 2009 estate tax law ⁴	0.0	0.0	-56.5	-140.9	-141.0	-141.4	-141.7	-142.3	-142.8	-143.2	-1,049.8
Savings from Option 2 relative to full extension of income tax cuts and permanent estate tax repeal	0.0	0.0	68.8	107.4	112.9	118.9	125.2	132.1	139.7	147.4	952.3
Calendar Year Liability											
Extend 2001-06 income tax cuts and make estate tax repeal permanent	0.0	0.0	-246.4	-252.1	-258.1	-264.6	-272.2	-279.7	-288.3	-295.9	-2,157.1
OPT 1: Roll back income tax cuts for those with AGI > \$200K, extend for others, extend estate tax repeal ³	0.0	0.0	-158.5	-160.0	-161.7	-163.7	-166.3	-168.5	-171.2	-173.4	-1,323.2
Savings from Option 1 relative to full extension of income tax cuts and permanent estate tax repeal	0.0	0.0	87.9	92.1	96.3	100.9	105.9	111.2	117.1	122.5	833.8
OPT 2: Roll back income tax cuts for those with AGI > \$200K, extend for others, freeze 2009 estate tax law ⁴	0.0	16.1	-141.6	-141.7	-141.9	-142.4	-143.2	-143.6	-144.2	-144.6	-1,127.0
Savings from Option 2 relative to full extension of income tax cuts and permanent estate tax repeal	0.0	16.1	104.8	110.3	116.1	122.2	129.0	136.1	144.1	151.3	1,030.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

(1) Baseline is current law. Tax cuts include the individual income and estate tax provisions in EGTRRA, JCWA, JGTRRA, WFTRA, AJCA, TIPRA, PPA, and TRHCA. Estimates for 2018 are extrapolated based on model estimates through 2017. Estimates are static and do not account for any potential microeconomic behavioral response. Official estimates from the Joint Committee on Taxation would likely show a somewhat different effect on revenue.

(2) Fiscal-year revenue numbers assume a 0-100 split for estate tax provisions and a 60-40 split for income tax provisions. The actual effect on receipts could differ.

(3) The option extends the expiring provisions of the 2001-06 income tax cuts for tax units with adjusted gross income under \$200,000 in 2007 dollars only and extends repeal of the estate tax.

(4) The option freezes 2009 estate tax law (\$3.5 million exemption and 45-percent rate) and extends the expiring provisions of the 2001-06 income tax cuts for tax units with AGI under \$200,000 in 2007 dollars only.