



INCOME AND PAYROLL TAX OFFSETS TO CHANGES IN EXCISE TAX REVENUES FOR 2023–2033¹

Table 1, below, presents the updated 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 118th Congress. This update is based on the 2023 macroeconomic forecast of the Congressional Budget Office.² The Joint Committee staff explained the methodology underlying these estimates in a prior publication.³

The new offsets are calculated on a calendar 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.

Table 1.—Income and Payroll Tax Offsets Under Present Law Baseline 2023 Through 2033

Item	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Income and Payroll Excise Tax Offsets	0.243	0.242	0.242	0.266	0.265	0.263	0.263	0.261	0.260	0.259	0.259

The increase in the magnitude of the offset for years after 2025 is due to the expiration of certain tax provisions after December 31, 2025.⁴ As a result, the estimated income and payroll excise tax offsets move from just below to just above the long-time standard offset factor of 25 percent. 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 2023 Congressional Budget Office macroeconomic forecast.

¹ This document may be cited as follows: Joint Committee on Taxation, *Income and Payroll Tax Offsets to Changes in Excise Tax Revenues for 2023–2033* (JCX-2-23), February 22, 2023. This document can be found on the website at www.jct.gov.

² *Congressional Budget Office, The Budget and Economic Outlook: 2023 to 2033*, Washington DC.

³ *Joint Committee on Taxation, The Income and Payroll Tax Offset to Changes in Excise Tax Revenues* (JCX-59-11), December 23, 2011.

⁴ For tax provisions expiring after December 31, 2025, see, *Joint Committee on Taxation, List of Expiring Federal Tax Provisions 2022–2034* (JCX-1-23), January 18, 2023.