

Model Estimate

T25-0010 – Options to Modify Limit on Deductible State and Local Taxes (SALT Limit), 2025-34 Fiscal Years

[T25-0010.xlsx](#)

(15.19140625 KB)

Display Date

January 23, 2025

Table shows the impact on federal tax revenue for fiscal years 2025-34 of options to modify the \$10,000 limit on deductible state and local taxes (SALT deduction).

Image

23-Jan-25

PRELIMINARY RESULTS: SUBJECT TO REVISION

<http://www.taxpolicycenter.org>

Table T25-0010 Options to Modify Limit on Deductible State and Local Taxes (SALT Limit) Baseline: Current Law Plus Extension of Certain Provisions in the 2017 Tax Act ¹ Impact on Tax Revenue (billions of current dollars), 2025-34 Fiscal Years ²											
Proposal	Fiscal Years										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025-34
Option 1: Increase SALT deduction limit to \$20,000 (unindexed) for married couples filing jointly ³	-11.2	-19.2	-20.6	-22.0	-22.9	-23.8	-24.7	-25.6	-26.7	-27.9	-224.7
Option 2: Increase SALT deduction limit to \$40,000 (unindexed) for married couples filing jointly (\$20,000 for others)	-30.1	-51.2	-53.8	-57.3	-60.3	-63.4	-66.3	-69.4	-72.9	-77.0	-601.7
Option 3: Increase SALT deduction limit to \$60,000 (unindexed) for married couples filing jointly (\$30,000 for others)	-38.3	-65.2	-68.7	-73.3	-77.5	-81.7	-85.7	-90.0	-95.2	-101.1	-776.7
Option 4: Increase SALT deduction limit to \$80,000 (unindexed) for married couples filing jointly (\$40,000 for others)	-42.3	-72.2	-76.1	-81.2	-86.0	-90.9	-95.5	-100.4	-106.2	-113.0	-863.8
Option 5: Increase SALT deduction limit to \$200,000 (unindexed) for married couples filing jointly (\$100,000 for others)	-49.9	-85.4	-90.3	-96.4	-102.1	-107.8	-113.3	-119.4	-126.5	-134.5	-1,025.5
Option 6: Repeal SALT deduction limit	-62.1	-103.0	-107.5	-115.4	-121.8	-128.3	-135.3	-142.5	-150.7	-159.5	-1,226.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0324-3).

(1) Baseline is the law currently in place as of January 9, 2025 plus extension of provisions affecting: (1) individual income tax rates and brackets; (2) child tax credit and credit for other dependents; (3) standard deduction; (4) itemized deductions; (5) individual alternative minimum tax; (6) 20 percent deduction for qualified business income; (7) deduction for moving expenses; and (8) estate tax.

(2) Proposals would be effective 01/01/2025. Estimate assume a fiscal split of 60-40 (60 percent of calendar year revenue is received by the Treasury in the current fiscal year and 40 percent in the following fiscal year). The actual effect on receipts could differ. Estimates include microdynamic behavioral responses.

(3) The limit would be \$10,000 for married individuals filing a separate return.

Model Estimates Type

[Revenue Tables](#)

Model Estimate

T25-0011 – Increase Limit on Deductible State and Local Taxes (SALT) to \$200,000 for Married Couples Filing Jointly (\$100,000 for Others)

[T25-0011.xls](#)

(237.5 KB)

Display Date

January 23, 2025

Table shows the change in the distribution of federal taxes, by expanded cash income level in 2025, of a proposal to increase the \$10,000 limit on deductible state and local taxes (SALT deduction) to \$200,000 for married couples filing jointly. The limit would increase from \$5,000 to \$100,000 for married individuals filing a separate return.

For a discussion of the distribution metrics presented in this table, see [Measuring the Distribution of Tax Changes](#).

23-Jan-25

PRELIMINARY RESULTS

<http://www.taxpolicycenter.org>

Click on Excel link above for additional tables containing more detail and breakdowns by filing status and demographic groups.

Table T25-0011
Increase Limit on Deductible State and Local Taxes (SALT) to \$200,000 for Married Couples Filing Jointly (\$100,000 for Others)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Level, 2025 ¹
Summary Table

Expanded Cash Income Level (thousands of 2024 dollars) ²	Tax Units with Tax Increase or Cut ³				Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁵	
	With Tax Cut		With Tax Increase					Change (% Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Change (\$)	Pct of Tax Units	Avg Tax Change (\$)					
Less than 10	*	**	0.0	0	0.0	0.0	0	0.0	5.9
10-20	0.0	0	0.0	0	0.0	0.0	0	0.0	3.5
20-30	0.1	-270	0.0	0	0.0	0.0	0	0.0	3.7
30-40	0.1	-380	0.0	0	0.0	0.0	0	0.0	5.7
40-50	0.5	-290	0.0	0	0.0	0.0	*	0.0	8.0
50-75	1.1	-750	0.0	0	0.0	0.3	-10	0.0	11.6
75-100	2.4	-1,160	0.0	0	0.0	0.7	-30	0.0	14.3
100-200	10.7	-1,160	0.0	0	0.1	6.0	-120	-0.1	17.6
200-500	42.4	-2,620	0.0	0	0.5	31.5	-1,110	-0.4	21.7
500-1,000	79.2	-8,340	0.0	0	1.3	28.1	-6,610	-1.0	24.8
More than 1,000	87.4	-23,680	0.0	0	1.0	33.3	-20,700	-0.7	30.2
All	9.7	-4,330	0.0	0	0.4	100.0	-420	-0.3	19.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0324-3).

Number of AMT Taxpayers (millions). Baseline: 0.2

Proposal: 0.9

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Baseline is the law currently in place as of January 22, 2025. Provision would increase SALT limit to \$200,000 (unindexed) for married couples filing jointly (\$100,000 for others). For more information on TPC's baseline definitions, see

<https://taxpolicycenter.org/projects/resources/tax-model-resources/tpc-baseline-definitions>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

<https://taxpolicycenter.org/projects/resources/tax-model-resources/income-measure-used-distributional-analyses-tax-policy-center>

(3) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate taxes; customs duties; and excise taxes.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, customs duties, and excise taxes) as a percentage of average expanded cash income.

Model Estimates Type

[Distribution Tables by Income Level](#)

Model Estimate

T25-0012 – Increase Limit on Deductible State and Local Taxes (SALT) to \$200,000 for Married Couples Filing Jointly (\$100,000 for Others)

[T25-0012.xls](#)

Display Date

January 23, 2025

Table shows the change in the distribution of federal taxes, by expanded cash income level in 2025, of a proposal to increase the \$10,000 limit on deductible state and local taxes (SALT deduction) to \$200,000 for married couples filing jointly. The limit would increase from \$5,000 to \$100,000 for married individuals filing a separate return.

For a discussion of the distribution metrics presented in this table, see [Measuring the Distribution of Tax Changes](#).

23-Jan-25

PRELIMINARY RESULTS

<http://www.taxpolicycenter.org>

Click on Excel link above for additional tables containing more detail and breakdowns by filing status and demographic groups.

Table T25-0012
Increase Limit on Deductible State and Local Taxes (SALT) to \$200,000 for Married Couples Filing Jointly (\$100,000 for Others)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2025¹
Summary Table

Expanded Cash Income Percentile ^{2,3}	Tax Units with Tax Increase or Cut ⁴				Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut		With Tax Increase					Change (%) Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Change (\$)	Pct of Tax Units	Avg Tax Change (\$)					
Lowest Quintile	*	**	0.0	0	0.0	0.0	0	0.0	3.9
Second Quintile	0.4	-560	0.0	0	0.0	0.1	*	0.0	8.8
Middle Quintile	2.6	-1,060	0.0	0	0.0	1.4	-30	0.0	14.3
Fourth Quintile	12.9	-1,200	0.0	0	0.1	6.2	-160	-0.1	17.9
Top Quintile	50.2	-5,630	0.0	0	0.8	92.3	-2,830	-0.6	24.9
All	9.7	-4,330	0.0	0	0.4	100.0	-420	-0.3	19.8
Addendum									
80-90	34.1	-1,840	0.0	0	0.3	10.5	-630	-0.3	20.8
90-95	55.6	-3,110	0.0	0	0.6	14.1	-1,730	-0.5	22.6
95-99	77.5	-7,390	0.0	0	1.2	35.6	-5,730	-0.9	24.6
Top 1 Percent	88.0	-24,280	0.0	0	1.0	32.1	-21,360	-0.7	30.3
Top 0.1 Percent	90.5	-39,040	0.0	0	0.4	5.5	-35,340	-0.3	31.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0324-3).

Number of AMT Taxpayers (millions). Baseline: 0.2

Proposal: 0.9

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Baseline is the law currently in place as of January 22, 2025. Provision would increase SALT limit to \$200,000 (unindexed) for married couples filing jointly (\$100,000 for others). For more information on TPC's baseline definitions, see

<https://taxpolicycenter.org/projects/resources/tax-model-resources/tpc-baseline-definitions>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

<https://taxpolicycenter.org/projects/resources/tax-model-resources/income-measure-used-distributional-analyses-tax-policy-center>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2024 dollars): 20% \$32,800; 40% \$63,300; 60% \$113,100; 80% \$205,800; 90% \$300,000; 95% \$432,800; 99% \$1,040,800; 99.9% \$4,715,200.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

(5) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate taxes; customs duties; and excise taxes.

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, customs duties, and excise taxes) as a percentage of average expanded cash income.

Model Estimates Type

[Distribution Tables by Income Percentile](#)