NEW INCOME AND PAYROLL TAX OFFSETS TO CHANGES IN EXCISE TAX REVENUES FOR 2020-2030

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 second session of the 116th Congress. The Joint Committee staff explained the methodology underlying these estimates in a prior publication.\(^2\)

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>
<thead>
<tr>
<th>Item</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income and Payroll Excise Tax Offsets</td>
<td>0.216</td>
<td>0.217</td>
<td>0.219</td>
<td>0.219</td>
<td>0.221</td>
<td>0.221</td>
<td>0.244</td>
<td>0.245</td>
<td>0.245</td>
<td>0.245</td>
<td>0.245</td>
</tr>
</tbody>
</table>

The increase in the magnitude of the offset for years after 2025 as compared to years prior to 2026 is due to the expiration of certain tax provisions after December 31, 2025.\(^3\) As a

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1 This document may be cited as follows: Joint Committee on Taxation, *New Income and Payroll Tax Offsets to Changes in Excise Tax Revenues for 2020-2030* (JCX-6-19), February 25, 2019. This document can also be found on the Joint Committee on Taxation website at www.jct.gov.


result, the estimated income and payroll excise tax offsets return close to 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 current Congressional Budget Office macroeconomic forecast.\footnote{For the calculation of the taxable amount of income factors the NIPA forecasts are from the Congressional Budget Office, and the taxable portions are based on the Joint Committee staff individual income tax model. See \textit{The Budget and Economic Outlook: 2020 to 2030}, January 28, 2020, Washington DC.}