

SUMMARY OF MAJOR ENACTED TAX LEGISLATION FROM 1940-2009

TABLE OF CONTENTS

[American Recovery and Reinvestment Tax Act of 2009](#)

[Emergency Economic Stabilization Act of 2008](#)

[Housing Assistance Tax Act of the Housing and Economic Recovery Act of 2008](#)

[Economic Stimulus Act of 2008](#)

[Tax Increase Prevention Act of 2007](#)

[Mortgage Forgiveness Debt Relief Act of 2007](#)

[Tax Relief and Health Care Act of 2006](#)

[Pension Protection Act of 2006](#)

[Tax Increase Prevention and Reconciliation Act of 2005 \(TIPRA\)](#)

[Gulf Opportunity Zone Act of 2005](#)

[Katrina Emergency Tax Relief Act of 2005](#)

[Energy Tax Incentives Act of the Energy Policy Act of 2005](#)

[American Jobs Creation Act of 2004 \(AJCA\)](#)

[Working Families Tax Relief Act of 2004 \(WFTRA\)](#)

[The Medicare Prescription Drug, Improvement, and Modernization Act of 2003](#)

[Military Family Tax Relief Act of 2003](#)

[The Jobs and Growth Tax Relief Reconciliation Act of 2003 \(JGTRRA\)](#)

[The Job Creation and Worker Assistance Act of 2002 \(JCWAA\)](#)

[Economic Growth and Tax Relief Reconciliation Act of 2001 \(EGTRRA\)](#)

[Community Renewal Tax Relief Act enacted by Consolidated Appropriations Act of 2001](#)

[Internal Revenue Service Restructuring Act of 1998](#)

[Surface Transportation Revenue Act of 1998](#)

[Taxpayer Relief Act of 1997](#)

[Revenue Provisions of the Health Insurance and Portability Act of 1996](#)

[Revenue Provisions of the Small Business Job Protection Act of 1996](#)

[Taxpayer Bill of Rights 2 of 1996](#)

[Omnibus Budget Reconciliation Act of 1993](#)

[Tax Extension Act of 1991](#)

[Omnibus Budget Reconciliation Act of 1990](#)

[Omnibus Budget Reconciliation Act of 1989](#)

[Medicare Catastrophic Coverage Repeal Act of 1989](#)

[Financial Institutions Reform, Recovery, and Enforcement Act of 1989](#)

[Technical and Miscellaneous Revenue Act of 1988](#)

[Medicare Catastrophic Coverage Act of 1988](#)

[The Family Security Act of 1988](#)

[Continuing Resolution for Fiscal Year 1988](#)

[Airport and Airway Trust Fund Extension of 1987](#)

[Omnibus Budget Reconciliation Act of 1987](#)

[Continuing Resolution for Fiscal Year 1987](#)

[Superfund Amendments and Reauthorization Act of 1986](#)

[Omnibus Budget Reconciliation Act of 1986](#)

[Tax Reform Act of 1986](#)

[Consolidated Omnibus Budget Reconciliation Act of 1985 \(COBRA\)](#)

[Deficit Reduction Act of 1984](#)

[Social Security Amendments of 1983](#)

[Interest and Dividends Tax Compliance Act of 1983](#)

[Railroad Retirement Revenue Act of 1983](#)

[Tax Equity and Fiscal Responsibility Act of 1982](#)

[Highway Revenue Act of 1982](#)

[Economic Recovery Tax Act of 1981](#)

[Crude Oil Windfall Profit Tax Act of 1980](#)

[Revenue Act of 1978](#)

[Tax Reduction and Simplification Act of 1977](#)

[Tax Reform Act of 1976](#)

[Tax Reduction Act of 1975](#)

[Revenue Act of 1971](#)

[Tax Reform Act of 1969](#)

[Revenue and Expenditure Control Act of 1968](#)

[Tax Adjustment Act of 1966](#)

[Revenue Act of 1964](#)

[Revenue Act of 1962](#)

[Internal Revenue Code of 1954](#)

[Excise Tax Reduction Act of 1954](#)

[Revenue Act of 1951](#)

[Revenue Act of 1950](#)

[Excess Profits Tax of 1950](#)

[Revenue Act of 1948](#)

[Revenue Act of 1945](#)

[Individual Income Tax Act of 1944](#)

[Current Tax Payment Act of 1943](#)

[Revenue Act of 1943](#)

[Revenue Act of 1942](#)

[Revenue Act of 1941](#)

[Revenue Act of 1940](#)

[Second Revenue Act of 1940](#)

LEGISLATION

American Recovery and Reinvestment Tax Act of 2009

- Individual income tax relief. Created the Making Work Pay Credit and the American Opportunity Tax Credit. Increased the EITC rate for families with three or more children to 45 percent; increased phaseout range for married couples to \$5,000 over that for single/head of household filers. Lowered the threshold for determining the refundable child tax credit to \$3,000 in 2009 and 2010. Converted the first-time homebuyer credit to a refundable credit. Exempted up to \$2,400 of unemployment compensation received by each unemployed worker in 2009. Allowed an above-the-line deduction for sales tax on new cars purchased in 2009.
- AMT. Increased the AMT tax exemption to \$46,700 for single filers and \$70,950 for married filers and extended this through 2009. Extended the allowance of personal nonrefundable credits against the AMT through 2009.
- Business tax provisions. Extended through 2009 the increased Section 179 expensing. Allowed 50 percent bonus depreciation on qualifying investments made in 2009. Increased the net operating loss carry-back period from two to five years for small businesses. Expanded the Work Opportunity Tax Credit and the New Markets Tax Credit. Allowed businesses to defer income when they buy back or exchange their debt at a discount in 2009 and 2010. Allocated \$25 billion for recovery zone bonds to be issued in 2009 or 2010.
- Renewable energy provisions. Extended and modified various energy conservation and renewable energy provisions.

Emergency Economic Stabilization Act of 2008

- Stimulus provisions. Allowed financial institutions to treat gains or losses from the sale or exchange of Fannie Mae or Freddie Mac preferred stock as ordinary income or loss; added new limitations on the deductibility of executive compensation by employers participating in the troubled assets relief program; and extended the exclusion from taxable income of forgiven debt on principle residence through 2012.
- Energy provisions. Extended and modified various renewable energy incentives; carbon mitigation and coal provisions; and transportation and domestic fuel security provisions.
- AMT. Increased the AMT tax exemption to \$46,200 for single filers and \$69,950 for married filers and extended this through 2008. Extended the allowance of personal nonrefundable credits against the AMT through 2008.
- Extensions and modifications of certain tax deductions. Extended through 2009 the deduction of state and local sales taxes in lieu of state and local income taxes; the

deduction for qualified tuition expenses; the deduction for expenses of school teachers; and the additional standard deduction for real property taxes.

- Extensions and modifications of certain tax credits. Lowered the threshold for determining the refundable portion of the child tax credit to \$8,500 in 2008; extended the tax credit for corporate research activities through 2009; and extended the new markets tax credit through 2009.

Housing Assistance Tax Act of the Housing and Economic Recovery Act of 2008

- Provisions for homeowners. Created a property tax deduction for non-itemizers and a refundable credit for first-time homebuyers.
- Affordable housing provisions. Increased and simplified the Low Income Housing Tax Credit; simplified the rules for tax-exempt housing bonds; and temporarily extended the state and local mortgage revenue bond program.
- Other tax incentives. Reformed real estate investment trusts, imposed AMT limitations; increased corporate AMT and research and development credits; expanded the rehabilitation tax credit; and enhanced and extended some of the GO Zone incentives.
- Revenue-raising provisions. Required merchants to report credit card purchase information to the IRS; reduced the home sale exclusion; delayed the effective date of worldwide interest allocation rules; and accelerated estimated tax payments for large corporations.

Economic Stimulus Act of 2008

- Tax rebates. Provided a one-time rebate equal to the lesser of net income tax liability and \$600 (\$1,200) for individual (joint) filers. Ensured a minimum tax rebate of \$300 (\$600 for joint filers) for individuals with earnings plus Social Security plus veteran's benefits above \$3,000. Provided additional rebates of \$300 per qualified child. Rebate is reduced by 5 percent of AGI above \$75,000 (\$150,000 for married joint filers).
- Business tax incentives. For 2008, increased the limitation on expensing qualified investment to \$250,000; the maximum investment phaseout threshold to \$800,000; and the first-year depreciation allowance to 50 percent of the cost of qualifying investments.

Tax Increase Prevention Act of 2007

- AMT. Increased the AMT tax exemption to \$44,350 for single filers and \$66,250 for married filers and extended this through 2007. Extended the allowance of personal nonrefundable credits against the AMT through 2007.

Mortgage Forgiveness Debt Relief Act of 2007

- Excluded debt forgiven on a principal residence from taxable income through 2009.

Tax Relief and Health Care Act of 2006

- Extensions and modifications of certain tax credits. Extended and modified new markets tax credit for certain equity investments in a qualified community development entity through 2008; extended and modified research tax credit through 2007; extended the Indian employment tax credit through 2007; and extended the work opportunity tax credit and the welfare-to-work tax credit for 2006 and combined and modified these for 2007.
- Extensions and modifications of certain deductions. Extended through 2007 the allowance of sales tax deduction in lieu of deduction for state and local income taxes; the deduction for teachers of school related expenses; the deduction for qualified tuition and related expenses; and the enhanced deduction for computer technology and equipment.
- Earned Income Tax Credit. Extended election to include combat pay that is otherwise excluded from gross income in earned income for EITC.
- Zone academy bonds. Extends availability of qualified zone academy bonds (QZABs) for school modernization, equipment, and teacher training in high poverty areas; and imposes new arbitrage and spending requirements on QZABs.
- Economic development provisions. Extended tax incentives established by the Taxpayer Relief Act of 1997 for the District of Columbia through 2007, including designation of D.C. zones, wage credit, tax-exempt financing authority for bonds, zero-percent capital gains rate for certain qualified assets, and first-time homebuyer credit; extended placed-in-service deadline for certain Gulf Opportunity Zone property to qualify for additional first-year depreciation deduction; and provided an economic development credit to American Samoa.
- Business provisions. Extended accelerated depreciation for business property on Indian reservations; and extended 15-year straight-line cost recovery for qualified leasehold and restaurant improvements.
- Energy Tax Provisions. Allowed credit for electricity produced from certain renewable resources through 2008; extended placed-in-service date for tax credit for electricity produced at certain qualified facilities; extended and expanded clean renewable energy bonds; allowed deduction for certain energy efficient commercial building property through 2008; and extended and expanded to petroleum products expensing of “Brownfields” environmental remediation costs through 2007 for qualified contaminated sites.

- Health Savings Accounts. Allowed a one-time rollover of health reimbursement account and health flexible spending arrangement funds into HSAs through 2011; repealed the provision that limited the maximum annual deductible contribution to an HSA to that under a high-deductible insurance policy effective in 2007; allowed earlier indexing of cost of living adjustments for taxable years beginning after 2007; allowed full deductible contribution for months preceding the month that taxpayer is in high deductible plan beginning in 2007; and allowed one-time direct contribution to an HSA from an IRA as of 2007.
- AMT provisions. Allowed refundable long-term individual AMT credit with respect to certain long-term unused AMT credits existing before January 1, 2013.
- Manufacturing deduction. Allowed deduction for income attributable to domestic production activities in Puerto Rico through 2007.

Pension Protection Act of 2006

- IRA provisions. Made permanent the pension and IRA provisions in EGTRRA; indexed certain income limits for IRA contributions for inflation beginning in 2007; allowed direct rollovers from retirement plans to ROTH IRAs; and allowed direct deposit of tax refunds into IRAs.
- Saver's Credit. Made the Saver's Credit permanent and annually indexed its income threshold to inflation beginning in 2007.
- Pension plan funding rules. Established new minimum financing standards for single- and multi-employer defined benefit pension plans and increased the deduction limits for these plans.
- Pension plans and health care. Allowed transfer of excess single- and multi-employer defined benefit pension assets to retiree medical accounts under certain conditions; permitted tax-free distribution from government retirement plans to pay health and long-term care insurance premiums; allowed deductions for contributions to fund a reserve for medical benefits for future years; and made tax deductible portions of annuity and life insurance contracts used to pay health and long-term care insurance premiums.
- Qualified tuition programs. Extended EGTRRA modifications to qualified tuition program rules, including tax exempt withdrawals from qualified tuition accounts and certain rules regarding the coordination with Hope Scholarship and Lifetime Learning Credit.
- Pension Benefit Guaranty Corporation. Changed some rules regarding PBGC premiums and interest rates for small employer plans, and created special funding rules for defined benefit plans maintained by commercial airlines, among other changes.

- Charitable contributions and tax exempt organizations. Allowed tax-free distributions from IRAs to certain public charities from age 70.5 and older, not to exceed \$100,000 per taxpayer; extended current law charitable deductions for food and book inventories; adjusted basis of S corporation stock for certain charitable contributions; encouraged contributions of property interest made for conservation purposes; restricted qualifying contributions of clothing and other household items to those in good condition; required greater substantiation (e.g., receipts for all cash gifts) for gifts made; and penalized contributors and appraisers who grossly overvalue donated property.
- Tariffs. Included various small provisions relating to tariffs.

Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA)

- Depreciation. Extended the increased expensing allowance for depreciable business property from \$25,000 to \$100,000; increased threshold amount for determining reductions to the expensing allowance; and increased the period during which a taxpayer may revoke an election to expense depreciable business property through 2009.
- Capital gains. Extended through 2010 reductions in capital gains and dividends tax rates (5 percent for taxpayers in the 15 percent bracket and 15 percent for others) enacted by JGTRRA.
- Foreign earned income. Accelerated the inflation adjustment to the exclusion amount for foreign earned income to 2006 from 2008; and extended through 2008 certain exemptions for income of controlled foreign companies.
- AMT. Increased the AMT tax exemption to \$42,500 for single filers and \$62,550 for married filers, and extended this through 2006.
- IRAs and Roth IRAs. Allowed taxpayers to convert traditional IRA balances into Roth IRAs; eliminated the income limit (\$100,000) on Roth IRA conversions starting in 2010.
- Unearned income of minor children. Increased the age of minor children whose unearned income is taxed as if parent's income from 14 to 18 years old.
- Excise tax penalty. Imposed an excise tax penalty on certain tax-exempt entities for participation in prohibited tax shelter activities.

Gulf Opportunity Zone Act of 2005

- Extension of KETRA provisions to victims of Hurricanes Rita and Wilma. Extended special retirement fund rules; employee retention credit; temporary suspension of limits on deductions for charitable contributions; suspension of limits on deductions of hurricane-related casualty and theft losses; use of 2004 income for calculation of 2005 EITC and refundable child tax credit; and suspension of certain requirements for low-interest home loans.
- Business expensing. Allowed an additional first-year depreciation deduction for new property investments; increased the maximum deduction for property placed in service for small businesses; extended a provision for the expensing of environmental remediation costs; increased the expensing limit for timber growers; extended the NOL carryback period for Katrina-related losses; and allowed an exclusion for housing provided to displaced employees.
- Expansion of certain tax credits. Modified several provisions of the low-income housing tax credit; expanded the New Markets Tax Credit; and temporarily increased the Hope Scholarship and Lifetime Learning Credit for students in the GO Zone.
- Economic recovery incentives. Allowed Louisiana, Alabama, and Mississippi to issue new GO Zone bonds for property acquisition, construction, and renovation; and permitted additional advance refunding for certain governmental and qualified 501(c)(3) bonds.

Katrina Emergency Tax Relief Act of 2005

- Retirement funds. Exempted from the penalty on early distributions withdrawals of up to \$100,000 from retirement plans through 2006 by individuals affected by Katrina and allowed the distribution to be repaid as a rollover within three years; allowed individuals to make rollover contributions of distributions from retirement plans made between March 1, 2005, and August 28, 2005, for purchase or construction of a principal residence if the residence was not purchased or constructed due to Katrina; and increased the limits on loans from tax-qualified retirement plans for Katrina victims.
- Employment incentives. Extended the work opportunity tax credit to apply to “Hurricane Katrina employees”; and allowed employers in the core disaster area a business tax credit of 40 percent of the first \$6,000 of wages paid to core disaster area employees between August 29, 2005, and December 31, 2005.
- Charitable contributions. Suspended limits on individual and corporate deductions for cash donations to Katrina relief efforts in 2005; increased the mileage reimbursement rate for individuals who use a personal vehicle for Katrina relief through 2006; and expanded the deduction for donated food inventory and educational books in 2005.

- Personal exemption. Created an additional personal exemption of \$500 to \$2,000 for individuals providing free housing to persons displaced by Katrina for 60 consecutive days in 2005 or 2006.
- Additional provisions. Excluded from taxable income discharges of debt for individuals residing in Katrina-affected areas made between August 16, 2005, and December 31, 2006; allowed full deduction of personal casualty and theft losses for Katrina victims; suspended certain requirements for home loans financed by mortgage revenue bonds; extended to five years the replacement period for business and residential property damaged by Katrina to qualify for exclusion of income; and allowed displaced individuals to use 2004 income to calculate the EITC and refundable child tax credit.

Energy Tax Incentives Act of the Energy Policy Act of 2005

- Energy infrastructure tax incentives. Extended and modified credit for producing electricity from renewable resources through 2007; allowed issuance of clean renewable energy bonds through 2007; provided credit for production from advanced nuclear power facilities and investment in clean coal facilities; allowed a 15-year cost recovery period for the depreciation of certain electric transmission property; and allowed a taxpayer election to carryback net operating losses from transmission property and pollution control investment for a five-year period.
- Domestic fossil fuel security. Extended a business tax credit for producing fuel from a nonconventional source to include coke or coke gas; allowed temporary 50 percent expensing for equipment used in refining of liquid fuels; assigned a 15-year cost recovery period for the depreciation of natural gas distribution lines; and allowed the amortization of geological and geophysical expenditures for the exploration for oil and gas within the U.S. over 24 months.
- Conservation and energy efficiency. Allowed a tax deduction for energy efficient commercial building property placed in service before 2008; allowed individual tax credit for certain residential energy efficiency improvements before 2008 and tax credit for 30 percent of expenditures made for certain residential energy efficient property; allowed business tax credit for production of certain household appliances with specified energy efficiency rating; and allowed investment tax credit for installation of qualified fuel cell property or microturbine property through 2007.
- Alternative motor vehicles and fuels incentives. Allowed a tax credit for investment in alternative motor vehicles technology through 2014 for qualified fuel cell motor vehicles and 2010 for advanced lean burn, hybrid, and alternative fuel motor vehicles.
- Additional energy tax incentives. Provided tax credit for increasing energy research through 2005.

American Jobs Creation Act of 2004 (AJCA)

- Provisions related to repeal of exclusion for extraterritorial income (ETI). Provided transitional relief for taxpayers subject to the ETI repeal by allowing a tax exclusion of 80 percent in 2005 and 60 percent in 2006 of extraterritorial income; and created a deduction relating to income attributable to U.S. production activities
- Business tax incentives. Increased section 179 expensing from \$25,000 to \$100,000 and increased the phase-out threshold amount from \$200,000 to \$400,000; included software in section 179 property; extended indexing of deduction limit and phaseout threshold through 2007; instituted 15-year straight-line cost recovery for qualified leasehold improvements and restaurant improvements, through 2005 only; provided S-corporation reform and simplification; repealed 4.3-cent General Fund excise taxes on various fuels usually through 2005 or 2006; modified application of the income forecast method of accounting; provided incentives to film and television production; and repealed some taxes on distilled spirits, wine, and beer.
- Tax relief for agriculture and small manufacturers. Provided that the General Fund be used to pay all alcohol and fuel and excise taxes; provided outlay payments (in lieu of excise tax credits and refunds) to producers of alcohol fuel mixtures; provided tax credits for biodiesel (again, from the General Fund); and extended some bonus depreciation rules for certain aircraft.
- Tax reform and simplification for U.S. businesses. Provided incentives to reinvest foreign earnings in the U.S.; installed new interest expense allocation rules; re-characterized overall “domestic loss”; applied “look-through” rules for dividends for certain section 902 corporations; enacted base differences and reduction to two foreign tax credit baskets; implemented 10-year foreign tax credit carryforward and one-year carryback; and repealed the 90 percent limitation on the use of foreign tax credits against the AMT.
- Allowed deduction by businesses of state and local general sales taxes through 2005.
- Miscellaneous provisions. Extended and expanded credit for electricity produced from certain renewable resources, among many other items.
- Revenue provisions. Extended certain custom user fees; reformed the tax treatment of leasing transactions; modified the dispositions of transmission property to implement FERC restructuring policy; installed provisions to reduce tax avoidance and curtail tax shelters; modified charitable contribution rules for donations of patents and other intellectual property; modified the valuation of the charitable deduction for vehicles; and provided consistent amortization periods for intangibles.

Working Families Tax Relief Act of 2004 (WFTRA)

- Extension of expiring provisions of EGTRRA and JGTRRA. Extended the \$1,000 child tax credit through 2009; the doubling of the standard deduction for joint filers through 2008; the new 10 percent bracket through 2010; and the increased AMT exemption through 2005. Accelerated the increase in the refundability of the child tax credit to 15 percent in 2004 instead of 2005.
- Extension of other expiring tax provisions through 2005 only. Extended the tax credit for increasing research activities; the work opportunity tax credit; the welfare-to-work tax credit; the treatment of personal nonrefundable credits against the AMT; the deduction for teacher classroom expenses; tax incentives for investment in the District of Columbia; the Indian employment tax credit; the accelerated depreciation of business property on Indian reservations; certain New York Liberty Zone bond provisions; expensing of “Brownfields”; and the deduction for clean-fuel vehicles.
- Combat pay. Allowed taxpayers to elect to include combat pay in earnings for calculating the EITC and the child tax credit.
- Applied the uniform definition of a qualifying child to most child-related tax provisions.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003

- Health Savings Accounts. Allowed taxpayers under age 65 to make tax-free deposits into HSAs up to the deductible on a high deductible plan if they also purchase a catastrophic health policy.
- Provided tax exclusions for certain employer subsidies.
- Increased taxes indirectly by reducing employer incentives to retain prescription drug insurance coverage.
- Introduced a new income-related premium for future Medicare Part B participants based on IRS records sent to the Social Security Administration.

Military Family Tax Relief Act of 2003

- Gain from sale of a home. Extended the five-year period used in determining full exclusion of gain from the sale of a principal residence up to 10 years for a member of the uniformed or foreign services.
- Death benefits. Doubled from \$6,000 to \$12,000 military death gratuity payments and provided that the full payment is tax-exempt.

- Education distributions. Exempted distributions made from education IRAs for non-educational purposes from the 10 percent tax penalty if made for an account holder in a military academy.
- Travel expenses. Created above-the-line deduction for overnight travel expenses of National Guard and reserve members traveling more than 100 miles from home.

The Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA)

- Accelerated provisions of EGTRRA. Expanded child tax credit to \$1,000 per child for 2003 and 2004, reverting to present law (2001-enacted phase-ins and phase-outs) in 2005; expanded 15 percent tax bracket and standard deduction for joint filers to double the ranges and levels for single filers for 2003 and 2004, reverting to present law in 2005; expanded 10 percent bracket for 2003 and 2004, reverting to present law in 2005; implemented 2006 rate schedule: 10 percent, 15 percent, 25 percent, 28 percent, 33 percent, and 35 percent; increased individual AMT exemption amount by \$4,500 for single filers and \$9,000 for joint filers for 2003 and 2004.
- Capital gains and dividends. Taxed capital gains and dividends with a 15 percent rate for most gains and 5 percent for gains of moderate income taxpayers for 2003 through 2007, becoming 15 percent/0 percent in 2008 and reverting to present law in 2009.
- Depreciation. Increased bonus depreciation or expensing to 50 percent for physical asset purchases for 2003 and 2004, reverting to present law in 2005; increased section 179 (100 percent) expensing by raising expensable amounts from \$25,000 to \$100,000 and the phase-out threshold amount from \$200,000 to \$400,000.
- Aid to states. Provided states \$20 billion in fiscal relief over 2003 and 2004.

The Job Creation and Worker Assistance Act of 2002 (JCWAA)

- Depreciation allowances. Allowed additional first-year depreciation or expensing equal to 30 percent of the adjusted basis of qualified property.
- Five-year carryback provisions. Allowed five-year carryback of net operating losses (NOLs). Temporarily extended the NOL carryback period from two to five years for NOLs arising in taxable years ending in 2001 and 2002.
- Unemployment assistance. Provided up to 13 weeks of temporary extended unemployment benefits for eligible displaced workers.
- Expansion of Work Opportunity Tax Credit. Expanded targeted categories to include certain employees in New York City; and created a new targeted group for the credit.
- New York City. Authorized issuance of \$8 billion in tax-exempt private activity bonds for rebuilding the portion of New York City damaged in the September 11,

2001 attack; and for the New York Liberty Zone increased the maximum dollar amount that may be deducted.

- Extensions of certain expiring provisions. Extended AMT relief for individuals; the credit for purchase of electric vehicles; the Section 45 credit for production of electricity from wind, closed loop biomass, and poultry litter; the Work Opportunity Tax Credit and the Welfare-To-Work Tax Credit for two years; the deduction of qualified clean-fuel vehicle property and qualified clean-fuel vehicle refueling property; the taxable income limit on percentage depletion for marginal production; the authority to issue qualified zone academy bonds; the increased carryover payments to Puerto Rico and the Virgin Islands; the tax for failure to comply with mental health parity requirements; the suspension of reduction of deductions for mutual life insurance companies; the treatment of Archer medical savings accounts; and the tax incentives for investments on Indian reservations. Extended and modified exceptions under Subpart F for active financing income; and repealed dyed-fuel requirements.

Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)

- Individual income tax rate reductions. When fully phased in 2006, levied a new 10 percent rate on the first \$12,000 of income for a married couple (\$10,000 for a single head of household and \$6,000 for an individual); the 15 percent rate begins thereafter; reduced 28 percent rate to 25 percent, the 31 percent rate to 28 percent, the 36 percent rate to 33 percent, and the 39.6 percent rate to 35 percent. Repealed the phaseout of the itemized deduction and personal exemption by 2008; and made the 10 percent bracket retroactive, resulting in refund checks of up to \$300 for individuals and \$600 for couples.
- Child tax credit. Doubled the \$500 per child tax credit to \$1,000 (phased in through 2010) and made it refundable to the extent of 10 percent for every dollar of earned income above \$10,000 up to the maximum per child. The refundability rate rises to 15 percent in 2005 and the \$10,000 threshold is indexed for inflation.
- Marriage penalty abatement. Lowered marriage penalties for couples by making the standard deduction and 15 percent bracket twice the size as for a single taxpayer.
- Child and dependent care tax credit. Provided a credit of 25 percent on expenditures for employer-provided childcare; and increased the dependent care and adoption credits.
- Estate and gift tax reduction and elimination. Gradually reduced the estate and gift tax rate from 55 percent to 45 percent by 2007; raised the effective exemption from \$1 million in 2002 to \$3.5 million in 2009; and eliminated the estate tax portion entirely in 2010 in lieu of a capital gains tax with high disregard (\$3.3 million) for transfers to a surviving spouse.

- PEP and Pease. Phased-in the repeal of the personal exemption phase out and the Pease cutback in itemized deductions, over five years.
- Retirement fund provisions. Increased IRA annual contribution limits from \$2,000 to \$5,000 and 401(k) limits from \$10,000 to \$15,000; allowed individuals 50 and older to make larger, catch-up contributions; permitted Roth 401(k)s beginning in 2006; and established a temporary credit for retirement savings for households earning \$50,000 or less.
- Education provisions. Allowed \$4,000 maximum deduction of college tuition expenses; allowed tax-free distributions from pre-paid college tuition plans and allowed private institutions to offer these; allowed taxpayers to simultaneously claim HOPE or Lifetime Learning credits in some instances; and eliminated the 60-month limit on student loan interest deduction.

Community Renewal Tax Relief Act enacted by Consolidated Appropriations Act of 2001

- Renewal communities. Designated 40 renewal communities, 12 in rural areas, to receive the following tax benefits available from January 1, 2002, to December 31, 2009: a zero-percent rate for capital gain from sale of qualifying assets; a 15-percent wage credit to employers for the first \$10,000 of qualified wages; a “commercial revitalization deduction”; an additional \$35,000 of section 179 expensing for qualified property; and an expansion of the work opportunity tax credit for individuals who live in a renewal community.
- Empowerment zones. Designated nine new empowerment zones and extended present-law empowerment zones through 2009.
- New markets tax credit. Provided new markets tax credit maximum qualifying equity investment of \$1 billion in 2001, \$1.5 billion in 2002 and 2003, \$2 billion in 2004 and 2005, and \$3.5 billion in 2006 and 2007.
- Low income housing tax credit. Increased the per-capita low income housing tax credit cap from \$1.25 per capita to \$1.50 per capital in 2001 and \$1.75 in 2002, and adjusted it for inflation beginning in 2003.
- Expensing environmental remediation costs. Extended the expiration date for expenditures for environmental remediation to be eligible for a current deduction.
- District of Columbia. Extended the \$5,000 credit for first-time homebuyers of a principal residence in the District of Columbia and extended the D.C. Enterprise Zone designation through 2003.
- Medical Savings Accounts. Extended the MSA program through 2002 and renamed MSAs as Archer MSAs.

Internal Revenue Service Restructuring Act of 1998

- Mission statement revision. Directed IRS to revise its mission statement to provide greater emphasis on serving the public; replaced three-tier geographic organization with a structure that features operating units geared around different types of taxpayers and their specialized needs; and created an independent appeals function within the IRS.
- IRS Oversight Board. Created a board to oversee the administration, management, and conduct of the IRS.
- Appointment and duties of IRS Commissioner and other appointed personnel. Gave Oversight Board authority to recommend candidates for appointment to a statutory five-year term (instead of a non-specific term), with the advice and consent of the Senate. President can still select and remove candidates.
- Taxpayer Advocate role revision. Provided that the Taxpayer Advocate be appointed by Secretary of the Treasury; limited the Advocate's former and future involvement with the IRS; and provided clearer definitions and limits on the scope of taxpayer assistance orders that the Advocate can issue.

Surface Transportation Revenue Act of 1998

- Motor fuels tax extension. Extended current taxes on varieties of motor fuels through 2003: 18.3 cents per gallon in gasoline; 24.3 cents per gallon on diesel and kerosene; 13.6 cents per gallon of propane; and 11.9 cents per gallon of liquefied natural gas.

Taxpayer Relief Act of 1997

- Child tax credit. Introduced a child credit of \$500 per child per year.
- Education tax credit. Introduced two non-refundable education credits. The Hope Scholarship is the maximum of taxable income or \$1,500 per student for at most the first two years of school. The Lifetime Learning Credit is the maximum of 20 percent of taxable income or \$1,000 per taxpayer return with no limit on the number of years claimed.
- Estate and gift tax reductions. Boosted the present law unified credit beginning in 1998 from \$600,000 per person to \$1 million by 2006, and indexed other estate and gift tax parameters, such as the \$10,000 annual gift exclusion, to inflation after 1998.
- Capital gains rates reduction. Reduced capital gains tax rates from 28 percent and 15 percent to 20 percent and 10 percent respectively.
- IRA modification. Extended AGI phaseouts for deductible IRAs; allowed tax-free withdrawals for first-time home purchases; and created new Roth IRAs and education IRAs.

- Alternative minimum tax reductions. Repealed the AMT for small businesses (those averaging less than \$7.5 million in gross receipts in the prior three years); modified the depreciation adjustment used in the AMT calculation; and repealed the AMT installment method adjustment for farmers.
- Excise taxes. Phased-in 30 cents per pack increase in the cigarette tax. Extended air transportation excise taxes.

Revenue Provisions of the Health Insurance and Portability Act of 1996

- Medical savings accounts. Offered these IRA-like vehicles for the tax-advantaged accumulation of assets against possible medical expenses for employees covered under an employer-sponsored high deductible plan (e.g., at least a \$1,500 deductible) of a small employer and self-employed individuals regardless of the size of the entity for which they perform work. Individual contributions to an MSA are deductible (within limits) in determining AGI (i.e., “above the line”); additionally, employer contributions are excludible from gross income.
- Increased health expense deduction for self-employed individuals
- Revised the treatment of long-term care services and accelerated death benefits.
- Created an income tax exemption for state-sponsored health organizations covering high risk individuals.
- Made IRA withdrawals for health care expenses penalty-free.
- Group health plan requirements. Applied and enforced plan provisions to ensure genuine portability.

Revenue Provisions of the Small Business Job Protection Act of 1996

- Small business expensing increase. Increased the \$17,500 of qualified depreciable property allowable for expensing or immediate write-off to \$25,000.
- Social Security tax credit. Credit applicable to Social Security taxes paid with respect to employee cash tips.
- Pension simplification provisions. Included provisions allowing contributions to a spousal IRA for a non-working spouse (thus doubling potential maximum contributions from \$2,000 to \$4,000 for eligible participants); simplifying distributions from small business pension plans; tightening nondiscrimination provisions; eliminating special aggregation rules applying to self-employed individual plans; and reforming of miscellaneous pension rules governing state and local, special job-status, and professional employees.

Taxpayer Bill of Rights 2 of 1996

- Taxpayer Advocate. Established the position of Taxpayer Advocate within the IRS, replacing Taxpayer Ombudsman. The Advocate is appointed by the Commissioner and has four responsibilities: assisting taxpayers in resolving problems with the IRS; identifying problem areas where taxpayers have difficulty dealing with the IRS; proposing administrative changes within IRS that might mitigate these problem areas; and identifying potential legislative changes that might mitigate these problem areas.
- Installment agreement modification. Provided that where the IRS enters into a paid installment agreement with taxpayers to facilitate the collection of taxes, it must notify said taxpayers within 30 days if such agreement is modified or terminated for any reason other than if the collection of the tax is determined to be in jeopardy, and that the IRS must establish procedures for independent administrative review of installment agreements that are modified or terminated.
- Interest and penalties abatement. Directed the IRS to abate interest penalties against the taxpayer caused by any unreasonable error or delay on the part of IRS management.
- Other provisions. Provided for the re-examination of joint and several liability for spouses filing joint returns; flexibility in moderating collection activities according to level of compliance; and a number of other provisions that boost taxpayers' standing relative to the IRS in legal disputes.

Omnibus Budget Reconciliation Act of 1993

- Individual income tax rate increases. Imposed new higher tax rates of 36 percent and 39.6 percent; increased tax rates and exemption amounts under the AMT; and permanently extended the itemized deduction limitation and the personal exemption phase-out legislated in OBRA 1990.
- Corporate tax rate increases. Increased the corporate tax rate to 35 percent on income above \$10 million.
- Hospital Insurance wage base cap repeal. Repealed the cap on the HI tax base (set at \$135,000 in 1993) so that the HI tax applies to all income.
- Social Security benefit taxation expansion. Expanded the taxable portion of Social Security benefits from 50 percent to 85 percent, when modified AGI goes above \$44,000 for joint returns and \$34,000 for single returns.
- Motor fuels tax increase. Increased fuel taxes by 4.3 cents per gallon (plus extended the current motor fuels tax of 2.5 cents per gallon).
- Reduced business meals and entertainment deduction.

- EITC expansion. Extended EITC to single workers with no children earning \$9,000 or less.

Tax Extension Act of 1991

- Extension of tax provisions. Provided a six-month extension for research tax credits; exclusions for employer-provided educational assistance; targeted jobs credits; alternative energy credits; the itemized deduction for health insurance costs; drug clinical testing credits; issuance authority for mortgage revenue bonds, certificates, and manufacturing/farm facility construction; and the credit for charitable contributions of appreciated tangible property.

Omnibus Budget Reconciliation Act of 1990

- Excise tax increases. Imposed a 30 percent excise tax on the amount of price over \$30,000 for autos, \$100,000 for boats, \$250,000 for airplanes, and \$10,000 for furs; increased motor fuels taxes by 5 cents per gallon; increased taxes on tobacco and alcoholic beverages by 8 cents per pack of cigarettes, \$1.00 per “proof gallon” of liquor, 16 cents per six-pack of beer, and 18 cents per bottle of table wine; extended Airport and Airway trust fund taxes and increased them by 25 percent; and permanently extended 3 percent excise tax on telephone service.
- Individual income tax rate increases. Increased top statutory tax rate from 28 percent to 31 percent; increased the individual AMT rate from 21 percent to 24 percent; capped the capital gains rate at 28 percent; reduced the value of high income itemized deductions by 3 percent times the extent to which AGI exceeds \$100,000; and temporarily created the personal exemption phase out applicable to the range of taxable income between \$150,000 and \$275,000.
- Payroll tax rate increases. Raised the cap on taxable wages for Hospital Insurance (Medicare) from \$53,400 to \$125,000; extended social security taxes to state and local employees without other pension coverage; and imposed a supplemental 0.2 percent unemployment insurance surtax.
- Earned income tax credit (EITC) expansion and other low-income credits. Adjusted EITC benefit levels and phase-in and phase-out rates for family size; and created a low-income credit for the premium costs of health insurance that includes coverage for children.
- Extension of expiring provisions. Extended tax credits for research and exploration; low-income housing; business energy; targeted jobs; and orphan drugs. Extended tax exemptions for mortgage revenues and issue bonds; exclusions of employer-provided legal and education assistance; and the 25 percent health insurance deduction.
- Energy producer tax benefits. Extended the non-conventional fuels credit; extended tax incentives for ethanol production; created a new credit for enhanced oil recovery

costs; amended percentage depletion; and reduced AMT preference treatment of energy items.

- Income tax base erosion. Created a small-business oriented credit for accommodations for disabled persons; modified estate “freeze” rules; and eliminated appreciation of certain donated property as a minimum tax preference item.
- Miscellaneous revenue-raisers. Permitted transfers from “over-funded” pension plans for retiree health; added chemicals subject to ozone-depleting chemicals tax; re-imposed Leaking Underground Storage Tank Trust Fund tax; reduced loss deductions by property and casualty insurance companies; improved IRS ability to obtain information from foreign corporations; increased harbor maintenance tax; and reduced business income tax loopholes.

Omnibus Budget Reconciliation Act of 1989

- Limited tax deductions and exclusions for employee stock ownership plans.
- Increased fees and excise taxes on air travel; ozone-depleting chemicals; and oil spill liability.
- Repealed completed contract method of accounting.
- Modified the corporate alternative minimum tax.
- Extension of expiring provisions. Extended treatment of employer-provided educational assistance; the research and experimentation tax credit and allocation rules; and the low income housing tax credit.

Medicare Catastrophic Coverage Repeal Act of 1989

- Eliminated supplemental premium tax for Medicare catastrophic coverage.

Financial Institutions Reform, Recovery, and Enforcement Act of 1989

- Repealed three provisions that had provided tax relief to financially troubled thrift institutions.

Technical and Miscellaneous Revenue Act of 1988

- Passed technical corrections for the Tax Reform Act of 1986.
- Extension of expiring provisions. Extended the research and experimentation tax credit and allocation rules; the targeted jobs credit; mortgage subsidy bonds; employer-provided educational assistance and group legal services FSLIC relief provisions; and the mutual fund expense exclusion.
- Restricted single premium life insurance; Alaskan Native Corporations; and completed contract accounting rules. Accelerated corporate estimated tax payments.

Medicare Catastrophic Coverage Act of 1988

- Passed new supplemental premium tax on all persons eligible for Medicare. Premium rate is 15 percent of individual income tax liability in excess of \$150, increased to 28 percent in 1993. Premium is limited to \$800 in 1989 and raised to \$1,050 in 1993, with future premium cap dependent on medical care costs after 1993.

The Family Security Act of 1988

- Extended the debt refund offset provision.
- Tightened eligibility for the dependent care credit.
- Required taxpayer identification number for younger children.

Continuing Resolution for Fiscal Year 1988

- Increased IRS funding for more enforcement staff and equipment.

Airport and Airway Trust Fund Extension of 1987

- Extended airport and airway trust excise tax.

Omnibus Budget Reconciliation Act of 1987

- Repealed installment sales method of accounting for dealers and vacation pay reserve.
- Tightened completed contract method of accounting.

- Reduced inter-corporate dividends received deduction.
- Accelerated corporate estimated tax payments.
- Limited employer deductible contributions to defined benefit pension plans.
- Limited mortgage interest deduction to debt less than \$1 million and home equity loans of less than \$100,000.
- Extended telephone excise tax, FUTA tax, 55 percent estate tax rate, and employer Social Security to cover cash tips.
- Increased IRS and BATF fees.

Continuing Resolution for Fiscal Year 1987

- Increased IRS funding for staffing and equipment.
- Established Immigration and Naturalization Service inspection fee.

Superfund Amendments and Reauthorization Act of 1986

- Enacted excise tax of 8.2 cents per barrel on domestic crude oil and 11.7 cents per barrel on imported petroleum products.
- Enacted new broad-based tax on all corporations equal to 0.12 percent of AMT income in excess of \$2 million.
- Enacted a 0.1 cent per gallon excise tax on gasoline, diesel fuels and other special motor fuels to finance cleanup of wastes from leaking underground petroleum storage tanks.

Omnibus Budget Reconciliation Act of 1986

- Accelerated state and local government deposits of Social Security payroll taxes.
- Accelerated collections of alcohol and tobacco excise taxes.
- Increased underpayment penalty and penalty for failure to comply with deposit requirements.
- Increased customs user fee on value of imported merchandise.

Tax Reform Act of 1986

- Individual income tax provisions. Lowered top marginal tax rate to 28 percent; increased standard deduction to \$5,000 for married couples; increased personal exemption to \$2,000; and increased earned income tax credit.
- Repealed two-earner deduction; long-term capital gains exclusion; state and local sales tax deduction; income averaging; and exclusion of unemployment benefits. Limited IRA eligibility; consumer interest deduction; deductibility of “passive” losses; medical expenses deductions; deduction for business meals and entertainment; deduction for pension contributions; and miscellaneous expense deduction;
- Reduced top corporate marginal tax rate to 34 percent; and tightened corporate minimum tax.
- Repealed the investment tax credit; and lengthened capital cost recovery periods.
- Further tightened state volume limitations for private purpose tax-exempt bonds.
- Extended research and experimentation credit; initiated new low-income housing tax credit; and phased in deductibility of health insurance costs of self-employed individuals.

Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)

- Permanently extended 16 cents per pack cigarette excise tax.
- Enacted new excise tax on smokeless tobacco.
- Increased excise tax on coal production.
- Extended Hospital Insurance coverage to new state and local government employees.
- Repealed income averaging for former students.

Deficit Reduction Act of 1984

- Excise taxes. Increased distilled spirits excise tax; and extended telephone excise tax.
- Restrictions on leasing. Reduced benefits from tax-exempt leasing; and postponed effective date of liberalized finance leasing rules.
- Increased depreciable life of structures from 15 to 18 years.
- Placed state volume limitation on private purpose tax exempt bonds.
- Placed time value of money restrictions on accounting rules.
- Repealed net interest exclusion (ERTA provision) before its effective date.
- Reduced long-term capital gains holding period from one year to six months.
- Increased earned income credit rate and phaseout range.
- Set maximum estate tax rate at 55 percent.

Social Security Amendments of 1983

- Accelerated scheduled increases in OASDI payroll tax rate.
- Social Security benefits. Subjected at most 50 percent of Social Security benefits to tax if income exceeds \$25,000 for a single taxpayer or \$32,000 for a joint return.

Interest and Dividends Tax Compliance Act of 1983

- Repealed interest and dividend withholding and replaced it with “backup withholding” and expanded information reporting.
- Enacted Caribbean Basin Initiative (CBI) tax benefits.

Railroad Retirement Revenue Act of 1983

- Increased railroad retirement payroll taxes and railroad unemployment insurance taxes.
- Taxed railroad retirement pension plan benefits.

Tax Equity and Fiscal Responsibility Act of 1982

- Improvements in compliance and collection. Imposed withholding on interest and dividends; further accelerated corporate estimated tax payments; expanded information reporting; and increased penalties on non-compliance.
- Reduction in unintended benefits and obsolete incentives. Strengthened individual minimum tax; repealed future acceleration of depreciation allowances; repealed safe-harbor leasing; and tightened completed contract method of accounting rules.
- Excise taxes. Increased airport and airway trust fund taxes; cigarette excise taxes; and telephone excise tax.
- Employment taxes. Increased FUTA tax rate and wage base; and extended Hospital Insurance taxes to Federal employees.

Highway Revenue Act of 1982

- Increased excise tax on gasoline and diesel fuel from 4 to 9 cents per gallon for 5 years.

Economic Recovery Tax Act of 1981

- Individual income tax reductions. Reduced marginal tax rates 23 percent over three years; reduced maximum rate to 50 percent and maximum capital gains rate to 20 percent; indexed income tax brackets, personal exemption, and standard deduction for inflation beginning in 1985; and provided new deduction for two-earner married couples.
- Capital cost recovery provisions. Replaced facts and circumstances and the Asset Depreciation Range guidelines with Accelerated Cost Recovery System; provided faster write-off of capital expenditures under simplified rules; allowed most equipment to be written off over 5 years and most structures over 15 years; and allowed liberalized “safe-harbor” leasing rules, which effectively allowed companies to sell tax losses.
- Savings incentives. Extended eligibility for IRAs to include active participants in employer pension plans; and increased Keogh annual contribution limit to \$15,000.
- Estate and gift tax provisions. Permitted unlimited marital deduction; increased estate credit to exempt from tax all estates of \$600,000 or less; and reduced maximum estate tax rate from 70 to 50 percent.
- Accelerated corporate estimated tax payments; and tightened rules on tax straddles with mark-to-market rule.

Crude Oil Windfall Profit Tax Act of 1980

- Excise tax. Created temporary excise tax on crude oil profits (phased-out by end of 1993).
- Energy tax credits. Created several business energy tax credits.
- Dividend exclusion. Temporarily increased \$200 dividend exclusion (for joint filers) to \$400 and expanded it to include interest.

Revenue Act of 1978

- Individual income tax. Reduced individual taxes (widened tax brackets and reduced number of tax rates).
- Personal exemption. Increased personal exemption amount from \$750 to \$1,000.
- Corporate tax. Reduced corporate tax rates (top rate dropped from 48 percent to 46 percent).
- Standard deduction. Increased standard deduction from \$3,200 to \$3,400 for joint filers.
- Capital gains. Increased capital gains exclusion from 50 percent to 60 percent.
- State and local taxes. Repealed nonbusiness deduction for state and local gasoline taxes.

Tax Reduction and Simplification Act of 1977

- Standard deduction. Replaced percentage standard deduction and minimum standard deduction with single standard deduction of \$3,200 (for joint filers).
- Temporarily extended general tax credit through 1978 (maximum of \$35 per capita or 2 percent of first \$9,000 of income).

Tax Reform Act of 1976

- Standard deduction. Increased percentage standard deduction to 16 percent (maximum \$2,800) and minimum standard deduction to \$2,100 (for joint filers).
- General tax credit. Temporarily extended general tax credit through 1977 (maximum of \$35 per capita or 2 percent of first \$9,000 of income).
- Investment tax credit. Delayed the decrease in investment tax credit from 10 percent to 7 percent through 1980.
- Individual minimum tax. Expanded individual minimum tax.
- Estate and gift tax. Created unified rate schedule for estate and gift taxes with a \$175,000 exemption.
- Small business tax rates. Temporarily lowered small business tax rates through 1977.
- Capital gains. Increased long-term capital gains holding period from 6 months to 1 year.

Tax Reduction Act of 1975

- Tax liability. Provided 10 percent rebate on 1974 tax liability (\$200 cap).
- General tax credit. Created temporary \$30 general tax credit for each taxpayer and dependent.
- Investment tax credit. Temporarily increased investment tax credit to 10 percent (through 1976).
- Standard deduction. Temporarily increased minimum standard deduction to \$1,900 for 1975 only (for joint filers); and temporarily increased percentage standard deduction to 16 percent for 1975 only.

Revenue Act of 1971

- Investment tax credit. Reinstated investment tax credit (no basis adjustment).
- Excise tax. Repealed 7 percent auto excise tax, which was due to phase-out in 1982.
- Depreciation convention. Replaced 3/4-year depreciation convention with 2-year convention.
- Minimum standard deduction. Increased minimum standard deduction from \$1,000 to \$1,300.
- Personal exemption. Accelerated scheduled increases in personal exemption amount and percentage standard deduction.

Tax Reform Act of 1969

- Personal exemption. Phased-in increase in personal exemption amount from \$600 to \$750.
- Investment tax credit. Repealed investment tax credit.
- Standard deduction. Increased minimum standard deduction from \$300 plus \$100 per capita (maximum total of \$1,000) to \$1,000; and phased-in increase in percentage standard deduction from 10 percent to 15 percent.
- Income tax surcharge. Temporarily extended income tax surcharge at 5 percent annual rate through June 30, 1970.
- Minimum taxes. Established individual and corporate minimum taxes.
- Tax rate schedule. Established new tax rate schedule for single taxpayers.

- Excise taxes. Delayed scheduled reduction in telephone and auto excise taxes.
- Maximum tax rate. Lowered maximum tax rate on earned income from 70 percent to 50 percent.

Revenue and Expenditure Control Act of 1968

- Tax surcharge. Created a temporary 10 percent income tax surcharge on individuals and corporations through June 30, 1969.
- Excise taxes. Delayed scheduled reduction in telephone and auto excise taxes.

Tax Adjustment Act of 1966

- Corporate estimated tax payments. Accelerated scheduled acceleration of corporate estimated tax payments.

Revenue Act of 1964

- Individual tax rates. Reduced individual tax rates (top rate dropped from 91 percent to 70 percent).
- Corporate tax rates. Reduced top corporate tax rate from 52 percent to 48 percent.
- Corporate estimated tax payments. Phased-in acceleration of corporate estimated tax payments through 1970.
- Minimum standard deduction. Created a minimum standard deduction of \$300 plus \$100 per exemption (maximum total of \$1,000).

Revenue Act of 1962

- Investment tax credit. Established 7 percent investment tax credit.
- Information reporting. Required information reporting to government for interest and dividend payments.

Internal Revenue Code of 1954

- Corporate tax rates. Temporarily extended 5 percentage point increase in corporate tax rates through March 31, 1955.
- Depreciation deductions. Increased depreciation deductions by providing additional depreciation schedules.
- Dividend tax credit. Created 4 percent dividend tax credit for individuals.

Excise Tax Reduction Act of 1954

- Excise tax increases. Temporarily extended 1951 excise tax increases through March 31, 1955.
- Excise tax rates. Reduced excise tax rates on telephones, admissions, jewelry, etc.

Revenue Act of 1951

- Individual income tax. Temporarily increased individual income tax rates through 1953.
- Corporate tax. Temporarily increased corporate tax rates 5 percentage points through March 31, 1954.
- Excise taxes. Temporarily increased excise taxes on alcohol, tobacco, gasoline, and autos through March 31, 1954.

Revenue Act of 1950

- Individual income tax. Eliminated portion of the individual income tax rate reductions from the 1945 and 1948 acts.
- Corporate tax. Eliminated 53 percent corporate tax rate “bubble”; increased top corporate rate from 38 percent to 45 percent.

Excess Profits Tax of 1950

- Corporate tax. Increased top corporate tax rate from 45 percent to 47 percent.
- Excess profits tax. Created temporary excess profits tax of 30 percent through June 30, 1953.

Revenue Act of 1948

- Individual income tax. Reduced individual income tax rates by 5 to 13 percent.
- Personal exemption. Increased personal exemption amount from \$500 to \$600.
- Joint filers. Permitted married couples to split their incomes for tax purposes.
- Additional exemption. Provided additional exemption for taxpayers age 65 and over.

Revenue Act of 1945

- Excess profits tax. Repealed excess profits tax.
- Individual income tax. Reduced individual income tax rates 3 percentage points and 5 percent (top rate fell from 94 percent to 86.45 percent).
- Corporate tax. Reduced corporate tax rates (top rate dropped from 40 percent to 38 percent).

Individual Income Tax Act of 1944

- Individual income tax. Raised individual income taxes.
- Victory tax. Repealed 3 percent Victory tax.
- Personal exemption. Standardized value of personal exemptions at \$500 per person.

Current Tax Payment Act of 1943

- Withholdings. Imposed withholding of income tax by employers on wages paid.
- Income tax liability. Canceled 75 to 100 percent of lower of 1942 or 1943 individual income tax liability.

Revenue Act of 1943

- Excise taxes. Increased excise taxes on alcohol, jewelry, telephones, admissions, etc.
- Excess profits tax. Increased excess profits tax rate from 90 percent to 95 percent.
- Victory tax. Lowered Victory tax rate from 5 percent to 3 percent and repealed postwar credit.

Revenue Act of 1942

- Individual income tax. Increased individual income tax rates.
- Corporate tax. Increased corporate tax rates (top rate increased from 31 percent to 40 percent).
- Excess profits tax. Replaced 35 to 60 percent graduated rate schedule for excess profits tax with flat 90 percent rate.
- Victory tax. Created 5 percent Victory tax on all individual income over \$624, with postwar credit.
- Personal exemption. Reduced personal exemption amount from \$1,500 to \$1,200 (married couples).
- Exemption for dependents. Reduced exemption amount for each dependent from \$400 to \$350.

Revenue Act of 1941

- Excess Profits Tax. Increased excess profits tax by 10 percentage points (top rate increased from 50 percent to 60 percent).
- Tax increases. Permanently extended 1940 temporary individual, corporate, and excise tax increases.
- Corporate tax rates. Increased corporate tax rates 6 to 7 percentage points (top rate increased from 24 percent to 31 percent).
- Excise taxes. Increased excise taxes on alcohol, tires, etc.
- Personal exemption. Reduced personal exemption amount from \$2,000 to \$1,500 (married couples).

Revenue Act of 1940

- Individual income tax. Temporarily and permanently increased individual income tax rates.
- Corporate tax. Temporarily and permanently increased corporate income tax rates (top rate from 19 percent to 22.1 percent).
- Excise taxes. Temporarily increased most excise tax rates to 30 to 50 percent.
- Personal exemption. Reduced personal exemption amount from \$2,500 to \$2,000 (married couples).

Second Revenue Act of 1940

- Excess profits tax. Created corporate excess profits tax (top rate of 50 percent).
- Corporate income tax. Increased corporate income tax rates (top rate increased from 22.1 percent to 24 percent).

American Recovery and Reinvestment Tax Act of 2009

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- [Progressivity and Government Incentives to Save by Peter Orszag and Robert Greenstein, October 3, 2003.](#)
- [Private Pensions: Issues and Options by William G. Gale and Peter Orszag, April, 2003.](#)

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- [EGTRRA and JGTRRA Combined](#)

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[JCT Revenue Table](#)

Sources: Tempalski, Jerry. "Revenue Effects of Major Tax Bills." *OTA Working Paper 81*, July 2003 for years 1940 - 1980. U. S. Department of the Treasury, Office of Tax Analysis (November 1, 1988); and Office of Management and Budget, Budget of the United States Government, various fiscal years. Summary of 1990 OBRA abstracted from U. S. House of Representatives Budget Committee, "Summary of Reconciliation Conference Report," October 1990. Joint Committee on Taxation budget estimates and technical explanations used for 1996 and later. Library of Congress public law summaries used for 2001 and later.

2-Sep-09

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009

PROVISION	Economic Recovery Tax Act of 1981	Tax Equity and Fiscal Responsibility Act of 1982	Deficit Reduction Act of 1984	Tax Reform Act of 1986	Omnibus Budget Reconciliation Act of 1987
Tax Rates/Brackets	Reduced marginal tax rates by 23% over 3 years; reduced maximum estate tax rate from 70% to 50% over 4 years; indexed income brackets		Postponed scheduled reduction in maximum estate tax rate, holding maximum rate at 55%	Lowered top marginal tax rate to 28%	
Deductions	New deduction for two-earner married couples; permitted unlimited marital deduction for estate and gift tax			Increased standard deduction for married filers and personal exemption; repealed two-earner deduction and state and local sales tax deduction; limited deductions for consumer interest, "passive" losses, medical expenses, business meals and entertainment, and miscellaneous expenses; phased in deductibility of health insurance costs of self-employed individuals	Limited mortgage interest deduction to debt less than \$1 million and home equity loans of less than \$100,000
Exclusions				Repealed exclusion of unemployment benefits	
AMT	Reduced top rate to 20%	Increased exemption to \$40,000 for joint filers and \$30,000 for single filers; increased tax rate to 20% for all income levels		increased tax rate to 21%; introduced exemption phase-out	

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	Economic Recovery Tax Act of 1981	Tax Equity and Fiscal Responsibility Act of 1982	Deficit Reduction Act of 1984	Tax Reform Act of 1986	Omnibus Budget Reconciliation Act of 1987
Capital Gains, Dividends	Reduced maximum capital gains rate to 20%		Reduced long-term capital gains holding period from 1 year to 6 months	Repealed long-term capital gains exclusion	
IRAs / Pension	Extended eligibility for IRAs to include active participants in employer pension plans; increased Keogh annual contribution limit to \$15,000			Limited IRA eligibility and pension contributions	
Tax Credits	Increased estate tax credit to exempt all estates of \$600,000 or less		Increased EITC	Increased EITC; extended research and experimentation credit; created new low-income housing tax credit; repealed the investment tax credit	Extended 55% maximum estate tax rate

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	Economic Recovery Tax Act of 1981	Tax Equity and Fiscal Responsibility Act of 1982	Deficit Reduction Act of 1984	Tax Reform Act of 1986	Omnibus Budget Reconciliation Act of 1987
Business (Expensing, Depreciation)	Replaced facts and circumstances and the Asset Depreciation Range guidelines with Accelerated Cost Recover System; provided faster write-off of capital expenditures; allowed most equipment to be written off over 5 years and most structures over 15 years; allowed liberalized "safe-harbor" leasing rules			Lengthened capital cost recovery; reduced top corporate marginal tax rate to 34%; tightened corporate minimum tax	Reduced inter-corporate dividends received deduction; limited employer deductible contributions to defined benefit pension plans
Other		Expanded information reporting; increased penalties on non-compliance; increased airport and airway trust fund taxes; cigarette excise taxes; and telephone excise tax; increased federal unemployment tax rate and base	Increased distilled spirits excise tax and extended telephone excise tax; placed state volume limitation on private purpose tax exempt bonds	Further tightened state volume limitations for private purpose tax-exempt bonds	Extended federal unemployment tax and telephone excise tax

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	Omnibus Budget Reconciliation Act of 1989	Omnibus Budget Reconciliation Act of 1990	Omnibus Budget Reconciliation Act of 1993	Taxpayer Relief Act of 1997	Economic Growth and Tax Relief Reconciliation Act of 2001
Tax Rates/Brackets		Increased top statutory rate from 28% to 31%	Imposed new higher tax rates of 36% and 39.6%		Gradually reduced the 28%, 31%, 36%, and 39.6% tax brackets to 25%, 28%, 33%, and 35% respectively; created a new 10% bracket
Deductions		Limited the value of high income itemized deductions; temporarily created the personal exemption phase out applicable to the range of taxable income between \$150,000 and \$275,000; created a 25% health insurance deduction for the self-employed	Reduced business meals and entertainment deduction		Increased the standard deduction for joint filers (will be double that for single filer by 2009); limited tax deduction until 12/31/05 for qualified higher education expenses
Exclusions		Created exclusions for employer-provided legal and educational assistance			Permanently extended exclusion of employer provided education assistance; excluded any fringe benefit for qualified retirement planning service
AMT	Modified the corporate AMT	Increased the individual AMT rate from 21% to 24%; reduced AMT preference treatment of energy items	Increased tax rates and exemption amounts under AMT	Repealed the AMT for small business; modified the depreciation adjustment used in AMT calculation; repealed the AMT installment method adjustment for farmers	Increased exemption by \$4,000 for married couples filing jointly and surviving spouses and by \$2,000 for other filing categories (to \$35,750 and \$49,000)

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	Omnibus Budget Reconciliation Act of 1989	Omnibus Budget Reconciliation Act of 1990	Omnibus Budget Reconciliation Act of 1993	Taxpayer Relief Act of 1997	Economic Growth and Tax Relief Reconciliation Act of 2001
Capital Gains, Dividends		Capped the capital gains rate at 28%		Reduced capital gains tax rates from 28% and 15% to 20% and 10% respectively	
IRAs / Pension	Limited tax deductions and exclusions for employee stock ownership plans		Expanded the taxable portion of Social Security benefits from 50% to 85% when modified AGI goes above \$44,000 (joint) or \$34,000 (single)	Extended AGI phaseouts for deductible IRAs; allowed tax-free withdrawals from first-time home purchases; created new Roth and Education IRAs	Annual dollar contribution limit raised to \$3,000 for 2002-2004, \$4,000 for 2005-2007, and \$5,000 for 2008 and thereafter; annual contribution limits for 401(k)s increased to \$15,000 over four years; annual limitation on contributions to Education IRAs increased to \$2,000
Tax Credits	Extended research and experimentation tax credit and allocation rules; extended low income housing credit	Adjusted EITC benefit levels and phase-in and phase-out rates for family size; created a low-income credit for the premium costs of health insurance; extended tax credits for research, business energy, and targeted jobs; extended non-conventional fuels credit; created new credit for ethanol production and oil recovery costs; created small-business oriented credit for accommodations for disabled persons	Extended EITC to single workers with no children earning \$9,000 or less	Introduced a \$500 per year child tax credit; introduced Hope and Lifetime Learning nonrefundable education credits; increased the unified estate tax credit from \$600,000 to \$1 million by 2006	Child tax credit increased to \$1,000 (portion refundable), applicable to regular income and AMT; extended permanently the adoption credit for children other than special needs children, and allowance of credit against the AMT; established an employer-provided child care credit; increased the phase out of the EITC on joint returns by \$1,000 for 2002-2004, \$2,000 for 2005-2007; \$3,000 for 2007 and after; repealed reduction of the EITC by the amount of an individual's AMT

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	Omnibus Budget Reconciliation Act of 1989	Omnibus Budget Reconciliation Act of 1990	Omnibus Budget Reconciliation Act of 1993	Taxpayer Relief Act of 1997	Economic Growth and Tax Relief Reconciliation Act of 2001
Business (Expensing, Depreciation)			Increased corporate tax rate to 35% on income above \$10 million		
Other	Increased fees and excise taxes on air travel, ozone-depleting chemicals, and oil spill liability; repealed completed contract method of accounting	Imposed new excise taxes on autos, boats, airplanes, and furs; increased motor fuels taxes; increased taxes on tobacco and alcoholic beverages; extended and increased Airport and Airway trust fund taxes	Extended the itemized deduction limitation and the personal exemption phase-out	Indexed estate and gift tax parameters to inflation	Gradually reduced the estate and gift tax from 55% to 45% by 2007; increased estate and gift tax exemption from \$1 million in 2002 to \$3.5 million in 2009; repealed estate and generation-skipping transfer taxes (effective January 1, 2010)

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	The Job Creation and Worker Assistance Act of 2002	The Jobs and Growth Tax Relief Reconciliation Act of 2003	Working Families Tax Relief Act of 2004	American Jobs Creation Act of 2004	Tax Increase Prevention and Reconciliation Act of 2005
Tax Rates/Brackets		Accelerated individual income tax rate reductions scheduled to begin in 2006 under EGTRRA to begin in 2003	Extended the doubled 15% bracket for joint filers and the 10% bracket		
Deductions		Accelerated increase in the standard deduction for joint filers from EGTRRA to begin in 2003 rather than gradually to 2009	Extended standard deduction increase for married taxpayers through 2009		
Exclusions				Repealed the exclusion for extraterritorial income; allowed transitional relief for taxpayers subject to the repeal by allowing an exclusion of 80% of extraterritorial income in 2005 and 60% in 2006	Extended certain exemptions for income of controlled foreign corporations through 2008; accelerated adjustment of foreign earned income exemption for inflation from 2008 to 2006
AMT		Increased exemption to \$58,000 (married filing jointly and surviving spouses) and \$40,250 (all others) for 2003 and 2004	Extended exemption through 2005		Increased exemption to \$42,500 for single filers and \$62,550 for married filers through 2006

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	The Job Creation and Worker Assistance Act of 2002	The Jobs and Growth Tax Relief Reconciliation Act of 2003	Working Families Tax Relief Act of 2004	American Jobs Creation Act of 2004	Tax Increase Prevention and Reconciliation Act of 2005
Capital Gains, Dividends		Reduced (for regular income tax and AMT) the 10% and 20% rate of taxation on adjusted net capital gains and dividends to 5% and 15% respectively beginning after 5/6/03			Extended the reductions in capital gains and dividends tax rates enacted by JGTRRA through 2010; subjected the sale or exchange of a musical composition or copyright to capital gains treatment (through 2010)
IRAs / Pension					Allowed taxpayers to convert traditional IRA balances into Roth IRAs; eliminated the income limit (\$100,000) on Roth IRA conversions starting in 2010
Tax Credits	Expanded the work opportunity tax credit to include certain NY Liberty Zone business employees (against both regular and alternative minimum tax); extended credit for qualified electric vehicles, work opportunity credit, welfare to-work credit, etc.; extended allowance of nonrefundable personal credits against regular and minimum tax liability	Accelerated EGTRRA increase in the child tax credit to \$1,000 scheduled for 2005 to include 2003 and 2004	Extended child tax credit for 2005 through 2009 (repealed scheduled reductions); increased refundability of the child tax credit from 10% to 15%; extended credit for increasing research activities, work opportunity tax credit, welfare-to-work tax credit	Allowed companies to carry foreign tax credits forward for 10 years (increased from 5); created business tax credit for biodiesel used as fuel in trade or business; extended through 2010 tax credit for alcohol used as fuel	

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	The Job Creation and Worker Assistance Act of 2002	The Jobs and Growth Tax Relief Reconciliation Act of 2003	Working Families Tax Relief Act of 2004	American Jobs Creation Act of 2004	Tax Increase Prevention and Reconciliation Act of 2005
Business (Expensing, Depreciation)	Allowed an additional first year 30% depreciation allowance for property acquired between 9/10/01 and 9/11/04 for both regular tax and AMT purposes; extended the net operating loss carryback period from 2 to 5 years for such business losses between those same dates	Increased bonus depreciation or expensing for property acquired in 2001-2004 under EGTRRA from 30% to 50% (reverting to original after 2005)		Extended the expensing of small business assets up to \$100,000 for two additional years; allowed a 15 year recovery period for depreciation of certain leasehold improvements; created a 9% deduction for domestic production activities; created a temporary holiday for dividend repatriation	Increased estimated tax payments for corporations with assets of at least \$1 billion for third quarters of 2006, 2012, 2013; delayed the payment date of certain corporate estimated taxes in September 2010 and 2011
Other	Allowed for temporary extended unemployment compensation to extend up to an additional 13 weeks; allowed use of electronic 1099 forms; reauthorized TANF supplemental grants; and granted a 1-year extension of TANF contingency fund	Granted \$10 billion in temporary state fiscal relief for Medicaid assistance through 9/30/04	Excluded the additional tax on distributions from Health Savings Accounts not used to qualify for medical expenses in the definition of regular tax liability	Created penalties for failure to disclose certain tax shelters and for promoters of abusive tax shelters; created a \$10 billion tobacco quota-holders buyout; included a series of tax breaks to narrow interests (deductions for whaling, more generous tax treatment of sonar fishing devices)	Imposed an excise tax penalty on certain tax-exempt entities for participation in prohibited tax shelter activities; repealed the binding contract exemption from the repeal of the tax exclusion for extraterritorial income

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	Katrina Emergency Tax Relief Act of 2005	Gulf Opportunity Zone Act of 2005	Pension Protection Act of 2006	Tax Relief and Health Care Act of 2006	Mortgage Forgiveness Debt Relief Act of 2007
Tax Rates/Brackets					
Deductions	Suspended limits on individual and corporate deductions for 2005 cash donations to Katrina relief efforts; expanded the deduction for donated food inventory and educational books in 2005; suspended limitations on deductions of casualty and theft losses for Katrina-related losses; created an additional \$500 personal exemption for individuals housing Katrina victims in 2005 or 2006	Extended special treatment of charitable contributions to donations for Rita and Wilma relief efforts; extended suspension of limitation on casualty and theft loss deductions to Rita- and Wilma-related losses		Extended through 2007 the allowance of sales tax deduction in lieu of deduction for state and local income tax, the deduction for teachers for school related expenses, the deduction for qualified tuition expenses, and the enhanced deduction for computer technology; allowed a deduction for certain energy efficient commercial building property through 2008	
Exclusions	Excluded discharges of debt for Katrina victims		Permanently extended EGTRRA modifications to qualified tuition program rules including tax-exempt withdrawals from qualified tuition accounts		Excluded debt forgiven on a principal residence from taxable income through 2009
AMT				Allowed refundable long-term individual AMT credit with respect to certain long-term unused AMT credits existing before 1/1/13	

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	Katrina Emergency Tax Relief Act of 2005	Gulf Opportunity Zone Act of 2005	Pension Protection Act of 2006	Tax Relief and Health Care Act of 2006	Mortgage Forgiveness Debt Relief Act of 2007
Capital Gains, Dividends					
IRAs / Pension	Exempted from the early distribution penalty withdrawals of up to \$100,000 from retirement plans through 2006 for Katrina victims; allowed rollover contributions of distributions made for the purchase of a home not purchased due to Katrina	Extended special retirement fund rules to victims of Rita and Wilma	Made permanent certain EGTRRA provisions, including increases in annual contribution limits for IRAs and 401(k)s	Allowed one-time direct contribution to an HSA from an IRA	
Tax Credits	Extended the work opportunity tax credit to "Hurricane Katrina employees"; created an employee retention credit; allowed displaced individuals to use 2004 income to calculate EITC and refundable child tax credit	Extended the employee retention credit to employers in Rita- and Wilma-affected areas; modified the low-income housing tax credit; expanded the New Markets Tax Credit; temporarily increased the Hope Scholarship and Lifetime Learning Credits for students in the GO Zone; extended the use of 2004 income to calculate EITC and refundable child tax credit to individuals displaced by Rita and Wilma	Extended certain rules regarding coordination of Hope and Lifetime Learning Credit provisions from EGTRRA	Extended and modified new markets tax credit through 2008; extended and modified research tax credit through 2007; extended work opportunity tax credit and welfare-to-work tax credit for 2006 and combined and modified these for 2007; extended election to include combat pay in earned income for EITC; allowed credit for electricity produced from certain renewable resources through 2008	

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	Katrina Emergency Tax Relief Act of 2005	Gulf Opportunity Zone Act of 2005	Pension Protection Act of 2006	Tax Relief and Health Care Act of 2006	Mortgage Forgiveness Debt Relief Act of 2007
Business (Expensing, Depreciation)		For businesses in the GO Zone, allowed an additional first-year depreciation deduction; increased the maximum placed-in-service deduction; extended a provision for the expensing of environmental remediation costs; increased the expensing limit for timber growers; extended the net operating loss carryback period; and allowed an exclusion for housing provided to displaced employees.		Extended accelerated depreciation for business property on Indian reservations; extended 15-year straight-line cost recovery for qualified leasehold and restaurant improvements; extended certain tax incentives for D.C. Zones and Gulf Opportunity Zones, provided manufacturing deduction for production activities in Puerto Rico	
Other		Allowed affected states to issue GO Zone bonds for property renovation; permitted additional advance refunding for certain bonds	Established new minimum financing standards for single-employers and multiemployer defined benefit pension plans; increased the deduction limits for single-employers and multiemployer plans	Allowed a one-time rollover of HRA and health FSA funds into HSAs through 2011; repealed provision that limited the maximum deductible contribution to an HSA to that of a high-deductible insurance policy	

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	Tax Increase Prevention Act of 2007	Economic Stimulus Act of 2008	Housing Assistance Tax Act of 2008	Emergency Economic Stabilization Act of 2008	American Recovery and Reinvestment Tax Act of 2009
Tax Rates/Brackets					
Deductions			Allowed non-itemizing homeowners to deduct up to \$500 (\$1,000 for joint filers) of property taxes paid during 2008	Extended through 2009 the property tax deduction for non-itemizers, the deduction for state and local sales taxes in lieu of state and local income taxes, the deduction for qualified tuition expenses, and the deduction for expenses of school teachers	Allowed a deduction for sales tax on new cars purchased in 2009
Exclusions				Extended the exclusion of debt forgiven on a principle residence from taxable income through 2012	Exempts from taxation up to \$2,400 of unemployment compensation per person in 2009
AMT	Increased exemption to \$44,350 for single filers; \$66,250 for married joint filers for 2007		Excluded tax-exempt interest on certain housing bonds from being a preference item	Increased exemption to \$46,200 for single filers; \$69,950 for married joint filers for 2008	Increased exemption to \$46,700 for single filers; \$70,950 for married joint filers for 2009

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	Tax Increase Prevention Act of 2007	Economic Stimulus Act of 2008	Housing Assistance Tax Act of 2008	Emergency Economic Stabilization Act of 2008	American Recovery and Reinvestment Tax Act of 2009
Capital Gains, Dividends					
IRAs / Pension					
Tax Credits			Allowed a refundable credit for first-time homebuyers; increased and simplified the low income housing tax credit; increased the corporate AMT and research and development tax credits	Lowered the threshold for determining the refundable portion of the child tax credit to \$8,500 in 2008; extended the research tax credit and new markets tax credit through 2009	Created the Making Work Pay Credit and the American Opportunity Tax Credit; increased the EITC credit rate to 45% for families with three or more children and increased the phaseout range by \$5,000 for joint filers in 2009; lowered the threshold for determining the refundable portion of the child tax credit to \$3,000 in 2009 and 2010; converted the first-time homebuyer credit to a refundable credit; expanded the Work Opportunity Tax Credit for 2009 and 2010 and the New Markets Tax Credit for 2008 and 2009

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY ACT 1981 TO 2009--CONT.

PROVISION	Tax Increase Prevention Act of 2007	Economic Stimulus Act of 2008	Housing Assistance Tax Act of 2008	Emergency Economic Stabilization Act of 2008	American Recovery and Reinvestment Tax Act of 2009
Business (Expensing, Depreciation)		For 2008, increased the limitation on expensing qualified investment to \$250,000; the maximum investment phaseout threshold to \$800,000; and the first-year depreciation allowance to 50 percent of the cost of qualifying investments	Delayed the start of new worldwide interest allocation rules; accelerated estimated tax payments for large corporations	Allowed financial institutions to treat gains or losses from the sale or exchange of Fannie Mae or Freddie Mac preferred stock as ordinary income or loss; added new limitations on the deductibility of executive compensation by employers participating in the troubled assets relief program	Extended through 2009 increased Section 179 expensing; allowed 50% bonus depreciation for 2009; increased the NOL carryback period to 5 years; allowed deferral of income on the buying back or exchanging of debt at a discount
Other		Provided one-time rebate equal to the lesser of net income tax liability and \$600 (\$1,200) for individual (joint) filers. Ensured a minimum tax rebate of \$300 (\$600 for joint filers) for individuals with earnings plus Social Security plus veteran's benefits above \$3,000. Provided additional rebates of \$300 per qualified child. Reduced rebate by 5% of AGI above \$75,000 (\$150,000 for married joint filers)	Simplified the rules for tax-exempt housing bonds; temporarily extended the state and local mortgage revenue bond program	Extended and modified various renewable energy incentives, carbon mitigation and coal provisions, and transportation and domestic fuel security provisions	Allocated \$25 billion for recovery zone bonds to be issued in 2009 and 2010; extended and modified various energy conservation and renewable energy provisions

Sources: Joint Committee on Taxation budget estimates and technical explanations; Library of Congress public law summaries.

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY EFFECTIVE DATE 1981 TO 2011

PROVISION	1980	1981	1982	1983	1984	1985	1986	1987
Lowest Individual Income Tax Rate	14% ¹	13.83% ¹	12% ¹	11% ¹		11% ¹	11% ¹	11%
Lowest Individual Income Single Tax Bracket ²	\$2,300 - \$3,400	\$2,300 - \$3,400				\$2,390 - \$3,540	\$2,480 - \$3,670	\$0 - \$1,800
Lowest Individual Income Joint Tax Bracket ²	\$3,400 - \$5,500	\$3,400 - \$5,500				\$3,540 - \$5,720	\$3,670 - \$5,940	\$0 - \$3,000
Lowest Head of Household Tax Bracket ²	\$2,300 - \$4,400	\$2,300 - \$4,400				\$2,390 - \$4,580	\$2,480 - \$4,750	\$0 - \$2,500
Other Individual Income Tax Brackets (Percent) ³	16, 18, 21, 24, 28, 32, 37, 43, 49, 54, 59, 64, 68	15.80, 17.775, 20.73, 23.7, 27.65, 31.6, 36.53, 42.46, 48.39, 53.33, 58.26, 63.2, 67.15	14, 16, 19, 22, 25, 29, 33, 39, 44, 49	13, 15, 17, 19, 23, 26, 30, 35, 40, 44, 48		12, 14, 16, 18, 22, 25, 28, 33, 38, 42, 45, 49		15, 28, 35
Highest Individual Income Tax Bracket Rate ³	70%	69.125%	50%	50%	50%			38.5%
Rate on Long-term Capital Gains	40% of individual rate, maximum 28%	40% of individual rate, maximum 20%						Ordinary rates
Rate on Dividends	Same as Individual Rates (above)							
Limitations on Personal Exemptions and Itemized Deductions	N.A.							
Child Tax Credit	N.A.							
Child and Dependent Care Tax Credit ⁴ (non-refundable)	\$400 for each of first 2 dependents, maximum 20% of expenditures	Maximum expenditure eligible for credit is \$2,400 for one child, \$4,800 for 2 or more; maximum credit is 20% to 30% of expenditures						

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY EFFECTIVE DATE 1981 TO 2011--CONT.

PROVISION	1988	1989	1990	1991	1992	1993	1994	1995
Lowest Individual Income Tax Bracket Rate	15%	15%	15%	15%	15%	15%	15%	15%
Lowest Individual Income Single Tax Bracket ²	\$0 - \$21,450	\$0 - \$18,550	\$0 - 19,450	\$0 - \$20,350	\$0 - \$21,450	\$0 - \$22,100	\$0 - \$22,750	\$0 - \$23,350
Lowest Individual Income Joint Tax Bracket ²	\$0 - \$29,750	\$0 - \$30,950	\$0 - \$32,450	\$0 - \$34,000	\$0 - \$35,800	\$0 - \$36,900	\$0 - \$38,000	\$0 - \$39,999
Lowest Head of Household Tax Bracket ²	\$0 - \$23,900	\$0 - \$24,850	\$0 - 26,050	\$0 - \$27,300	\$0 - \$28, 750	\$0 - \$29,600	\$0 - \$30,500	\$0 - \$ 31,250
Other Individual Income Tax Brackets (Percent) ³	28, 33		28, 33	28	28	28, 31, 36		
Highest Individual Income Tax Bracket Rate ³	28%		31%	31%	31%	39.6%		
Rate on Long-term Capital Gains	Ordinary rates		28% and 15%		28% and 15%			
Rate on Dividends	Same as Individual Rates (above)							
Limitations on Personal Exemptions and Itemized Deductions	N.A.			Personal exemption phases out (PEP) between \$100,000 and \$222,500 (single), \$150,000 and \$272,500 (joint). Limitation on itemized deductions (Pease) for AGI over \$100,000. Thresholds indexed for inflation	PEP and Pease, thresholds indexed for inflation	PEP and Pease, thresholds indexed for inflation		
Child Tax Credit	N.A.							
Child and Dependent Care Tax Credit ⁴ (non-refundable)	Maximum expenditure eligible for credit is \$2,400 for one child, \$4,800 for 2 or more; maximum credit is 20% to 30% of expenditures							

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY EFFECTIVE DATE 1981 TO 2011--CONT.

PROVISION	1996	1997	1998	1999	2000	2001	2002	2003	
Lowest Individual Income Tax Bracket Rate	15%	15%	15%	15%	15%	10% (retroactive; refund checks issued)	10%	10%	
Lowest Individual Income Single Tax Bracket²	\$0 - \$24,000	\$0 - \$24,650	\$0 - \$25,350	\$0 - \$25,750	\$0 - \$26,250	\$0 - \$6,000	\$0 - \$6,000	\$0 - \$7,000	
Lowest Individual Income Joint Tax Bracket²	\$0 - \$40,100	\$0 - \$41,200	\$0 - \$42,350	\$0 - \$43,050	\$0 - 43,850	\$0- \$12,000	\$0- \$12,000	\$0 - \$14,000	
Lowest Head of Household Tax Bracket²	\$0 - \$32,150	\$0 - 33,050	\$0 - \$33,950	\$0 - \$34,550	\$0 - 35,150	\$0 - \$10,000	\$0 - \$10,000	\$0 - \$10,000	
Other Individual Income Tax Brackets (Percent)³	28, 31, 36					15, 27.5, 30.5, 35.5	15, 27, 30, 35	15, 25, 28, 33	
Highest Individual Income Tax Bracket Rate³	39.6%					39.1%	38.6%	35%	
Rate on Long-term Capital Gains	28% and 15%	10% for taxpayers in the 15% bracket or below; 20% for others						5% for taxpayers in the 15% bracket; 15% for other brackets (after May 6, 2003)	
Rate on Dividends	Same as Individual Rates (above)							5% for taxpayers in the 15% bracket; 15% for other brackets (after May 6, 2003)	
Limitations on Personal Exemptions and Itemized Deductions	PEP and Pease, thresholds indexed for inflation								
Child Tax Credit	N.A.	\$500 (non-refundable)				\$600		\$1,000	
					Refundable up to 10% earned income above \$10,000, threshold indexed to inflation	Refundable up to 10% of earned income above \$10,350	Refundable up to 10% of earned income above \$10,500		
Child and Dependent Care Tax Credit⁴ (non-refundable)	Maximum expenditure eligible for credit is \$2,400 for one child, \$4,800 for 2 or more; maximum credit is 20% to 30% of expenditures						Maximum eligible expenses are \$3,000 for 1 child; \$6,000 for 2 or more; maximum credit is 35% (phasing down to 20% at \$15,000 of AGI)		

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY EFFECTIVE DATE 1981 TO 2011--CONT.

PROVISION	2004	2005	2006	2007	2008	2009	2010	2011
Lowest Individual Income Tax Bracket Rate	10%							Sunset ⁵
Lowest Individual Income Single Tax Bracket²	\$0 - \$7,150	\$0 - \$7,300	\$0 - \$7,550	\$0 - \$7,825	\$0 - \$8,025	\$0 - \$8,350	\$0 - \$7,000 indexed annually	
Lowest Individual Income Joint Tax Bracket²	\$0 - \$14,300	\$0 - \$14,600	\$0 - \$15,100	\$0 - \$15,650	\$0 - \$16,050	\$0 - \$16,700	\$0 - \$14,000 indexed annually	
Lowest Head of Household Tax Bracket²	\$0 - \$10,200	\$0 - 10,450	\$0 - \$10,750	\$0 - \$11,200	\$0 - \$11,450	\$0 - \$11,950	\$0 - \$10,000 indexed annually	
Other Individual Income Tax Brackets (Percent)³	15, 25, 28, 33		15, 25, 28, 33					Sunset ⁵
Highest Individual Income Tax Bracket Rate³	35%		35%					Sunset ⁵
Rate on Long-term Capital Gains	5% for taxpayers in the 15% bracket; 15% for other brackets				0% for taxpayers in the 10% and 15% bracket; 15% for other brackets	0% for taxpayers in the 10% and 15% bracket, 15% for others		Sunset ⁵
Rate on Dividends	5% for taxpayers in the 15% bracket; 15% for other brackets				0% for taxpayers in the 10% or 15% bracket; 15% for other brackets	0% for taxpayers in 10% and 15% bracket, 15% for others		Sunset ⁵
Limitations on Personal Exemptions and Itemized Deductions	PEP and Pease, thresholds indexed for inflation		PEP and Pease limits on personal exemptions and itemized deductions reduced by 1/3, thresholds indexed for inflation		PEP and Pease limits on personal exemptions and itemized deductions reduced by 2/3, thresholds indexed for inflation		No limits	Sunset ⁵
Child Tax Credit	\$1,000	\$1,000					\$1,000	Sunset ⁵
	Refundable up to 15% of earned income above \$10,750	Refundable up to 15% of earned income above \$11,000	Refundable up to 15% of earned income above \$11,300	Refundable up to 15% of earned income above \$11,750	Refundable up to 15% of earned income above \$8,500	Refundable up to 15% of earned income above \$3,000		Sunset ⁵
Child and Dependent Care Tax Credit⁴ (non-refundable)	Maximum eligible expenses are \$3,000 for 1 child; \$6,000 for 2 or more; maximum credit is 35% (phasing down to 20% at \$15,000 of AGI)							Sunset ⁵

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY EFFECTIVE DATE 1981 TO 2011--CONT.

PROVISION	1980	1981	1982	1983	1984	1985	1986	1987	
Standard Deduction and 15 Percent Bracket for Joint Filers	167% of that for single filers								
Earned Income Tax Credit Rate	10%, maximum \$500					11%, maximum \$550		14%, maximum \$851, indexed for inflation	
Earned Income Tax Credit Phaseout Range	\$6,000 - \$10,000 (beginning in 1979)					\$6,500 - \$11,000		\$6,920 - \$15,432, indexed for inflation	
AMT Exemption ⁴	\$20,000 for joint and single filers		\$30,000 for single filers, \$40,000 for joint filers						
Depreciation Deduction of Basis of Qualified Property	No additional deduction								
Annual Contribution Limit for IRAs ⁴	\$1,500	\$2,000							
Annual Contribution Limits for 401(k)	\$30,000 or 25% of compensation							\$7,000	
Saver's Credit	N.A.								
Annual Contribution Limit for Education IRA	N.A.								
Estate and Gift Tax Exemption	\$161,563	\$175,625	\$225,000	\$275,000	\$325,000	\$400,000	\$500,000	\$600,000	
Estate and Gift Tax Top Marginal Rate	70%		65%	60%	55%	55%			

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY EFFECTIVE DATE 1981 TO 2011--CONT.

PROVISION	1988	1989	1990	1991	1992	1993	1994	1995
Standard Deduction and 15 Percent Bracket for Joint Filers	167% of that for single filers							
Earned Income Tax Credit Rate	14%, maximum \$874	14%, maximum \$910	14%, maximum \$953	One child: 16.7%, maximum \$1,192; two children: 17.3%, maximum \$1,235	One child: 17.6%, maximum \$1,324; two children: 18.4%, maximum \$1,384	One child: 18.5%, maximum \$1,434; two children: 19.5%, maximum \$1,511	No children: 7.65%, maximum \$306; one child: 26.3%, maximum \$2,038; two children: 30%, maximum \$2,528	No children: 7.65%, maximum \$314; one child: 34%, maximum \$2,094; two children: 36%, maximum \$3,110
Earned Income Tax Credit Phaseout Range	\$9,840 - \$18,576	\$10,240 - \$19,340	\$10,730 - \$20,264	One child: \$11,250-\$21,250; two children: \$11,250-\$21,250, indexed for inflation	One child: \$11,840-\$22,370; two children: \$11,250-\$21,250	One child: \$12,200-\$23,050; two children: \$12,200-\$23,050	No children: \$5,000-\$9,000; one child: \$11,000-\$23,755; two children: \$11,000-\$25,296	No children: \$5,130-\$9,230; one child: \$11,290-\$24,396; two children: \$11,290-\$26,673
AMT Exemption⁴	\$30,000 for single filers, \$40,000 for joint filers				\$30,000 for single filers, \$40,000 for joint filers		\$33,750 for single filers, \$45,000 for joint filers	
Depreciation Deduction of Basis of Qualified Property	No additional deduction							
Annual Contribution Limit for IRAs⁴	\$2,000							
Annual Contribution Limits for 401(k)	\$7,313	\$7,627	\$7,979	\$8,475	\$8,728	\$8,994	\$9,240	
Saver's Credit	N.A.							
Annual Contribution Limit for Education IRA	N.A.							
Estate and Gift Tax Exemption	\$600,000							
Estate and Gift Tax Top Marginal Rate	55%					55%		

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY EFFECTIVE DATE 1981 TO 2011--CONT.

PROVISION	1996	1997	1998	1999	2000	2001	2002	2003	
Standard Deduction and 15 Percent Bracket for Joint Filers	167% of that for single filers							200% of that for single filers	
Earned Income Tax Credit Rate	No children: 7.65%, maximum \$323; one child: 34%, maximum \$2,152; two children: 40%, maximum \$3,556	No children: 7.65%, maximum \$332; one child: 34%, maximum \$2,210; two children: 40%, maximum \$3,656	No children: 7.65%, maximum \$341; one child: 34%, maximum \$2,271; two children: 40%, maximum \$3,756	No children: 7.65%, maximum \$347; one child: 34%, maximum \$2,312; two children: 40%, maximum \$3,816	No children: 7.65%, maximum \$353; one child: 34%, maximum \$2,353; two children: 40%, maximum \$3,888	No children: 7.65%, maximum \$364; one child: 34%, maximum \$2,428; two children: 40%, maximum \$4,008	No children: 7.65%, maximum \$376; one child: 34%, maximum \$2,506; two children: 40%, maximum \$4,140	No children: 7.65%, maximum \$382; one child: 34%, maximum \$2,547; two children: 40%, maximum \$4,204	
Earned Income Tax Credit Phaseout Range	No children: \$5,280-\$9,500; one child: \$11,610-\$25,078; two children: \$11,610-\$28,495	No children: \$5,430-\$9,770; one child: \$11,930-\$25,650; two children: \$11,930-\$29,290	No children: \$5,570-\$10,030; one child: \$12,260-\$26,473; two children: \$12,260-\$30,095	No children: \$5,670-\$10,200; one child: \$12,460-\$26,928; two children: \$12,460-\$30,580	No children: \$5,770-\$10,380; one child: \$12,690-\$27,413; two children: \$12,690-\$31,152	No children: \$5,950-\$10,710; one child: \$13,090-\$28,281; two children: \$13,090-\$32,121	No children: \$6,150-\$11,060; one child: \$13,520-\$29,201; two children: \$13,520-\$33,178. Starting/ending points increased by \$1,000 for joint filers	No children: \$6,240-\$11,230; one child: \$13,730-\$29,666; two children: \$13,730-\$33,692. Increased by \$1,000 for joint filers	
AMT Exemption⁴	\$33,750 for single filers, \$45,000 for joint filers					\$35,750 for single filers; \$49,000 for joint filers		\$40,250 for single filers; \$58,000 for joint filers	
Depreciation Deduction of Basis of Qualified Property	No additional deduction						30% of basis deductible in first year	50% of basis deductible in first year	
Annual Contribution Limit for IRAs⁴	\$2,000						\$2,000 (\$500 catch up over age 50)	\$3,000 (\$500 catch up)	
Annual Contribution Limits for 401(k)	\$9,500		\$10,000	\$10,000	\$10,500		\$11,000 (\$1,000 catch up)	\$12,000 (\$2,000 catch up)	
Saver's Credit	N.A.						\$2,000, maximum rate is 50%		
Annual Contribution Limit for Education IRA	N.A.	\$500					\$2,000		
Estate and Gift Tax Exemption	\$600,000		\$625,000	\$650,000	\$675,000		\$1,000,000		
Estate and Gift Tax Top Marginal Rate	55%						50%	49%	

SELECTED PROVISIONS OF MAJOR TAX LEGISLATION BY EFFECTIVE DATE 1981 TO 2011--CONT.

PROVISION	2004	2005	2006	2007	2008	2009	2010	2011
Standard Deduction and 15 Percent Bracket for Joint Filers	200% of that for single filers	200% of that for single filers				200% of that for single filers		Sunset ⁵
Earned Income Tax Credit Rate	No children: 7.65%, maximum \$390; one child: 34%, maximum \$2,604; two children: 40%, maximum \$4,300	No children: 7.65%, maximum \$399; one child: 34%, maximum \$2,662; two children: 40%, maximum \$4,400	No children: 7.65%, maximum \$412; one child: 34%, maximum \$2,747; two children: 40%, maximum \$4,536	No children: 7.65%, maximum \$428; one child: 34%, maximum \$2,853; two children: 40%, maximum \$4,716	No children: 7.65%, maximum \$438; one child: 34%, maximum \$2,917; two children: 40%, maximum \$4,824	No children: 7.65%, maximum \$457; one child: 34%, maximum \$3,043; two children: 40%, maximum \$5,028; three children 45%, maximum \$5,657	No children: 7.65%; one child: 34%; two children: 40%. Maximum credits indexed for inflation	
Earned Income Tax Credit Phaseout Range	No children: \$6,390-\$11,490; one child: \$14,040-\$30,338; two children: \$14,040-\$34,458. Increased by \$1,000 for joint filers	No children: \$6,530-\$11,750; one child: \$14,370-\$31,030; two children: \$14,370-\$35,263. Increased by \$2,000 for joint filers	No children: \$6,740-\$12,120; one child: \$14,810-\$32,001; two children: \$14,810-\$36,348. Increased by \$2,000 for joint filers	No children: \$7,000-\$12,590; one child: \$15,390-\$33,241; two children: \$15,390-\$37,783. Increased by \$2,000 for joint filers	No children: \$7,160-\$12,880; one child: \$15,740-\$33,995; two children: \$15,740-\$38,646. Increased by \$3,000 (indexed for inflation) for joint filers	No children: \$7,470-\$13,440; one child: \$16,420-\$35,463; two children: \$16,420-\$40,295; three children: \$16,420-\$43,279. Increased by \$5,000 for joint filers	Phaseout range indexed annually for inflation, increased by \$3,000 (indexed for inflation) for joint filers.	
AMT Exemption⁴	\$40,250 for single filers; \$58,000 for joint filers	\$40,250 for single filers; \$58,000 for joint filers	\$42,500 for single filers; \$62,550 for married filers	\$44,350 for single filers; \$66,250 joint filers	\$46,200 for single filers; \$69,950 for joint filers	\$46,700 for single filers; \$70,950 for joint filers	\$33,750 for single filers, \$45,000 for joint filers	
Depreciation Deduction of Basis of Qualified Property	50% of basis deductible in first year	No additional deduction			50% of basis deductible in first year	50% of basis deductible in first year	No additional deduction	
Annual Contribution Limit for IRAs⁴	\$3,000 (\$500 catch up)	\$4,000 (\$500 catch up)	\$4,000 (\$1,000 catch up)		\$5,000 (\$1,000 catch up)		Contribution limit indexed for inflation (\$1,000 catch-up)	Contribution limit indexed for inflation
Annual Contribution Limits for 401(k)	\$13,000 (\$3,000 catch up)	\$14,000 (\$4,000 catch up)	\$15,000 (\$5,000 catch up), indexed for inflation	\$15,500 (\$5,000 catch up)		\$16,500 (\$5,500 catch up)	Contribution limit and catch up indexed for inflation	Contribution limit and catch up indexed for inflation
Saver's Credit	\$2,000, maximum rate is 50%				\$2,000, maximum rate is 50%; income thresholds indexed for inflation			
Annual Contribution Limit for Education IRA	\$2,000							Sunset ⁵
Estate and Gift Tax Exemption	\$1,500,000		\$2,000,000			\$3,500,000	Estate Tax Repealed	Sunset ⁵
Estate and Gift Tax Top Marginal Rate	48%	47%	46%	45%		Estate Tax Repealed		Sunset ⁵

KEY	
<i>Italics</i>	<i>Denotes law as of 1980</i>
	Economic Recovery Tax Act of 1981
	Tax Equity and Fiscal Responsibility Act of 1982
	Deficit Reduction Act of 1984
	Tax Reform Act of 1986
	Omnibus Budget Reconciliation Act of 1987
	Omnibus Budget Reconciliation Act of 1990
	Omnibus Budget Reconciliation Act of 1993
	Taxpayer Relief Act of 1997
	Economic Growth and Tax Relief Act of 2001 (EGTRRA)
	The Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA)
	Working Families Tax Relief Act of 2004
	Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA)
	Pension Protection Act of 2006
	Tax Increase Prevention Act of 2007
	Economic Stimulus Act of 2008
	Emergency Economic Stabilization Act of 2008
	American Recovery and Reinvestment Tax Act of 2009
Notes:	
	1 0% rate existed below these brackets until 1986
	2 Indexing of income brackets for individual income tax began in 1985 under the ERTA of 1981 except for 1987 and 1988 when brackets were not indexed because of rate changes; Changes in bracket amounts for 1985-1986, 1989-2000, and 2004-2010 occurred as a result of indexing for inflation rather than from a change in tax
	3 For years 1988-1990 rate applicable to highest income bracket is not the highest rate: in 1988 and 1989 28% rate is applicable to two income brackets - the highest tax bracket and a lower one; in 1990 a 31% rate was applied to the highest tax bracekt and a 33% rate to a lower one
	4 Not indexed for inflation
	5 Returns to pre-EGTRRA law

Sources: Joint Committee on Taxation; Tax Foundation: Facts & Figures on Government Finance, 38th Edition; Library of Congress public law summaries.