



January 10, 2013

Media contact: Anne Singer  
(202) 299-1066 x27  
[www.ctj.org](http://www.ctj.org)

## **Provisions of the Fiscal Cliff Deal**

The fiscal cliff deal (the American Taxpayer Relief Act of 2012) makes permanent nearly all of the Bush tax cuts and extends many of the tax provisions from the 2009 economic recovery act. In fact, the only major provision of the tax breaks in effect in 2012 that was allowed to expire entirely was the 2 percent payroll tax holiday.

A CTJ analysis of Joint Committee on Taxation data found that the fiscal deal makes permanent 85 percent of the Bush income tax cuts, at a cost of \$3.3 trillion over the next ten years. The deal also makes permanent 95 percent of the Bush estate tax cuts still in effect in 2012, at a cost of \$369 billion over ten years.

The deal also extends several of the provisions of the 2009 recovery act for five years. These extensions include the expansion of the Earned Income Tax Credit and Child Tax credit, as well as the extension of the American Opportunity Credit, at a cost of \$134 billion.

While most of the debate focused on these income tax provisions, the fiscal deal also included the extension of a package of provisions often called the “extenders,” which is largely made up of numerous corporate and special interest tax breaks. A more detailed discussion of the extenders can be found in our recent report “Revenue Impacts of the Fiscal Cliff Deal.”<sup>1</sup>

For a complete accounting of the provisions included in the fiscal deal see the table “Provisions of the Fiscal Cliff Negotiations and Deal” on the next page.

###

---

<sup>1</sup> Citizens for Tax Justice, “Revenue Impacts of the Fiscal Cliff Deal,” January 3, 2013.  
[http://ctj.org/ctjreports/2013/01/revenue\\_impacts\\_of\\_the\\_fiscal\\_cliff\\_deal.php](http://ctj.org/ctjreports/2013/01/revenue_impacts_of_the_fiscal_cliff_deal.php)

# Provisions of the Fiscal Cliff Negotiations and Deal

Tax Break	GOP Position Summer 2012	Obama's Original Plan	Fiscal Cliff Deal
<b><i>Income Tax Cuts First Enacted 2001 and 2003</i></b>			
■ reduction of the 39.6% rate to 35%	Extended	Expire	Made permanent for income up to \$450k/\$400k
■ reduction of the 36% rate to 33%	Extended	Extended for income up to \$250k/\$200k	Made Permanent
■ reduction of the 28% and 31% rates to 25% and 28%	Extended	Extended	Made Permanent
■ introduction of the ten percent tax bracket (lowest bracket was previously 15 percent)	Extended	Extended	Made Permanent
■ reduction of rates for capital gains in bottom four brackets from 10% and 20% to 0% and 15%	Extended	Extended	Made Permanent
■ reduction of rates for capital gains in top two brackets from 20% to 15%	Extended	Extended for income up to \$250k/\$200k	Made permanent for income up to \$450k/\$400k
■ reduction of rates on stock dividends in bottom four brackets from ordinary rates to capital gains rates	Extended	Extended	Made Permanent
■ reduction of rates on stock dividends in top two brackets from ordinary rates to capital gains rates	Extended	Extended for income up to \$250k/\$200k	Made permanent (rate of 15% for income up to \$450k/\$400k, 20% above that level)
■ expansion of Child Tax Credit	Extended	Extended	Made Permanent
■ elimination of "marriage penalty" in the standard deduction	Extended	Extended	Made Permanent
■ elimination of "marriage penalty" in the 15 percent rate bracket	Extended	Extended	Made Permanent
■ reduction in "marriage penalty" in the Earned Income Tax Credit.	Extended	Extended	Made Permanent
■ expansion of the Dependent Care Credit	Extended	Extended	Made Permanent
■ repeal of the personal exemption phase-out (PEP)	Extended	Extended for income up to \$250k/\$200k	Made permanent for income up to \$300k/\$250k
■ repeal of the itemized deduction disallowance ("Pease")	Extended	Extended for income up to \$250k/\$200k	Made permanent for income up to \$300k/\$250k
■ increase in the exemptions in the Alternative Minimum Tax (AMT)	Extended	Extended	Made Permanent
<b><i>2009 Expansions of Certain Income Tax Cuts</i></b>			
■ further reduction in the "marriage penalty" in Earned Income Tax Credit	Expire	Extended	Extended for 5 years
■ increase in Earned Income Tax Credit for larger families	Expire	Extended	Extended for 5 years
■ making the refundable part of Child Tax Credit more accessible to lower-income earners	Expire	Extended	Extended for 5 years
■ American Opportunity Credit	Expire	Extended	Extended for 5 years
<b><i>Estate Tax Cuts</i></b>			
■ increase in estate tax exemption to \$5 million and decrease in the tax rate to 35% (in 2012)	Extended	Partly extended (exemption of \$3.5 million, rate of 45%)	Mostly made permanent (exemption of \$5 million, rate of 40%)
<b><i>Other Important Tax Provisions</i></b>			
■ temporary 2% decrease in employee payroll tax rate	Expire	Expire	Expire

\* The package also included a complete extension of the "tax extenders" package. The revenue implications of these tax breaks are discussed in this report: <http://ctj.org/pdf/fiscalcliffdealrevenueimpacts.pdf>

\*\* The package also included a revenue provision that allows taxpayers to convert traditional IRAs to Roth IRAs

\*\*\* The package also included several significant spending measures such as a two month extension of the sequester, a one year extension of the "doc fix," a one year extension of expanded unemployment benefits, a one year extension of agricultural programs, and finally did not include an increase in the debt ceiling.