

FOIA MARKER

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Folder Title:

[Estimates Budget Effects of the Provisions Relating to the "Contract with America Tax Relief Act of 1995"] [loose]

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Preliminary Revenue Estimates 1/
PRESIDENT'S MIDDLE CLASS TAX CUT

Proposal	12/17/94	Fiscal years	
		1995-2000	1995- 2005
		(\$ billions)	
1 \$500 per child tax credit (phased-in); phase-out AGI between \$60,000 - \$75,000.		-35.6	-89.6
2 Deduction for up to \$10,000 in post-secondary education and training expenses (phased-in) ; phase-out AGI between \$100,000 - \$120,000 joint.		-20.6	-60.7
3 Expand eligibility for deductions for IRA's to AGI \$100,000 joint; allow penalty-free withdrawals for education, first home, medical expenses, long term unemployment, and care for an elderly parent.		-3.7	-23.3
Middle Class Tax Cut total		-59.9	-173.6

Department of the Treasury

Office of Tax Analysis

Estimates for FY 1995 - FY 2000 are based on the Administration's new economic assumptions that will be incorporated in the FY 1996 Budget.

The estimates do not incorporate forthcoming Administration economic assumptions for the years 2001-2005.

The estimates for FY 2001 - FY 2005 are projections made by the Treasury's Office of Tax Analysis.

The estimates for FY 2001 - FY 2005 will be revised based upon Administration's assumptions, when available.

The Administration is working to identify additional budgetary savings beyond those already planned. Any such additional savings will then be available for deficit reduction and/or for phasing-in the tax cuts earlier to deliver more immediate benefits to middle-income tax payers. To the extent that the tax cuts are phased-in earlier, revenue losses from the President's proposal will be larger than shown in the table.

CONTRACT WITH AMERICA - REPUBLICAN REVENUE PROPOSALS

Proposal	16-Dec-94	Fiscal Years	
		1995 - 2000	1995 - 2005
(\$'s in billions)			
1 Refundable \$5,000 tax credit for adoption expenses		-1.3	-2.9
2 Refundable \$500 tax credit for eldercare expenses		-1.2	-2.6
3 \$500 per child tax credit for families with AGI < \$200,000		-107.2	-243.8
4 Reduce marriage penalty		-9.0	-19.0
5 Establish back-loaded IRA		-1.5	-17.9
6 Phase-in repeal of new SS thresholds (85%) enacted in 1993		-15.0	-48.5
7 Long-term care tax incentives		0.0	0.0
a Long-term care insurance		-4.1	-11.8
b Allow tax-free payment of accelerated death benefits under life insurance policies		-0.1	-0.4
8 50% exclusion for indexed capital gains (Individual & corporate)		-57.5	-170.4
9 Neutral cost recovery		12.8	-169.5
10 Small business incentives		0.0	0.0
a Raise section 179 expensing limit from \$17,500 to \$25,000		-4.2	-5.0
b Clarify home-office deduction		-0.5	-1.1
c Increase estate tax exemption from \$600,000 to \$750,000		-8.4	-19.1
Total		-197.2	-712.0

Department of the Treasury
Office of Tax Analysis

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