

Table T06-0001
Repeal Personal Exemption Phaseout (PEP) and Limitation on Itemized Deductions (Pease)
Static Impact on Individual Income Tax Liability and Revenue (\$ billions), 2006-15¹

	Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-15
Fiscal Year Revenue²											
Baseline 1: Tax Cuts Extended³	-2.3	-3.2	-6.1	-7.1	-10.0	-11.4	-12.1	-12.8	-13.5	-14.2	-92.7
Baseline 2: Tax Cuts Extended and AMT Repealed⁴	-4.7	-6.6	-13.0	-15.3	-22.6	-26.2	-27.8	-29.5	-31.4	-33.4	-210.6
Calendar Year Liability											
Baseline 1: Tax Cuts Extended	-3.1	-3.3	-7.0	-7.1	-11.0	-11.6	-12.2	-12.9	-13.7	-14.4	-96.3
Baseline 2: Tax Cuts Extended and AMT Repealed	-6.2	-6.7	-15.1	-15.4	-25.0	-26.7	-28.2	-30.0	-31.9	-33.9	-219.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-3A).

(1) As in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the repeal is phased in over five years. For 2006 and 2007, PEP and Pease are reduced by one-third; for 2008 and 2009, they are reduced by two-thirds; and for 2010 and thereafter are repealed completely. Estimates are static and do not account for any potential microeconomic behavioral response.

(2) Fiscal-year revenue numbers assume a 75-25 split. The actual effect on receipts could differ.

(3) Tax cuts extended baseline includes making permanent the provisions in EGTRRA, JGTRRA, and WFTRA affecting the following: marginal tax rates; the 10-percent bracket; the child tax credit; the child and dependent care credit; the standard deduction, 15-percent bracket, and EITC for married couples; pension and IRA provisions; reduction in rates for long-term capital gains and qualifying dividends; and expansion of student loan interest deduction (excludes other education provisions); as outlined in the Administration's Fiscal Year 2006 Budget Proposal. Note that the baseline does not extend AMT provisions or the saver's credit.

(4) In addition to the measures outlined in note (3), this baseline also assumes that the individual alternative minimum tax is repealed, effective 01/01/06.