
Tax Relief in 2001 through 2011



Department of the Treasury
May 2008

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The tax relief enacted during the President’s term in office, principally in the Economic Growth and Tax Relief Reconciliation Act of 2001, the Jobs and Growth Tax Relief Reconciliation Act of 2003, the Working Families Tax Relief Act of 2004, the American Jobs Creation Act of 2004, the Tax Increase Prevention and Reconciliation Act of 2005, and the Economic Stimulus Act of 2008, reduced taxes for everyone who pays income taxes as well as for business taxpayers. This document provides estimates of the aggregate tax reduction provided by the tax relief as well as estimates of the tax reduction received by representative taxpayers over the period 2001 through 2011.

Aggregate Tax Relief

The table below provides estimates of the aggregate reduction in taxes for both individuals and businesses resulting from legislation enacted during the President’s term in office. The total tax relief is over \$2 trillion. The tax relief initially peaked in 2004 due to the effects of the temporary 30-percent bonus depreciation enacted in 2001 and expanded to 50 percent in 2003. The tax relief again peaks in 2008 due to the economic stimulus payments and temporary 50-percent bonus depreciation enacted in the Economic Stimulus Act of 2008. While the main provisions of the tax relief are currently scheduled to expire at the end of 2010, tax revenue effects continue into 2011 because some provisions enacted during the period do not terminate,¹ because of assumed income shifting effects (e.g., taxpayers shifting capital gains and other taxable income from 2011 into 2010 to take advantage of the lower tax rates), and because some of the benefits of tax relief in 2010 will be reflected on returns filed in 2011.²

Aggregate Tax Relief in 2001 through 2011

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-2011
Calendar Years in Billions of Dollars											
85	134	219	265	179	184	234	312	205	162	38	2017

Note: Includes the impact of all tax legislation enacted from 2001 through 2008, notably:

- The Economic Growth and Tax Relief Reconciliation Act of 2001
- The Jobs and Growth Tax Relief Reconciliation Act of 2003
- The Working Families Tax Relief Act of 2004
- The American Jobs Creation Act of 2004
- The Tax Increase Prevention and Reconciliation Act of 2005
- The Pension Protection Act of 2006
- The Economic Stimulus Act of 2008

¹ For example, the Pension Protection Act of 2006 made permanent the pension and IRA provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001.

² The estimates in the table include only enacted legislation. Hence, the figures do not include the effect of extending the so-called “AMT patch” through 2008, which would add an additional \$58 billion of tax relief in that year.

Tax Relief for Example Taxpayers

The tables on the following pages show estimates of the tax reduction from the President's tax relief received by representative taxpayers over the period 2001 through 2011. The estimates take into account the effects of the new 10-percent tax bracket (including the 2001 rate-reduction credit), the lower tax rates, the larger standard deduction for joint returns, the marriage penalty relief, the larger child credit and additional refundable child tax credit, the higher phase-out floor in the earned income tax credit for joint returns, the higher alternative minimum tax (AMT) exemption levels, the allowance of personal tax credits to be taken against the AMT, and the 2008 economic stimulus payments.

The first table, for example, shows the tax relief received by a four-person, one earner family with two children and real (inflation adjusted) wages equivalent to \$40,000 in 2007. Over the entire period, the family receives tax relief aggregating to \$19,016. The tax relief is highest in 2008 because of the economic stimulus payments enacted in the Economic Stimulus Act of 2008. When the tax relief ends after 2010, this taxpayer would experience a tax increase of \$2,345 in 2011 compared to the effects if the tax relief had continued.

The additional tables can be interpreted similarly for the other example taxpayers.

Tax Relief 2001 through 2011

Four-Person, One Earner Family with Wage Income Each Year of \$40,000 in 2007 Dollars

Year	Income (\$)	Federal Income Tax (\$)		Tax Reduction (\$)
		Pre-EGTRRA or Post-2010 Sunset	Actual under Tax Relief	
2001	34,200	1,250	450	800
2002	34,700	1,228	428	800
2003	35,500	1,303	503	800
2004	36,400	1,378	-570	1,948
2005	37,700	1,490	-495	1,985
2006	38,900	1,565	-445	2,010
2007	40,000	1,625	-428	2,053
2008	41,100	1,700	-2,283	3,983
2009	41,900	1,715	-599	2,314
2010	42,900	1,805	-519	2,324
2011	43,900	<u>1,858</u>	<u>1,858</u>	0
TOTAL		16,915	-2,101	19,016

	Income (\$)	Federal Income Tax (\$)		Tax Increase Without Extension
		With Sunset	With Extension	
2011	43,900	1,858	-487	2,345

Assumptions: All income is from wages and salaries. Itemized deductions are 18% of income, and the taxpayer takes the larger of itemized deductions or the standard deduction. Beginning for 2009, the alternative minimum tax (AMT) exemptions revert to their permanent levels of \$33,750 for unmarried taxpayers and \$45,000 for married taxpayers filing jointly. The tax and the tax reduction shown for 2008 reflect the economic stimulus payment provided under the Economic Stimulus Act of 2008.

Tax Relief 2001 through 2011

Four-Person, One Earner Family with Wage Income Each Year of \$80,000 in 2007 Dollars

Year	Income (\$)	Federal Income Tax (\$)		Tax Reduction (\$)
		Pre-EGTRRA or Post-2010 Sunset	Actual under Tax Relief	
2001	68,300	5,661	4,861	800
2002	69,400	5,736	4,936	800
2003	71,000	5,903	5,103	800
2004	72,900	6,107	4,392	1,715
2005	75,400	6,354	4,624	1,730
2006	77,800	6,589	4,834	1,755
2007	80,000	6,854	5,018	1,836
2008	82,100	7,341	3,396	3,945
2009	83,800	7,735	5,735	2,000
2010	85,800	8,199	6,199	2,000
2011	87,700	<u>8,639</u>	<u>8,639</u>	0
TOTAL		75,118	57,737	17,381

	Income (\$)	Federal Income Tax (\$)		Tax Increase Without Extension
		With Sunset	With Extension	
2011	87,700	8,639	6,639	2,000

Assumptions: All income is from wages and salaries. Itemized deductions are 18% of income, and the taxpayer takes the larger of itemized deductions or the standard deduction. Beginning for 2009, the alternative minimum tax (AMT) exemptions revert to their permanent levels of \$33,750 for unmarried taxpayers and \$45,000 for married taxpayers filing jointly. The tax and the tax reduction shown for 2008 reflect the economic stimulus payment provided under the Economic Stimulus Act of 2008.

Tax Relief 2001 through 2011

Three-Person, One Earner Family with Wage Income Each Year of \$40,000 in 2007 Dollars

Year	Income (\$)	Federal Income Tax (\$)		Tax Reduction (\$)
		Pre-EGTRRA or Post-2010 Sunset	Actual under Tax Relief	
2001	34,200	2,185	1,485	700
2002	34,700	2,178	1,478	700
2003	35,500	2,260	1,560	700
2004	36,400	2,343	895	1,448
2005	37,700	2,470	985	1,485
2006	38,900	2,560	1,050	1,510
2007	40,000	2,635	1,083	1,553
2008	41,100	2,725	-348	3,073
2009	41,900	2,755	1,143	1,613
2010	42,900	2,853	1,223	1,630
2011	43,900	<u>2,920</u>	<u>2,920</u>	0
TOTAL		27,883	13,473	14,410

	Income (\$)	Federal Income Tax (\$)		Tax Increase Without Extension
		With Sunset	With Extension	
2011	43,900	2,920	1,265	1,655

Assumptions: All income is from wages and salaries. Itemized deductions are 18% of income, and the taxpayer takes the larger of itemized deductions or the standard deduction. Beginning for 2009, the alternative minimum tax (AMT) exemptions revert to their permanent levels of \$33,750 for unmarried taxpayers and \$45,000 for married taxpayers filing jointly. The tax and the tax reduction shown for 2008 reflect the economic stimulus payment provided under the Economic Stimulus Act of 2008.

Tax Relief 2001 through 2011

Head of Household with Two Children and Wage Income Each Year of \$30,000 in 2007 Dollars

Year	Income (\$)	Federal Income Tax (\$)		Tax Reduction (\$)
		Pre-EGTRRA or Post-2010 Sunset	Actual under Tax Relief	
2001	25,600	-836	-1,536	700
2002	26,000	-997	-1,697	700
2003	26,600	-926	-1,626	700
2004	27,300	-880	-2,390	1,510
2005	28,300	-756	-2,279	1,523
2006	29,200	-743	-2,280	1,538
2007	30,000	-841	-2,401	1,560
2008	30,800	-803	-3,576	2,773
2009	31,400	-934	-2,524	1,590
2010	32,200	-866	-2,469	1,603
2011	32,900	-883	-883	0
TOTAL		-9,465	-23,660	14,195

	Income (\$)	Federal Income Tax (\$)		Tax Increase Without Extension
		With Sunset	With Extension	
2011	32,900	-883	-2,498	1,615

Assumptions: All income is from wages and salaries. Itemized deductions are 18% of income, and the taxpayer takes the larger of itemized deductions or the standard deduction. Beginning for 2009, the alternative minimum tax (AMT) exemptions revert to their permanent levels of \$33,750 for unmarried taxpayers and \$45,000 for married taxpayers filing jointly. The tax and the tax reduction shown for 2008 reflect the economic stimulus payment provided under the Economic Stimulus Act of 2008.