

Table T14-0113
Options to Reduce the 10-Percent Individual Income Tax Rate, Increase the Standard Deduction and Reform the EITC
Impact on Tax Revenue (\$ billions), 2015-24¹
Baseline: Current Law

	Fiscal Year ²										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-24
Option 1: Reduce the bottom individual income tax rate to 8.9 percent	-10.8	-14.7	-15.3	-15.8	-16.3	-17.0	-17.7	-18.5	-19.3	-20.3	-165.8
Option 2: Increase the standard deduction to \$7,350 for singles (\$14,700 for married couples filing jointly; \$10,850 for heads of households) ³	-11.0	-14.8	-15.4	-16.1	-16.5	-17.3	-17.8	-18.1	-18.9	-19.6	-165.5
Option 3: Increase the standard deduction to \$6,800 for singles (\$13,600 for married couples filing jointly; \$10,100 for heads of household) and reduce the bottom individual income tax rate to 9.4 percent	-11.4	-15.3	-16.0	-16.5	-17.0	-17.7	-18.2	-18.8	-19.7	-20.4	-171.1
Option 4a: Extend the expanded EITC for taxpayers with three or more qualifying children (under ATRA 2012), increase phase-in rate for these workers to 50%, and reduce the bottom individual income tax rate to 9 percent	-9.8	-13.4	-13.9	-14.8	-19.1	-19.7	-20.5	-21.2	-22.0	-22.8	-177.1
<i>Impact of EITC Reform (included in above total)</i>	0.0	0.0	0.0	-0.4	-4.2	-4.3	-4.4	-4.4	-4.4	-4.3	-26.4
Option 4b: Expand EITC for childless workers to cover 21-67 year olds, increase the income level at which phase-out begins for these workers to the same point as that of workers with one qualifying child, and reduce the bottom individual income tax rate to 9.1 percent	-9.2	-15.4	-15.9	-16.4	-16.9	-17.6	-18.3	-19.1	-19.9	-20.8	-169.3
<i>Impact of EITC Reform (included in above total)</i>	-0.3	-3.3	-3.4	-3.5	-3.6	-3.7	-3.8	-3.9	-4.1	-4.2	-33.7
Option 4c: Increase EITC phase-in and phase-out rate for childless workers to 10 percent, increase the income level at which phase-out begins for these workers to the same point as that of workers with one qualifying child, and reduce the bottom individual income tax rate to 9.1 percent	-9.2	-15.8	-16.4	-16.9	-17.5	-18.1	-18.8	-19.6	-20.4	-21.3	-174.0
<i>Impact of EITC Reform (included in above total)</i>	-0.4	-3.8	-3.9	-4.0	-4.1	-4.2	-4.3	-4.5	-4.6	-4.7	-38.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-5)

(1) Fiscal years. Baseline is current law.

(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. For options 4a-c, estimates on impact of EITC Reform assume a 10-90 fiscal split, i.e. fiscal year revenue is estimated to be 90 percent of revenue from the previous calendar year plus 10 percent of revenue from the current calendar year. Options are effective 01/01/15.

(3) Values are for the 2015 calendar year. Amounts would be indexed for inflation for future years. Under current law, we project the standard deduction would be \$6,300 for singles in 2015 (\$12,600 for married couples filing jointly and \$9,250 for heads of household).

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Baseline: Current Law

	Calendar Year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-24
Option 1: Reduce the bottom individual income tax rate to 8.9 percent	-14.4	-14.9	-15.4	-15.9	-16.5	-17.2	-17.9	-18.7	-19.6	-20.5	-170.9
Option 2: Increase the standard deduction to \$7,350 for singles (\$14,700 for married couples filing jointly; \$10,850 for heads of households) ³	-14.7	-14.8	-15.6	-16.3	-16.6	-17.5	-17.9	-18.2	-19.2	-19.8	-170.5
Option 3: Increase the standard deduction to \$6,800 for singles (\$13,600 for married couples filing jointly; \$10,100 for heads of household) and reduce the bottom individual income tax rate to 9.4 percent	-15.2	-15.3	-16.2	-16.7	-17.1	-17.9	-18.2	-19.0	-20.0	-20.6	-176.3
Option 4a: Extend the expanded EITC for taxpayers with three or more qualifying children (under ATRA 2012), increase phase-in rate for these workers to 50%, and reduce the bottom individual income tax rate to 9 percent	-13.1	-13.5	-14.0	-18.7	-19.3	-19.9	-20.7	-21.4	-22.1	-22.8	-185.5
<i>Impact of EITC reform (included in above total)</i>	0.0	0.0	0.0	-4.2	-4.3	-4.4	-4.4	-4.4	-4.3	-4.1	-30.1
	-15.1	-15.5	-16.1	-16.6	-17.1	-17.8	-18.6	-19.3	-20.1	-21.2	-177.4
Option 4b: Expand EITC for childless workers to cover 21-67 year olds, increase the income level at which phase-out begins for these workers to the same point as that of workers with one qualifying child, and reduce the bottom individual income tax rate to 9.1 percent	-3.3	-3.4	-3.5	-3.6	-3.7	-3.8	-3.9	-4.0	-4.2	-4.3	-37.6
<i>Impact of EITC reform (included in above total)</i>	-15.5	-16.0	-16.6	-17.1	-17.7	-18.3	-19.1	-19.9	-20.6	-21.6	-182.5
Option 4c: Increase EITC phase-in and phase-out rate for childless workers to 10 percent, increase the income level at which phase-out begins for these workers to the same point as that of workers with one qualifying child, and reduce the bottom individual income tax rate to 9.1 percent	-3.8	-3.8	-4.0	-4.1	-4.2	-4.3	-4.4	-4.6	-4.7	-4.8	-42.7
<i>Impact of EITC reform (included in above total)</i>											

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-5)

(1) Calendar years. Baseline is current law.

(2) Values are for the 2015 calendar year. Amounts would be indexed for inflation for future years. Under current law, we project the standard deduction would be \$6,300 for singles in 2015 (\$12,600 for married couples filing jointly and \$9,250 for heads of household).