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Table 1

Change in Tax Liabilities
 President's Proposals Compared to 1976 Law

(1977 Levels of Income)
 (\$ billions)

Tax Change	:	President's proposal for calendar year 1977
Personal Tax Provisions		
Personal Exemption		-11.3
Standard Deduction		- 0.8
Rate Reductions		- 8.1
Repeal of Temporary Credits of Tax Reform Act <u>1/</u>		<u>+10.4</u>
Subtotal		<u>- 9.8</u>
Corporate Rate Reductions		<u>- 2.5</u>
Other Tax Provisions		<u>+ 0.2</u>
Total Change in Tax Liabilities		-12.1

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1/ Excludes outlay portion of Earned Income Credit.

Table 2

Change in Tax Liabilities Under President's Program
Compared to Extension of Tax Reform Act of 1976

(\$ billions)

	: Effective : Date	: Calendar Years		
		: 1977	: 1978	: 1979
Proposed Legislation:				
Repeal Tax Reform Act of 1976 (Extended) reductions and replace with President's proposed reductions:	1/1/77			
Individual tax cuts		-9.8	-10.4	-11.0
Corporate tax rate cuts		<u>-2.5</u>	<u>-2.7</u>	<u>-2.9</u>
Total		<u>-12.3</u>	<u>-13.1</u>	<u>-13.9</u>
Social security tax rate increase	1/1/78		2.0	8.2
Social security treatment of tips	1/1/78		.1	.1
Railroad retirement tax rate increase	1/1/78		*	.1
Repeal investment tax credit ESOPs	1/1/77	.2	.3	.3
Accelerated depreciation in high unemployment areas:	1/1/77			
Individuals		*	-.1	-.1
Corporations		<u>-.1</u>	<u>-.3</u>	<u>-.5</u>
Total		<u>-.1</u>	<u>-.4</u>	<u>-.7</u>
Corporation tax integration:	1/1/78			
Individuals				-.6
Corporations			<u>-2.5</u>	<u>-3.7</u>
Total			<u>-2.5</u>	<u>-4.3</u>
Write-off liability on silver certificates.	9/15/77	.2		
Fees for regulatory and judicial services..	1/1/77	*	*	*
Miscellaneous (waterway) fees	1/1/77	.1	.1	.2
Exclude charitable contributions from minimum tax	1/1/77	-.1	-.1	-.1
Reduce administrative fees on foundations..	1/1/77	*	*	*
Taxable municipal bond option <u>1</u> /.....	1/1/78		*	*
Industrial development bonds <u>1</u> /.....	1/1/78		*	.1

Table 2 (continued)

(\$ billions)

	: Effective : Date	: Calendar Years		
		: 1977	: 1978	: 1979
Home insulation credit	1/1/77	-.2	-.2	-.2
R & D treatment of geothermal discovery costs	7/1/77	*	*	*
Continue Highway Trust Fund at present rates	10/1/79			1.1
Total due to proposed legislation in excess of extension of Tax Reform Act of 1976		-12.1	-13.6	-9.0
Changes in receipts from current law due to permanent extensions of temporary tax provisions <u>2/</u>			<u>-13.2</u>	<u>-14.0</u>
Total		-12.1	-26.8	-23.0

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* Less than \$50 million.

1/ Excludes outlay portion of program.

2/ President's program also includes permanent extension of the 10 percent investment tax credit beyond 1980 when it would otherwise revert to 7 percent and permanent extension of the corporate surtax exemption provisions beyond their 12/31/77 expiration date; these latter extensions reduce corporate tax liabilities by \$2.3 billion and \$2.5 billion in 1978 and 1979 respectively.

Table 3

Total Tax Liability Under Various Tax Laws

(1976 Levels of Income)

(\$ millions)

Adjusted Gross Income Class	1974 Law	1975 Law	1976 Law	President's Proposed 1977 Law
(\$000)				
Up to 0	13	12	12	12
0 - 5	2,170	1,304	1,124	864
5 - 10	13,994	11,553	10,422	9,045
10 - 15	23,009	21,296	19,858	17,598
15 - 20	26,653	24,842	23,675	21,601
20 - 30	35,833	34,437	33,485	31,371
30 - 50	23,002	22,580	22,280	21,551
50 - 100	16,620	16,502	16,421	16,087
100 or over	<u>13,180</u>	<u>13,157</u>	<u>13,138</u>	<u>13,050</u>
TOTAL	154,475	145,684	140,414	131,180

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Note: Estimates exclude outlay effects of the Earned Income Credit.

Table 4

**Distribution of Tax Liabilities Under President's Proposals for Individual Tax
Cuts for 1977 Compared with 1976 Law by Size of Adjusted Gross Income**

(1976 Levels of Income)

Adjusted Gross Income Class	Total Tax Liability		Tax Cut Caused by President's Proposal for 1976		
	President's Proposal	1976 Law 1/	Amount	Percent Distribution	As Percent of Tax Under 1976 Law
(\$000)	(\$ billions.....)		(.....percent.....)		
Up to 5	.9	1.1	0.3	2.8%	23.0%
5 - 10	9.0	10.4	1.4	14.9	13.2
10 - 15	17.6	19.9	2.3	24.5	11.4
15 - 20	21.6	23.7	2.1	22.5	8.8
20 - 30	31.4	33.5	2.1	22.9	6.3
30 - 50	21.6	22.3	0.7	7.9	3.3
50 - 100	16.1	16.4	0.3	3.6	2.0
100 +	<u>13.1</u>	<u>13.1</u>	<u>0.1</u>	<u>1.0</u>	<u>0.7</u>
TOTAL	131.2	140.4	9.2 2/	100.0	6.6

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1/ Estimates exclude outlay portions of Earned Income Credit; they are treated as expenditures.

2/ Total would equal 9.8 billion at 1977 levels of income.

Table 5

Individual Income Tax Provisions: 1974-1976,
and Proposed for 1977 and Thereafter

Deductions and Credits	1974 law	1975 law	1976 law	President's Proposal for 1977
Standard deduction:				
Minimum: (Low income allowance)				
Joint returns	\$1,300	\$1,900	\$2,100	\$2,500
Single and head of household	1,300	1,600	1,700	1,800
Percentage rate:.....	15%	16%	16%	16%
Maximum:				
Joint returns	\$2,000	\$2,600	\$2,800	\$2,800
Single and head of household	2,000	2,300	2,400	2,400
Personal exemption	\$750	\$750	\$750	\$1,000
General tax credit				
Per capita credit	--	\$30	\$35	--
-or-				
Optional taxable income credit:				
Percentage rate	--	--	2%	--
Maximum	--	--	\$180	--
Earned income credit:				
Percentage rate	--	10%	10%	--
Maximum	--	\$400	\$400	--
Income level where phased out	--	\$8,000	\$8,000	--

Table 6

Individual Income Tax Rates: Current Law and President's Proposal

Single Returns			:	Joint Returns		
Taxable Income Bracket	: Current Law Tax Rates	: President's Proposed Rates	:	Taxable Income Bracket	: Current Law Tax Rates	: President's Proposed Rates
(\$000)	(.....%.....)			(\$000)	(.....%.....)	
0 - 0.5	14%	12%		0 - 1	14%	12%
0.5 - 1	15	13		1 - 2	15	14
1 - 1.5	16	15		2 - 3	16	15
1.5 - 2	17	15		3 - 4	17	15
2 - 3	19	16		4 - 6	19	16
3 - 4	19	17		6 - 8	19	17
4 - 5	21	18		8 - 10	22	21
5 - 6	21	19		10 - 12	22	22
6 - 8	24	21		12 - 16	25	25
8 - 10	25	24		16 - 20	28	29*
10 - 12	27	27		20 - 24	32	34*
12 - 14	29	29		24 - 28	36	36
14 - 16	31	31		28 - 32	39	39
16 - 18	34	34		32 - 36	42	42
18 - 20	36	36		36 - 40	45	45
20 - 22	38	38		40 - 44	48	48
22 - 26	40	40		44 - 52	50	50
26 - 32	45	45		52 - 64	53	53
32 - 38	50	50		64 - 76	55	55
38 - 44	55	55		76 - 88	58	58
44 - 50	60	60		88 - 100	60	60
50 - 60	62	62		100 - 120	62	62
60 - 70	64	64		120 - 140	64	64
70 - 80	66	66		140 - 160	66	66
80 - 90	68	68		160 - 180	68	68
90 - 100	69	69		180 - 200	69	69
100 & over	70	70		200 & over	70	70

* Although two rates are increased in the higher brackets, taxpayers with income taxed in those brackets will benefit from rate reductions in the lower brackets so that on balance the changes in rates reduce taxes even for those affected by the increased marginal rates.

Table 7

Tax Liabilities Under Various Tax Laws for Single
Person Without Dependents, With Itemized Deduction
of 16 Percent of Adjusted Gross Income 1/

Adjusted Gross Income	Tax Liability				President's Proposed 1977 Law
	1974 Law	1975 Law	1976 Law		
\$ 5,000	\$ 490	\$ 404	\$ 363	\$ 307	
7,000	889	796	714	641	
10,000	1,506	1,476	1,331	1,227	
15,000	2,589	2,559	2,409	2,307	
20,000	3,847	3,817	3,667	3,553	
30,000	6,970	6,940	6,790	6,655	
40,000	10,715	10,685	10,535	10,375	
50,000 <u>2/</u>	14,915	14,885	14,735	14,575	
100,000 <u>2/</u>	35,915	35,885	35,735	35,575	

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- 1/ If standard deduction exceeds itemized deduction, individual uses standard deduction.
- 2/ Assumes all income is wage income and that provisions of maximum tax on earned income apply.

Table 8

Tax Liabilities Under Various Tax Laws for Family with
No Dependents, Filing Jointly with Itemized Deductions
of 16 Percent of Adjusted Gross Income 1/

Adjusted Gross Income	Tax Liability				President's Proposed 1977 Law
	1974 Law	1975 Law	1976 Law		
\$ 5,000	\$ 322	\$ 170	\$ 130	\$ 60	
7,000	658	492	448	335	
10,000	1,171	1,054	948	800	
15,000	2,062	2,002	1,882	1,750	
20,000	3,085	3,025	2,905	2,780	
30,000	5,564	5,504	5,384	5,328	
40,000	8,702	8,642	8,522	8,444	
50,000	12,380	12,320	12,200	12,080	
100,000 <u>2/</u>	33,310	33,250	33,130	33,000	

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1/ If standard deduction exceeds itemized deduction, family uses standard deduction.

2/ Assumes all income is wage income and that provisions of maximum tax on earned income apply.

Table 9

Tax Liabilities Under Various Tax Laws for Family
with 2 Dependents, Filing Jointly with Itemized Deductions
~~of 16 Percent of Adjusted Gross Income~~ 1/

Adjusted Gross Income	Tax Liability			
	1974 Law	1975 Law 3/	1976 Law 3/	President's Proposed 1977 Law
\$ 5,000	\$ 98	\$ 0	\$ 0	\$ 0
7,000	402	186	135	60
10,000	886	709	651	485
15,000	1,732	1,612	1,552	1,325
20,000	2,710	2,590	2,530	2,280
30,000	5,084	4,964	4,904	4,648
40,000	8,114	7,994	7,934	7,664
50,000	11,690	11,570	11,510	11,180
100,000 <u>2/</u>	32,560	32,440	32,380	32,000

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- 1/ If standard deduction exceeds itemized deduction, family uses standard deduction.
- 2/ Assumes all income is wage income and that provisions of maximum tax on earned income apply.
- 3/ Also assumes that taxpayer is not eligible for the Earned Income Credit. Taxpayers maintaining a home in the United States for a dependent child are eligible for the Earned Income Credit (EIC) if they earn less than \$8,000 and if their adjusted gross income is less than \$8,000. If the effects of the EIC were included, the table would show these tax liabilities:

AGI	1975 Law	1976 Law	President's 1977 Proposal
\$3,000	\$ -300	\$ -300	\$ 0
5,000	-300	-300	0
7,000	86	35	60

Table 10

Projected Poverty Levels Compared to Tax-Free Income Levels 1/

	1975		1976		1977	
	Poverty Level	Tax-Free Income	Poverty Level	Tax-Free Income	Poverty Level	Tax-Free Income President's Proposal
Single Person	\$2,800	\$2,560	\$2,960	\$2,700	\$3,110	\$2,800
Married couple:						
No Dependents	3,620	3,830	3,820	4,100	4,020	4,500
2 Dependents	5,500	5,760 <u>2/</u>	5,820	6,100 <u>2/</u>	6,110	6,500

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1/ Poverty levels are for non-farm family with head less than 65 years of age and are calculated assuming these annual changes in monthly average of consumer price index:

1976 +5.7%
1977 +5.1%

2/ Taxpayers assumed not eligible for earned income credit. If all income were earned income, the tax-free level of income would have been \$6,660 in 1975 and \$6,860 in 1976.

Table 11
 Current Law and Proposed Social Security Tax
 Rate Structure of Tax on Employee Wages 1/

Year	Taxable wage base <u>2/</u>	OASDHI Rates <u>1/</u>	
		Current law	Proposed
1976	\$15,300	5.85 %	5.85 %
1977	16,500	5.85	5.85
1978	17,700	6.05	6.15
1979	19,200	6.05	6.45
1980	20,700	6.05	6.60
1981	22,200	6.30	6.85
1982	23,700	6.30	6.85

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December 14, 1976

1/ Employee share only.

2/ Estimated for 1978 and beyond.

Table 12

Proposed Social Security (OASDHI) Tax Burdens 1/

Taxable Wage	Current Law					Proposed Law		
	1976	1977	1978	1979	1980	1978	1979	1980
\$ 3,000	\$176	\$176	\$182	\$182	\$182	\$185	\$194	\$198
5,000	293	293	303	303	303	308	323	330
7,000	410	410	424	424	424	431	452	462
10,000	585	585	605	605	605	615	645	660
15,000	878	878	908	908	908	923	968	990
20,000	895	965	1,071	1,162	1,210	1,089	1,238	1,320
30,000	895	965	1,071	1,162	1,252	1,089	1,238	1,366
40,000	895	965	1,071	1,162	1,252	1,089	1,238	1,366
50,000	895	965	1,071	1,162	1,252	1,089	1,238	1,366

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January 3, 1977

1/ Employee share only.

Table 13

Proposed Combined Income Tax and Social Security (OASDHI) Tax Burdens 1/

Married Couple, Two Children

Wage Income	Current Law				Proposed Law		
	1976 <u>2/</u>	1977 <u>2/</u>	1978 <u>3/</u>	1979 <u>3/</u>	1977	1978	1979
\$ 3,000	\$ 176	\$ 176	\$ 182	\$ 182	\$ 176	\$ 185	\$ 194
5,000	293	293	303	303	293	308	323
7,000	545	545	559	559	470	491	512
10,000	1,236	1,236	1,256	1,256	1,070	1,100	1,130
15,000	2,430	2,430	2,460	2,460	2,203	2,248	2,293
20,000	3,425	3,495	3,601	3,692	3,245	3,369	3,518
30,000	5,799	5,869	5,975	6,066	5,613	5,737	5,886
40,000	8,829	8,899	9,005	9,096	8,629	8,753	8,902
50,000	12,405	12,475	12,581	12,672	12,145	12,269	12,418
100,000	33,275	33,345	33,451	33,542	32,965	33,089	33,238

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January 3, 1977

- 1/ Tax calculations assume deductible expenses equal 16 percent of income, OASDHI taxes are employee share only, and one wage earner.
- 2/ Assumes no earned income credit. Under current law, the earned income credit expires at the end of 1977. With the earned income credit, the lowest three income levels would appear as follows for 1976 and 1977:

<u>Income</u>	<u>Income tax plus OASDHI tax less credit</u>
\$3,000	\$-124
5,000	-7
7,000	445

- 3/ Assumes extension of the general tax credit.

Table 14

Proposed Combined Income Tax and Social Security (OASDHI) Tax Burdens 1/

Single Individual

Wage Income	Current Law					Proposed Tax		
	1976	1977	1978 ^{2/}	1979 ^{2/}	1977	1978	1979	
\$ 3,000	\$ 176	\$ 176	\$ 182	\$ 182	\$ 176	\$ 185	\$ 194	
5,000	656	656	666	666	600	615	630	
7,000	1,124	1,124	1,138	1,138	1,051	1,072	1,093	
10,000	1,916	1,936	1,936	1,936	1,812	1,842	1,872	
15,000	3,287	3,317	3,317	3,317	3,185	3,230	3,275	
20,000	4,562	4,632	4,738	4,829	4,518	4,642	4,791	
30,000	7,685	7,755	7,861	7,952	7,620	7,744	7,893	
40,000	11,430	11,500	11,606	11,697	11,340	11,464	11,613	
50,000	15,630	15,700	15,806	15,897	15,540	15,664	15,813	
100,000	36,630	36,700	36,806	36,897	36,540	36,664	36,813	

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January 3, 1977

1/ Tax calculations assume deductible expenses equal 16 percent of income, OASDHI taxes are employee share only.

2/ Assumes extension of the general tax credit.