

If Democrats repealed the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA), they would be raising taxes on millions of hardworking American families.

Example 1:

If EGTRRA & JGTRRA were repealed, a married couple with one child and income of \$40,000 will see their taxes increase by \$1,433 (from \$1,503 to \$2,935), an increase of 95 percent.

Example 2:

If EGTRRA & JGTRRA were repealed, a married couple with two children and income of \$40,000 will see their taxes increase by \$1,933 (from \$45 to \$1,978), an increase of 4,296 percent.

Example 3:

If EGTRRA & JGTRRA were repealed, a married couple with two children and income of \$60,000 will see their taxes increase by \$1,700 (from \$2,850 to \$4,550), an increase of 60 percent.

Example 4:

If EGTRRA & JGTRRA were repealed, a married couple with two children and income of \$75,000 will see their taxes increase by \$1,700 (from \$4,695 to \$6,395), an increase of 36 percent.

Example 5:

If EGTRRA & JGTRRA were repealed, a married couple, both aged 65, with income of \$40,000 (of which \$2,000 is dividends and \$15,000 is Social Security benefits) will see their taxes increase by \$720 (from \$675 to \$1,395), an increase of 107 percent.

Example 6:

If EGTRRA & JGTRRA were repealed, a married couple, both aged 65, with income of \$80,000 (of which \$4,500 is dividends and \$20,000 is Social Security benefits) will see their taxes increase by \$2,373 (from \$7,430 to \$9,803), an increase of 32 percent.

Attached are detailed charts that show the tax benefits Americans received from the EGTRRA & JGTRRA.

Combined Tax Relief from EGTRRA and JGTRRA in 2003

Example 1: Married Couple with One Child and Income of \$40,000

	Pre-EGTRRA Law	Current Law
Total Income (= AGI)	40,000	40,000
Less: Deductions (Larger of Standard or Itemized ¹)	7,950	9,500
Less: Personal Exemptions (3 @ \$3,050)	9,150	9,150
	<hr/>	<hr/>
Taxable Income	22,900	21,350
Federal Income Tax Before Credits	3,435	2,503
Less: Child Tax Credit	500	1,000
	<hr/>	<hr/>
Federal Income Tax After Credits	2,935	1,503
<i>Tax Change: Amount</i>		-1,433
<i>Percent</i>		-49%

Department of the Treasury
Office of Tax Analysis

June 18, 2003

¹ Itemized deductions are assumed to be 18 percent of AGI under current law.

Combined Tax Relief from EGTRRA and JGTRRA in 2003

Example 2: Married Couple with Two Children and Income of \$40,000

	Pre-EGTRRA Law	Current Law
Total Income (= AGI)	40,000	40,000
Less: Deductions (Larger of Standard or Itemized ¹)	7,950	9,500
Less: Personal Exemptions (4 @ \$3,050)	12,200	12,200
	<hr/>	<hr/>
Taxable Income	19,850	18,300
Federal Income Tax Before Credits	2,978	2,045
Less: Child Tax Credit	1,000	2,000
	<hr/>	<hr/>
Federal Income Tax After Credits	1,978	45
<i>Tax Change: Amount</i>		-1,933
<i>Percent</i>		-98%

Department of the Treasury
Office of Tax Analysis

June 18, 2003

¹ Itemized deductions are assumed to be 18 percent of AGI under current law.

Combined Tax Relief from EGTRRA and JGTRRA in 2003

Example 3: Married Couple with Two Children and Income of \$60,000

	Pre-EGTRRA Law	Current Law
Total Income (= AGI)	60,000	60,000
Less: Deductions (Larger of Standard or Itemized ¹)	10,800	10,800
Less: Personal Exemptions (4 @ \$3,050)	12,200	12,200
	<hr/>	<hr/>
Taxable Income	37,000	37,000
Federal Income Tax Before Credits	5,550	4,850
Less: Child Tax Credit	1,000	2,000
	<hr/>	<hr/>
Federal Income Tax After Credits	4,550	2,850
<i>Tax Change: Amount</i>		-1,700
<i>Percent</i>		-37%

Department of the Treasury
Office of Tax Analysis

June 18, 2003

¹ Itemized deductions are assumed to be 18 percent of AGI under current law.

Combined Tax Relief from EGTRRA and JGTRRA in 2003

Example 4: Married Couple with Two Children and Income of \$75,000

	Pre-EGTRRA Law	Current Law
Total Income (= AGI)	75,000	75,000
Less: Deductions (Larger of Standard or Itemized ¹)	13,500	13,500
Less: Personal Exemptions (4 @ \$3,050)	12,200	12,200
	<hr/>	<hr/>
Taxable Income	49,300	49,300
Federal Income Tax Before Credits	7,395	6,695
Less: Child Tax Credit	1,000	2,000
	<hr/>	<hr/>
Federal Income Tax After Credits	6,395	4,695
<i>Tax Change: Amount</i>		-1,700
<i>Percent</i>		-27%

Department of the Treasury
Office of Tax Analysis

June 18, 2003

¹ Itemized deductions are assumed to be 18 percent of AGI under current law.

Combined Tax Relief from EGTRRA and JGTRRA in 2003

Example 5: Married Couple, Both Aged 65, with Income of \$40,000

	Pre-EGTRRA Law	Current Law
Taxable Pensions and Interest	23,000	23,000
Dividends	2,000	2,000
Social Security Benefits	15,000	15,000
	40,000	40,000
Less: Nontaxable Social Security benefits	14,750	14,750
	25,250	25,250
AGI	25,250	25,250
Less: Deductions (Larger of Standard or Itemized ¹)	9,850	11,400
Less: Personal Exemptions (2 @ \$3,050)	6,100	6,100
	9,300	7,750
Taxable Income	9,300	7,750
Federal Income Tax	1,395	675
<i>Tax Change: Amount</i>		-720
<i>Percent</i>		-52%

Department of the Treasury
Office of Tax Analysis

June 18, 2003

¹ Itemized deductions are assumed to be 18 percent of AGI under current law.

Combined Tax Relief from EGTRRA and JGTRRA in 2003

Example 6: Married Couple, Both Aged 65, with Income of \$80,000

	Pre-EGTRRA Law	Current Law
Taxable Pensions and Interest	55,500	55,500
Dividends	4,500	4,500
Social Security Benefits	20,000	20,000
	80,000	80,000
Total Income	80,000	80,000
Less: Nontaxable Social Security benefits	3,000	3,000
	77,000	77,000
AGI	77,000	77,000
Less: Deductions (Larger of Standard or Itemized ¹)	13,860	13,860
Less: Personal Exemptions (2 @ \$3,050)	6,100	6,100
	57,040	57,040
Taxable Income	57,040	57,040
Federal Income Tax	9,803	7,430
<i>Tax Change: Amount</i>		-2,373
<i>Percent</i>		-24%

Department of the Treasury
Office of Tax Analysis

June 18, 2003

¹ Itemized deductions are assumed to be 18 percent of AGI under current law.