

Table 475. Tax Expenditures Estimates Relating to Individual and Corporate Income Taxes by Selected Function: 2009 to 2012

[In millions of dollars (11,930 represents \$11,930,000,000). For years ending September 30. Tax expenditures are defined 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 liability. Minus sign (-) indicates decrease]

Function and provision	2009	2010	2011	2012
National Defense:				
Exclusion of benefits and allowances to armed forces personnel	11,930	12,570	11,530	11,570
International affairs:				
Exclusion of income earned abroad by U.S. citizens	5,320	5,590	5,870	6,160
Deferral of income from controlled foreign corporations (normal tax method)	31,580	30,960	32,720	33,870
Deferred taxes for financial firms on certain income earned overseas	5,570	5,460	5,770	5,980
General science, space, and technology:				
Expensing of research and experimentation expenditures (normal tax method)	3,820	3,500	4,560	5,720
Credit for increasing research activities	8,010	5,890	3,850	3,080
Energy:				
Alternative fuel production credit	60	50	20	10
Commerce and housing:				
Financial institutions and insurance:				
Exclusion of interest on life insurance savings	20,280	21,140	23,070	24,700
Housing:				
Deductibility of mortgage interest on owner-occupied homes	79,400	92,180	104,540	116,620
Deductibility of state and local property tax on owner-occupied homes	29,010	18,860	23,710	29,730
Capital gains exclusion on home sales	23,500	23,860	31,300	39,510
Exclusion of net imputed rental income	27,040	32,530	37,630	40,810
Exception from passive loss rules for \$25,000 of rental loss	6,020	5,910	7,330	8,510
Credit for low-income housing investments	3,800	5,680	6,170	6,660
Accelerated depreciation on rental housing (normal tax method)	3,860	4,640	5,870	7,100
Commerce:				
Capital gains (except agriculture, timber, iron ore, and coal)	52,590	45,360	44,290	41,090
Step-up basis of capital gains at death	41,370	36,740	44,520	53,270
Accelerated depreciation of machinery and equipment (normal tax method)	57,400	10,470	1,170	14,120
Expensing of certain small investments (normal tax method)	-130	410	-3,200	-2,820
Graduated corporation income tax rate (normal tax method)	2,720	2,860	3,120	3,070
Deduction for U.S. production activities	9,020	11,530	13,640	14,420
Transportation:				
Exclusion of reimbursed employee parking expenses	2,960	3,020	3,100	3,190
Education, training, employment, and social services:				
Education:				
HOPE tax credit	2,920	-	840	4,250
Lifetime Learning tax credit	3,860	2,910	3,360	4,780
Exclusion of interest on bonds for private nonprofit educational facilities	1,780	1,610	2,220	2,720
Parental personal exemption for students age 19 years or over	4,440	2,710	2,780	3,140
Deductibility of charitable contributions (education)	4,170	4,290	4,940	5,370
Training, employment, and social services:				
Child credit	25,640	23,450	18,550	10,870
Credit for child and dependent care expenses	4,330	3,750	2,200	1,890
Deductibility of charitable contributions, other than education and health	36,710	37,720	43,850	47,730
Health:				
Exclusion of employer contributions for medical insurance premiums ¹	144,412	159,868	176,964	191,540
Self-employed medical insurance premiums	4,870	5,250	5,740	6,150
Deductibility of medical expenses	8,760	9,090	10,030	10,980
Exclusion of interest on hospital construction bonds	2,690	2,440	3,350	4,110
Deductibility of charitable contributions (health)	4,150	4,260	4,950	5,380
Income security:				
Exclusion of workers' compensation benefits	5,810	5,870	5,940	6,070
Net exclusion of pension contributions and earnings:				
Employer plans	40,670	41,360	44,630	47,870
401(k) plans	44,126	53,549	67,061	70,168
Individual Retirement Accounts	12,090	12,780	14,080	15,770
Keogh plans	12,770	13,890	15,120	17,190
Exclusion of other employee benefits:				
Premiums on group term life insurance	2,160	2,110	2,160	2,280
Earned income tax credit	4,420	6,190	6,200	8,380
Social security:				
Exclusion of social security benefits:				
Social security benefits for retired workers	20,970	21,410	20,240	21,380
Social security benefits for disabled	6,460	6,950	7,160	7,450
Social security benefits for dependents and survivors	3,650	3,850	3,140	3,150
Veterans' benefits and services:				
Exclusion of veterans' death benefits and disability compensation	3,900	4,130	4,370	4,630
General purpose fiscal assistance:				
Exclusion of interest on public purpose state and local bonds	22,990	20,810	28,660	35,130
Deductibility of nonbusiness state and local taxes other than on owner-occupied homes	45,310	33,920	46,500	58,100
Addendum: Aid to state and local governments:				
Deductibility of:				
Property taxes on owner-occupied homes	29,010	18,860	23,710	29,730
Nonbusiness state and local taxes other than on owner-occupied homes	45,310	33,920	46,500	58,100
Exclusion of interest on State and local bonds:				
Public purposes	22,990	20,810	28,660	35,130
Private nonprofit educational facilities	1,780	1,610	2,220	2,720
Hospital construction	2,690	2,440	3,350	4,110

- Represents zero. ¹ Includes medical care.

Source: U.S. Office of Management and Budget, *Budget of the United States Government, Analytical Perspectives*, annual.

See also <<http://www.whitehouse.gov/omb/budget>>.