

## Effects of the Making Work Pay Tax Credit<sup>1</sup> and the Payroll Tax Holiday<sup>2</sup> on Disposable Personal Income

	2009q1	2009q2	2009q3	2009q4	2010q1	2010q2	2010q3	2010q4	2011q1	2011q2	2011q3	2011q4	2012q1	2012q2	2012q3	2012q4
1 <b>Personal Income</b>	\$ -	\$ -	\$ -	\$ -	\$ 16.1	\$ 16.1	\$ 16.1	\$ 16.1	\$ 124.2	\$ 124.7	\$ 125.0	\$ 125.2	\$ 113.8	\$ 114.1	\$ 114.7	\$ 115.8
2 <b>Government social benefits (Making Work Pay tax credit)</b>	\$ -	\$ -	\$ -	\$ -	\$ 16.1	\$ 16.1	\$ 16.1	\$ 16.1	\$ 16.4	\$ 16.4	\$ 16.4	\$ 16.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
3 <b>Less : Contributions for government social insurance (Payroll Tax Holiday)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (107.8)	\$ (108.3)	\$ (108.6)	\$ (108.8)	\$ (113.3)	\$ (113.6)	\$ (114.2)	\$ (115.3)
4 <b>Less : Personal current taxes (Making Work Pay tax credit)</b>	\$ (3.6)	\$ (48.1)	\$ (48.1)	\$ (48.1)	\$ (38.6)	\$ (38.6)	\$ (38.6)	\$ (38.6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5 <b>Equals : Disposable personal income</b>	\$ 3.6	\$ 48.1	\$ 48.1	\$ 48.1	\$ 54.6	\$ 54.6	\$ 54.6	\$ 54.6	\$ 124.2	\$ 124.7	\$ 125.0	\$ 125.2	\$ 113.8	\$ 114.1	\$ 114.7	\$ 115.8

For complete details on quarterly disposable personal income, see NIPA Table 2.1.

## Effects of the Making Work Pay Tax Credit<sup>1</sup> and the Payroll Tax Holiday<sup>2</sup> on Federal Government Receipts and Expenditures

	2009q1	2009q2	2009q3	2009q4	2010q1	2010q2	2010q3	2010q4	2011q1	2011q2	2011q3	2011q4	2012q1	2012q2	2012q3	2012q4
1 <b>Current receipts</b>	\$ (3.6)	\$ (48.1)	\$ (48.1)	\$ (48.1)	\$ (38.6)	\$ (38.6)	\$ (38.6)	\$ (38.6)	\$ (107.8)	\$ (108.3)	\$ (108.6)	\$ (108.8)	\$ (113.3)	\$ (113.6)	\$ (114.2)	\$ (115.3)
2 <b>Personal current taxes (Making Work Pay tax credit)</b>	\$ (3.6)	\$ (48.1)	\$ (48.1)	\$ (48.1)	\$ (38.6)	\$ (38.6)	\$ (38.6)	\$ (38.6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 <b>Contributions for government social insurance (Payroll Tax Holiday)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (107.8)	\$ (108.3)	\$ (108.6)	\$ (108.8)	\$ (113.3)	\$ (113.6)	\$ (114.2)	\$ (115.3)
4 <b>Current expenditures</b>	\$ -	\$ 2.6	\$ 0.1	\$ -	\$ 16.1	\$ 16.1	\$ 16.1	\$ 16.1	\$ 16.4	\$ 16.4	\$ 16.4	\$ 16.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
5 <b>Current transfer payments</b>	\$ -	\$ 2.6	\$ 0.1	\$ -	\$ 16.1	\$ 16.1	\$ 16.1	\$ 16.1	\$ 16.4	\$ 16.4	\$ 16.4	\$ 16.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
6 <b>Government social benefits (Making Work Pay tax credit)</b>	\$ -	\$ -	\$ -	\$ -	\$ 16.1	\$ 16.1	\$ 16.1	\$ 16.1	\$ 16.4	\$ 16.4	\$ 16.4	\$ 16.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
7 <b>To the rest of the world (Making Work Pay tax credit)</b>	\$ -	\$ 2.6	\$ 0.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8 <b>Net federal government saving</b>	\$ (3.6)	\$ (50.7)	\$ (48.2)	\$ (48.1)	\$ (54.6)	\$ (54.6)	\$ (54.6)	\$ (54.6)	\$ (124.2)	\$ (124.7)	\$ (125.0)	\$ (125.2)	\$ (113.8)	\$ (114.1)	\$ (114.7)	\$ (115.8)

For complete details on quarterly federal government receipts and expenditures, see NIPA Table 3.2.

<sup>1</sup> The Making Work Pay Tax Credit provision of the American Recovery and Reinvestment Act of 2009 provided a refundable tax credit of up to \$400 for working individuals and up to \$800 for married taxpayers filing joint returns. These credits were primarily distributed through reductions to federal income tax withholding rates for 2009 and 2010. Federal outlays to individuals for whom the Making Work Pay tax credit exceeded total tax liabilities are treated as social benefits. Funding of the Making Work Pay tax credit for residents of the U.S. territories was distributed as transfers. BEA's methodology for estimating the quarterly effects of this credit on current receipts and social benefits is consistent with our methodology for estimating tax receipts. Annual changes in tax receipts that are primarily based on tax liabilities for the previous year are recorded in the first quarter of the year, and quarterly estimates are held at that level throughout the rest of the year.

<sup>2</sup> The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 reduced the social security contribution rate for employees and the self-employed by 2.0 percentage points for 2011. The social security contribution rate for employees was reduced from 6.2 percent to 4.2 percent, and the contribution rate for self-employed workers was reduced from 12.4 percent to 10.4 percent. These rate reductions are informally referred to as a "payroll tax holiday." These rate reductions were extended through February 29, 2012 by the Temporary Payroll Tax Cut Continuation Act of 2011, and extended again through the end of calendar year 2012 by the Middle Class Tax Relief and Job Creation Act of 2012.