

## INDIVIDUAL INCOME TAX REDUCTION ACT OF 1947

JULY 9 (legislative day, JULY 7), 1947.—Ordered to be printed

Mr. MILLIKIN, from the Committee on Finance, submitted the following

### REPORT

[To accompany H. R. 3950]

The Committee on Finance, to whom was referred the bill (H. R. 3950) to reduce individual income-tax payments, having had the same under consideration, report favorably thereon without amendment and recommend that the bill do pass.

#### I. GENERAL STATEMENT

The provisions of H. R. 3950 are identical with those of H. R. 1 as agreed to in conference and as passed by both Houses, except that H. R. 3950 becomes effective January 1, 1948. H. R. 1, as agreed to in conference, was passed by both Houses but was vetoed by the President, and the veto was sustained by the House of Representatives.

Because of the effect on the revenue, some Members of both Houses urged that tax reduction be deferred until January 1, 1948. This bill achieves that result.

The desirability of the proposed tax reduction must be weighed in connection with estimated revenues, expenditures, and debt reduction. It was estimated that H. R. 1 as agreed to in conference would have reduced collections in fiscal year 1948 by \$3.3 billion. H. R. 3950 will reduce collections in that year by only \$1.5 billion.

Three appropriation bills have been signed by the President and involve reductions in appropriations for the fiscal year 1948 of \$1.136 billion. Six bills are pending in the Senate or in conference involving reductions in appropriations by the House for the fiscal year 1948 of \$1.526 billion. The total reductions in appropriations for fiscal year 1948 on this basis would be \$2.662 billion.

The reduction in expenditures, as distinguished from appropriations, will be substantially larger. In the President's budget it was indicated that 1948 appropriations would be about 86 percent of expenditures in that fiscal year. This percentage relationship means that

a reduction of \$2.7 billion in appropriations is the equivalent of a cut of \$3.1 billion in expenditures. Recognizing that there may be certain increases in appropriations and also reductions, by way of recisions, cut-backs, eliminations or transfers of expenditure items from one year to another, it seems reasonable to estimate expenditure reduction of not less than \$3 billion, reducing total expenditures from the budget estimate of \$37.5 billion to approximately \$34.5 billion.

On the income side, the experience in the past few months justifies the contention that the revenue estimate of \$41.4 billion used by the Finance Committee in connection with H. R. 1 was a conservative one. That estimate was based upon the assumption that income payments in the fiscal year 1948 would be \$170 billion. Income payments are now running at the rate of \$178 billion a year. It is clear that even if income payments were to fall substantially below this level, they could hardly be expected to average less than the \$170 billion used by the committee in its revenue estimate for the fiscal year 1948.

With receipts of \$41.4 billion and expenditures of \$34.5 billion, there will be a surplus of \$6.9 billion. The loss of collections of \$1.5 billion resulting from the enactment of H. R. 3950 will leave \$5.4 billion for debt retirement and contingencies. This should provide ample reassurance, even to those with the most pessimistic fiscal views, that this proposed tax reduction is fully warranted.

## II. SUMMARY OF CHANGES IN EXISTING LAW

This bill brings reductions to all individual income-tax payers, effective January 1, 1948. The reductions are summarized in table I.

TABLE I.—Tax reduction provided by H. R. 3950

Surtax net income	Tentative tax	Reduction in tentative tax under your committee's bill	Actual tax reduction under your committee's bill
0 to \$1,000.....	\$0 to \$200.....	33.5 percent.....	30 percent.
\$1,000 to \$1,400 <sup>1</sup> .....	\$200 to \$279.17.....	\$67.....	30 to 20 percent.
\$1,400 <sup>1</sup> to \$136,700 <sup>2</sup> .....	\$279.17 to \$100,000.....	24 percent.....	20 percent.
\$136,700 <sup>2</sup> to \$302,400 <sup>3</sup> .....	\$100,000 to \$250,000.....	\$24,000 plus 19½ percent of excess in tentative tax over \$100,000.	\$19,000 plus 15 percent of excess tax under present law over \$95,000.
\$302,400 <sup>3</sup> and over.....	\$250,000 and over.....	\$52,875 plus 15 percent of excess in tentative tax over \$250,000.	\$40,375 plus 10.5 percent <sup>4</sup> of excess tax under present law over \$237,500.

<sup>1</sup> The exact breaking point in surtax net income as provided in H. R. 3950 is \$1,395.83.

<sup>2</sup> The exact breaking point in surtax net income as provided in H. R. 3950 is \$136,719.10.

<sup>3</sup> The exact breaking point in surtax net income as provided in H. R. 3950 is \$302,395.60.

<sup>4</sup> The exact percentage reduction on surtax net incomes in excess of \$302,395.60 is between 10.52 and 10.63 percent.

Source: Staff of the Joint Committee on Internal Revenue Taxation.

The largest percentage of tax reduction under your committee's bill is 30 percent. This goes to the 26 million taxpayers with surtax net incomes of \$1,000 or less. This group represents 53 percent of the total number filing tax returns. It includes single persons with incomes, before deductions and exemptions, up to \$1,667 per year; married couples with incomes up to \$2,222 per year; and married couples with two dependents with incomes up to \$3,333 per year.

The next largest reduction goes to taxpayers with surtax net incomes between \$1,000 and about \$1,400. The 7 million taxpayers in this group will each receive a flat reduction of \$67, including the 5 percent reduction allowed under existing law.

Taxpayers whose surtax net incomes are between \$1,400 and approximately \$136,700 will receive a 20-percent reduction. There are about 16½ million taxpayers in this group.

Taxpayers with surtax net incomes between \$136,700 and approximately \$302,400 receive a 20-percent reduction on that part of their tax which is attributable to surtax net income up to \$136,700 and a 15-percent reduction on the excess. There are about 4,000 taxpayers in this group.

The remaining 577 taxpayers with surtax net incomes above \$302,700 receive the same reduction as the previous group on that part of their tax attributable to their surtax net income up to \$302,700. On that part of the tax attributable to surtax net income in excess of that amount, a reduction of 10½ percent is provided.

In addition to the rate reductions discussed above, H. R. 3950 provides an additional \$500 exemption for each person who has attained the age of 65 or over before the end of the taxable year. This exemption will benefit 3,700,000 taxpayers and will remove 1,400,000 from the tax rolls.

### III. ESTIMATED REVENUE EFFECT OF TAX REDUCTION

With an income payment level of 170 billion dollars in the fiscal year 1948, individual income-tax liabilities under your committee's bill are estimated at about 13.7 billion dollars. This represents a liability reduction from present law of about 4.1 billion dollars. Table II shows, by selected net income classes, the number of individual income-tax returns, the amount of tax liabilities under present law, and the reductions in tax liability provided by H. R. 3950.

TABLE II.—*Distribution of tax returns, tax under present law, and tax reduction under H. R. 3950 (with income payments of \$170 billions)*

Net income class (000 omitted)	Taxable returns		Tax under present law		Reduction provided by H. R. 3950	
	Number	Percent of total	Amount	Percent of total	Amount	Percent of total
\$0 to \$3.....	39,710,430	79.9	<i>Millions</i> \$6,479	36.5	<i>Millions</i> \$1,800	44.1
\$3 to \$5.....	8,012,673	16.2	3,520	19.8	772	18.9
Total under \$5.....	47,723,103	96.1	9,999	56.3	2,572	63.0
\$5 to \$10.....	1,265,839	2.5	1,453	8.2	307	7.5
\$10 to \$25.....	530,578	1.1	2,125	12.0	428	10.5
\$25 and over.....	151,643	.3	4,178	23.5	774	19.0
Total over \$5.....	1,948,060	3.9	7,756	43.7	1,509	37.0
Grand total.....	49,671,163	100.0	17,755	100.0	4,081	100.0

Source: Staff of the Joint Committee on Internal Revenue Taxation.

The proposed tax reduction of about \$4.1 billion expressed on a liability basis indicates the decrease in the obligations incurred by taxpayers during the first 12 months the tax reduction is effective.

The reduction of \$1.5 billion expressed on a collection basis indicates the actual loss in the receipts of the Government during the fiscal year 1948. The liability estimate as distinguished from the collection estimate is useful in illustrating the ultimate effect of the reduction. The collection estimate as distinguished from the liability estimate is necessary to determine the immediate effect of the reduction on the Federal budget.

#### IV. FISCAL EXPERIENCE OF THE FEDERAL GOVERNMENT IN 1947 AND THE OUTLOOK FOR 1948

The experience of the fiscal year 1947 which has just closed is summarized in table III. This table reveals that receipts were underestimated by the Treasury throughout the year. Even as late as April 1947 the estimate was \$800 million below the actual figure. The receipts realized made possible a surplus of \$800 million in spite of the fact that expenditures were \$7.4 billion higher than originally estimated by the Budget Bureau in January 1946.

TABLE III.—*Receipts and expenditures of the Federal Government; official estimates and actual experience in the fiscal year 1947*

[In billions of dollars]

	Original budget estimate of January 1946	Budget review of August 1946	Budget estimate of January 1947	Revised Presidential estimate of April 1947	Actual
Receipts.....	\$31.5	\$39.6	\$40.2	\$42.5	\$43.3
Expenditures.....	35.1	41.0	42.5	41.3	42.5
Surplus (+) or deficit (—).....	—3.6	—1.4	—2.3	+1.2	+ .8

Source: Staff of the Joint Committee on Internal Revenue Taxation.

The forecast for the fiscal year 1948 is summarized in the following table, using the estimate of receipts presented in the Senate Finance Committee report on H. R. 1 and the estimate of expenditures presented in the President's budget of January 1947:

[In billions of dollars]

	Present law	After enactment of H. R. 3950
Receipts.....	41.4	39.9
Expenditures (President's budget).....	37.5	37.5
Surplus.....	3.9	2.4

On the assumption of a reduction of \$3 billion in expenditures, the following results:

[In billions of dollars]

	Present law	After enactment of H. R. 3950
Receipts.....	41.4	39.9
Expenditures.....	34.5	34.5
Surplus.....	6.9	5.4

The surplus of \$5.4 billion remaining after the enactment of H. R. 3950 should provide amply for debt retirement and contingencies.

If it were assumed that the present levels of employment and output would continue, receipts in the fiscal year 1948 would approximate \$43 billion, as contrasted with your committee's conservative estimate of \$41.4 billion.

#### V. WHY THE TYPE OF TAX REDUCTION PROVIDED IN THIS BILL SHOULD BE MADE

There is at the present time an acute need for investment capital for the establishment and maintenance of smaller businesses. Also, it is exceedingly short-sighted and foolhardy to assume that the war-time accumulated surpluses, on which our larger industries are maintaining their present high level of production, will continue indefinitely without the help of outside venture capital. This bill gives a stimulus to risk-taking by increasing the investor's retained share of any resulting profits.

As is the case with risk capital, managerial incentive finds discouragement in the present marginal rates; that is, the rates on the top dollar of income received.

TABLE IV.—Comparison between the marginal rates of the individual income tax under present law and H. R. 3950

Surtax net income		Marginal rates	
From—	To—	Present law	H. R. 3950
\$0.....	\$1,000.....	19.0	13.3
\$1,000.....	\$1,400 <sup>1</sup> .....	19.0	( <sup>2</sup> )
\$1,400 <sup>1</sup> .....	\$2,000.....	19.0	15.2
\$2,000.....	\$4,000.....	20.9	16.7
\$4,000.....	\$6,000.....	24.7	19.8
\$6,000.....	\$8,000.....	28.5	22.8
\$8,000.....	\$10,000.....	32.3	25.8
\$10,000.....	\$12,000.....	36.1	28.9
\$12,000.....	\$14,000.....	40.9	32.7
\$14,000.....	\$16,000.....	44.7	35.7
\$16,000.....	\$18,000.....	47.5	38.0
\$18,000.....	\$20,000.....	50.4	40.3
\$20,000.....	\$22,000.....	53.2	42.6
\$22,000.....	\$26,000.....	56.1	44.8
\$26,000.....	\$32,000.....	58.9	47.1
\$32,000.....	\$38,000.....	61.8	49.4
\$38,000.....	\$44,000.....	65.6	52.4
\$44,000.....	\$50,000.....	68.4	54.7
\$50,000.....	\$60,000.....	71.3	57.0
\$60,000.....	\$70,000.....	74.1	59.3
\$70,000.....	\$80,000.....	77.0	61.6
\$80,000.....	\$90,000.....	79.8	63.8
\$90,000.....	\$100,000.....	82.7	66.1
\$100,000.....	\$136,700 <sup>3</sup> .....	84.6	67.6
\$136,700 <sup>3</sup> .....	\$150,000.....	84.6	71.9
\$150,000.....	\$200,000.....	85.5	72.7
\$200,000.....	\$302,400 <sup>4</sup> .....	86.5	73.5
\$302,400 <sup>4</sup> and over.....		86.5	77.2

<sup>1</sup> The exact breaking point in surtax net income under the bill is \$1,395.83.

<sup>2</sup> Incomes in this bracket receive a flat reduction of \$67 from the tentative tax.

<sup>3</sup> The exact breaking point in surtax net income under the bill is \$136,719.10.

<sup>4</sup> The exact breaking point in surtax net income under the bill is \$302,395.60.

<sup>5</sup> It should be borne in mind that the tax is subject to a ceiling of 85½ percent of net income under existing law and 76.5 percent under the bill.

Source: Staff of the Joint Committee on Internal Revenue Taxation.

If under existing law a person with an income of \$10,000 has an opportunity to earn an additional \$1,000 by new investment, or by increased salary from acceptance of added responsibility, he must bear in mind, in deciding whether to accept the opportunity, the fact that 36 percent of the additional income will be taken from him by the Government through the individual income tax. A person with an income of \$50,000 who receives an additional \$1,000 must pay 71 percent of this to the Government. A person with an income of \$100,000 obtaining an extra \$1,000 must pay 84½ percent of this to the Government.

If the investors of the country are unwilling to take the risks of developing new enterprises and the managers do not have the incentive to put forth increased effort, the level of business activity will decline, to the detriment of all persons in our society. While the extent of the reduction in marginal rates provided by H. R. 3950 is necessarily limited, it represents a substantial improvement over the present law.

Another means of indicating the severity of the existing income-tax rates is to consider the number of days which the individuals with various net incomes must now work to pay their income taxes. A married person, without dependents and with income before exemptions of \$1,200, works 11 days a year to pay his income tax. A single person with income of \$7,000 works 1 day out of 5 for the Government. If his income were increased to \$20,000, it becomes 1 day out of 3. If he receives an income of \$50,000, every other day must be spent in the employ of the tax collector. If he receives \$200,000, he must spend 3 out of every 4 days working for the Federal Government.

Both H. R. 1 and H. R. 3950 reduce the taxes of those with incomes, after deductions and exemptions, of \$1,000 or less by 30 percent. Furthermore, only those persons whose incomes, after deductions and exemptions, are \$1,400 or less will receive a reduction of more than 20 percent. On the other hand, such income between \$136,700 and \$302,400 is given a tax reduction of only 15 percent, and the tax on such income in excess of \$302,400 is reduced by only 10½ percent.

Under both H. R. 1 and H. R. 3950 those with net incomes, after deductions and before exemptions, of \$5,000 or less receive a reduction of \$2,571,285,000 out of a total reduction of \$4,081,492,000. This group receives 63 percent of the total tax reduction provided by your committee's bill. Persons with incomes of \$3,000 or less receive more than 44 percent of the reduction. Thus the enactment of H. R. 3950 is clearly desirable from the point of view of taxpayers in the lower-income brackets.

The additional exemption of \$500 for persons aged 65 or over is a recognition of their special need. The heavy concentration of small incomes among such persons reflects the fact that, as a group, they are handicapped at least in an economic sense. They have suffered unusually as a result of the rise in cost of living and the changes in the tax system which occurred since the beginning of the war. Unlike younger persons, they have been unable to compensate for these changes by accepting full-time jobs at prevailing high wages. Furthermore, this general exemption appears to be a better method of bringing relief than a piecemeal extension of the system of exclusions for the benefit of particular types of income received primarily by aged persons.

## VI. STATISTICAL DATA SHOWING TAX BURDENS UNDER PRESENT LAW AND COMMITTEE BILL

Table V shows for various net-income levels (after deductions but before exemptions) the amount of tax payable under present law and your committee's bill for persons under age 65. It also shows the amount and percent of the decrease from present law provided by your committee's bill for such persons. Part A of the table relates to a single person with no dependents; part B, to a married person with no dependents; and part C, to a married person with two dependents.

Since individuals of age 65 and over receive not only the tax-rate reduction but also an additional \$500 exemption, their tax burden cannot be derived from table V. Table VI shows for such persons the same type of information shown in table V for persons under age 65. Part A relates to a single person with no dependents; and part B, to a married person (both husband and wife 65 or over) with no dependents.

Table VII compares for various net-income classes the individual income-tax liability under present law and H. R. 3950 and shows the decrease in tax liability resulting from the enactment of your committee's bill. The data shown are based on a full year's operation of H. R. 3950 and assume an income-payment level of \$170 billion.

TABLE V-A—Comparison of individual income tax under present law and under H. R. 3950

## SINGLE PERSON—NO DEPENDENTS—UNDER AGE 65

Net income before personal exemption	Amount of tax		Reduction in tax under H. R. 3950	
	Present law	H. R. 3950	Amount	Percent
\$500.....				
\$600.....				
\$700.....	\$19.00	\$13.30	\$5.70	30.00
\$750.....	38.00	26.60	11.40	30.00
\$800.....	47.50	33.25	14.25	30.00
\$850.....	57.00	39.90	17.10	30.00
\$900.....	76.00	53.20	22.80	30.00
\$1,000.....	95.00	66.50	28.50	30.00
\$1,200.....	133.00	93.10	39.90	30.00
\$1,500.....	190.00	133.00	57.00	30.00
\$1,600.....	209.00	153.00	56.00	26.79
\$1,700.....	228.00	173.00	55.00	24.12
\$1,800.....	247.00	193.00	54.00	21.86
\$1,900.....	266.00	212.80	53.20	20.00
\$2,000.....	285.00	228.00	57.00	20.00
\$2,500.....	380.00	304.00	76.00	20.00
\$3,000.....	484.50	387.60	96.90	20.00
\$4,000.....	693.50	554.80	138.70	20.00
\$5,000.....	921.50	737.20	184.30	20.00
\$6,000.....	1,168.50	934.80	233.70	20.00
\$7,000.....	1,434.50	1,147.60	286.90	20.00
\$8,000.....	1,719.50	1,375.60	343.90	20.00
\$9,000.....	2,023.50	1,618.80	404.70	20.00
\$10,000.....	2,346.50	1,877.20	469.30	20.00
\$11,000.....	2,688.50	2,150.80	537.70	20.00
\$12,000.....	3,049.50	2,439.60	609.90	20.00
\$13,000.....	3,434.25	2,747.40	686.85	20.00
\$14,000.....	3,842.75	3,074.20	768.55	20.00
\$15,000.....	4,270.25	3,416.20	854.05	20.00
\$20,000.....	6,615.25	5,316.20	1,329.05	20.00
\$25,000.....	9,362.25	7,489.80	1,872.45	20.00
\$30,000.....	12,261.50	9,811.60	2,450.00	20.00
\$40,000.....	18,425.25	14,740.20	3,685.05	20.00
\$50,000.....	25,137.00	20,109.60	5,027.40	20.00
\$60,000.....	32,247.75	25,708.20	6,540.55	20.00
\$70,000.....	39,643.50	31,714.80	7,928.70	20.00
\$80,000.....	47,324.25	37,859.40	9,464.85	20.00

## INDIVIDUAL INCOME TAX REDUCTION ACT OF 1947

TABLE V-A.—Comparison of individual income tax under present law and under H. R. 3950—Continued

SINGLE PERSON—NO DEPENDENTS—UNDER AGE 65—Continued

Net income before personal exemption	Amount of tax		Reduction in tax under H. R. 3950	
	Present law	H. R. 3950	Amount	Percent
\$90,000.....	\$55,290.00	\$44,232.00	\$11,058.00	20.00
\$100,000.....	63,440.75	50,832.60	12,708.15	20.00
\$150,000.....	105,806.25	85,185.31	20,620.94	19.49
\$200,000.....	148,551.50	121,518.78	27,032.72	18.20
\$250,000.....	191,771.75	158,255.99	33,515.76	17.48
\$300,000.....	234,996.75	194,997.24	39,999.51	17.02
\$400,000.....	321,446.75	272,235.25	49,211.50	15.31
\$500,000.....	407,896.75	349,585.25	58,311.50	14.30
\$750,000.....	624,021.75	542,960.25	81,061.50	12.99
\$1,000,000.....	840,146.75	736,335.25	103,811.50	12.36
\$2,000,000.....	1,704,646.75	1,509,835.25	194,811.50	11.43
\$5,000,000.....	4,275,000.00	3,825,000.00	450,000.00	10.53

Source: Staff of the Joint Committee on Internal Revenue Taxation.

TABLE V-B.—Comparison of individual income tax under present law and under H. R. 3950

MARRIED PERSON—NO DEPENDENTS—UNDER AGE 65

Net income before personal exemption	Amount of tax		Reduction in tax under H. R. 3950	
	Present law	H. R. 3950	Amount	Percent
\$1,000.....				
\$1,200.....	\$38.00	\$26.60	\$11.40	30.00
\$1,500.....	95.00	66.50	28.50	30.00
\$1,800.....	152.00	106.40	45.60	30.00
\$2,000.....	190.00	135.00	57.00	30.00
\$2,100.....	209.00	153.00	56.00	26.79
\$2,200.....	228.00	173.00	55.00	24.12
\$2,300.....	247.00	193.00	54.00	21.86
\$2,400.....	266.00	212.80	53.20	20.00
\$2,500.....	285.00	228.00	57.00	20.00
\$3,000.....	380.00	304.00	76.00	20.00
\$4,000.....	589.00	471.20	117.80	20.00
\$5,000.....	798.00	638.40	159.60	20.00
\$6,000.....	1,045.00	836.00	209.00	20.00
\$7,000.....	1,292.00	1,033.60	258.40	20.00
\$8,000.....	1,577.00	1,261.60	315.40	20.00
\$9,000.....	1,862.00	1,489.60	372.40	20.00
\$10,000.....	2,135.00	1,748.00	437.00	20.00
\$11,000.....	2,508.00	2,006.40	501.60	20.00
\$12,000.....	2,869.00	2,295.20	573.80	20.00
\$13,000.....	3,230.00	2,584.00	646.00	20.00
\$14,000.....	3,638.50	2,910.80	727.70	20.00
\$15,000.....	4,047.00	3,237.60	809.40	20.00
\$20,000.....	6,393.50	5,114.80	1,278.70	20.00
\$25,000.....	9,082.00	7,265.60	1,816.40	20.00
\$30,000.....	11,970.00	9,576.00	2,394.00	20.00
\$40,000.....	18,097.50	14,478.00	3,619.50	20.00
\$50,000.....	24,795.00	19,836.00	4,959.00	20.00
\$60,000.....	31,891.50	25,513.20	6,378.30	20.00
\$70,000.....	39,273.00	31,418.40	7,854.60	20.00
\$80,000.....	46,939.50	37,551.60	9,387.90	20.00
\$90,000.....	54,891.00	43,912.80	10,978.20	20.00
\$100,000.....	63,127.50	50,502.00	12,625.50	20.00
\$150,000.....	105,383.50	84,829.97	20,553.53	19.51
\$200,000.....	148,121.00	121,155.40	26,965.60	18.21
\$250,000.....	191,339.50	157,888.58	33,450.92	17.48
\$300,000.....	234,564.50	194,629.83	39,934.67	17.03
\$400,000.....	321,014.50	271,848.50	49,166.00	15.32
\$500,000.....	407,464.50	349,198.50	58,266.00	14.30
\$750,000.....	623,589.50	542,573.50	81,016.00	12.99
\$1,000,000.....	839,714.50	735,948.50	103,766.00	12.36
\$2,000,000.....	1,704,214.50	1,509,448.50	194,766.00	11.43
\$5,000,000.....	4,275,000.00	3,825,000.00	450,000.00	10.53

Source: Staff of the Joint Committee on Internal Revenue Taxation.



TABLE V-C.—Comparison of individual income tax under present law and under H. R. 3950

MARRIED PERSON—TWO DEPENDENTS—UNDER AGE 65

Net income before personal exemption	Amount of tax		Reduction in tax under H. R. 3950	
	Present law	H. R. 3950	Amount	Percent
\$2,000				
\$2,500	\$95.00	\$66.50	\$28.50	\$30.00
\$3,000	190.00	133.00	57.00	30.00
\$3,100	209.00	153.00	56.00	26.79
\$3,200	228.00	173.00	55.00	24.12
\$3,300	247.00	193.00	54.00	21.86
\$3,400	266.00	212.80	53.20	20.00
\$3,500	285.00	228.00	57.00	20.00
\$4,000	380.00	304.00	76.00	20.00
\$5,000	589.00	471.20	117.80	20.00
\$6,000	798.00	638.40	159.60	20.00
\$7,000	1,045.00	836.00	209.00	20.00
\$8,000	1,292.00	1,033.60	258.40	20.00
\$9,000	1,577.00	1,261.60	315.40	20.00
\$10,000	1,862.00	1,489.60	372.40	20.00
\$11,000	2,185.00	1,748.00	437.00	20.00
\$12,000	2,508.00	2,006.40	501.60	20.00
\$13,000	2,869.00	2,295.20	573.80	20.00
\$14,000	3,230.00	2,584.00	646.00	20.00
\$15,000	3,633.60	2,910.80	722.70	20.00
\$20,000	5,890.00	4,712.00	1,178.00	20.00
\$25,000	8,621.60	6,817.20	1,704.30	20.00
\$30,000	11,381.00	9,104.80	2,276.20	20.00
\$40,000	17,442.00	13,953.60	3,488.40	20.00
\$50,000	24,111.00	19,288.80	4,822.20	20.00
\$60,000	31,179.00	24,943.20	6,235.80	20.00
\$70,000	38,532.00	30,825.00	7,706.40	20.00
\$80,000	46,170.00	36,936.00	9,234.00	20.00
\$90,000	54,093.00	43,274.40	10,818.60	20.00
\$100,000	62,301.00	49,840.80	12,460.20	20.00
\$150,000	104,538.00	84,107.30	20,430.70	19.54
\$200,000	147,269.00	120,428.65	26,840.35	18.23
\$250,000	190,475.00	157,153.75	33,321.25	17.49
\$300,000	233,700.00	193,895.00	39,805.00	17.03
\$400,000	320,150.00	271,075.00	49,075.00	15.33
\$500,000	406,600.00	348,425.00	58,175.00	14.31
\$750,000	622,725.00	541,800.00	80,925.00	13.00
\$1,000,000	838,850.00	735,175.00	103,675.00	12.36
\$2,000,000	1,703,350.00	1,508,675.00	194,675.00	11.43
\$5,000,000	4,275,000.00	3,825,000.00	450,000.00	10.53

Source: Staff of the Joint Committee on Internal Revenue Taxation.

TABLE VI-A.—Comparison of individual income tax under present law and under H. R. 3950 for persons aged 65 or over

## SINGLE PERSON AGE 65 OR OVER—NO DEPENDENTS

Net income before personal exemption	Amount of tax		Reduction in tax under H. R. 3950	
	Present law	H. R. 3950	Amount	Percent
\$500.....				
\$600.....	\$19.00		\$19.00	100.00
\$700.....	38.00		38.00	100.00
\$800.....	57.00		57.00	100.00
\$900.....	76.00		76.00	100.00
\$1,000.....	95.00		95.00	100.00
\$1,200.....	133.00	\$26.60	106.40	80.00
\$1,500.....	190.00	66.50	123.50	65.00
\$1,800.....	247.00	106.40	140.60	56.92
\$2,000.....	295.00	133.00	152.00	53.33
\$2,500.....	390.00	228.00	152.00	40.00
\$3,000.....	484.50	304.00	180.50	37.25
\$4,000.....	693.50	471.20	222.30	32.05
\$5,000.....	921.50	638.40	283.10	30.72
\$6,000.....	1,168.50	836.00	332.50	28.46
\$7,000.....	1,431.50	1,033.60	400.90	27.95
\$8,000.....	1,719.50	1,231.60	457.90	26.63
\$9,000.....	2,023.50	1,489.60	533.90	26.38
\$10,000.....	2,346.50	1,748.00	598.50	25.51
\$11,000.....	2,698.50	2,006.40	682.10	25.37
\$12,000.....	3,046.50	2,295.20	754.30	24.73
\$13,000.....	3,434.25	2,534.00	850.25	24.76
\$14,000.....	3,842.75	2,910.80	931.95	24.25
\$15,000.....	4,270.25	3,237.60	1,032.65	24.18
\$20,000.....	6,615.25	5,114.80	1,530.45	23.03
\$25,000.....	9,362.25	7,265.60	2,096.65	22.39
\$30,000.....	12,264.50	9,576.00	2,688.50	21.92
\$40,000.....	18,425.25	14,478.00	3,947.25	21.42
\$50,000.....	25,137.00	19,836.00	5,301.00	21.09
\$60,000.....	32,247.25	25,513.20	6,731.05	20.88
\$70,000.....	39,613.50	31,418.40	8,225.10	20.75
\$80,000.....	47,324.25	37,551.60	9,772.65	20.65
\$90,000.....	55,290.00	43,912.80	11,377.20	20.58
\$100,000.....	63,540.75	50,502.00	13,038.75	20.52
\$150,000.....	105,806.25	84,825.97	20,980.28	19.83
\$200,000.....	148,551.50	121,155.40	27,396.10	18.44
\$250,000.....	191,771.75	157,888.58	33,883.17	17.67
\$300,000.....	231,996.75	191,629.83	40,366.92	17.18
\$400,000.....	321,446.75	271,848.50	49,598.25	15.43
\$500,000.....	407,996.75	349,198.50	58,798.25	14.39
\$750,000.....	624,021.75	542,573.50	81,448.25	13.05
\$1,000,000.....	840,146.75	735,948.50	104,198.25	12.40
\$2,000,000.....	1,704,646.75	1,509,448.50	195,198.25	11.45
\$5,000,000.....	4,275,000.00	3,825,000.00	450,000.00	10.53

Source: Staff of the Joint Committee on Internal Revenue Taxation.

TABLE VI-B.—Comparison of individual income tax under present law and under H. R. 3950 for persons aged 65 or over

MARRIED PERSON (BOTH HUSBAND AND WIFE 65 OR OVER)—NO DEPENDENTS

Net income before personal exemption	Amount of tax		Reduction in tax under H. R. 3950	
	Present law	H. R. 3950	Amount	Percent
\$1,000.....				
\$1,200.....	\$38.00		\$38.00	100.00
\$1,500.....	95.00		95.00	100.00
\$1,800.....	152.00		152.00	100.00
\$2,000.....	190.00		190.00	100.00
\$2,500.....	285.00	\$66.50	218.50	76.67
\$3,000.....	380.00	133.00	247.00	65.00
\$4,000.....	589.00	304.00	285.00	48.39
\$5,000.....	798.00	471.20	326.80	40.95
\$6,000.....	1,045.00	638.40	406.60	38.91
\$7,000.....	1,292.00	836.00	456.00	35.29
\$8,000.....	1,577.00	1,033.60	543.40	34.46
\$9,000.....	1,862.00	1,261.60	600.40	32.24
\$10,000.....	2,185.00	1,489.60	695.40	31.83
\$11,000.....	2,508.00	1,748.00	760.00	30.30
\$12,000.....	2,869.00	2,006.40	862.60	30.07
\$13,000.....	3,230.00	2,295.20	934.80	28.94
\$14,000.....	3,638.50	2,584.00	1,054.50	28.98
\$15,000.....	4,047.00	2,910.80	1,136.20	28.08
\$20,000.....	6,393.50	4,712.00	1,681.50	26.30
\$25,000.....	9,082.00	6,817.20	2,264.80	24.94
\$30,000.....	11,970.00	9,104.80	2,865.20	23.94
\$40,000.....	18,097.50	13,953.60	4,143.90	22.90
\$50,000.....	24,705.00	19,288.80	5,506.20	22.21
\$60,000.....	31,891.50	24,943.20	6,948.30	21.79
\$70,000.....	39,273.00	30,825.60	8,447.40	21.51
\$80,000.....	46,939.50	36,936.00	10,003.50	21.31
\$90,000.....	54,891.00	43,274.40	11,616.60	21.16
\$100,000.....	63,127.50	49,840.80	13,286.70	21.05
\$150,000.....	105,383.50	84,107.30	21,276.20	20.19
\$200,000.....	148,121.00	120,428.65	27,692.35	18.70
\$250,000.....	191,339.50	157,153.75	34,185.75	17.87
\$300,000.....	234,561.50	193,895.00	40,666.50	17.34
\$400,000.....	321,014.50	271,075.00	49,939.50	15.56
\$500,000.....	407,464.50	348,425.00	59,039.50	14.49
\$750,000.....	623,589.50	541,800.00	81,789.50	13.12
\$1,000,000.....	839,714.50	735,175.00	104,539.50	12.45
\$2,000,000.....	1,704,214.50	1,508,675.00	195,539.50	11.47
\$5,000,000.....	4,275,000.00	3,825,000.00	450,000.00	10.53

Source: Staff of the Joint Committee on Internal Revenue Taxation.

TABLE VII.—*Comparison of the individual income-tax liability under present law and under H. R. 3950 in a full year of operation, with income payments of \$170 billion*

[In thousands of dollars]

Net income class	Estimated yield of—		Decrease from present law provided by H. R. 3950
	H. R. 3950	Present law	
\$0 to \$1.....	\$250,919	\$365,191	\$114,272
\$1 to \$2.....	1,877,376	2,746,037	868,661
\$2 to \$2.5.....	1,056,083	1,492,032	435,949
\$2.5 to 3.....	1,495,407	1,876,084	380,677
\$3 to \$4.....	1,853,180	2,383,750	530,570
\$4 to \$5.....	894,424	1,135,580	241,156
Total under \$5.....	7,427,389	9,998,674	2,571,285
\$5 to \$10.....	1,146,377	1,453,203	306,826
\$10 to \$25.....	1,697,000	2,124,827	427,827
\$25 to \$50.....	1,204,518	1,601,072	296,554
\$50 to \$100.....	1,115,125	1,385,437	270,312
\$100 to \$300.....	701,733	856,595	154,862
\$300 to \$500.....	136,937	161,146	24,209
\$500 to \$1,000.....	128,180	145,263	17,083
\$1,000 and over.....	116,080	128,613	12,533
Total over \$5.....	6,245,950	7,756,156	1,510,206
Grand total.....	13,673,339	17,754,830	4,081,492

Source: Staff of Joint Committee on Internal Revenue Taxation.

