Table 477. Tax Expenditures Estimates Relating to Individual and Corporate Income Taxes by Selected Function: 2010 to 2013

[In millions of dollars (12,740 represents \$12,740,000,000). 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]

National defense: 1,240 3,290 3,710 12,200 3,700 12,200 3,700 12,200 3,700 12,200 3,700 12,200 3,700 12,200 3,700 12,200 3,700 12,200 3,700 12,200 3,700 12,200 3,700 12,200 3,700 12,200 3,700 12,200 3,700 12,200 3,700 12,200 3,700 12,200 3,700	- which provide a special credit, a preferential rate of tax, or a deferral of hability		(-) iriulcat	es decieas	<u></u>
Exclusion of benefits and allowances to armed forces personnel 12,740 13,290 13,710 12,200 International affaires cannel abroad by U.S. citizens 6,800 5,500 5,000 6,800 1,000	Function and provision	2010	2011	2012	2013
Exclusion of income earned abroad by U.S. citzens. 6,800 5,550 5,400 5,800 Exclusion of certain allowances for Federal employees abroad 970 1,202 1,070 1,120 Inventory properly sales source rules exception. 970 1,120 Inventory production credit. 970 1,120 Inventory production credit. 1,154 Inventory	Exclusion of benefits and allowances to armed forces personnel	12,740	13,290	13,710	12,200
Inventory property sales source rules exception 2,680 2,910 3,160 3,450 3,160 3,450 2,600 1,810 2,000 1,810 2,000 1,810 2,000 1,810 2,000 1,810 2,000 1,810 2,000 1,810 2,000 1,810 2,000 1,810 2,000 2,600 2,	Exclusion of income earned abroad by U.S. citizens				5,800
Deberral of incomé from controlled foreign corporations (normal tax method)					
General science, space, and technology: Expensing of the search and experimentation expenditures (normal tax method) 3.560	Deferral of income from controlled foreign corporations (normal tax method)	38,130			
Expensing of research and experimentation expenditures (normal tax method) 3,560 4,610 5,770 6,730 2,460		2,330	_	_	_
Energy Alternative luel production credit 1,540 1,520 1,740 1,900 1,740 1,900 1,740 1,900 1,740 1,900 1,740 1,900 1,740 1,900 1,740 1,900	Expensing of research and experimentation expenditures (normal tax method)				
Energy production credit	Energy:	3,690	3,030	3,000	2,400
Bio-diesel and small agri-blodiesel producer tax credits 20 10	Alternative fuel production credit				
Commerce and housing: Financial institutions and insurance: Exclusion of interest on ille insurance savings Financial institutions and insurance: Exclusion of interest on ille insurance savings Deducibility of mortgage interest on owner-occupied homes. 79,150 88,720 98,550 110,660 Deducibility of mortgage interest on owner-occupied homes. 15,120 19,320 24,910 27,000 28,	Energy investment credit.	130	170		
Exclusion of interest on life insurance savings		20	10	_	_
Housing: Poducibility of mortgage interest on owner-occupied homes 79,150 88,720 98,550 110,660 Deducibility of state and local property tax on owner-occupied homes 15,120 19,320 24,910 27,000 32		10 010	21 210	22 660	24 220
Deductibility of state and local property tax on owner-occupied homes 15,120 19,320 24,910 37,000 38,000 3	Housing:	,			
Explication of net imputed rental income					
Exception from passive loss rules for \$25,000 of rental loss.	Capital gains exclusion on home sales	22,160	27,650	35,200	38,880
Accelerated depreciation on reintal housing (normal tax method)	Exception from passive loss rules for \$25,000 of rental loss.		10,860	13,110	14,830
Commerce: Capital gains (except agriculture, timber, iron ore, and coal). 36,300 37,560 38,490 43,260 Step-up basis of capital gains at death. 39,520 50,940 61,480 66,090 62,000	Credit for low–income housing investments				
Sich	Commerce:				
Expensing of certain small investments (normal tax method)	Step-up basis of capital gains at death	39,520	50,940		
Graduated corporation income tax rate (normal tax method) 3,000 3,200 3,300 15,510 Deduction for U.S. production activities 13,140 13,600 14,630 15,510 Exclusion for U.S. production activities 2,970 3,050 3,180 3,320 Education. 2,970 3,050 3,180 3,320 Education of of reimbursed employee parking expenses. 2,970 3,050 3,180 3,320 Education. 2,960 3,000 3,280 5,530 5,660 Education. 3,930 3,880 5,530 5,660 2,980 3,400 3,280 Parental personal exemption for students age 19 years or over 2,960 2,990 3,400 3,220 Parental personal exemption for students age 19 years or over 2,960 2,990 3,400 3,220 Training, employment, and social services: 2 3,300 4,520 4,900 5,290 Training, employment, and social services: 3,300 3,830 4,520 4,000 3,530 Training, employment, and social servic					44,290 -2 820
Transportation: Exclusion of reimbursed employee parking expenses. 2,970 3,050 3,180 3,320	Graduated corporation income tax rate (normal tax method)	3,000	3,280	3,220	3,300
Education, training, employment, and social services: Education: HOPE tax credit. Lifetime Learning tax credit. Say 3,490 3,880 5,530 5,660 Exclusion of interest on bonds for private nonprofit educational facilities 2,400 2,400 2,840 3,360 Exclusion of interest on bonds for private nonprofit educational facilities 2,960 2,990 3,400 3,210 Deductibility of charitable contributions (education) 3,930 4,520 4,900 5,290 Training, employment, and social services: Child credit 23,030 18,330 1,580 12,290 Credit for child and dependent care expenses 3,470 1,900 1,710 1,660 Deductibility of charitable contributions, other than education and health 34,080 39,610 43,110 46,570 Health: Exclusion of employer contributions for medical insurance premiums 1 160,110 173,50 184,660 196,220 Self-employed medical insurance premiums 5,680 6,210 6,690 7,200 Deductibility of medical expenses 9,909 10,030 10,010 9,390 Exclusion of interest on hospital construction bonds 3,850 4,470 4,870 5,250 Income security: Exclusion of furterest on hospital construction bonds 3,850 4,470 4,870 5,250 Income security: Exclusion of workers' compensation benefits 6,700 7,050 7,410 7,790 Net exclusion of pension contributions and earnings: Employer plans 5,224 62,850 67,590 69,060 Individual Retirement Accounts 12,830 13,930 15,610 16,020 Exclusion of other employee benefits: Eremiums on group term life insurance . 1,950 1,980 2,080 2,120 Earned income tax credit 5,750 8,700 2,120 Exclusion of other employee benefits: Social security benefits for desphendents and survivors 3,850 3,160 3,270 3,300 Exclusion of other employee benefits: Exclusion of other employee benefits: Exclusion of other employee benefits: Social security benefits for disable and isability compensation on one-procupied homes. Exclusion of interest on public purpose state and local taxes other than on owner-occupied homes. Exclusion of interest on state and local bonds for 15,200 1,200 2,400 3,200 2,400 3,200 2,400 3,200 3,200 3,200 3,200 3,200 3,200 3,200 3,200 3,200 3,200 3,200 3,200		13,140	13,800	14,630	15,510
Education:		2,970	3,050	3,180	3,320
Lifetime Learning tax credit	Education:		F40	E 410	E E10
Parental personal exemption for students age 19 years or over 2,960 2,990 3,400 5,290 5,290 Training, employment, and social services:	Lifetime Learning tax credit		3,880	5,530	5,660
Deductibility of charitable contributions (education) 3,930 4,520 4,900 5,290 17aining, employment, and social services: Child credit 23,030 18,330 10,580 10,290					
Child credit Child and dependent care expenses 3,470 1,900 1,710 1,660	Deductibility of charitable contributions (education)				
Deductibility of charitable contributions, other than education and health. Health: Exclusion of employer contributions for medical insurance premiums	Child credit	23,030	18,330	10,580	10,290
Health: Exclusion of employer contributions for medical insurance premiums 160,110 173,750 184,460 196,220 Self-employed medical expenses 5,680 6,210 6,690 7,200 Deductibility of medical expenses 9,090 10,030 10,010 9,930 Exclusion of interest on hospital construction bonds 3,530 3,630 4,290 5,080 Deductibility of charitable contributions (health) 3,850 4,470 4,870 5,250 Income security: Exclusion of workers' compensation benefits 6,770 7,050 7,410 7,790 Net exclusion of pension contributions and earnings: Employer plans 39,880 42,200 45,230 46,460 401(k) plans 52,240 62,850 67,590 69,060 Individual Retirement Accounts 12,630 13,930 15,610 16,020 Keogh plans 13,820 15,030 17,070 19,580 Exclusion of other employee benefits: Premiums on group term life insurance 1,950 1,980 2,080 2,120 Earned income tax credit 4,910 7,510 8,500 8,730 Exclusion of social security benefits 5,220 - - - - - - -	Credit for child and dependent care expenses				
Self-employed medical insurance premiums	Health:				
Exclusion of interest on hospital construction bonds	Self-employed medical insurance premiums	5,680	6,210	6,690	7,200
Deductibility of charitable contributions (health) 3,850 4,470 4,870 5,250	Deductibility of medical expenses				
Exclusion of workers' compensation benefits 6,770 7,050 7,410 7,790	Deductibility of charitable contributions (health)				
Net exclusion of pension contributions and earnings:	Exclusion of workers' compensation benefits	6,770	7,050	7,410	7,790
401(k) plans. 52,240 62,850 67,590 69,060 Individual Retirement Accounts. 12,630 13,930 15,610 16,020 Keogh plans. 13,820 15,030 17,070 19,580 Exclusion of other employee benefits: 13,820 15,030 17,070 19,580 Exclusion of other employee benefits: 1,950 1,980 2,080 2,120 Earned income tax credit. 4,910 7,510 8,500 8,730 Exclusion of social security benefits. 5,220 -	Employer plans	39 580	42 200	45 230	46 460
Reogh plans	401(k) plans.	52,240	62,850	67,590	69,060
Premiums on group term life insurance	Keogh plans				
Earned income tax credit. 4,910 7,510 8,500 8,730 Exclusion of unemployment insurance benefits. 5,220		1 950	1 980	2 080	2 120
Social security: Exclusion of social security benefits for retired workers 21,440 20,300 21,830 23,350 3,000 3	Earned income tax credit	4,910			
Social security benefits for retired workers		5,220	_	_	_
Social security benefits for disabled 7,040 7,180 7,510 7,840 Social security benefits for dependents and survivors 3,850 3,160 3,270 3,300 Veterans' benefits and services: Exclusion of veterans' death benefits and disability compensation. 4,130 4,510 5,510 5,520 General purpose fiscal assistance: Exclusion of interest on public purpose state and local bonds 30,440 31,260 36,960 43,720 Deductibility of nonbusiness state and local taxes other than on owner–occupied homes. 26,890 37,720 48,640 54,030 Interest: Deferral of interest on U.S. savings bonds. 1,180 1,220 1,300 1,320 Addendum: Aid to state and local governments: Deductibility of portional process attains and local taxes other than on owner–occupied homes 15,120 19,320 24,910 27,000 Property taxes on owner–occupied homes 26,890 37,720 48,640 54,030 Exclusion of interest on state and local bonds for: Public purposes. 30,440 31,260 36,960 43,720 Private nonprofit educational facilities 2,340 2,400 2,840 3,360		21 ///	20 300	21 830	23 350
Veterans' benefits and services: 4,130 4,510 5,520 Exclusion of veterans' death benefits and disability compensation. 4,130 4,510 5,520 General purpose fiscal assistance: 30,440 31,260 36,960 43,720 Exclusion of interest on public purpose state and local taxes other than on owner—occupied homes. 26,890 37,720 48,640 54,030 Interest: Deferral of interest on U.S. savings bonds. 1,180 1,220 1,300 1,320 Addendum: Aid to state and local governments: Deductibility of: 15,120 19,320 24,910 27,000 Nonbusiness state and local taxes other than on owner—occupied homes 26,890 37,720 48,640 54,030 Exclusion of interest on state and local bonds for: 26,890 37,720 48,640 54,030 Public purposes. 30,440 31,260 36,960 43,720 Private nonprofit educational facilities 2,340 2,400 2,840 3,360	Social security benefits for disabled	7,040	7,180	7,510	7,840
Exclusion of veterans' death benefits and disability compensation. 4,130 4,510 5,010 5,520 General purpose fiscal assistance: 30,440 31,260 36,960 43,720 Exclusion of interest on public purpose state and local bonds 30,440 31,260 36,960 43,720 Deductibility of nonbusiness state and local taxes other than on owner-occupied homes. 26,890 37,720 48,640 54,030 Interest: Deferral of interest on U.S. savings bonds. 1,180 1,220 1,300 1,320 Addendum: Aid to state and local governments: Deductibility of: 15,120 19,320 24,910 27,000 Nonbusiness state and local taxes other than on owner-occupied homes 26,890 37,720 48,640 54,030 Exclusion of interest on state and local bonds for: 26,890 37,720 48,640 54,030 Private nonprofit educational facilities 30,440 31,260 36,960 43,720 3,360		3,850	3,160	3,270	3,300
Exclusion of interest on public purpose state and local bonds 30,440 31,260 36,960 43,720	Exclusion of veterans' death benefits and disability compensation	4,130	4,510	5,010	5,520
owner—occupied homes. 26,890 37,720 48,640 54,030 Interest: Deferral of interest on U.S. savings bonds. 1,180 1,220 1,300 1,320 Addendum: Aid to state and local governments: Deductibility of: 15,120 19,320 24,910 27,000 Property taxes on owner–occupied homes 26,890 37,720 48,640 54,030 Exclusion of interest on state and local bonds for: 26,890 37,720 48,640 54,030 Pullic purposes. 30,440 31,260 36,960 43,720 Private nonprofit educational facilities 2,340 2,400 2,840 3,360	Exclusion of interest on public purpose state and local bonds	30,440	31,260	36,960	43,720
Deferral of interest on U.S. savings bonds.	owner–occupied homes	26,890	37,720	48,640	54,030
Addendum: Aid to state and local governments: Deductibility of: Property taxes on owner-occupied homes. Nonbusiness state and local taxes other than on owner-occupied homes. Exclusion of interest on state and local bonds for: Public purposes. Private nonprofit educational facilities. 2,340 2,400 2,840 3,360 43,720	Interest: Deferral of interest on U.S. savings bonds.	1 180	1.220	1 300	1.320
Property faxes on owner-occupied homes 15,120 19,320 24,910 27,000 Nonbusiness state and local taxes other than on owner-occupied homes 26,890 37,720 48,640 54,030 Exclusion of interest on state and local bonds for: Public purposes 30,440 31,260 36,960 43,720 2,840 2,840 2,840 2,840 3,360	Addendum: Aid to state and local governments:	.,,,,,	.,	.,000	.,020
Exclusion of interest on state and local bonds for: 30,440 31,260 36,960 43,720 Private nonprofit educational facilities 2,340 2,400 2,840 3,360	Property taxes on owner-occupied homes				
Public purposes 30,440 31,260 36,960 43,720 Private nonprofit educational facilities 2,340 2,400 2,840 3,360		26,890	37,720	48,640	54,030
	Public purposes				

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 \https://www.whitehouse.gov/omb/budget/>.