

T09-0281

Projected Individual Income Tax Revenue from Taxation of Social Security Benefits (\$ billions), 2009-19 ¹

Baseline	Calendar Year											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-19 ²
Current Law	31.2	36.6	42.7	45.8	49.7	54.8	60.8	67.1	73.6	80.8	88.6	631.8
Administration Baseline ³	31.2	34.8	37.5	40.2	43.5	47.9	53.0	58.4	63.9	69.9	76.4	556.7
Administration FY2010 Budget Proposal	31.2	34.8	38.5	41.3	44.6	49.2	54.5	60.0	65.7	71.8	78.5	570.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

(1) Calendar years. For tax filers with provisional income less than \$25,000 (\$32,000 for married couples filing a joint return), Social Security benefits are not included in AGI. For tax filers with provisional income between \$25,000 and \$34,000 (between \$32,000 and \$44,000 for couples filing jointly), the amount of Social Security benefits included in AGI equals the lesser of: (1) 50% of benefits; or (2) 50% of provisional income in excess of the first threshold. For tax filers with provisional income greater than the second threshold, the amount of benefits included in AGI is equal to the lesser of: (1) 85% of benefits; or (2) 85% of provisional income above the second threshold, plus the smaller of: (a) \$4,500 (single) or \$6,000 (couple); or (b) 50% of benefits. For married individuals filing a separate return, the amount of benefits included in AGI equals the lesser of 85% of benefits or 85% of provisional income. The thresholds are not indexed for inflation. Provisional income equals AGI plus tax-exempt interest income plus one-half of Social Security benefits.

(2) Numbers might not add due to rounding.

(3) Administration baseline extends all of the individual income tax provisions in EGTRRA and JGTRRA that are set to expire on 12/31/10; maintains the estate tax at its 2009 parameters; extends the 2009 AMT patch including the allowance of personal nonrefundable credits against the AMT, and indexes the AMT exemption, rate bracket threshold, and phase-out exemption threshold for inflation.

