

Table 465. Tax Expenditures Estimates Relating to Individual and Corporate Income Taxes by Selected Function: 2008 to 2011

[In millions of dollars (11,190 represents \$11,190,000,000). 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	2008	2009	2010	2011
National Defense:				
Exclusion of benefits and allowances to armed forces personnel	11,190	11,710	10,210	10,550
International affairs:				
Exclusion of income earned abroad by U.S. citizens	5,070	5,320	5,590	5,870
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)	5,180	3,820	3,500	4,560
Credit for increasing research activities	7,440	8,010	5,880	3,850
Energy:				
Alternative fuel production credit	590	70	80	10
Commerce and housing:				
Financial institutions and insurance:				
Exclusion of interest on life insurance savings	21,190	22,790	24,450	26,770
Housing:				
Deductibility of mortgage interest on owner-occupied homes	88,500	97,280	107,980	119,750
Deductibility of state and local property tax on owner-occupied homes	29,130	20,850	14,980	24,550
Capital gains exclusion on home sales	30,090	27,980	30,460	39,530
Exclusion of net imputed rental income	1,720	5,850	2,200	2,230
Exception from passive loss rules for \$25,000 of rental loss	8,430	8,840	9,160	9,580
Credit for low-income housing investments	3,210	3,750	4,340	4,920
Accelerated depreciation on rental housing (normal tax method)	9,690	10,150	10,770	13,620
Commerce:				
Capital gains (except agriculture, timber, iron ore, and coal)	24,240	23,640	28,920	24,840
Step-up basis of capital gains at death	21,590	19,530	20,830	25,210
Accelerated depreciation of machinery and equipment (normal tax method)	55,890	-11,140	-3,820	-1,190
Expensing of certain small investments (normal tax method)	930	90	910	-3,400
Graduated corporation income tax rate (normal tax method)	2,460	2,460	2,880	3,090
Deduction for U.S. production activities	10,660	10,820	14,140	16,890
Transportation:				
Exclusion of reimbursed employee parking expenses	2,920	3,000	3,120	3,270
Education, training, employment, and social services:				
Education:				
HOPE tax credit	3,770	3,800	3,890	4,650
Lifetime Learning tax credit	2,470	2,460	2,510	2,980
Exclusion of interest on bonds for private nonprofit educational facilities	860	1,870	1,960	2,110
Parental personal exemption for students age 19 years or over	4,690	2,670	1,660	2,680
Deductibility of charitable contributions (education)	4,330	4,880	5,270	5,670
Training, employment, and social services:				
Child credit	28,420	27,250	27,032	20,250
Credit for child and dependent care expenses	3,020	3,670	2,070	1,920
Deductibility of charitable contributions, other than education and health	38,200	43,370	46,980	50,550
Health:				
Exclusion of employer contributions for medical insurance premiums ¹	131,080	142,010	155,050	169,190
Self-employed medical insurance premiums	5,080	5,470	6,020	6,680
Deductibility of medical expenses	9,320	9,660	10,760	12,540
Exclusion of interest on hospital construction bonds	1,350	2,940	3,070	3,310
Deductibility of charitable contributions (health)	4,310	4,890	5,300	5,700
Income security:				
Exclusion of workers compensation benefits	5,830	5,920	6,010	6,110
Net exclusion of pension contributions and earnings:				
Employer plans	46,120	45,670	44,370	42,420
401(k) plans	47,000	50,000	53,000	66,000
Individual Retirement Accounts	11,700	12,700	13,500	14,800
Keogh plans	12,000	13,000	14,000	15,000
Exclusion of other employee benefits:				
Premiums on group term life insurance	2,230	2,250	2,320	2,460
Earned income tax credit	5,380	5,740	6,130	6,390
Social security:				
Exclusion of social security benefits:				
Social security benefits for retired workers	19,700	20,610	19,330	20,420
Social security benefits for disabled	5,420	5,770	5,840	6,230
Social security benefits for dependents and survivors	3,570	3,610	3,280	3,350
Veterans' benefits and services:				
Exclusion of veterans' death benefits and disability compensation	3,870	3,950	4,140	4,480
General purpose fiscal assistance:				
Exclusion of interest on public purpose state and local bonds	11,110	24,610	25,730	27,820
Deductibility of nonbusiness state and local taxes other than on owner-occupied homes	49,140	36,270	30,290	48,750
Addendum: Aid to state and local governments:				
Deductibility of:				
Property taxes on owner-occupied homes	29,130	20,850	14,980	24,550
Nonbusiness state and local taxes other than on owner-occupied homes	49,140	36,270	30,290	48,750
Exclusion of interest on State and local bonds for:				
Public purposes	11,110	24,610	25,730	27,820
Private nonprofit educational facilities	860	1,870	1,960	2,110
Hospital construction	1,350	2,940	3,070	3,310

¹ Includes medical care.