



**NEW INCOME AND PAYROLL TAX OFFSETS  
TO CHANGES IN EXCISE TAX REVENUES FOR 2015-2025<sup>1</sup>**

Table 1, below, presents the new income and payroll tax offsets that the staff of the Joint Committee on Taxation (“Joint Committee staff”) will apply in its economic models of proposed changes in Federal excise taxes during the first session of the 114<sup>th</sup> Congress. The Joint Committee staff explained the methodology underlying these estimates in a prior publication.<sup>2</sup>

The new offsets are calculated on a calendar year by year basis. The new income and payroll tax offsets will be applied to excise tax estimates. Generally, these offsets will be applied to calendar year excise tax effects and then fiscalized. With this publication the Joint Committee staff plans to start using these offsets exclusively.

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**Table 1. Income and Payroll Tax Offsets Under Present Law Baseline 2015 Through 2025**

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<u>Item</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Income and Payroll Excise Tax Offsets .....	0.254	0.257	0.258	0.258	0.258	0.259	0.260	0.260	0.261	0.262	0.262

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The estimated income and payroll excise tax offsets are close to the long-time standard offset factor of 25 percent. This is because many tax reductions enacted in 2001 and 2003 were permanently extended with the American Taxpayer Relief Act of 2012. The gradual increase in the offset is explained by forecasted income growth, which increases the average marginal individual income tax rate.

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<sup>1</sup> This document may be cited as follows: Joint Committee on Taxation, *New Income and Payroll Tax Offsets to Changes in Excise Tax Revenues for 2015-2025* (JCX-36-15), February 9, 2015. This document can also be found on the Joint Committee on Taxation website at [www.jct.gov](http://www.jct.gov).

<sup>2</sup> Joint Committee on Taxation, *The Income and Payroll Tax Offset to Changes in Excise Tax Revenues* (JCX-59-11), December 23, 2011.

The offsets calculated above take into account both the changes in tax rates that have been legislated to occur over the budget window, as well as adjustments to the taxable portion of income consistent with the current Congressional Budget Office macroeconomic forecast.<sup>3</sup>

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<sup>3</sup> For the calculation of the taxable amount of income factors the NIPA forecasts are from CBO, and the taxable portions are from the Joint Committee staff individual income tax model. See *The Budget and Economic Outlook: Fiscal Years 2015 to 2025*, January 2015, Washington DC, <http://www.cbo.gov/publication/49892>.