



JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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TAX RELIEF SIMULATIONS
SHOW DISPERSION OF BENEFITS

-- Middle and Upper Middle-Income Taxpayers Generally Benefit Despite AMT --

WASHINGTON, D.C. - Simulations of income tax benefits provided under the new tax law (H.R. 1836) illustrate the magnitude of tax benefits for a wide variety of taxpayers, and are available through the tax calculators on the Internet.

Such calculators provide convenient, accurate, and free estimates of tax benefits for taxpayers at given income levels and various levels of mortgage interest, state income taxes, local property taxes, and other deductions and adjustments.

For example, the table below displays the projected tax benefits available to taxpayers at various income levels using different levels of basic deductions. The tax benefits available to taxpayers with 2001 incomes at \$50,000, \$100,000, \$150,000, and \$200,000 are displayed under alternative assumptions.

Any reduction in income taxes relative to previous law will tend to push more taxpayers into the AMT. However, although the AMT reduces the tax benefits taxpayers would otherwise receive, it generally does not eliminate them.

For example, the tax benefits for a family of four with \$200,000 of income are displayed below under various levels of state and local taxes; deductions of these items can be limited by the AMT. However, tax benefits are still significant over a wide range of state and local tax payments covering a broad spectrum of taxpayers in this income group.

Table with 6 columns: Income in 2001 Dollars, Standard Deduction, Mortgage Interest and Charitable Contributions, Property, State and Local Tax Deductions, Tax Saved In Year (2001, 2010). Rows show various income levels and deduction scenarios.

Notes: Joint Economic Committee Calculations using Quicken.com tax simulation calculator. Estimated benefits under the Tax Relief Reconciliation Act of 2001 can vary by filing characteristics, even for taxpayers with similar incomes.