

**Congress of the United States**  
 JOINT COMMITTEE ON TAXATION  
 Washington, DC 20515-6453

**MEMORANDUM**

**APR 11 2019**

**TO:** Randell Gartin

**FROM:** Thomas A. Barthold



**SUBJECT:** Revenue Estimates and Distributional Analyses

This memorandum supplements our partial response, dated March 28, 2019, to your request of January 16, 2019, to include distributional information of revenue estimates of options to increase the corporate tax rate. Corporate taxable income is subject to a flat 21-percent tax rate. You asked for a revenue estimate of two options:

- (1) Increase the corporate tax rate from 21 percent to 28 percent, and
- (2) Increase the corporate tax rate from 21 percent to 25 percent.

Table 1 shows the estimated effect on Federal fiscal year budget receipts assuming each option is effective for taxable years beginning after December 31, 2018.

**Table 1**  
**Revenue Estimates**

<b><u>Item</u></b>	<b>Fiscal Years</b>											<b><u>2019-29</u></b>
	<b>[Billions of Dollars]</b>											
	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2026</u></b>	<b><u>2027</u></b>	<b><u>2028</u></b>	<b><u>2029</u></b>	
Increase corporate tax rate to 28%.....	22.4	48.2	48.5	53.3	60.8	69.3	74.0	76.9	80.2	82.3	84.0	699.9
Increase corporate tax rate to 25%.....	12.6	27.1	27.2	30.1	34.4	39.3	42.2	44.0	46.0	47.4	48.4	398.7

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Table 2 shows the estimated distributional effect of increasing the corporate tax rate from 21 percent to 28 percent for calendar years 2019 and 2029.

**Table 2**  
**Effect of 28-Percent Corporate Tax Rate**

Income Category	2019		2029	
	Returns (Thousands)	Dollars (Millions)	Returns (Thousands)	Dollars (Millions)
\$0 - \$10,000.....	2,082	\$53	11,222	\$158
\$10,000 - \$20,000.....	3,683	91	15,957	482
\$20,000 - \$30,000.....	6,386	173	16,357	836
\$30,000 - \$40,000.....	7,981	287	14,396	1,066
\$40,000 - \$50,000.....	8,299	385	13,333	1,344
\$50,000 - \$75,000.....	19,674	1,428	28,481	4,386
\$75,000 - \$100,000.....	14,464	1,803	19,199	4,844
\$100,000 - \$200,000.....	28,897	7,212	36,046	19,052
\$200,000 - \$500,000.....	10,083	7,620	12,064	18,237
\$500,000. - \$1,000,000....	1,337	3,383	1,535	7,308
\$1,000,000 and above....	686	9,116	752	16,400
<b>TOTAL.....</b>	<b>103,571</b>	<b>\$31,550</b>	<b>169,341</b>	<b>\$74,112</b>

**NOTE:** Details may not add to totals due to rounding.

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Table 3 shows the estimated distributional effect of increasing the corporate tax rate from 21 percent to 25 percent for calendar years 2019 and 2029.

**Table 3**  
**Effect of 25-Percent Corporate Tax Rate**

Income Category	2019		2029	
	Returns (Thousands)	Dollars (Millions)	Returns (Thousands)	Dollars (Millions)
\$0-\$10,000.....	2,082	\$30	11,222	\$91
\$10,000-\$20,000.....	3,683	51	15,957	278
\$20,000-\$30,000.....	6,386	97	16,357	482
\$30,000-\$40,000.....	7,981	162	14,396	614
\$40,000-\$50,000.....	8,299	217	13,333	775
\$50,000-\$75,000.....	19,674	807	28,481	2,528
\$75,000-\$100,000.....	14,464	1,019	19,199	2,792
\$100,000-\$200,000.....	28,897	4,073	36,046	10,982
\$200,000-\$500,000.....	10,083	4,304	12,064	10,513
\$500,000-\$1,000,000....	1,337	1,911	1,535	4,213
\$1,000,000 and above....	686	5,149	752	9,454
<b>TOTAL.....</b>	<b>103,571</b>	<b>\$17,819</b>	<b>169,341</b>	<b>\$42,721</b>

**NOTE:** Details may not add to totals due to rounding.

For Table 2 and Table 3, the income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable Social Security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, [8] individual share of business taxes, and [9] excluded income of U.S. citizens living abroad. Categories are measured at 2019 levels. For a discussion of issues related to the distribution of the tax burden on business income see Joint Committee on Taxation, *Modeling the Distribution of Taxes on Business Income*, (JCX-14-13), October 16, 2013.