

CTJ's Bush Tax Cut Scorecard: Phase-in dates for the Bush tax cuts, including 2006 legislation (calendar years)

After half a dozen major tax cuts in the first six years of the Bush administration—many of which have different phase-in dates, and almost all of which sunset completely after 2010—you need a scorecard to keep track of which cuts take effect each year. Here's your scorecard: a year-by-year list of federal tax cuts (and hikes) taking effect between 2001 and 2010. Tax increases are presented in **red bold type**. A handy one-page chart follows the list.

2001:

- Personal income tax rates of 39.6%, 36%, 31% and 28% are each reduced by one percentage point, effective July 1, 2001—in essence, a half point reduction for calendar year 2001.
- A new 10 percent income tax bracket is introduced on the first \$12,000 of taxable income for married couples, \$10,000 for single parents and \$6,000 for others (these amounts are not indexed for inflation in future years).
- The per-child credit is increased from \$500 to \$600, with expanded refundability based on 10% of earnings over \$10,000 (the \$10,000 figure is adjusted in future years for inflation).
- Alternative minimum tax (AMT) exemptions are increased by \$4,000 for married couples and \$2,000 for singles.

2002:

- The top four income tax rates are slightly reduced to 38.6%, 35%, 30%, and 27%.
- The income range over which the benefits of the earned-income tax credit (EITC) phase-out is increased by \$1,000 for married couples (the \$1,000 is not indexed).
- The top estate tax rate is cut from 55% to 50%; a feature in previous law that recaptures the benefit of lower tax rates is repealed; the estate tax credit is converted to an exemption (worth more for larger estates) and the basic estate tax exemption is increased from \$700,000 to \$1 million (\$2 million for couples).
- The federal estate tax credit for state estate taxes paid is reduced from 100% to 75%.
- The annual contribution limit for IRAs is increased to \$3,000 (from \$2,000). The limit on elective deferrals is raised from \$10,000 to

\$11,000. Other retirement savings changes take effect. IRA tax credits for lower-income workers established.

2003:

- The top four income tax rates are again cut to 35%, 33%, 28% and 25%.
- Income amounts for the new 10 percent tax bracket increased to \$14,000 for couples and \$7,000 for childless singles (the \$10,000 amount for single parents remains unchanged). These amounts are indexed in 2004 through to 2010.
- The maximum tax rate on capital gains income is cut to 16.7%, effective May 7, 2003.
- The maximum tax rate on dividend income is cut from 35% (the same as earned income) to 15%.
- Child tax credit is increased from \$600 to \$1,000, with refundability based on 10% of earnings over \$10,000 (the \$10,000 figure is adjusted for inflation).
- The standard deduction for married couples is increased to twice the single amount until 2010.
- Starting point for the 25% tax bracket for married couples is increased to 200% of the single bracket starting point until 2010.
- Maximum allowable expenses for dependent care credit raised from \$2,400 to \$3,000 for one child under 13 and from \$4,800 to \$6,000 for two or more children; maximum credit rate increases from 30% to 35%; the rate of the credit is phased down to 20% between \$15,001 and \$43,001 in income rather than from \$10,001 to \$28,001.
- Alternative minimum tax exemption levels are increased by \$9,000 for married couples and \$4,500 for singles.
- The top estate tax rate is cut from 50% to 49%.

- The federal estate tax credit for state estate taxes paid is reduced from 75% to 50%.
- Limit on elective retirement savings deferrals raised from \$11,000 to \$12,000.

2004:

- The maximum tax rate on capital gains income is cut to 15%.
- The child tax credit continues to be \$1,000 with further expansion in refundability based on 15% of earnings above \$10,750 (The \$10,750 is indexed for inflation in later years).
- Top estate tax rate cut from 49% to 48%. The exemption is increased to \$1.5 million (\$3 million for married couples).
- The federal estate tax credit for state estate taxes paid is reduced from 50% to 25%.
- The limit on elective retirement savings deferrals is raised from \$12,000 to \$13,000.

2005:

- Earned-income tax credit phase-out range increased by an additional \$1,000 for married couples (the \$2,000 total increase is not indexed for inflation).
- The top estate tax rate is cut from 48% to 47%.
- The federal estate tax credit for state estate taxes paid is eliminated.
- IRA annual contribution limit increased to \$4,000. The limit on elective deferrals is raised from \$13,000 to \$14,000.

2006:

- Current law's phase-out of the personal exemption and disallowance of a portion of itemized deductions at high income levels are reduced by one-third.
- The top estate tax rate is cut from 47% to 46%. The exemption is also increased to \$2 million (\$4 million for couples).
- The limit on elective retirement savings deferrals is raised from \$14,000 to \$15,000 (indexed thereafter).

2007:

- The top estate tax rate is cut from 46% to 45%.

- **Alternative minimum tax exemption levels are reduced by \$17,550 for married couples and \$8,750 for singles.**

2008:

- The earned-income tax credit phase-out range is increased by an additional \$1,000 for married couples (the \$3,000 total increase is indexed for inflation after 2008).
- Current law's phase-out of the personal exemption and disallowance of a portion of itemized deductions at high income levels are reduced by two-thirds (up from a 1/3 reduction).
- IRA annual contribution limit increased to \$5,000 (indexed thereafter).

2009:

- The estate tax exemption is increased to \$3.5 million (\$7 million for couples).

2010:

- Current law's phase out of the personal exemption and disallowance of a portion of itemized deductions at high income levels are fully repealed.
- The estate tax is fully repealed (gift tax retained; limited carryover basis starts).

2011:

- **All of the Bush tax cuts (except for certain pension tax breaks) are repealed.** All provisions of the personal income, estate, and gift taxes return to their original 2000 levels. However, due to a gradual increase in the estate tax exemption enacted during the Clinton Administration, the estate tax exemption would fall to \$1 million per spouse, rather than the \$675,000 per spouse seen in 2000.

Scheduled Changes in the Bush Tax Cuts, Including Impact of Legislation Enacted Through August 2006

tax cuts blue , tax hikes red	Pre-Bush	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Income tax brackets													
na in 2000	na	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	na	
15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
28%	28%	27.5%	27%	25%	25%	25%	25%	25%	25%	25%	25%	28%	
31%	31%	30.5%	30%	28%	28%	28%	28%	28%	28%	28%	28%	31%	
36%	36%	35.5%	35%	33%	33%	33%	33%	33%	33%	33%	33%	36%	
39.6%	39.6%	39.1%	38.6%	35%	35%	35%	35%	35%	35%	35%	35%	39.6%	
10% rate applies to taxable income over: (single/HOH/MFJ)	na	\$6,000/10,000/12,000	\$7,000/10,000/14,000, indexed									na	
Capital gains max	20%	20%	20%	16.7%	15%	15%	15%	15%	15%	15%	15%	20%	
Dividends max	39.6%	39.1%	38.6%	15%	15%	15%	15%	15%	15%	15%	15%	39.6%	
Per child credit	\$ 500	\$ 600	\$ 600	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 500	
Refundability of credit	limited	10% of earnings > \$10,000 (indexed)			15% > \$10,750 (indexed)								old
Standard deduction for married couples as % of single SD	167%	167%	167%	200%	200%	200%	200%	200%	200%	200%	200%	167%	
Married 15% bracket endpoint as % of single endpoint	167%	167%	167%	200%	200%	200%	200%	200%	200%	200%	200%	167%	
Married EITC phase-out start and end points up by			+1,000 (not indexed)		+2,000 (not indexed)		+3,000 indexed thereafter					na	
Dependent care credit	old = \$2400/4800	to \$3000/6000, 35% phase out starts at \$15K (up from \$2400/4800, 30% and \$10K)										old	
AMT exemption													
Couples	45,000	49,000	49,000	58,000	58,000	58,000	62,550	45,000	45,000	45,000	45,000	45,000	
Singles	33,750	35,750	35,750	40,250	40,250	40,250	42,500	33,750	33,750	33,750	33,750	33,750	
Personal exemption phase-out							minus 1/3		minus 2/3		repealed	reinstated	
Itemized deduction disallowance							minus 1/3		minus 2/3		repealed	reinstated	
Sales Tax Deduction	none	none			yes		none					none	
Estate tax													
Top rate	55%	55%	50%	49%	48%	47%	46%	45%	45%	45%	repealed	55%	
Credit (exemption equivalent)	\$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	
Gift tax (2010 only)											40%,\$1 mill exemption		
Carryover basis (2010 only)											1.3 mill, 3 mill to spouse		
Credit for State Tax	100%		75%	50%	25%	repealed					100%		

Source: Citizens for Tax Justice, October 2006