

## Scheduled Changes in the Bush Tax Cuts, Including Modifications in the Recovery Act in 2009, and Obama's Tax Proposal

Tax provisions that President Obama would allow to revert to pre-Bush (entirely or partially) are in **red**.

	Pre-Bush	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 (if Congress does nothing)	2011 (Obama's proposal)
<b>Income tax brackets</b>													
na in 2000	na	10% ----->										na	10%
15%	15%	15% ----->										15%	15%
28%	28%	27.5%	27%	25%	----->							28%	25%
31%	31%	30.5%	30%	28%	----->							31%	28%
36%	36%	35.5%	35%	33%	----->							36%	36% <sup>1</sup>
39.6%	39.6%	39.1%	38.6%	35%	----->							39.6%	39.6% <sup>1</sup>
<b>10% rate applies to taxable income over: (single/head of household/married filing jointly)</b>	na	\$6,000/10,000/12,000		\$7,000/10,000/14,000 indexed								na	\$7,000/10,000/14,000 indexed
<b>Capital gains max</b>	20%	20%	20%	15%	----->							20%	20% <sup>1</sup>
<b>Dividends max</b>	39.6%	39.1%	38.6%	15%	----->							39.6%	20% <sup>2</sup>
<b>Per child credit</b>	\$ 500	\$ 600	\$ 600	\$1,000	----->							\$ 500	\$ 1,000
<b>Refundability of credit</b>	limited	10% of earnings > \$10,000 indexed			15% earnings > \$10,750 indexed				15% earnings > \$3,000 <sup>3</sup>			limited	15% earnings > \$3,000 <sup>3</sup>
<b>couple as % of single standard deduction</b>	167%	167%	167%	200%	200%	200%	200%	200%	200%	200%	200%	167%	200%
<b>Married 15% bracket endpoint as % of single endpoint</b>	167%	167%	167%	200%	----->							167%	200%
<b>Married EITC phase-out start and end points up by</b>	na	na	+1,000 (not indexed)		+2,000 (not indexed)			+3,000 indexed	+5,000 indexed <sup>3</sup>			na	+5,000 indexed <sup>3</sup>
<b>EITC rate for 3+ children increased by:</b>	na	na								+5 percentage points <sup>3</sup>		na	+5 percentage points <sup>3</sup>
<b>Dependent care credit</b>	old rule: \$2,400/4,800			to \$3,000/6,000, 35% phase out starts at \$15K (up from \$2,400/4,800, 30% and \$10K)								old rule	2003 rule
<b>AMT exemption</b>													
Couples	45,000	49,000	49,000	58,000	58,000	58,000	62,550	66,250	69,950	70,950	45,000 <sup>4</sup>	45,000	72,750
Singles	33,750	35,750	35,750	40,250	40,250	40,250	42,500	44,350	46,200	46,700	33,750 <sup>4</sup>	33,750	47,900
<b>Personal exemption phase-out</b>							minus 1/3	minus 2/3	repealed	reinstated			partially reinstated <sup>5</sup>
<b>Itemized deduction disallowance</b>							minus 1/3	minus 2/3	repealed	reinstated			partially reinstated <sup>5</sup>
<b>Sales Tax Deduction</b>	none	none			yes					none	none	none	
<b>Estate tax top rate</b>	55%	55%	50%	49%	48%	47%	46%	45%	45%	45%	repealed	55%	45%
<b>Estate Tax per-spouse exemption</b>	\$675,000	\$675,000	1 mill	1 mill	1.5 mill	1.5 mill	2 mill	2 mill	2 mill	3.5 mill	repealed	1 mill	3.5 mill
<b>Credit for state estate taxes</b>	100%	100%	75%	50%	25%	repealed ----->						100%	repealed
<b>Gift tax top rate</b>	55%	55%	50%	49%	48%	47%	46%	45%	45%	45%	35%	55%	45%
<b>Gift tax per-spouse exemption</b>	\$675,000	\$675,000	1 mill	----->									

1. President Obama proposes to adjust the top two brackets slightly so that no one with adjusted gross income below \$200,000 (for unmarried) or \$250,000 (for married) fall within them.

2. President Obama proposes to set the top income tax rate for stock dividends at 20% after 2010, which is a tax cut compared to current law but is higher than the current rate of 15%.

3. These changes were included in American Recovery and Reinvestment Act of 2009 (the Recovery Act).

4. Congress will likely enact legislation to "patch" the AMT this year by increasing these exemptions, which keep most taxpayers from being affected by it. Congress has done this routinely for the last several years.

5. President Obama proposes to allow these provisions (PEP and Pease) to come back into effect only for taxpayers with AGI above \$200,000 (for unmarried) or \$250,000 (for married).

Source: Citizens for Tax Justice, July 2010