



**Tax Relief in 2003**  
**Under the Jobs and Growth Tax Relief Reconciliation Act of 2003**

**Example 1: Married Couple with One Child and Income of \$40,000**

	<b>Current Law</b>	<b>Growth Package</b>
<b>Total Income (= AGI)</b>	<b>40,000</b>	<b>40,000</b>
Less: Deductions (Larger of Standard or Itemized <sup>1</sup> )	7,950	9,500
Less: Personal Exemptions (3 @ \$3,050)	9,150	9,150
	_____	_____
<b>Taxable Income</b>	<b>22,900</b>	<b>21,350</b>
<b>Federal Income Tax Before Credits</b>	<b>2,835</b>	<b>2,503</b>
Less: Child Tax Credit	600	1,000
	_____	_____
<b>Federal Income Tax After Credits</b>	<b>2,235</b>	<b>1,503</b>
<i><b>Tax Change: Amount</b></i>		<b>-733</b>
<i><b>Percent</b></i>		<b>-33%</b>

Department of the Treasury  
Office of Tax Analysis

May 22, 2003

<sup>1</sup> Itemized deductions are assumed to be 18 percent of AGI under current law.

**Composition of Tax Reduction<sup>2</sup>:**

Acceleration of 10-Percent Rate Bracket Expansion	100
Acceleration of Increase in Child Tax Credit	400
Acceleration of Reduction in Marriage Penalty (larger standard deduction for joint filers)	233
	_____
<b>Total .....</b>	<b>733</b>

<sup>2</sup> Due to possible interactions among items in the Jobs and Growth Tax Relief Reconciliation Act of 2003, the tax reduction attributable to each provision may depend on the order in which the tax reductions are calculated. The composition of the tax reductions in this example is based on the order of the provisions as shown.

**Tax Relief in 2003**  
**Under the Jobs and Growth Tax Relief Reconciliation Act of 2003**

**Example 2: Married Couple with Two Children and Income of \$40,000**

	<b>Current Law</b>	<b>Growth Package</b>
<b>Total Income (= AGI)</b>	<b>40,000</b>	<b>40,000</b>
Less: Deductions (Larger of Standard or Itemized <sup>1</sup> )	7,950	9,500
Less: Personal Exemptions (4 @ \$3,050)	12,200	12,200
	<b>19,850</b>	<b>18,300</b>
<b>Taxable Income</b>		
<b>Federal Income Tax Before Credits</b>	<b>2,378</b>	<b>2,045</b>
Less: Child Tax Credit	1,200	2,000
	<b>1,178</b>	<b>45</b>
<b>Federal Income Tax After Credits</b>		
<i><b>Tax Change: Amount</b></i>		<b>-1,133</b>
<i><b>Percent</b></i>		<b>-96%</b>

Department of the Treasury  
Office of Tax Analysis

May 22, 2003

<sup>1</sup> Itemized deductions are assumed to be 18 percent of AGI under current law.

**Composition of Tax Reduction<sup>2</sup>:**

Acceleration of 10-Percent Rate Bracket Expansion	100
Acceleration of Increase in Child Tax Credit	800
Acceleration of Reduction in Marriage Penalty (larger standard deduction for joint filers)	233
	<b>1,133</b>
<b>Total .....</b>	<b>1,133</b>

<sup>2</sup> Due to possible interactions among items in the Jobs and Growth Tax Relief Reconciliation Act of 2003, the tax reduction attributable to each provision may depend on the order in which the tax reductions are calculated. The composition of the tax reductions in this example is based on the order of the provisions as shown.

**Tax Relief in 2003**  
**Under the Jobs and Growth Tax Relief Reconciliation Act of 2003**

**Example 3: Married Couple with Two Children and Income of \$60,000**

	<b>Current Law</b>	<b>Growth Package</b>
<b>Total Income (= AGI)</b>	<b>60,000</b>	<b>60,000</b>
Less: Deductions (Larger of Standard or Itemized <sup>1</sup> )	10,800	10,800
Less: Personal Exemptions (4 @ \$3,050)	12,200	12,200
	<b>37,000</b>	<b>37,000</b>
<b>Taxable Income</b>		
	<b>37,000</b>	<b>37,000</b>
<b>Federal Income Tax Before Credits</b>	<b>4,950</b>	<b>4,850</b>
Less: Child Tax Credit	1,200	2,000
	<b>3,750</b>	<b>2,850</b>
<b>Federal Income Tax After Credits</b>		
	<b>3,750</b>	<b>2,850</b>
<b><i>Tax Change: Amount</i></b>		<b>-900</b>
<b><i>Percent</i></b>		<b>-24%</b>

Department of the Treasury  
Office of Tax Analysis

May 22, 2003

<sup>1</sup> Itemized deductions are assumed to be 18 percent of AGI under current law.

**Composition of Tax Reduction <sup>2</sup>:**

Acceleration of 10-Percent Rate Bracket Expansion	100
Acceleration of Increase in Child Tax Credit	800
Total .....	<b>900</b>

<sup>2</sup> Due to possible interactions among items in the Jobs and Growth Tax Relief Reconciliation Act of 2003, the tax reduction attributable to each provision may depend on the order in which the tax reductions are calculated. The composition of the tax reductions in this example is based on the order of the provisions as shown.

**Tax Relief in 2003**  
**Under the Jobs and Growth Tax Relief Reconciliation Act of 2003**

**Example 4: Married Couple with Two Children and Income of \$75,000**

	<b>Current Law</b>	<b>Growth Package</b>
<b>Total Income (= AGI)</b>	<b>75,000</b>	<b>75,000</b>
Less: Deductions (Larger of Standard or Itemized <sup>1</sup> )	13,500	13,500
Less: Personal Exemptions (4 @ \$3,050)	12,200	12,200
	49,300	49,300
<b>Federal Income Tax Before Credits</b>	<b>7,017</b>	<b>6,695</b>
Less: Child Tax Credit	1,200	2,000
	5,817	4,695
<b>Federal Income Tax After Credits</b>	<b>5,817</b>	<b>4,695</b>
<b><i>Tax Change: Amount</i></b>		<b>-1,122</b>
<b><i>Percent</i></b>		<b>-19%</b>

Department of the Treasury  
Office of Tax Analysis

May 22, 2003

<sup>1</sup> Itemized deductions are assumed to be 18 percent of AGI under current law.

**Composition of Tax Reduction**<sup>2</sup>:

Acceleration of 10-Percent Rate Bracket Expansion	100
Acceleration of Increase in Child Tax Credit	800
Acceleration of Tax Rate Reductions (rates above 15 percent)	37
Acceleration of Reduction in Marriage Penalty (larger 15-percent tax bracket for joint filers)	185
<b>Total .....</b>	<b>1,122</b>

<sup>2</sup> Due to possible interactions among items in the Jobs and Growth Tax Relief Reconciliation Act of 2003, the tax reduction attributable to each provision may depend on the order in which the tax reductions are calculated. The composition of the tax reductions in this example is based on the order of the provisions as shown.

**Tax Relief in 2003**  
**Under the Jobs and Growth Tax Relief Reconciliation Act of 2003**

**Example 5: Married Couple, Both Aged 65, with Income of \$40,000**

	<b>Current Law</b>	<b>Growth Package</b>
Taxable Pensions and Interest	23,000	23,000
Dividends	2,000	2,000
Social Security Benefits	15,000	15,000
	40,000	40,000
Less: Nontaxable Social Security benefits	14,750	14,750
	25,250	25,250
Less: Deductions (Larger of Standard or Itemized <sup>1</sup> )	9,850	11,400
Less: Personal Exemptions (2 @ \$3,050)	6,100	6,100
	9,300	7,750
<b>Federal Income Tax</b>	<b>930</b>	<b>675</b>
<b><i>Tax Change: Amount</i></b>		<b>-255</b>
<b><i>Percent</i></b>		<b>-27%</b>

Department of the Treasury  
Office of Tax Analysis

May 22, 2003

<sup>1</sup> Itemized deductions are assumed to be 18 percent of AGI under current law.

**Composition of Tax Reduction**<sup>2</sup>:

Acceleration of Reduction in Marriage Penalty (larger standard deduction for joint filers)	155
Lower tax rate on dividends	100
Total .....	<b>255</b>

<sup>2</sup> Due to possible interactions among items in the Jobs and Growth Tax Relief Reconciliation Act of 2003, the tax reduction attributable to each provision may depend on the order in which the tax reductions are calculated. The composition of the tax reductions in this example is based on the order of the provisions as shown.

**Tax Relief in 2003**  
**Under the Jobs and Growth Tax Relief Reconciliation Act of 2003**

**Example 6: Married Couple, Both Aged 65, with Income of \$80,000**

	<b>Current Law</b>	<b>Growth Package</b>
Taxable Pensions and Interest	55,500	55,500
Dividends	4,500	4,500
Social Security Benefits	20,000	20,000
	80,000	80,000
<b>Total Income</b>	<b>80,000</b>	<b>80,000</b>
Less: Nontaxable Social Security benefits	3,000	3,000
	77,000	77,000
<b>AGI</b>	<b>77,000</b>	<b>77,000</b>
Less: Deductions (Larger of Standard or Itemized <sup>1</sup> )	13,860	13,860
Less: Personal Exemptions (2 @ \$3,050)	6,100	6,100
	57,040	57,040
<b>Taxable Income</b>	<b>57,040</b>	<b>57,040</b>
<b>Federal Income Tax</b>	<b>9,107</b>	<b>7,430</b>
<i>Tax Change: Amount</i>		<b>-1,677</b>
<i>Percent</i>		<b>-18%</b>

Department of the Treasury  
Office of Tax Analysis

May 22, 2003

<sup>1</sup> Itemized deductions are assumed to be 18 percent of AGI under current law.

**Composition of Tax Reduction <sup>2</sup>:**

Acceleration of 10-Percent Rate Bracket Expansion	100
Acceleration of Tax Rate Reductions (rates above 15 percent)	192
Acceleration of Reduction in Marriage Penalty (wider 15-percent tax bracket for joint filers)	935
Lower tax rate on dividends	450
Total .....	<b>1,677</b>

<sup>2</sup> Due to possible interactions among items in the Jobs and Growth Tax Relief Reconciliation Act of 2003, the tax reduction attributable to each provision may depend on the order in which the tax reductions are calculated. The composition of the tax reductions in this example is based on the order of the provisions as shown.