

Table T11-0088
Reduce Corporate Income Tax Rate and Repeal Various Individual Income Tax and Payroll Tax Provisions
Impact on Tax Revenue (\$ billions) vs. Current Policy Baseline, 2012-21 ¹

	Fiscal Year										Total 2012-21
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Reduce top corporate tax rate to 25 percent ²	0.0	-66.2	-110.1	-102.3	-95.1	-106.2	-107.2	-108.0	-108.0	-112.4	-915.5
Repeal the individual AMT	0.0	-18.7	-48.6	-52.9	-56.9	-61.5	-66.6	-72.6	-79.7	-87.6	-545.0
Repeal the 28, 33 and 35 percent income tax brackets ³	0.0	-72.0	-101.4	-107.8	-115.1	-122.3	-129.8	-136.4	-143.5	-151.2	-1,079.4
Repeal the 3.8 percent surtax on investment income and the additional 0.9 percent HI tax on wages for high income taxpayers ⁴	-3.9	-41.6	-35.5	-35.9	-36.7	-39.0	-41.3	-43.5	-45.8	-48.2	-371.4
Total for all provisions	-3.9	-198.4	-295.6	-298.9	-303.9	-328.9	-344.9	-360.5	-377.0	-399.4	-2,911.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-7)

(1) Fiscal years. Baseline is current policy, which assumes that all the temporary provisions in place for calendar year 2011 are extended, with the exception of the payroll tax cut, and indexes the AMT exemption level after 2011. Estimates include a microdynamic behavioral response. Individual estimates are stacked in the order shown. Provisions are effective 01/01/13.

(2) Estimates assume a proportional reduction in other corporate rates.

(3) Income previously taxed at those rates would be subject to the 25 percent rate.

(4) Includes revenue effects of both individual income tax and payroll tax.

This table estimates the reduction in federal revenue over the 2012-2021 period that would result from reducing the maximum individual and corporate income tax rates to 25 percent. Consistent with that goal, the estimates also assume the repeal of the alternative minimum tax and of the 0.9 percent HI surtax and the 3.8 percent tax on investment income, enacted in the 2010 Healthcare Act.

THE TABLE DOES NOT ESTIMATE THE REVENUE EFFECTS OF THE ENTIRE FY 2012 BUDGET RESOLUTION PROPOSED BY REP. PAUL RYAN (R-WI). THE PROPOSED RESOLUTION INCLUDES MEASURES TO BROADEN THE INDIVIDUAL AND CORPORATE TAX BASES, BUT LACKS SUFFICIENT DETAIL FOR AN ESTIMATE INCLUDING THOSE PROVISIONS.