

## Comparison of the Geithner/Obama Proposal and the Senate Compromise

Policy	Current Law	Obama/Geithner Proposal	Senate Compromise
Marginal Rates/Credits	Taxes increase on all Americans on January 1 <sup>st</sup>	Tax hike beginning at \$200,000 (singles), \$250,000 (married) -- tax increase of \$1.6T	Permanent extension of current policy up to \$400,000 (single), \$450,000 (married)
Deduction Cap	No cap on deductions	28% cap on deductions including charitable donations and mortgage interest	No cap on deductions
Cap Gains / Dividends	On January 1 <sup>st</sup> the top dividend rate goes from 15% back to a taxpayer's marginal rate; top capital gains rate goes from 15% to 20%	Permanent: Above \$200k/\$250 dividends taxed as ordinary income (top rate of 39.6%); Cap Gains taxed at 20%	Permanent: 15% top capital gains and dividends rate up to \$400k (singles), \$450k (married); 20% rate for both above threshold
Death Tax	\$5M/3.5% expires at end of 2012 and returns to \$1m (indexed) and 55% rate	4.5% rate with a \$.5 million exemption	Permanent extension of current policy (portability and unification) with \$5M exemption indexed for inflation and 40% top rate
PEP / Pease	On January 1 <sup>st</sup> PEP & Pease reinstated and begin to bite at \$174,000 (singles), \$261,000 (married)	PEP & Pease reinstated at \$209,000 (single) and \$261,000 (married)	Permanent relief from PEP & Pease under \$250,000 (single), \$300,000 (married)
AMT	Patched through 2011	Permanently index AMT for inflation	Permanently index AMT for inflation
Tax Extenders	Expire at end of 2011 and 2012	Extends some through 2013/others permanent	2 year extension through 2013 (Finance Committee Package)
Payroll	Expires at end of 2012	1 Year Extension through 2013	Expires at the end of 2012
Stimulus Tax Credits	Expire at end of 2012	Permanent Extension	5 year extension
Bonus Depreciation	Expires at end of 2012	1 year extension of 100% Bonus Depreciation	1 year Extension of 50% Bonus Depreciation
SGR / Health Extenders	Current paid-for fix expires end of 2012	1 Year Extension (Unpaid for)	1 Year Extension (Paid for by reducing Medicare spending)
UI	Extended weeks of unemployment insurance expires at end of 2012	Extend current extended weeks of unemployment insurance for one year	Extend current extended weeks of unemployment insurance for one year
Debt Limit	Statutory debt limit of \$16.394 trillion	Gives President permanent unilateral authority to Increase Debt Limit	NONE -- debt limit remains \$16.394 trillion
New Stimulus Spending	NONE	Billions new infrastructure and stimulus spending	NONE
Sequester	\$110 billion cut scheduled for 2013	Turn off \$1.2 trillion sequester to take place between 2013-2021 paid for with tax increases and budget gimmicks	Replace 2 months of sequester by reducing discretionary caps and expanding eligibility for Roth conversion. It assumes that the remaining sequester for FY 2013 occurs on March 1, 2013