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## **First Look: Extending the Bush Tax Cuts for Income up to \$1 Million**

The tax cuts enacted in 2001 and 2003 under President Bush are scheduled to expire at the end of 2012. As we approach the expiration date, there's a growing debate about whether and how much of these temporary tax breaks should be extended. President Obama has proposed extending the Bush tax cuts for all taxpayers on incomes up to \$250,000 (\$200,000 for single filers). Some lawmakers have suggested moving the threshold to \$1 million.

Based on our preliminary estimates:

- **High-income taxpayers still get a big tax cut.** Using either threshold, even high-income taxpayers still get to keep most of their Bush tax cuts. That's because the tax cuts – primarily lower rates – still apply to income below the threshold amount.
- **Ending the breaks for incomes over \$250,000 saves substantial revenue.** Extending the Bush tax cuts for only the first \$250,000 of families' incomes saves the U.S. Treasury an estimated \$60-70 billion in revenue for one year alone, 2013, compared to extending all of the tax cuts.
- **Moving the threshold to \$1 million is costly.** Extending the Bush tax cuts for the first \$1 million of a family's income saves 43 percent less revenue than the savings estimated with a \$250,000 threshold.
- **Millionaires get 50 percent of the additional tax breaks from moving the threshold to \$1 million.** About half of the additional tax breaks resulting from moving the threshold from \$250,000 to \$1 million actually go to taxpayers with income over \$1 million – because they're getting additional tax breaks on *all* of their income up to \$1 million.