

**ESTIMATES OF FEDERAL TAX EXPENDITURES  
FOR FISCAL YEARS 2024-2028**

Prepared for the  
HOUSE COMMITTEE ON WAYS AND MEANS  
and the  
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## INTRODUCTION

Tax expenditure analysis can help policymakers and the public understand the ways in which government revenues are spent, and the tax and economic policy consequences that follow from the implicit or explicit choices made in fashioning legislation. This report<sup>1</sup> on tax expenditures for fiscal years 2024-2028 is prepared by the staff of the Joint Committee on Taxation (“Joint Committee staff”) for the House Committee on Ways and Means and the Senate Committee on Finance. The report also is submitted to the House and Senate Committees on the Budget.

As in the case of earlier reports,<sup>2</sup> the estimates of tax expenditures in this report were prepared in consultation with the staff of the Office of Tax Analysis in the Department of the Treasury (the “Treasury”). The Treasury most recently updated its estimates of tax expenditures for fiscal years 2023-2033 on March 11, 2024.<sup>3</sup> The lists of tax expenditures in this Joint Committee staff report and the Administration’s budgetary statement overlap considerably; the differences are discussed in Part I of this report under the heading “Comparisons with Treasury.”

The Joint Committee staff has made its estimates (as shown in Table 1) based on the provisions in Federal tax law enacted through November 1, 2024. In general, expired or repealed provisions are not listed unless they have continuing revenue effects that are associated with ongoing taxpayer activity. Proposed extensions or modifications of expiring provisions are not included until they have been enacted into law. The tax expenditure calculations in this report are based on the February 2024 Congressional Budget Office (“CBO”) revenue baseline and Joint Committee staff projections of the gross income, deductions, and expenditures of individuals and corporations for calendar years 2024-2028.

Part I of this report contains a discussion of the concept of tax expenditures; Part II is a discussion of the measurement of tax expenditures; and Part III contains various estimates. Estimates of tax expenditures for fiscal years 2024-2028 are presented in Table 1. Table 2 shows the distribution of tax returns by income class, and Table 3 shows distributions of selected individual tax expenditures by income class.

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<sup>1</sup> This report may be cited as follows: Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2024-2028* (JCS-48-24), December 11, 2024. This document can also be found on the Joint Committee on Taxation website at [www.jct.gov](http://www.jct.gov).

<sup>2</sup> The Joint Committee staff prepared its first report on estimates of Federal tax expenditures in 1972 (JCS-28-72), covering fiscal years 1967-1971. Reports typically cover every five-year period since fiscal years 1977-1981 (JCS-10-77). A complete collection of these reports on estimates of Federal tax expenditures, including this report, is available at [https://www.jct.gov/publications/?it=content&category\\_name=Tax%20Expenditures](https://www.jct.gov/publications/?it=content&category_name=Tax%20Expenditures).

<sup>3</sup> The Treasury publication is available at <https://home.treasury.gov/system/files/131/Tax-Expenditures-FY2025.pdf>.

## I. THE CONCEPT OF TAX EXPENDITURES

### Overview

Tax expenditures are defined under the Congressional Budget and Impoundment Control Act of 1974 (the “Budget Act”) as “revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.”<sup>4</sup> Thus, tax expenditures include any reductions in income tax liabilities that result from special tax provisions or regulations that provide tax benefits to particular taxpayers.

Special income tax provisions are referred to as tax expenditures because they may be analogous to direct outlay programs and may be considered alternative means of accomplishing similar budget policy objectives. Tax expenditures are like direct spending programs that function as entitlements to those who meet the established statutory criteria.

Estimates of tax expenditures are prepared for use in budget analysis. They are a measure of the economic benefits that are provided through the tax laws to various groups of taxpayers and sectors of the economy. The estimates also may be useful in determining the relative merits of achieving specific public goals through tax benefits or direct outlays. It is appropriate to evaluate tax expenditures with respect to cost, distributional consequences, alternative means of provision, and economic effects. Tax expenditure analysis allows policymakers to evaluate the tradeoffs among these and other potentially competing policy goals.

The legislative history of the Budget Act indicates that tax expenditures are to be defined with reference to a normal income tax. The determination of whether a provision is a tax expenditure is made based on a broad concept of income that is larger in scope than “income” as defined under Federal income tax principles. The Joint Committee staff uses its judgment in distinguishing between those income tax provisions (and regulations) that can be viewed as a part of a normal income tax and those special provisions that result in tax expenditures. Normal income tax concepts for individual and business income taxation are further described below. A provision traditionally has been listed as a tax expenditure by the Joint Committee staff if there is a reasonable basis for such classification and the provision results in more than a *de minimis* revenue loss, which solely for this purpose means a total revenue loss of less than \$250 million over the five fiscal years 2024-2028. The Joint Committee staff emphasizes, however, that in the process of listing tax expenditures, no judgment is made, nor any implication intended, about the desirability of any special tax provision as a matter of public policy.

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<sup>4</sup> Congressional Budget and Impoundment Control Act of 1974, Pub. L. No. 93-344, sec. 3(3), July 12, 1974. The Budget Act requires CBO and the Treasury to publish detailed lists of tax expenditures annually. The Joint Committee staff issued reports prior to the statutory obligation placed on the CBO and continued to do so thereafter. In light of this precedent and a subsequent statutory requirement that the CBO rely exclusively on Joint Committee staff estimates when considering the revenue effects of proposed legislation, the CBO has always relied on the Joint Committee staff for the production of its annual tax expenditure publication. See Pub. L. No. 99-177, sec. 273, December 12, 1985, codified at 2 U.S.C. 601(f).

The Budget Act uses the term “tax expenditure” to refer to Federal income tax provisions that provide more favorable treatment than a normal income tax.<sup>5</sup> Other Federal taxes such as excise taxes, employment taxes, and estate and gift taxes may also have exceptions, exclusions, and credits, but those special tax provisions are not included in this report because they are not part of the income tax.<sup>6</sup> Thus, for example, the income tax exclusion for employer-paid health insurance is included, but the Federal Insurance Contributions Act (“FICA”) tax exclusion for employer-paid health insurance is not treated as a tax expenditure in this report.

Provisions in the Internal Revenue Code (the “Code”) that provide less favorable treatment than a normal income tax and are not related directly to progressivity are called *negative* tax expenditures.<sup>7</sup> Examples of such provisions include (1) the denial of deductions for certain business interest expenses, (2) the denial of deductions for certain executive compensation, and (3) the denial of deductions for unreimbursed employee expenses (in the case of taxable years 2018-2025). Special provisions of the law the principal purpose of which is to enforce general tax rules, or to prevent the violation of other laws, are not treated as negative tax expenditures even though they may increase the tax burden for certain taxpayers. Examples of these compliance and enforcement provisions include (1) the limitation on net operating loss carryforwards and certain other losses following ownership changes (sec. 382), (2) the wash sale rules (sec. 1091), (3) the denial of capital gain treatment for gains on certain obligations not in registered form (sec. 1287), and (4) the disallowance of a deduction for fines and penalties (sec. 162(f)).

Provisions that are not themselves tax expenditures are also considered in tax expenditure estimates if they affect the magnitude of tax expenditures. Examples of these provisions include limitations on deductions or alternative minimum taxes that reduce the favorable treatment of certain deductions or credits.

### **Individual income tax**

Under the Joint Committee staff’s methods, the normal structure of the individual income tax includes the following major components: one personal exemption for each taxpayer and one for each dependent, the standard deduction, the existing tax rate schedule, and deductions for

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<sup>5</sup> The Federal income tax on individuals also applies to estates and trusts, which are subject to a separate income tax rate schedule. See sec. 1(e). Unless otherwise stated, all section references are to the Internal Revenue Code of 1986, as amended. Estates and trusts may benefit from some of the same tax expenditures that apply to individuals. In Table 1 of this report, the tax expenditures that apply to estates and trusts have been included in the estimates of tax expenditures for individual taxpayers.

<sup>6</sup> Other analysts have explored applying the concept of tax expenditures to payroll and excise taxes. See Jonathan Barry Forman, “Would a Social Security Tax Expenditure Budget Make Sense?” *Public Budgeting and Financial Management*, vol. 5, no. 2, 1993; Bruce F. Davie, “Tax Expenditures in the Federal Excise Tax System,” *National Tax Journal*, vol. 47, no. 1, March 1994; Lindsay Oldenski, “Searching for Structure in the Federal Excise Tax System: An Excise Tax Expenditure Budget,” *National Tax Journal*, vol. 57, no. 3, September 2004. Before 2003, the President’s budget contained a section that reviewed and tabulated estate and gift tax provisions that the Secretary considered tax expenditures.

<sup>7</sup> Although the Budget Act does not require the identification of negative tax expenditures, the Joint Committee staff has presented several negative tax expenditures for completeness.

investment and employee business expenses. Most other tax benefits for individual taxpayers are classified as exceptions to a normal income tax.

The Joint Committee staff views the standard deduction and the personal exemptions as defining the zero-rate bracket that is a part of normal tax law.<sup>8</sup> An itemized deduction that is not definitely related to the generation of income is classified as a tax expenditure, but only to the extent that taxpayer's total amount of itemized deductions exceeds the standard deduction. While some features of the tax law, such as the child tax credit and the credit for nonchild dependents, provide what may be considered adjustments for family size that have the objective of achieving a similar policy as personal exemptions, they do not do so in a way that defines a zero-rate bracket. For example, the size of the zero-rate bracket for taxpayers with similar household composition would vary based on other tax attributes of the household. The Joint Committee staff considers these credits to be tax expenditures.

An exclusion from gross income applies generally to amounts received under a life insurance contract that are paid by reason of the death of the insured. This exclusion is also classified as a tax expenditure.

All employee compensation is subject to tax unless the Code contains a specific exclusion for the income. Specific exclusions for employer-provided benefits include: coverage under accident and health plans,<sup>9</sup> accident and disability insurance, group term life insurance, educational assistance, tuition reduction benefits, transportation benefits (parking, van pools, and transit passes), dependent care assistance, adoption assistance, meals and lodging furnished for the convenience of the employer, employee awards, and other miscellaneous fringe benefits (*e.g.*, working condition fringes, employee discounts, services provided to employees at no additional cost to employers, and *de minimis* fringe benefits). Each of these exclusions is classified as a tax expenditure in this report.

Under a normal income tax, employer contributions to pension plans and income earned on pension assets generally would be taxable to employees as the contributions are made and as the income is earned, and employees would not receive any deduction or exclusion for their pension contributions. Under present law, employer contributions to qualified pension plans and, generally, employee contributions made at the election of the employee through salary reduction are not taxed until distributed to the employee, and income earned on pension assets is not taxed until distributed. The tax expenditure for "net exclusion of pension contributions and earnings" is computed as the income taxes forgone on current tax-excluded pension contributions

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<sup>8</sup> For taxable years beginning after December 31, 2017, and before January 1, 2026, the standard deduction for each filing status is increased by more than the amount of the prior-law personal exemptions for the taxpayer (including, in the case of a married taxpayer filing jointly, the taxpayer's spouse), and the personal exemption amount is zero. See generally Pub. L. No. 115-97, December 22, 2017.

<sup>9</sup> Present law contains an exclusion for employer-provided coverage under accident and health plans (sec. 106) and an exclusion for benefits received by employees under employer-provided accident and health plans (sec. 105(b)). These two exclusions are viewed as a single tax expenditure. Under a normal income tax, the value of employer-provided accident and health coverage would be included in the income of employees, but employees would not be subject to tax on the accident and health insurance benefits (reimbursements) that they might receive.

and earnings less the income taxes paid on current pension distributions (including the 10-percent additional tax paid on early withdrawals from pension plans).

Under present law, Social Security and tier 1 railroad retirement benefits are partially excluded or fully excluded from gross income.<sup>10</sup> This exclusion of Social Security and railroad retirement benefits is classified as a tax expenditure.

Public assistance benefits are excluded from gross income by statute or by Treasury regulations. Table 1 contains tax expenditure calculations for workers' compensation benefits.

Gross income does not include the imputed income that individuals receive from the services provided by owner-occupied housing and durable goods.<sup>11</sup> However, the Joint Committee staff does not classify this exclusion as a tax expenditure.<sup>12</sup> The measurement of imputed income for income tax purposes presents administrative problems and its exclusion from taxable income may be regarded as an administrative necessity.<sup>13</sup> Under a normal income tax, individuals are allowed to deduct only the interest on indebtedness incurred in connection with a trade or business or for the production of income. Thus, the deduction for mortgage interest on a principal or second residence is classified as a tax expenditure.

The Joint Committee staff assumes that, for administrative feasibility, a normal income tax would tax capital gains in full in the year the gains are realized through sale, exchange, gift, or transfer at death. Thus, the deferral of tax until realization is not classified as a tax expenditure. However, reduced rates of tax,<sup>14</sup> further deferrals of tax (beyond the year of sale, exchange, gift, or transfer at death), and exclusions of certain capital gains are classified as tax expenditures. Because of the practical need for administrative feasibility, the Joint Committee staff assumes that a normal income tax does not provide for any indexing of the basis of capital

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<sup>10</sup> For taxpayers with modified adjusted gross incomes above certain levels, up to 85 percent of Social Security and tier 1 railroad retirement benefits are includable in income.

<sup>11</sup> The National Income and Product Accounts include estimates of imputed income for owner-occupied housing. The accounts appear in *Survey of Current Business*, published monthly by the U.S. Department of Commerce, Bureau of Economic Analysis. However, a taxpayer-by-taxpayer accounting of imputed income would be necessary for a tax expenditure estimate.

<sup>12</sup> The Treasury provides a tax expenditure calculation for the exclusion of net rental income of homeowners that combines the positive tax expenditure for the failure to impute rental income with the negative tax expenditure for the failure to allow a deduction for depreciation and other costs.

<sup>13</sup> If the imputed income from owner-occupied homes were included in adjusted gross income, it would be proper to include all mortgage interest deductions and related property tax deductions as part of the normal income tax structure, since interest and property tax deductions would be allowable as a cost of producing imputed income. It also would be appropriate to allow deductions for depreciation and maintenance expenses for owner-occupied homes. See Larry Ozanne, "Taxation of Owner-Occupied and Rental Housing," *CBO Working Paper Series*, Working Paper 2012-14, November 2012.

<sup>14</sup> The Joint Committee staff reports the surtax on net investment income imposed by section 1411 as a negative tax expenditure. While the net investment income tax partially offsets the reduced rates of tax on capital gains and qualified dividend income, the tax also operates as a special higher rate of tax on investment income. The estimates include both features of the tax.

assets for changes in the general price level. Thus, under a normal income tax (as under present law), the income tax is levied on nominal gains as opposed to real gains in asset values.

There are many types of State and local government bonds and qualified private activity bonds the interest on which is exempt from Federal income taxation or for which a tax credit is available.<sup>15</sup> Table 1 contains a separate tax expenditure listing for each type of bond.

Under the Joint Committee staff view of a normal income tax, compensatory stock options generally are subject to regular income tax at the time the options are exercised and employers receive a corresponding tax deduction.<sup>16</sup> The employee's income is equal to the difference between the purchase price of the stock and the market price on the day the option is exercised. Present law provides for special tax treatment for incentive stock options and options acquired under employee stock purchase plans. When certain requirements are satisfied, then: (1) the income of the employee with respect to the option at the time of exercise is excluded for purposes of the regular income tax but, in the case of an incentive stock option, is included for purposes of the alternative minimum tax ("AMT"); (2) the gain from any subsequent sale of the stock is taxed as a capital gain; and (3) the employer does not receive a tax deduction with respect to the option. The special tax treatment provided to the employee is viewed as a tax expenditure by the Joint Committee staff, and an estimate of this tax expenditure is contained in Table 1. However, the revenue loss from the special tax treatment provided to the employee is accompanied by a significant revenue gain from the denial of the deduction to the employer. The negative tax expenditure created by the denial of the deduction for employers is incorporated in the calculation of the tax expenditure.

The individual AMT and certain rules that limit the deductibility of losses and expenses are not viewed by the Joint Committee staff as a part of a normal income tax. Instead, they are viewed as provisions that reduce the magnitude of the tax expenditures to which they apply. For example, the AMT reduces the value of the deduction for State and local income taxes (for those taxpayers subject to the AMT) by not allowing the deductions to be claimed in the calculation of AMT liability. Similarly, the passive loss rules, excess business loss rules, at-risk rules, and miscellaneous itemized deductions defer or disallow otherwise allowable deductions and credits. Exceptions to the individual AMT and the passive loss rules are not classified as tax expenditures by the Joint Committee staff because the effects of the exceptions already are incorporated in the estimates of related tax expenditures. In two cases the restrictive effects of the AMT are presented separately because there are no underlying positive tax expenditures reflecting these effects: the negative tax expenditures for the AMT's disallowance of the standard deduction; and the net AMT attributable to the net operating loss limitation.

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<sup>15</sup> The authority to issue tax-credit bonds and direct-pay bonds is repealed for bonds issued after December 31, 2017. Table 1 continues to list tax expenditures for these items as they have continuing revenue effects that are associated with ongoing taxpayer activity.

<sup>16</sup> If an option has a readily ascertainable fair market value, then, under a normal income tax, an employee would include that amount in gross income upon receipt (the grant of the option) and the employer would deduct the same amount at the same time.



## **Business income taxation**

Regardless of the legal form of organization (sole proprietorship, partnership, or S or C corporation), the same general principles are used in the computation of taxable business income – that is, gross income decreased by expenses incurred in earning the income. Thus, certain business tax expenditures apply equally to incorporated and unincorporated businesses.

One of the most difficult issues in defining tax expenditures for business income relates to the tax treatment of capital costs. Under present law, capital costs may be recovered under a variety of alternative methods, depending on the nature of the costs and the status of the taxpayer. For example, investments in equipment and structures may qualify for tax credits, expensing, accelerated depreciation, or straight-line depreciation. The Joint Committee staff generally classifies as tax expenditures cost recovery allowances that are more favorable than those provided under the alternative depreciation system (sec. 168(g)), which provides for straight-line recovery over tax lives that are longer than those permitted under the accelerated system.

The Joint Committee staff estimates another tax expenditure for depreciation in those specific cases where the tax treatment of a certain type of asset deviates from the overall treatment of other similar types of assets. In Table 1, these items are reflected in the various tax expenditure estimates for depreciation. As indicated above, the Joint Committee staff assumes that normal income tax law does not provide for any indexing of the basis of capital assets (nor, for that matter, any indexing with respect to expenses associated with these assets). Thus, normal income tax law does not take into account the effects of inflation on tax depreciation.

The Joint Committee staff uses several accounting standards in evaluating the provisions in the Code that govern the recognition of business receipts and expenses. The Joint Committee staff assumes a normal income tax requires the accrual method of accounting (except where its application is deemed infeasible) and the standard of the “all events test” (used in the Code to determine whether an item of gross income is included in gross income or a liability is incurred) over an annual accounting period.<sup>17</sup> For example, in the case of a liability, the all events test is met when all events have occurred which determine the fact of the liability, the amount of such liability can be determined with reasonable accuracy, and economic performance with respect to such liability has occurred during the taxable year.

In general, tax provisions that deviate from these standards are viewed as tax expenditures. For example, the deduction for estimated mine reclamation and closing costs is viewed as a tax expenditure because such costs do not satisfy the economic performance standard: adherence to the standard would require that the taxpayer incur the actual mine reclamation and closing costs, rather than reserving for reasonably estimated future mine reclamation and closing costs. As another example, the one-year deferral of income from certain advance payments is viewed as a tax expenditure because the deferral is an exception to the all

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<sup>17</sup> See sec. 461(h)(4).

events test: adherence to the standard would require that the taxpayer recognize the revenue in the year of receipt.<sup>18</sup>

The Joint Committee staff assumes that a normal income tax provides for the carryback and carryforward of a net operating loss (“NOL”). The staff also assumes that the general limits on the number of years that such losses may be carried back or forward were chosen for reasons of administrative convenience and compliance concerns, and so may be assumed to represent a normal income tax. Exceptions to the general limits on carrybacks and carryforwards are viewed as tax expenditures. In particular, a limitation on the use of net operating losses to a percentage of taxable income is viewed as a negative tax expenditure.

### **Corporate income tax**

The income of corporations (other than S corporations) generally is subject to a 21-percent corporate income tax.

The corporate alternative minimum tax is viewed as a provision that reduces the magnitude of certain tax expenditures that are disregarded for purposes of the corporate alternative minimum tax.

Passthrough entities are not subject to the corporate income tax. The income of sole proprietorships, S corporations, and most partnerships is taxed only at the owner level. Certain passthrough entities formally treated as corporations (such as regulated investment companies, real estate investment trusts, and cooperatives) are in some circumstances allowed a dividends-paid deduction, which generally results in their paying little to no corporate tax. The absence of corporate income tax levied on a passthrough entity is not treated as a tax expenditure.

Certain organizations that satisfy the requirements of section 501 also generally are not subject to the corporate income tax. The tax exemption for certain tax-exempt organizations that are not described in section 501(c)(3) and which have a direct business analogue or compete with for-profit organizations organized for similar purposes is a tax expenditure.<sup>19</sup> The tax exemption for certain nonprofit cooperative business organizations, such as trade associations, is not treated as a tax expenditure just as the treatment of for-profit passthrough business entities is not treated as a tax expenditure. With respect to other nonprofit organizations, such as charities, tax-exempt status is not classified as a tax expenditure because the nonbusiness activities of such organizations generally must predominate and their unrelated business income is subject to tax.<sup>20</sup> However, there are numerous exceptions that allow for otherwise unrelated business income to

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<sup>18</sup> The Joint Committee staff is evaluating the extent to which the rule that requires certain taxpayers to include an item of income in gross income no later than when such income is taken into account as revenue for financial statement purposes is a negative tax expenditure. See sec. 451(b).

<sup>19</sup> These organizations include small insurance companies, mutual or cooperative electric companies, State credit unions, and Federal credit unions.

<sup>20</sup> The tax exemption for charities is not treated as a tax expenditure even if taxable analogues may exist. For example, the tax exemption for hospitals and universities is not treated as a tax expenditure notwithstanding the existence of taxable hospitals and universities.

escape taxation,<sup>21</sup> and these exceptions are treated as tax expenditures. In general, the imputed income derived from nonbusiness activities conducted by individuals or collectively by certain nonprofit organizations is outside the normal income tax base. However, the ability of donors to such nonprofit organizations to claim a charitable contribution deduction is a tax expenditure, as is the exclusion of income granted to holders of tax-exempt financing issued by charities.

### **Comparisons with Treasury**

The Joint Committee staff and Treasury lists of tax expenditures differ in at least six respects. First, the Joint Committee staff and the Treasury use differing methodologies for the estimation of tax expenditures. Thus, the estimates in Table 1 are not necessarily directly comparable with the estimates prepared by the Treasury. Under the Joint Committee staff methodology, each tax expenditure is measured by the difference between tax liability under present law and the tax liability that would result if the tax expenditure provision were repealed and taxpayers were allowed to take advantage of any of the remaining tax expenditure provisions that apply to the income or the expenses associated with the repealed tax expenditure.

For example, the tax expenditure provision for the exclusion of employer-paid health insurance is measured by the difference between tax liability under present law and the tax liability that would result if the exclusion were repealed and taxpayers were allowed to claim the next best tax treatment for the previously excluded employer-paid health insurance. This next best tax treatment could be the inclusion of the employer-paid health insurance as an itemized medical deduction on Schedule A (Form 1040).<sup>22</sup>

Under the Treasury methodology, each tax expenditure is measured by the difference between tax liability under present law and the tax liability that would result if the tax expenditure provision were repealed and taxpayers were prohibited from taking advantage of any of the remaining tax expenditure provisions that apply to the income or the expenses associated with the repealed tax expenditure. For example, the tax expenditure provision for the exclusion for employer-paid health insurance is measured by the difference between tax liability under present law and the tax liability that would result if the exclusion were repealed and taxpayers were required to include all of the employer-paid health insurance in income, with no offsetting deductions (*i.e.*, no deductibility on Schedule A (Form 1040)).

Second, the Treasury uses a different classification of those provisions that can be considered a part of a normal income tax under both the individual and business income taxes. In general, the Joint Committee staff methodology involves a broader definition of the normal income tax base. In addition, the Joint Committee list of tax expenditures includes some

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<sup>21</sup> These exceptions include certain passive income that arguably may relate to business activities, such as royalties or rents received from licensing trade names or other assets typically used in a trade or business, as well as other passive income such as certain dividends and interest. Other exceptions include income derived from certain research activities and income from certain trade show and fair activities.

<sup>22</sup> If the exclusion were repealed, the value of the employer-paid health insurance would be included in income and taxpayers would be treated as having purchased the insurance themselves. Thus, the insurance expense would be deductible as an itemized medical expense on Schedule A (Form 1040), subject to the itemized medical deduction floor.

provisions that are not contained in the Treasury list. The cash method of accounting by certain businesses provides an example. The Treasury considers the cash accounting option for certain businesses to be a part of a normal income tax, but the Joint Committee staff methodology treats it as a departure from a normal income tax that constitutes a tax expenditure.

Third, the Joint Committee staff and the Treasury estimates of tax expenditures may also differ as a result of differing data sources and differences in baseline projections of incomes and expenses. The Treasury's tax expenditure calculations are based on the Administration's economic forecast. The Joint Committee staff calculations are based on the economic forecast prepared by the CBO.

Fourth, the Joint Committee staff and the Treasury estimates of tax expenditures span different sets of years. The Treasury's estimates cover an 11-year period: the last fiscal year, the current fiscal year when the President's budget is submitted, and the next nine fiscal years, *i.e.*, fiscal years 2023-2033. The Joint Committee staff estimates cover a five-year period from 2024-2028.

Fifth, the Joint Committee staff list excludes those provisions that are estimated to result in revenue losses below the *de minimis* amount, *i.e.*, less than \$250 million over the five fiscal years 2024 through 2028. The Treasury rounds all yearly estimates to the nearest \$10 million and excludes those provisions with estimates that round to zero in each year, *i.e.*, provisions that result in less than \$5 million in revenue loss in each of the years 2023 through 2033.

Finally, the Joint Committee staff list formally integrates negative tax expenditures into its standard presentation.

In some cases, two or more of the tax expenditure items in the Treasury list have been combined into a single item in the Joint Committee staff list, and vice versa. The Table 1 descriptions of some tax expenditures also may vary from the descriptions used by the Treasury.

There are some tax expenditure provisions that are contained in the Treasury list but are not contained in the Joint Committee staff list. Two of these provisions involve exceptions to the passive loss rules: the exception for working interests in oil and gas properties, and the exception for up to \$25,000 of rental losses. The Joint Committee staff does not classify these two provisions as tax expenditures; the effects of the passive loss rules (and exceptions to the rules) are included in the estimates of the tax expenditure provisions that are affected by the rules.<sup>23</sup>

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<sup>23</sup> See discussion of the passive loss rules in the previous section.

## II. MEASUREMENT OF TAX EXPENDITURES

### Tax expenditure calculations generally

A tax expenditure is measured as the difference between tax liability under present law and the tax liability that would result from a redetermination of tax without benefit of the tax expenditure provision.<sup>24</sup> Taxpayer behavior is assumed to remain unchanged for tax expenditure estimate purposes.<sup>25</sup> This assumption is made to simplify the calculation and conform to the presentation of government outlays. This approach to tax expenditure measurement is in contrast to the approach taken in revenue estimating: all Joint Committee staff revenue estimates reflect anticipated taxpayer behavior.

The tax expenditure calculations in this report are based on the February 2024 CBO revenue baseline and Joint Committee staff projections of the gross income, deductions, and expenditures of individuals and corporations for calendar years 2024-2028. These projections are used to compute tax liabilities for the present-law revenue baseline and tax liabilities for the alternative baseline that assumes that the tax expenditure provision does not exist.

Internal Revenue Service (“IRS”) statistics from recent tax returns are used to develop projections of the tax credits, deductions, and exclusions that will be claimed (or that will be denied in the case of negative tax expenditures) under the present-law baseline.<sup>26</sup> These IRS statistics show the actual usage of the various tax expenditure provisions. In the case of some tax expenditures, such as the earned income credit, there is evidence that some taxpayers are not claiming all the benefits to which they are entitled, while others are filing claims that exceed their entitlements. The tax expenditure calculations in this report are based on projections of actual claims under the various tax provisions, not the potential tax benefits to which taxpayers are entitled.

Some tax expenditure calculations are partly based on statistics for income, deductions, and expenses for prior years. Accelerated depreciation is an example. Estimates for this tax expenditure are based on the difference between tax depreciation deductions under present law

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<sup>24</sup> An alternative way to measure tax expenditures is to express their values in terms of “outlay equivalents.” An outlay equivalent is the dollar size of a direct spending program that would provide taxpayers with net benefits that would equal what they now receive from a tax expenditure. For positive tax expenditures, the major difference between outlay equivalents and the tax expenditure calculations presented here is accounting for whether a tax expenditure converted into an outlay payment would itself be taxable, so that a gross-up might be needed to deliver the equivalent after-tax benefits.

<sup>25</sup> An exception to this absence of behavior in tax expenditure calculations is that a taxpayer is assumed to make simple additions or deletions in filing tax forms, what the Joint Committee staff refers to as “tax form behavior.” For example, as noted above, if the exclusion for employer-paid health insurance were repealed, taxpayers would be allowed to claim the next best tax treatment for the previously excluded insurance. This next best tax treatment could be the inclusion of the employer-paid health insurance as an itemized medical deduction on Schedule A (Form 1040). Similarly, a taxpayer that is eligible for one of two alternative credits is assumed to file for the second credit if the first credit is eliminated.

<sup>26</sup> See Joint Committee on Taxation, *Estimating Changes in the Federal Individual Income Tax: Description of the Individual Tax Model* (JCX-48-23), October 30, 2023.

and the deductions that would have been claimed in the current year if investments in the current year and all prior years had been depreciated using the alternative (normal income tax law) depreciation system.

Each tax expenditure is calculated separately, under the assumption that all other tax expenditures remain in the Code. If two or more tax expenditures were estimated simultaneously, the total change in tax liability could be smaller or larger than the sum of the amounts shown for each item separately as a result of interactions among the tax expenditure provisions.<sup>27</sup>

Year-to-year differences in the calculations for each tax expenditure reflect changes in tax law, including phaseouts of tax expenditure provisions and changes that alter the definition of the normal income tax structure, such as the tax rate schedule and the amount of the standard deduction. For example, the dollar level of tax expenditures tends to increase and decrease as tax rates increase and decrease, respectively, without any other changes in law. Some of the calculations for this tax expenditure report may differ from estimates made in previous years because of changes in law and economic conditions, the availability of better data, and improved measurement techniques.

If a tax expenditure provision were eliminated, Congress might choose to continue financial assistance through other means rather than terminate all Federal assistance for the activity. If a replacement spending program were enacted, the higher revenues received as a result of the elimination of a tax expenditure might not represent a net budget gain. A replacement program could involve direct expenditures, direct loans or loan guarantees, regulatory activity, a mandate, a different form of tax expenditure, or a general reduction in tax rates. Joint Committee staff estimates of tax expenditures do not anticipate such policy responses.

### **Tax expenditures versus revenue estimates**

A tax expenditure calculation is not the same as a revenue estimate for the repeal of the tax expenditure provision for three reasons. First, unlike revenue estimates, tax expenditure calculations do not incorporate the effects of the behavioral changes that are anticipated to occur in response to the repeal of a tax expenditure provision. Second, some of the tax provisions that provide an exclusion from income also apply to the Federal Insurance Contributions Act (“FICA”) tax base, and the repeal of the income tax provision would automatically increase FICA tax revenues as well as income tax revenues. This FICA effect would be reflected in revenue estimates but is not considered in tax expenditure calculations. There may also be interactions between income tax provisions and other Federal taxes such as excise taxes and the estate and gift tax.

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<sup>27</sup> See Leonard E. Burman, Christopher Geissler, and Eric J. Toder, “How Big Are Total Individual Income Tax Expenditures, and Who Benefits from Them?” *American Economic Review*, vol. 98, no. 2, May 2008.

Third, tax expenditure calculations are concerned with changes in the reported tax liabilities of taxpayers.<sup>28</sup> Because tax expenditure analysis focuses on tax liabilities as opposed to Federal government tax receipts, there is no concern for the short-term timing of tax payments. Revenue estimates are concerned with changes in Federal tax receipts that are affected by the timing of all tax payments. If a tax expenditure were repealed, it is likely that the repeal would be made effective for taxable years beginning after a certain date. Because most individual taxpayers have taxable years that coincide with the calendar year, the repeal of a provision affecting the individual income tax most likely would be effective for taxable years beginning after December 31 of a certain year. However, the Federal government's fiscal year begins October 1. Thus, the revenue estimate for repeal of a provision would show a smaller revenue gain in the first fiscal year than in subsequent fiscal years, because the repeal would be effective a few months after the start of the Federal government's fiscal year. The revenue estimate might also reflect some delay in the timing of the revenue gains as a result of the taxpayer tendency to postpone or forgo changes in tax withholding and estimated tax payments, and very often the repeal or modification of a tax provision includes transition relief that would not be captured in a tax expenditure calculation.

### **Quantitatively *de minimis* tax expenditures**

The following tax provisions are viewed as tax expenditures by the Joint Committee staff but are not listed in Table 1 because the estimated revenue losses, or in the case of negative tax expenditures gains, for fiscal years 2024 through 2028 are below the *de minimis* amount (\$250 million). A provision that is a negative tax expenditure is indicated by the symbol “ \* ”.

### ***International affairs***

—Miscellaneous nonresident individual income tax exclusions (certain gambling winnings (sec. 871(j)); ship or aircraft operation income, certain exchange or training programs compensation, bond income of residents of the Ryukyu Islands, certain wagering income (sec. 872(b)))

—Miscellaneous foreign corporate income tax exclusions (ship or aircraft operation income, foreign railroad rolling stock earnings, certain communication satellite earnings (sec. 883))

### ***Energy***

—Credit for fuel cell vehicles (sec. 30B)

—Credits for other alternative fuel vehicles (sec. 30B)

—Credit for electric motor vehicles (sec. 30D)

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<sup>28</sup> Reported tax liabilities may reflect compliance issues, and thus calculations of tax expenditures reflect existing compliance issues.

- Credit for second-generation biofuel production (sec. 40(a)(4))
- Credit for biodiesel and renewable diesel fuel (sec. 40A)<sup>29</sup>
- Credit for sustainable aviation fuel (sec. 40B)
- Credit for enhanced oil recovery costs (sec. 43)
- Credits for electricity production from renewable resources (sec. 45):
  - Small irrigation power (sec. 45(c)(1)(F))
  - Qualified hydropower (sec. 45(c)(1)(H))
- Coal production credits (sec. 45):
  - Refined coal (sec. 45(c)(7))
  - Indian coal (sec. 45(c)(9))
- Credit for electricity production from closed-loop biomass facilities (sec. 45(d)(2))
- Credit for producing oil and gas from marginal wells (sec. 45I)
- Credit for production of electricity from qualifying advanced nuclear power facilities (sec. 45J)
- Energy credit (sec. 48):
  - Geothermal (sec. 48(a)(3)(iii))
  - Microturbines (sec. 48(a)(3)(iv))
  - Combined heat and power (sec. 48(a)(3)(v))
  - Small wind (sec. 48(a)(3)(vi))
  - Geothermal heat pump systems (sec. 48(a)(3)(vii))
- Credit for investment in advanced energy property (sec. 48C)
- Credit for holders of clean renewable energy bonds (secs. 54 and 54C)
- Credit for holders of qualified energy conservation bonds (sec. 54D)
- Exclusion of energy conservation subsidies provided by public utilities (sec. 136)

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<sup>29</sup> The estimated tax expenditure for the credit for biodiesel and renewable diesel fuel does not take into account any benefits for biodiesel or renewable diesel provided by the excise tax credits and payments under sections 6426 and 6427(e), respectively.



—Exclusion of interest on State and local government qualified private activity bonds for energy production facilities (secs. 142(a)(8), 142(a)(9), and 142(a)(12))

—Exclusion of interest on State and local government qualified private activity bonds for green buildings and sustainable design projects (sec. 142(a)(14))

—Seven-year MACRS for any Alaska natural gas pipeline (sec. 168(e)(3)(C))

—Energy efficient commercial buildings deduction (sec. 179D)

—Expensing of tertiary injectants (sec. 193)

—Expensing of exploration and development costs, other fuels (secs. 616 and 617)

### ***Natural resources and environment***

—Special depreciation allowance for certain reuse and recycling property (sec. 168(m))

—Special rules for mining reclamation reserves (sec. 468)

—Special tax rate for nuclear decommissioning reserve funds (sec. 468A)

—Exclusion of earnings of certain environmental settlement funds (sec. 468B(g))

—Excess of percentage over cost depletion, nonfuel minerals (sec. 613)

—Expensing of exploration and development costs, nonfuel minerals (secs. 616 and 617)

### ***Agriculture***

—Exclusion of cancellation of indebtedness income of farmers (sec. 108(a)(1)(C))

—Exclusion of cost-sharing payments of farmers (sec. 126)

—Cash accounting for agriculture (sec. 446)

—Expensing of costs of raising dairy and breeding cattle (sec. 1231(b)(3))

### ***Commerce and housing***

—Exclusion of investment income from structured settlement arrangements (secs. 72(u)(3)(C) and 130)

—Inclusion of income arising from business indebtedness discharged by the reacquisition of a debt instrument (sec. 108(i))

- Alaska Native Corporation trusts (secs. 139G, 247, and 646)
- Seven-year MACRS for motorsports entertainment complexes (sec. 168(i)(15))
- Special rules for magazine, paperback book, and record returns (sec. 458)
- Inventory methods and valuation: specific identification for homogeneous products (sec. 471)
- Exclusion from unrelated business taxable income (“UBTI”) of certain payments to controlling exempt organizations (sec. 512)
- Bad debt reserves of financial institutions (sec. 585)
- Deferral of gain on sales of property to comply with conflict-of-interest requirements (sec. 1043)
- Reduced rates of tax on gains from the sale of self-created musical works (sec. 1221(b)(3))
- Exclusion of gain or loss on sale or exchange of brownfield property (sec. 512(b)(19))
- Credit for the cost of carrying tax-paid distilled spirits in wholesale inventories (sec. 5011)

### ***Transportation***

- Exclusion of interest on State and local government qualified private activity bonds for high-speed intercity rail facilities (sec. 142(a)(11))

### ***Community and regional development***

- Exclusion of Indian general welfare benefits (sec. 139E)
- Accelerated depreciation for business property on an Indian reservation (sec. 168(j))
- Issuance of tribal economic development bonds (sec. 7871(f))

### ***Education, training, employment, and social services***

- Credit for disabled access expenditures (sec. 44)
- Credit for employer-provided dependent care (sec. 45F)
- Exclusion of Olympic and Paralympic medals and prizes (sec. 74(d))

—Exclusion of interest on educational savings bonds (sec. 135)

—Exclusion of restitution payments received by victims of the Nazi regime and the victims' heirs and estates (sec. 803 of Pub. L. No. 107-16)

### ***Health***

—Tax credit for small businesses purchasing employer insurance (sec. 45R)

—Archer medical savings accounts (sec. 220)

### ***Income security***

—Credit for the elderly and disabled (sec. 22)

—Exclusion of survivor annuities paid to families of public safety officers killed in the line of duty (sec. 101(h))

—Exclusion of special benefits for disabled coal miners (sec. 501(c)(21))

—ABLE accounts (sec. 529A)

### ***Veterans' benefits and services***

—Burial expenses for veterans (sec. 134 and 38 U.S.C. 5301)

—Exclusion of interest on State and local government qualified private activity bonds for veterans' housing (sec. 141(e)(1)(C))

### ***Administration of justice***

—Exclusion of certain amounts received by wrongfully incarcerated individuals (sec. 139F)

—Denial of deduction for payments related to sexual harassment and sexual abuse subject to nondisclosure agreements (sec. 162(q))\*

### ***General government***

—American Samoa economic development credit (sec. 119 of Pub. L. No. 109-432)

### ***Interest***

—Exclusion of interest received in action to recover property seized by the Internal Revenue Service based on structuring transaction (sec. 139H)

## **Tax expenditures for which quantification is not available**

The following tax provisions are viewed as tax expenditures by the Joint Committee staff but are not listed in Table 1 because the projected revenue changes are unavailable (a provision that is a negative tax expenditure is indicated by the symbol “ \* ”):

### ***International affairs***

—Deduction for U.S. employment tax paid under section 3121(l) agreements for employees of foreign affiliates

—Doubling of tax rates on citizens and corporations of certain foreign countries\*

### ***Energy***

—Accelerated deductions for nuclear decommissioning costs (sec. 468A)

—Fossil fuel capital gains treatment (sec. 631(c))

### ***Natural resources and environment***

—Exception to partial interest rule for qualified conservation contribution (sec. 170(h))

—Exclusion of interest on State and local government private activity bonds for qualified carbon dioxide capture facilities (sec. 142(a)(17))

### ***Agriculture***

—10-year MACRS for single purpose agricultural or horticultural structures (sec. 168(e)(3), (i)(13))

—Exceptions from dealer disposition definition for installment sales (sec. 453(l)(2)(A))

—Exception from interest calculation on installment sales for small dispositions (sec. 453A(b)(3))

### ***Commerce and housing credit***

—Unrecaptured section 1250 gain rate (section 1(h)), which applies to depreciation taken on real property

—Disallowance of deduction for unreimbursed expenses attributable to trade or business of the performance of services as an employee\* (sec. 62(a)(1))

—Treatment of loans under life insurance and annuity contracts and 401(k) plans (secs. 72(e), 72(p), and 7702)

- Denial of deduction for investment expenses\* (sec. 212)
- Amortization of organizational expenditures (sec. 248)
- Deferral of prepaid subscription income (sec. 455)
- Deferral of prepaid dues income of certain membership organizations (sec. 456)
- Exemption for cemetery companies (sec. 501(c)(13))
- Certain exceptions to the UBTI rules (secs. 512-514)
  - Passive income gains
  - Income from certain research
  - Trade shows and fairs
  - Bingo games
  - Pole rentals
  - Sponsorship payments
  - Real estate exception to the debt-financed income rules
- Amortization of partnership organization and syndication fees (sec. 709)
- Nonrecognition of in-kind distributions by regulated investment companies in redemption of their stock (sec. 852(b)(6))
- Specific identification of sold equities (sec. 1012 and Treas. Reg. sec. 1012-1)
- Losses on small business stock (secs. 1242-1244)
- Special discount rate rule for certain debt instruments where stated principal amount is \$2.8 million or less (sec. 1274A)
- Tax treatment of convertible bonds (Treas. Reg. sec. 1.1275-4; Rev. Rul. 2002-31)
- Nondeductibility of excise taxes imposed on employers whose employees receive premium assistance credits\* (secs. 275(a)(6) and 4980H(c)(7))
- Nondeductibility of annual fees imposed on certain drug manufacturers or importers\* (sec. 275(a)(6) and sec. 9008(f)(2) of Pub. L. No. 111-148)

### ***Income security***

- Credit for new retirement plan expenses of small businesses (sec. 45E)
- Matching contribution for qualified retirement savings contributions (sec. 6433)<sup>30</sup>

### ***General government***

- Exclusion of Guam, American Samoa, and Northern Mariana Islands income (sec. 931)<sup>31</sup>
- Exclusion of U.S. Virgin Islands income (sec. 932(c)(4))
- Exclusion of Puerto Rico income (sec. 933)

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<sup>30</sup> Quantification of the effects of the match credit are not presently available and will be included in this publication when data become available.

<sup>31</sup> Also includes the exclusion of Guam income under the rules coordinating United States and Guam individual income taxes (former sec. 935, which remains in effect with respect to Guam and the Northern Mariana Islands).

### III. TAX EXPENDITURE ESTIMATES

Tax expenditures are grouped in Table 1 in the same functional categories as outlays in the Federal budget. Within each budget function, tax expenditures are ordered by the Code section that provides for the special treatment. Estimates are shown separately for individuals and corporations. Those tax expenditures that do not fit clearly into any single budget category have been placed in the most appropriate category. Totals for each tax expenditure are presented for the five-year period covering fiscal years 2024-2028, respectively.

Several of the tax expenditure items involve small amounts of revenue, and those estimates are indicated in Table 1 by footnote 3. For each of these items, the footnote means that the tax expenditure is less than \$250 million in the fiscal year.

Table 2 presents distributional projections of tax return data for each of nine income classes including: (1) the number of all returns (including filing and nonfiling units),<sup>32</sup> (2) the number of taxable returns, (3) the number of returns with itemized deductions, and (4) the amount of tax liability.

Table 3 provides distributional estimates by income class for some of the tax expenditures that affect individual taxpayers. Not all tax expenditures that affect individuals are shown in this table because of the difficulty in making reliable estimates of the income distribution of items that do not appear on tax returns under present law.

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<sup>32</sup> Filing units include all taxable and nontaxable returns. Non-filing units include individuals with income that is exempt from Federal income taxation (e.g., transfer payments, interest from tax-exempt bonds, etc.).

Table 1.--Tax Expenditure Estimates By Budget Function, Fiscal Years 2024 - 2028 [1]

*[Billions of Dollars]*

Function	Corporations					Individuals					Total
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024-28
<b>National Defense</b>											
Deduction for overnight-travel expenses of national guard and reserve members.....	---	---	---	---	---	0.2	0.3	0.3	0.3	0.3	1.4
Exclusion of military disability benefits.....	---	---	---	---	---	0.3	0.4	0.4	0.4	0.4	1.9
Exclusion of combat pay.....	---	---	---	---	---	0.9	0.9	1.1	1.2	1.3	5.3
Exclusion of benefits and allowances to armed forces personnel.....	---	---	---	---	---	6.6	6.8	7.0	7.4	8.2	36.1
<b>International Affairs</b>											
Election to deduct foreign taxes instead of a credit.....	3.0	3.3	3.4	3.3	3.4	---	---	---	---	---	16.5
Deduction for foreign-derived intangible income derived from trade or business within the United States.....	13.8	15.3	12.4	12.1	11.7	---	---	---	---	---	65.4
Reduced tax rate on active income of controlled foreign corporations.....	57.0	47.6	37.5	34.8	36.5	---	---	---	---	---	213.6
2 Exclusion of foreign earned income:											
Salary.....	---	---	---	---	---	4.5	5.3	5.6	6.0	6.4	27.9
Housing.....	---	---	---	---	---	0.7	0.8	0.8	0.8	0.8	3.9
Exclusion of certain allowances for Federal employees abroad.....	---	---	---	---	---	1.7	1.8	1.9	1.9	2.0	9.3
Exclusion of certain income of CFCs under 951 and 951A.....	1.5	1.6	1.7	2.2	2.6	---	---	---	---	---	9.5
Special rules for interest-charge domestic international sales corporations.....	2.1	2.3	2.4	2.4	2.5	---	---	---	---	---	11.7
Election to be taxed on notional shipping income based on tonnage.....	0.1	0.1	0.1	0.1	0.1	---	---	---	---	---	0.5
<b>General Science, Space, and Technology</b>											
Credit for increasing research activities (section 41).....	20.4	22.0	23.4	24.7	26.4	2.3	2.4	2.6	2.7	2.9	129.9
<b>Energy</b>											
Residential clean energy credit.....	---	---	---	---	---	16.8	11.4	9.9	10.2	10.7	59.0
Energy efficient home improvement credit.....	---	---	---	---	---	1.6	1.6	1.6	1.6	1.7	8.1



Function	Corporations					Individuals					Total
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024-28
Credits for alternative technology vehicles:											
Clean vehicle credit.....	---	---	---	---	---	1.8	0.4	0.5	0.8	2.1	5.6
Credit for qualified commercial clean vehicles.....	1.6	2.4	2.9	3.5	4.1	---	---	---	---	---	14.4
Credit for previously owned plug-in electric vehicles.....	---	---	---	---	---	0.3	0.3	0.4	0.3	0.3	1.7
Credit for production of clean hydrogen [4].....	0.3	0.7	1.3	2.0	2.9	[2]	[2]	[2]	[2]	[2]	7.2
Clean fuel production [4].....	---	1.8	2.9	2.5	1.2	---	[2]	[2]	[2]	[2]	8.4
Credits for electricity production from renewable resources (section 45):											
Wind.....	3.3	4.1	5.3	6.7	7.9	0.1	0.1	0.1	0.1	0.1	27.6
Credit for carbon oxide sequestration.....	[2]	[2]	[2]	[2]	[2]	---	---	---	---	---	0.2
Energy credit (section 48):											
Solar.....	14.3	19.6	26.1	13.1	5.4	1.6	2.2	2.9	1.5	[6]	86.6
Fuel Cells.....	0.1	0.1	0.1	0.1	0.1	[2]	[2]	[2]	[2]	[2]	0.5
Energy storage.....	0.1	0.1	0.1	0.1	0.1	[2]	[2]	[2]	[2]	[2]	0.5
Qualified biogas property.....	0.1	0.1	0.1	0.1	0.1	[2]	[2]	[2]	[2]	[2]	0.5
Qualified interconnection property.....	1.2	1.2	1.6	1.7	1.8	[2]	[2]	[2]	[2]	[2]	7.5
Qualified Sec 45 property.....	[2]	0.5	2.6	3.7	4.1	[2]	[2]	0.5	0.6	0.6	12.6
Clean electricity ITC.....	---	---	[2]	13.2	15.4	---	---	[2]	2.6	1.0	31.9
Credit for alternative fuel vehicle refueling property.....	0.1	0.1	0.1	0.1	0.1	[2]	[2]	[2]	[2]	[2]	0.4
Credit for construction of energy-efficient new homes.....	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	1.3
Advanced manufacturing production credit.....	9.2	16.5	16.7	17.6	18.5	1.0	1.8	1.9	2.0	2.1	87.3
Advanced manufacturing investment credit.....	6.6	8.1	8.1	5.3	3.9	---	---	---	---	---	31.9
Zero emission nuclear power production credit.....	1.6	2.7	2.8	2.9	3.0	[2]	[2]	[2]	[2]	[2]	13.1
Amortization of geological and geophysical expenditures associated with oil and gas exploration.....	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	0.7
Depreciation recovery periods for energy-specific items [7]:											
Five-year MACRS for certain energy property (solar, wind, etc.).....	0.1	0.1	0.1	0.1	0.1	[2]	[2]	[2]	[2]	[2]	0.5
10-year MACRS for smart electric distribution property.....	[2]	0.1	0.1	0.1	0.1	---	---	---	---	---	0.3
15-year MACRS for certain electric transmission property.....	[2]	0.1	0.1	0.1	0.1	---	---	---	---	---	0.3
15-year MACRS for natural gas distribution line.....	[2]	0.1	0.1	0.1	0.1	---	---	---	---	---	0.3
Amortization of air pollution control facilities.....	[2]	[2]	[2]	[2]	[2]	---	---	---	---	---	0.3

Function	Corporations					Individuals					Total
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024-28
Excess of percentage over cost depletion:											
Oil and gas.....	0.7	0.7	0.7	0.7	0.6	[2]	[2]	[2]	[2]	[2]	3.6
Other fuels.....	0.1	0.1	0.1	0.1	0.1	[2]	[2]	[2]	[2]	[2]	0.6
Expensing of exploration and development costs:											
Oil and gas.....	0.6	0.5	0.5	0.5	0.4	[2]	[2]	[2]	[2]	[2]	2.5
Exceptions for publicly-traded partnership with qualified income derived from certain energy-related activities.....	---	---	---	---	---	0.4	0.5	0.6	0.7	0.8	3.0
<b>Natural Resources and Environment</b>											
Expensing of timber-growing costs.....	0.3	0.3	0.3	0.3	0.3	[2]	[2]	[2]	[2]	[2]	1.6
Amortization and expensing of reforestation expenditures.....	[2]	[2]	[2]	[2]	[2]	0.1	0.1	0.1	0.1	0.1	0.8
Treatment of income from exploration and mining of natural resources as qualifying income under the publicly-traded partnership rules.....	---	---	---	---	---	---	0.1	0.1	0.1	0.1	0.3
<b>Agriculture</b>											
Two-year carryback period for net operating losses attributable to farming.....	[2]	[2]	[2]	[2]	[2]	0.1	0.1	0.1	0.1	0.1	0.5
Expensing of soil and water conservation expenditures.....	[2]	[2]	[2]	[2]	[2]	0.1	0.1	0.1	0.1	0.1	0.5
Expensing by farmers for fertilizer and soil conditioner costs.....	[2]	[2]	[2]	[2]	[2]	0.1	0.1	0.1	0.1	0.1	0.5
Income averaging for farmers and fishermen.....	---	---	---	---	---	0.3	0.3	0.3	0.3	0.4	1.5
<b>Commerce and Housing</b>											
Exclusion of interest on State and local government private activity bonds for broadband.....	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	0.1	0.1	0.3
Reduced rates of tax on dividends and long-term capital gains.....	---	---	---	---	---	236.8	231.5	240.9	245.0	248.5	1,202.7
Credit for low-income housing .....	12.8	13.5	14.2	14.9	15.5	0.2	0.2	0.2	0.2	0.2	71.8
Credit for employer-paid FICA taxes on tips.....	0.7	0.8	0.9	1.0	1.1	1.7	1.8	1.9	2.0	2.2	14.0
Credit for rehabilitation of historic structures.....	1.1	1.2	1.2	1.3	1.3	0.4	0.4	0.4	0.4	0.5	8.1
Exclusion of capital gains on sales of principal residences.....	---	---	---	---	---	43.0	46.4	56.0	60.7	63.7	269.8
Exclusion of interest on State and local government qualified private activity bonds for rental housing.....	0.3	0.3	0.3	0.3	0.3	1.2	1.2	1.3	1.4	1.4	8.0
Exclusion of interest on State and local government qualified private activity bonds for owner-occupied housing [8].....	0.2	0.2	0.2	0.2	0.2	0.8	0.8	0.9	0.9	0.9	5.1
Exclusion of interest on State and local government											

Function	Corporations					Individuals					Total
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024-28
small-issue qualified private activity bonds.....	[2]	[2]	[2]	[2]	[2]	0.1	0.1	0.1	0.1	0.1	0.5
Limitation on deduction for FDIC premiums*.....	-1.5	-1.5	-1.6	-1.6	-1.6	---	---	---	---	---	-7.8
Deduction for mortgage interest on owner-occupied residences.....	---	---	---	---	---	24.8	25.8	94.4	117.8	119.5	382.2
Exclusion of income attributable to the discharge of principal residence acquisition indebtedness.....	---	---	---	---	---	0.1	0.1	[2]	---	---	0.2
Limitation on net interest deduction to 30 percent of adjusted taxable income*.....	-8.8	-15.1	-23.0	-27.0	-29.3	-0.6	-1.0	-1.5	-1.8	-1.9	-109.9
Depreciation of equipment in excess of the alternative depreciation system [7].....	9.8	-7.2	-17.1	-23.4	-23.0	5.4	-5.7	-12.4	-19.1	-19.1	-111.7
Depreciation of rental housing in excess of alternative depreciation system.....	0.7	0.6	0.6	0.5	0.5	6.7	6.2	5.9	5.9	5.2	32.8
Depreciation of buildings other than rental housing in excess of alternative depreciation system.....	0.2	0.3	0.3	0.3	0.3	0.6	0.6	0.7	0.8	0.8	4.9
Limit NOL deduction*.....	-0.4	-0.4	-0.4	-0.4	-0.4	---	---	---	---	---	-2.1
Insurance companies (other than life insurance companies) two-year NOL carryback.....	3.4	3.5	3.5	3.6	3.8	0.4	0.4	0.4	0.4	0.4	19.7
Expensing under section 179 of depreciable business property.....	0.7	0.8	0.8	0.9	0.9	5.8	5.8	6.5	8.2	8.4	38.9
Expensing of magazine circulation expenditures.....	[2]	[2]	0.1	0.1	0.1	[2]	[2]	[2]	0.1	0.1	0.6
Amortization of business startup costs.....	[2]	[2]	[2]	[2]	[2]	0.2	0.2	0.2	0.3	0.3	1.4
Expensing of costs to remove architectural and transportation barriers to the handicapped and elderly.....	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	0.3
Deduction for qualified business income.....	---	---	---	---	---	63.1	66.1	26.9	---	---	156.0
Distributions in redemption of stock to pay various taxes imposed at death.....	---	---	---	---	---	0.1	0.1	0.1	0.1	0.1	0.4
Cash accounting, other than agriculture.....	0.6	0.6	0.6	0.6	0.6	2.5	2.6	3.0	3.3	3.4	17.8
Deferral of certain advance payments.....	1.4	1.5	1.5	1.6	1.6	0.4	0.5	0.5	0.5	0.5	10.0
Deferral of gain on non-dealer installment sales.....	4.7	5.0	5.3	5.6	5.9	1.4	1.4	1.5	1.6	1.6	34.0
Completed contract rules.....	0.8	0.8	0.9	0.9	1.0	0.1	0.1	0.2	0.2	0.2	5.3

Function	Corporations					Individuals					Total
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024-28
Limitation on active passthrough losses in excess of \$500,000/\$250,000*.....	---	---	---	---	---	-3.2	-2.7	-2.4	-2.1	-1.9	-12.3
Inventory methods and valuation:											
Last in first out.....	1.9	1.6	1.6	1.5	1.5	0.5	0.4	0.4	0.4	0.4	10.1
Lower of cost or market.....	0.1	0.1	0.1	0.1	0.1	[2]	[2]	[2]	[2]	[2]	0.3
Exemption of credit union income.....	2.9	3.0	3.2	3.5	3.8	---	---	---	---	---	16.3
Special treatment of life insurance company reserves.....	2.3	2.4	2.5	2.6	2.7	---	---	---	---	---	12.5
Tax-exempt status and election to be taxed only on investment income for certain small property and casualty insurance companies.....	2.0	2.1	2.2	2.4	2.5	0.2	0.2	0.2	0.3	0.3	12.4
Proration for property and casualty insurance companies.....	0.2	0.2	0.2	0.3	0.3	---	---	---	---	---	1.2
Special deduction for Blue Cross and Blue Shield companies.....	0.3	0.3	0.3	0.3	0.3	---	---	---	---	---	1.6
Interest rate and discounting period assumptions for reserves of property and casualty insurance companies.....	1.6	1.7	1.7	1.9	1.9	---	---	---	---	---	8.9
Exclusion of capital gains at death.....	---	---	---	---	---	62.1	61.4	66.6	71.1	74.9	336.1
Carryover basis of appreciated property transferred by gift.....	---	---	---	---	---	6.6	14.8	7.9	2.8	2.8	35.0
Deferral of gain on like-kind exchanges.....	2.8	2.8	2.7	2.7	2.7	8.1	8.0	7.5	7.3	7.4	52.0
Exclusion of gain from certain small business stock.....	---	---	---	---	---	3.2	3.1	3.2	3.4	3.7	16.6
Income recognition rule for gain or loss from section 1256 contracts.....	0.1	0.1	0.1	0.1	0.1	3.1	3.1	2.9	3.0	3.0	15.7
Exemptions from imputed interest rules.....	[2]	[2]	[2]	[2]	[2]	1.2	1.2	1.2	1.4	1.4	6.5
Surtax on net investment income*.....	---	---	---	---	---	-55.1	-55.6	-56.3	-57.5	-59.2	-283.7
Minimum rate of interest for certain determinations related to life insurance contracts.....	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.2	0.2	0.2	1.6
<b>Transportation</b>											
Treatment of employer-paid transportation benefits (parking, van pools, and transit passes, black car services).....	-3.2	-3.3	-3.4	-3.5	-3.6	8.4	8.6	9.0	9.3	9.7	28.0
Exclusion of interest on State and local government qualified private activity bonds for private airports, docks, and mass-commuting facilities.....	0.2	0.2	0.2	0.2	0.2	0.8	0.9	0.9	0.9	1.0	5.6

Function	Corporations					Individuals					Total 2024-28
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	
Exclusion of interest on State and local government qualified private activity bonds for highway projects and rail-truck transfer facilities.....	[2]	[2]	[2]	[2]	[2]	0.2	0.2	0.2	0.2	0.2	1.0
Deferral of tax on capital construction funds of shipping companies.....	0.1	0.1	0.1	0.1	0.1	---	---	---	---	---	0.3
Railroad track maintenance credit .....	0.2	0.2	0.2	0.2	0.2	---	---	---	---	---	1.2
<b>Community and Regional Development</b>											
Empowerment zone tax incentives.....	0.2	0.2	---	---	---	0.3	0.3	---	---	---	1.1
New markets tax credit.....	1.3	1.4	1.5	1.6	1.7	[2]	[2]	[2]	[2]	[2]	7.5
Exclusion of interest on State and local government qualified private activity bonds for sewage, water, and hazardous waste facilities.....	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3	1.8
Recovery zone economic development bonds [3][4][9].....	[2]	[2]	[2]	[2]	[2]	0.2	0.2	0.2	0.2	0.2	1.0
Qualified opportunity zones*.....	2.8	2.9	1.0	-15.0	[2]	2.7	2.8	1.0	-14.7	[2]	-16.4
National disaster relief.....	----- Estimate Contained in Other Provisions -----										
<b>Education, Training, Employment, and Social Services</b>											
<i>Education and training:</i>											
Credits for tuition for post-secondary education [4].....	---	---	---	---	---	14.8	14.8	14.9	14.7	14.5	73.8
Credit for holders of qualified zone academy bonds [3][4][5].....	[2]	[2]	[2]	[2]	[2]	0.1	0.1	0.1	0.1	0.1	0.8
Qualified school construction bonds [3][4][5].....	---	---	---	---	---	0.6	0.6	0.6	0.6	0.6	2.9
Deduction for teacher classroom expenses.....	---	---	---	---	---	0.2	0.2	0.3	0.3	0.3	1.3
Exclusion of income attributable to the discharge of certain student loan debt and certain Federal and State education loan repayment programs.....	---	---	---	---	---	0.9	2.0	1.0	1.0	1.1	6.0
Exclusion of scholarship and fellowship income.....	---	---	---	---	---	5.4	5.6	6.7	7.2	7.4	32.2
Exclusion of employer-provided tuition reduction benefits.....	---	---	---	---	---	0.3	0.3	0.4	0.4	0.4	1.9
Exclusion of employer-provided education assistance benefits.....	---	---	---	---	---	1.6	1.6	1.4	1.4	1.4	7.5
Exclusion of interest on State and local government qualified private activity bonds for private nonprofit and qualified public educational facilities.....	0.6	0.6	0.6	0.6	0.6	2.5	2.5	2.7	2.8	2.8	16.3

Function	Corporations					Individuals					Total
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024-28
Exclusion of interest on State and local government qualified private activity bonds for student loans.....	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.3	1.5
Deduction for charitable contributions to educational institutions.....	1.5	1.5	1.6	1.6	1.7	8.6	9.5	11.4	15.2	15.9	68.5
Exclusion from UBTI of certain payments to controlling exempt organizations.....	[2]	[2]	[2]	[2]	[2]	---	---	---	---	---	0.1
Deduction for interest on student loans.....	---	---	---	---	---	2.4	2.6	3.0	3.2	3.2	14.4
Exclusion of tax on earnings of qualified tuition programs:											
Prepaid tuition programs.....	---	---	---	---	---	0.3	0.3	0.2	0.2	0.2	1.2
Savings account programs.....	---	---	---	---	---	5.4	5.6	5.7	5.7	6.0	28.4
Exclusion of earnings of Coverdell education savings accounts.....	---	---	---	---	---	0.3	0.3	0.3	0.3	0.2	1.4
<i>Employment:</i>											
Credit for family and medical leave.....	0.3	0.3	0.2	0.1	---	[2]	[2]	[2]	[2]	[2]	1.0
Work opportunity tax credit.....	1.0	1.0	0.5	0.2	0.1	0.5	0.5	0.2	0.1	[2]	4.1
Exclusion of employee awards.....	---	---	---	---	---	0.5	0.5	0.5	0.5	0.5	2.5
Exclusion of housing allowances for ministers.....	---	---	---	---	---	1.0	1.0	1.1	1.1	1.2	5.4
Treatment of meals and lodging (other than military).....	-1.6	-1.7	-3.1	-2.8	-2.9	10.7	10.8	10.9	11.1	11.2	42.7
Exclusion of miscellaneous fringe benefits.....	---	---	---	---	---	9.8	10.2	10.6	11.0	11.4	52.9
Treatment of employee moving expenses*.....	---	---	---	---	---	-1.0	-1.0	1.1	1.2	1.2	1.5
Exclusion of employer-provided (on-site) gyms.....	---	---	---	---	---	1.9	2.0	2.0	2.1	2.2	10.3
Limits on deductible compensation [10]*.....	-5.0	-5.3	-5.5	-6.5	-7.3	---	---	---	---	---	-29.6
Treatment of meals and entertainment*.....	-5.3	-5.6	-5.8	-6.0	-6.3	1.3	1.4	1.5	1.6	1.6	-21.6
Disallowance of deduction for excess parachute payments (applicable if payments to a disqualified individual are contingent on a change of control of a corporation and are equal to or greater than three times the individual's annualized includible compensation) [10]*.....	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-1.0
Special tax provisions for employee stock ownership plans (ESOPs).....	2.4	2.4	2.6	2.8	3.0	3.7	4.0	4.3	4.6	4.9	34.8

Function	Corporations					Individuals					Total
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024-28
Deferral of taxation on spread on acquisition of stock under incentive stock option plans*.....	-0.7	-0.8	-0.8	-0.8	-0.9	1.0	1.0	1.2	1.3	1.3	1.9
Deferral of taxation on spread on employee stock purchase plans*.....	-0.4	-0.4	-0.5	-0.5	-0.5	0.2	0.2	0.2	0.2	0.2	-1.3
Exclusion of income earned by voluntary employees' beneficiary associations.....	---	---	---	---	---	2.7	2.9	3.1	4.0	4.5	17.0
<i>Social services:</i>											
Credit for child and dependent care and exclusion of employer-provided child care [4][11].....	---	---	---	---	---	5.6	5.7	6.1	6.3	6.4	30.1
Adoption credit and employee adoption benefits exclusion.....	---	---	---	---	---	0.5	0.5	0.6	0.6	0.6	2.8
Credit for children and other dependents [4].....	---	---	---	---	---	127.1	127.6	63.6	41.7	40.8	400.8
Exclusion of certain foster care payments.....	---	---	---	---	---	0.5	0.5	0.6	0.6	0.6	2.8
Deduction for charitable contributions, other than for education and health [12].....	3.3	3.4	3.5	3.6	3.8	46.3	51.3	61.5	82.4	86.0	345.1
<b>Health</b>											
Subsidies for insurance purchased through health benefit exchanges [4].....	---	---	---	---	---	113.6	129.2	107.9	100.8	103.6	555.1
Credit for orphan drug research.....	1.4	1.5	1.5	1.6	1.7	---	---	---	---	---	7.7
Exclusion of workers' compensation benefits (medical benefits).....	---	---	---	---	---	4.3	4.6	5.5	6.0	6.3	26.7
Exclusion of employer contributions for health care, health insurance premiums, and long-term care insurance premiums [13].....	---	---	---	---	---	218.1	233.4	237.7	246.0	256.3	1,191.5
Exclusion of medical care and TRICARE medical insurance for military dependents, retirees, and retiree dependents not enrolled in Medicare.....	---	---	---	---	---	7.2	7.5	7.4	7.6	7.9	37.7
Exclusion of health insurance benefits for military retirees and retiree dependents enrolled in Medicare.....	---	---	---	---	---	2.2	2.4	2.7	3.0	3.2	13.5

Function	Corporations					Individuals					Total
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024-28
Exclusion of interest on State and local government qualified private activity bonds for private nonprofit hospital facilities.....	0.3	0.4	0.4	0.4	0.4	1.5	1.5	1.6	1.7	1.7	9.7
Deduction for health insurance premiums and long-term care insurance premiums by the self-employed .....	---	---	---	---	---	8.4	9.3	11.9	13.4	14.0	57.0
Deduction for charitable contributions to health organizations.....	1.7	1.8	1.8	1.9	2.0	5.5	6.1	7.3	9.8	10.3	48.2
Deduction for medical expenses and long-term care expenses.....	---	---	---	---	---	11.4	13.2	21.9	25.7	27.4	99.7
Health savings accounts [14].....	---	---	---	---	---	12.2	13.1	15.3	16.8	17.9	75.5
<b>Income Security</b>											
Credit for certain individuals for elective deferrals and IRA contributions.....	---	---	---	---	---	1.7	1.7	1.9	2.0	2.0	9.3
Earned income credit [4].....	---	---	---	---	---	66.9	68.6	69.2	69.5	69.8	344.0
Phase out of the personal exemption and disallowance of the standard deduction against the alternative minimum tax*.....	---	---	---	---	---	-0.5	-0.5	-7.1	-10.0	-10.4	-28.5
Additional standard deduction for the blind and the elderly.....	---	---	---	---	---	8.0	8.6	6.8	6.4	6.8	36.6
3 Tax credit for qualified sick leave and family leave equivalent amounts for self-employed individuals [4].....	---	---	---	---	---	0.4	0.2	0.1	[2]	[2]	0.7
Exclusion of other employee benefits:											
Premiums on group term life insurance.....	---	---	---	---	---	4.2	4.4	4.7	5.0	5.1	23.5
Premiums on accident and disability insurance.....	---	---	---	---	---	6.5	6.6	7.5	7.9	8.1	36.6
Exclusion of amounts received under life insurance contracts.....	1.8	1.8	1.8	1.9	1.9	15.4	16.0	18.4	19.2	19.6	98.0
Exclusion of workers' compensation benefits (disability and survivors payments).....	---	---	---	---	---	5.3	5.6	6.7	7.3	7.6	32.5
Exclusion of damages on account of personal physical injuries or physical sickness.....	---	---	---	---	---	2.0	2.1	2.1	2.1	2.2	10.5
Exclusion of disaster mitigation payments.....	---	---	---	---	---	0.1	0.1	0.5	0.6	0.7	0.5
Deduction for casualty and theft losses.....	---	---	---	---	---	0.1	0.1	0.5	0.6	0.6	1.9



Function	Corporations					Individuals					Total
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024-28
Net exclusion of pension contributions and earnings:											
Plans covering partners and sole proprietors (sometimes referred to as "Keogh plans").....	---	---	---	---	---	16.6	17.1	17.7	20.4	22.5	94.2
Defined benefit plans.....	---	---	---	---	---	135.9	143.9	156.5	172.6	209.7	818.6
Defined contribution plans.....	---	---	---	---	---	212.0	236.3	261.8	323.1	372.4	1,405.6
Individual retirement arrangements:											
Traditional IRAs.....	---	---	---	---	---	16.0	17.3	22.3	24.7	26.2	106.5
Roth IRAs.....	---	---	---	---	---	14.9	16.8	22.4	25.7	28.2	107.9
<b>Social Security and Railroad Retirement</b>											
Exclusion of untaxed Social Security and railroad retirement benefits.....	---	---	---	---	---	51.2	54.3	65.5	71.7	75.7	318.4
<b>Veterans' Benefits and Services</b>											
Exclusion of veterans' disability compensation.....	---	---	---	---	---	17.6	18.5	19.3	20.2	22.1	97.7
Exclusion of veterans' pensions.....	---	---	---	---	---	0.1	0.1	0.1	0.1	0.1	0.3
Exclusion of veterans' readjustment benefits.....	---	---	---	---	---	1.3	1.3	1.4	1.5	1.5	7.0
<b>General Government</b>											
Build America bonds [3][4][9].....	---	---	---	---	---	2.1	2.1	2.0	2.0	1.9	10.1
Exclusion of interest on public purpose State and local government bonds.....	4.6	4.7	4.8	4.8	4.9	20.0	20.3	22.0	22.3	22.5	131.0
Deduction of nonbusiness State and local government taxes.....	---	---	---	---	---	21.7	22.6	144.7	197.1	208.5	594.6
Eliminate requirement that financial institutions allocate interest expense attributable to tax-exempt interest .....	0.5	0.5	0.5	0.5	0.5	---	---	---	---	---	2.6
<b>Interest</b>											
Deferral of interest on savings bonds.....	---	---	---	---	---	0.7	0.7	0.6	0.6	0.6	3.1

Joint Committee on Taxation

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NOTE: Details may not add to totals due to rounding. An "\*" indicates a negative tax expenditure for the 2024 - 2028 period.

[Footnotes for Table 1 appear on the following page]

Function	Corporations					Individuals					Total
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024-28

**Footnotes for Table 1:**

[1] Reflects legislation enacted by August 31, 2024.

[2] Positive tax expenditure of less than \$50 million.

[3] Estimate includes an outlay to State and local governments. For the purposes of this table outlays are attributed to individuals.

[4] Estimate includes refundability associated with the following outlay effects:

	Corporations					Individuals					Total
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2024-28</u>
Clean fuel for production of clean hydrogen.....	0.1	0.3	0.6	1.0	1.4	[2]	[2]	[2]	[2]	[2]	3.5
Clean fuel production credit.....	----- <i>Negligible Revenue Effect</i> -----										
Recovery zone economic development bonds.....	---	---	---	---	---	0.1	0.1	0.1	0.1	0.1	0.3
Credits for tuition for post-secondary education.....	---	---	---	---	---	4.8	4.9	4.6	4.4	4.3	23.0
Credit for holders of qualified zone academy bonds.....	---	---	---	---	---	[2]	[2]	[2]	[2]	[2]	[2]
Qualified school construction bonds.....	---	---	---	---	---	0.6	0.6	0.6	0.6	0.6	2.9
Credit for child and dependent care and exclusion of employer-provided child care.....	---	---	---	---	---	0.8	0.8	0.7	0.6	0.6	3.5
Credit for children and other dependents.....	---	---	---	---	---	46.7	47.0	30.0	24.2	23.9	171.8
Subsidies for insurance purchased through health benefit exchanges .....	---	---	---	---	---	97.8	107.2	83.6	85.9	88.9	463.5
Earned income credit.....	---	---	---	---	---	57.3	58.6	58.2	58.0	58.0	290.2
Tax credit for qualified sick leave and family leave equivalent amounts for self-employed individuals.....	---	---	---	---	---	0.3	0.1	0.1	[2]	[2]	0.5
Build America bonds.....	---	---	---	---	---	2.1	2.1	2.0	2.0	1.9	10.1

[5] Authority to issue new bonds was repealed by the Tax Cuts and Jobs Act, Pub. L. No. 115-97, effective for bonds issued after December 31, 2017. Amounts shown relate to outstanding bonds.

[6] Negative tax expenditure less than \$50 million.

[7] Includes bonus depreciation and general acceleration under MACRS.

[8] Estimate includes effect of credit for interest on certain home mortgages (section 25).

*[Footnotes for Table 1 continue on the following page]*

Function	Corporations					Individuals					Total
	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024-28

**Footnotes for Table 1 continued:**

- [9] Bonds were required to be issued before January 1, 2011. Amounts shown relate to outstanding bonds.
- [10] Estimate does not include effects of changes made by the Emergency Economic Stabilization Act of 2008.
- [11] Estimate includes employer-provided child care purchased through dependent care flexible spending accounts.
- [12] In addition to the general charitable deduction, the tax expenditure accounts for the higher percentage limitation for public charities, the fair market value deduction for related-use tangible personal property, the enhanced deduction for inventory, the fair market value deduction for publicly traded stock and exceptions to the partial interest rules.
- [13] Estimate includes employer-provided health insurance purchased through cafeteria plans and TRICARE medical insurance, which are also included in other line items on this table.
- [14] Estimate includes employer contributions made through cafeteria plans to health savings accounts, which are also included in other line items on this table.

**Table 2.--Distribution by Income Class of All Returns, Taxable Returns, Itemized Returns, and Tax Liability  
at 2024 Rates, 2024 Law, and 2024 Income Levels [1]**

*[Money amounts in millions of dollars, returns in thousands]*

Income Class [2]	All Returns [3]	Taxable Returns	Itemized Returns	Tax Liability [4]
Below -\$15,000.....	20,550	7,294	105	-\$15,942
\$15,000 -\$30,000.....	23,443	10,641	180	-47,873
\$30,000 -\$40,000.....	17,161	8,964	252	-24,364
\$40,000 -\$50,000.....	14,403	9,038	281	-9,584
\$50,000 -\$60,000.....	13,264	9,729	390	6,983
\$60,000 -\$80,000.....	22,665	18,540	1,108	51,014
\$80,000 -\$100,000.....	16,072	14,364	1,233	77,824
\$100,000 -\$150,000.....	26,031	25,098	3,260	245,835
\$150,000 - \$200,000.....	14,091	13,966	2,335	243,896
\$200,000 - \$500,000.....	18,339	18,325	5,035	772,376
\$500,000 - \$1,000,000.....	2,415	2,415	1,259	363,531
\$1,000,000 and over.....	1,056	1,056	759	937,051
<b>Total .....</b>	<b>189,491</b>	<b>139,431</b>	<b>16,197</b>	<b>\$2,600,747</b>

[1] Tax law as in effect on August 31, 2024. Income categories are measured at 2024 levels.

[2] The income concept used to place tax returns into classes is adjusted gross income ("AGI") plus: (a) tax-exempt interest, (b) employer contributions for health plans and life insurance, (c) employer share of FICA tax, (d) workers' compensation, (e) nontaxable Social Security benefits, (f) insurance value of Medicare benefits, (g) alternative minimum tax preference items, (h) excluded income of U.S. citizens living abroad, and (i) individuals' share of business taxes.

[3] Includes filing and non-filing units. Filing units include all taxable and nontaxable returns. Non-filing units include individuals with income that is exempt from Federal income taxation (e.g., transfer payments, interest from tax-exempt bonds, etc.). Excludes individuals who are dependents of other taxpayers and taxpayers with negative income.

[4] Individual income tax and individuals' share of business income taxes.

NOTE--Details may not add to totals due to rounding.

Source: Joint Committee on Taxation

**Table 3.--Distribution by Income Class of Selected Individual Tax Expenditure Items,  
at 2024 Rates and 2024 Income Levels [1]**

*[Money amounts in millions of dollars, returns in thousands]*

Income Class [2]	Untaxed Social Security and Railroad Retirement Benefits		Medical Deduction	
	<i>Returns</i>	<i>Amount</i>	<i>Returns</i>	<i>Amount</i>
Below \$15,000.....	---	---	[3]	[4]
\$15,000 - \$30,000.....	748	\$372	38	\$11
\$30,000 - \$40,000.....	4,396	2,237	85	50
\$40,000 - \$50,000.....	3,793	4,445	104	69
\$50,000 - \$60,000.....	3,289	5,431	168	150
\$60,000 - \$80,000.....	6,529	8,556	560	646
\$80,000 - \$100,000.....	4,911	6,944	534	807
\$100,000 - \$150,000.....	8,082	9,889	1,173	2,632
\$150,000 - \$200,000.....	3,972	4,822	653	2,024
\$200,000 - \$500,000.....	4,442	6,960	835	4,309
\$500,000 - \$1,000,000.....	545	1,258	48	734
\$1,000,000 and over.....	240	647	11	385
<b>Total .....</b>	<b>40,947</b>	<b>\$51,560</b>	<b>4,209</b>	<b>11,818</b>

Footnotes appear at the end of the table.

**Table 3.--Distribution by Income Class of Selected Individual Tax Expenditure Items,  
at 2024 Rates and 2024 Income Levels [1] -- Continued**

*[Money amounts in millions of dollars, returns in thousands]*

Income Class [2]	State and Local Government Taxes		Charitable Contributions Deduction	
	<i>Returns</i>	<i>Amount</i>	<i>Returns</i>	<i>Amount</i>
Below \$15,000.....	3	\$1	1	[4]
\$15,000 - \$30,000.....	70	18	46	\$11
\$30,000 - \$40,000.....	135	43	97	30
\$40,000 - \$50,000.....	167	63	142	53
\$50,000 - \$60,000.....	276	115	187	74
\$60,000 - \$80,000.....	908	439	720	352
\$80,000 - \$100,000.....	1,134	836	906	555
\$100,000 - \$150,000.....	3,122	3,052	2,559	2,138
\$150,000 - \$200,000.....	2,296	2,842	1,962	2,392
\$200,000 - \$500,000.....	4,988	8,247	4,527	9,256
\$500,000 - \$1,000,000.....	1,247	3,278	1,174	7,777
\$1,000,000 and over.....	724	2,312	723	42,663
<b>Total .....</b>	<b>15,071</b>	<b>\$21,247</b>	<b>13,044</b>	<b>\$65,301</b>

Footnotes appear at the end of the table.

**Table 3.--Distribution by Income Class of Selected Individual Tax Expenditure Items,  
at 2024 Rates and 2024 Income Levels [1] -- Continued**

*[Money amounts in millions of dollars, returns in thousands]*

Income Class [2]	Dependent Care Credit		Earned Income Credit [5]	
	<i>Returns</i>	<i>Amount</i>	<i>Returns</i>	<i>Amount</i>
Below \$15,000.....	4	-\$1	5,839	\$8,042
\$15,000 - \$30,000.....	42	13	7,371	26,816
\$30,000 - \$40,000.....	196	87	3,452	13,895
\$40,000 - \$50,000.....	262	148	2,876	8,744
\$50,000 - \$60,000.....	354	206	2,456	5,396
\$60,000 - \$80,000.....	609	362	2,196	3,721
\$80,000 - \$100,000.....	579	371	499	830
\$100,000 - \$150,000.....	1,263	860	71	82
\$150,000 - \$200,000.....	1,189	977	[3]	[4]
\$200,000 - \$500,000.....	2,146	2,111	---	---
\$500,000 - \$1,000,000.....	287	372	---	---
\$1,000,000 and over.....	81	108	---	---
<b>Total .....</b>	<b>7,013</b>	<b>\$5,613</b>	<b>24,759</b>	<b>\$67,527</b>

Footnotes appear at the end of the table.

**Table 3.--Distribution by Income Class of Selected Individual Tax Expenditure Items,  
at 2024 Rates and 2024 Income Levels [1] -- Continued**

*[Money amounts in millions of dollars, returns in thousands]*

Income Class [2]	Child Tax Credit [5]		Education Credits	
	<i>Returns</i>	<i>Amount</i>	<i>Returns</i>	<i>Amount</i>
Below \$15,000.....	1,690	\$1,906	768	\$681
\$15,000 - \$30,000.....	4,785	10,138	1,579	1,594
\$30,000 - \$40,000.....	3,396	8,651	1,047	1,376
\$40,000 - \$50,000.....	3,115	8,252	780	1,187
\$50,000 - \$60,000.....	2,983	8,176	704	1,096
\$60,000 - \$80,000.....	5,341	14,491	1,210	2,017
\$80,000 - \$100,000.....	4,091	11,448	952	1,682
\$100,000 - \$150,000.....	8,202	23,705	1,354	2,463
\$150,000 - \$200,000.....	5,395	16,376	1,051	2,097
\$200,000 - \$500,000.....	7,912	23,809	447	604
\$500,000 - \$1,000,000.....	141	237	---	0
\$1,000,000 and over.....	---	---	---	0
<b>Total .....</b>	<b>47,051</b>	<b>\$127,190</b>	<b>9,894</b>	<b>\$14,796</b>

Footnotes appear at the end of the table.



**Table 3.--Distribution by Income Class of Selected Individual Tax Expenditure Items,  
at 2024 Rates and 2024 Income Levels [1] -- Continued**

*[Money amounts in millions of dollars, returns in thousands]*

Income Class [2]	Mortgage Interest Deduction	
	<i>Returns</i>	<i>Amount</i>
Below \$15,000.....	2	\$1
\$15,000 - \$30,000.....	61	19
\$30,000 - \$40,000.....	76	38
\$40,000 - \$50,000.....	89	57
\$50,000 - \$60,000.....	169	97
\$60,000 - \$80,000.....	595	356
\$80,000 - \$100,000.....	834	784
\$100,000 - \$150,000.....	2,439	3,014
\$150,000 - \$200,000.....	1,801	2,846
\$200,000 - \$500,000.....	4,213	9,525
\$500,000 - \$1,000,000.....	1,026	4,660
\$1,000,000 and over.....	528	3,718
<b>Total .....</b>	<b>11,833</b>	<b>\$25,116</b>

Footnotes appear at the end of the table.

**Table 3.--Distribution by Income Class of Selected Individual Tax Expenditure Items,  
at 2024 Rates and 2024 Income Levels [1] -- Continued**

*[Money amounts in millions of dollars, returns in thousands]*

	Income Class [2]	Student Loan Interest Deduction		Phase Out of the Personal Exemption and Disallowance of the Personal Exemption and the Standard Deduction Against the AMT	
		Returns	Amount	Returns	Amount
40	Below -\$15,000.....	23	\$10	---	---
	\$15,000 -\$30,000.....	547	58	---	---
	\$30,000 -\$40,000.....	748	96	---	---
	\$40,000 -\$50,000.....	871	133	---	---
	\$50,000 -\$60,000.....	970	151	---	---
	\$60,000 -\$80,000.....	2,313	468	---	---
	\$80,000 -\$100,000.....	1,792	435	---	---
	\$100,000 -\$150,000.....	2,446	406	4	-\$8
	\$150,000 - \$200,000.....	1,805	520	4	-4
	\$200,000 - \$500,000.....	1,006	222	46	-132
	\$500,000 - \$1,000,000.....	---	---	23	-90
	\$1,000,000 and over.....	---	---	40	-220
<b>Total .....</b>		<b>12,522</b>	<b>\$2,500</b>	<b>117</b>	<b>-\$454</b>

[1] Excludes individuals who are dependents of other taxpayers and taxpayers with negative income.

[2] The income concept used to place tax returns into classes is adjusted gross income ("AGI") plus: (a) tax-exempt interest, (b) employer contributions for health plans and life insurance, (c) employer share of FICA tax, (d) workers' compensation, (e) nontaxable Social Security benefits, (f) insurance value of Medicare benefits, (g) alternative minimum tax preference items, (h) excluded income of U.S. citizens living abroad, and (i) individuals' share of business income.

[3] Fewer than 500 returns.

[4] Positive tax expenditure of less than \$500,000.

[5] Includes the refundable portion.

NOTE--Details may not add to totals due to rounding.

Source: Joint Committee on Taxation