

II-A-6

Table 4
THE TAX REDUCTION PROGRAM
(fiscal years; billions of dollars)

	1980 (actual)	1981	1982	1983	1984	1985
Receipts on a current services basis	520.0	608.8	701.6	806.2	915.5	1,032.0
Personal tax cuts		-6.4	-44.2	-81.4	-118.1	-141.5
Accelerated cost recovery system		-2.5	-9.7	-18.6	-30.0	-44.2
Proposed user charges		0.2	2.1	2.4	2.7	3.1
Other Proposals ^{1/}			0.5	0.6	0.6	0.6
Receipts after proposed tax changes	520.0	600.3	650.3	709.1	770.7	849.9
Percent of GNP:						
Current law receipts	20.3	21.4	22.0	22.4	22.9	23.5
After proposed tax changes	20.3	21.1	20.4	19.7	19.3	19.3

1/ These proposals include an increase in railroad retirement payroll taxes and increases passport and visa fees.

Source: Fiscal Year 1982 Budget Revisions, March 1981.

Table 5

PHASE-IN FEATURES OF THE TAX CUT PROGRAM
(calendar years)

	1980 (present law)	1981	1982	1983	1984	1985
Personal Tax Cut						
Percentage reduction in marginal tax rates		5	15	25	30	30
Range of marginal tax rates (percent)	14-70	13-66	12-60	11-53	10-50	10-50
Revenue loss (fiscal years, billions of dollars)		6.4	44.2	81.4	118.1	141.5
Memo:						
Maximum capital gains tax rate (percent) ^{1/}	28	26.4	24	21.2	20.0	20.0
Maximum tax rate on "earned income" (percent)	50	50	50	50	50	50
Accelerated Cost Recovery System						
3-year class (asset life in years)	3.5 ^{2/}	3	3	3	3	3
5-year class "	10.2 ^{3/}	9	8	7	6	5
10-year class "	32.5 ^{4/}	18	16	14	12	10
15-year class "	"	18	16	15	15	15
18-year class "	"	18	18	18	18	18
Revenue loss (fiscal years, billions of dollars)		2.5	9.7	18.6	30.0	44.2

^{1/} There are no explicit capital gains tax law changes in the President's package. These rates are reduced, since the capital gains tax rate is 40% of the personal income tax rate.

^{2/} Estimate of "best allowable" recovery period for cars and light trucks under current law.

^{3/} Estimate of "best allowable" recovery period for other machinery and equipment under current law.

^{4/} Estimate of "best allowable" recovery period for buildings under current law.