

Federal Tax Expenditure Estimates for Fiscal Years 2013-2017
compiled from Joint Committee on Taxation publication JCS-1-13

5-Year Cost
(in billions)

Health Care

Exclusion of employer contributions for health care; health and long term care insurance premiums	\$760.4
Deduction for medical and long term care expenses	\$71.6
Deduction for health insurance and long term care insurance by self-employed	\$29.6
Exclusion of workers' compensation medical benefits	\$25.6
Health savings accounts (HSAs)	\$11.4
Small business health insurance tax credit	\$10.8
Orphan drug research credit	\$4.3

NOTE: Exclusions for non-taxable Medicare Parts A, B, and D payments and participation exchange subsidies are classified as tax expenditures by JCT

Retirement - Individual

Exclusion of contributions and earnings of defined contribution pension plans	\$335.6
Exclusion of contributions and earnings of defined benefit pension plans	\$212.2
Exclusion of untaxed social security and railroad retirement benefits (above \$2)	\$179.6
Traditional IRAs (contribution deduction)	\$72.0
Exclusion of contributions and earnings of Keogh plans (partners and sole proprietors)	\$64.1
Roth IRAs (exclusions of withdrawals)	\$24.8
Exclusion of workers' compensation benefits (disability and survivors payments)	\$23.4
Other [damage awards for personal physical injuries/ sickness (8.3); credit for certain elective deferrals and IRA contributions (5.3); misc. (2.1)]	\$15.7

Housing - Individual

Deduction for mortgage interest on owner- occupied residences	\$379.0
Deduction for property taxes on real property	\$152.9
Exclusions of capital gains on sales of principal residences	\$129.8
Other individual housing related deductions and exclusions	\$1.8

Housing - Both Individual and Corporate

Low income housing tax credit (LIHTC)	\$36.5
Accelerated depreciation for rental housing	\$21.0
Building rehabilitation credits (historic and non-historic)	\$4.8

Family and Child Care

Child tax credit	\$291.6
Parental personal exemption for students aged 19 to 23	\$25.4
Credit for child and dependent care and exclusion of employer-provided child care (includes employer-provided child care purchased through flexible savings account)	\$17.3
Foster care and adoption related exclusions and credit	\$4.7
Credit for employer-provided dependent care	\$0.1

Charitable Contributions

Charitable contribution deduction (individual)	\$224.2
Charitable contribution deduction (corporate)	\$14.6

Education, Training, and Social Services

Credits for tuition for post-secondary education (Hope, Lifetime, and American Opportunity)	\$126.4
Income exclusions for tuition, education assistance, and debt relief	\$22.7
Student loan interest deduction	\$7.1
Exclusion of tax on earnings of qualified tuition programs	\$5.3
Work opportunity tax credit (WOTC)	\$2.9
Other related credits and deductions	\$2.5

Tax Exempt and Deferred Interest

Public purpose State and local government bonds	\$191.3
Other miscellaneous qualified State and local bonds	\$38.4
State and local private activity bonds for private nonprofit and qualified public educational facilities	\$18.2
State and local private activity bonds for private nonprofit hospital facilities	\$12.4
Deferral of interest on savings bonds	\$7.0

Commerce, Innovation, and Economic Growth

Section 199 domestic manufacturing credit	\$78.2
R&D Expensing	\$33.8
R&D Tax Credit	\$22.0
Section 179 expensing	\$21.1
Other inventory methods and valuation	\$3.5
Other amortization and expensing provisions	\$3.3
Small business stock gain exclusion	\$3.0
Therapeutic research credit	\$1.0

Other Business and Commerce

Like kind exchanges	\$47.3
Deferral of gain on non-dealer installment sales	\$44.8
Last in first out (LIFO)	\$26.5
Preferential corporate tax rates on first \$10 million of income	\$18.8
FICA tip credit	\$7.3
Non-agricultural cash accounting	\$6.3
Income recognition rule for gain or loss from section 1256 contracts	\$5.0
Completed contract rules	\$4.3
Exemptions from imputed interest rules	\$3.1
Inclusion of income arising from business indebtedness discharged by the reacquisition of a debt instrument	\$0.3
Special rules for magazine, paperback book, and record returns	\$0.2
Distributions in redemption of stock to pay various taxes imposed at death	\$0.2
Exclusion of gain or loss on sale or exchange of brownfield property	\$0.1
Net alternative minimum tax attributable to net operating loss limitation	-\$3.0
Depreciation of equipment in excess of the alternative depreciation system*	-\$25.9
Surtax on net investment income	-\$83.8

*Includes Bonus Depreciation (§167(k)). Bonus depreciation was extended for two-years under the American Taxpayer Relief Act on January 1, 2013, with an estimated revenue effect of \$4.95 billion over ten years (JCX-1-13).

Employment and Employee Compensation

Employer-provided health benefits and employer-provided child care through dependent care flexible savings accounts*	\$192.3
Exclusion of fringe benefits, meals and lodging, and awards	\$50.5
Exclusion of income earned by voluntary employee's beneficiary association (VEBAs)	\$15.1
Employee stock ownership plans (ESOPs)	\$5.9
Exclusion of parsonage allowance	\$3.8
Disallowance of deduction for excess parachute payments	-\$1.2
Limits on deductible compensation	-\$4.0
Stock purchase plan deferral rules	-\$6.5

**Employer-provided child care expenses paid through dependent care flexible savings accounts are also included in the child care credit expenditure listed above.*

Income Security - Individual

Earned income tax credit	\$325.9
Exclusion of public assistance benefits from income (e.g. SSI, TANF)	\$25.9
Exclusion of premiums on accident and disability insurance	\$19.9
Exclusion of employer paid premiums for group term life insurance	\$17.1

National Defense and Veterans

Exclusion of veterans' disability compensation, benefits, and housing	\$38.8
Exclusion of benefits and allowances to armed forces personnel	\$26.6
Exclusion of medical care and TRICARE for retirees, and military and retiree dependents not enrolled in Medicare	\$13.9
Exclusion of health insurance benefits for military retirees and dependents enrolled in Medicare	\$11.2
Exclusion of combat pay	\$5.3
Exclusion of military disability benefits	\$1.3
Exclusion of veterans' pensions	\$0.8
Deduction for overnight-travel expenses of national guard and reserve members	\$0.5

International - Individual

Exclusion of foreign earned income and housing benefits	\$36.4
Exclusion of certain allowances for Federal employees abroad	\$10.5

International - Corporate

Deferral of active income of controlled foreign corporations	\$265.7
Inventory property sales source rule exception	\$17.6
Deferral of active financing income	\$7.4
Interest expense allocation: Separate grouping of affiliated financial companies	\$3.2
Apportionment of research and development expenses for determination of foreign tax credits	\$2.2
Special rules for interest-charge domestic international sales corporations	\$1.9
Foreign tax deduction (in lieu of a credit)	\$1.4
Tonnage tax	\$0.5
Interest expense allocation: Unavailability of symmetric worldwide method	-\$10.1

Energy - Non-renewable

Oil and gas expensing of exploration and development costs and cost depletion	\$11.9
Depreciation and expensing recovery periods - non-renewables	\$1.7
Other fuel expensing of exploration and development costs and cost depletion	\$1.5
Credits relating to alcohol fuels, coal production and facilities	\$1.5

Energy - Renewable

Energy efficiency credits for commercial and residential buildings, retrofits, and appliances	\$12.2
Production tax credits (Section 45)	\$9.7
Credits for alternative technology and electric vehicles, and advanced energy property	\$5.1
Investment tax credits (Section 48)	\$2.9
Depreciation and expensing recovery periods for renewable energy	\$2.4
Clean renewable (CREBs) and qualified energy (QECBs) bonds and conservation exclusions	\$0.9

Energy - General

Exceptions for publicly traded partnerships with qualified energy related income	\$6.7
Energy related amortization provisions	\$2.7
Special rule to implement electric transmission restructuring	-\$0.6

Agriculture, Natural Resources, and Environment

Special tax rates for nuclear decommissioning and qualified timber gain	\$8.3
Special depreciation, amortization, and expensing rules relating to natural resources	\$3.5
Income exclusions, expensing, and loss rules relating to agricultural activities	\$2.5
Other expenditures relating to mining, natural resources, and environmental funds	\$1.3

Financial Institutions

Exclusion of investment income on life insurance and annuity contracts (inside buildup)	\$157.6
Insurance company reserves and industry related provisions	\$19.3
Exemption of credit union income	\$3.9
Property and casualty insurance company related provisions	\$2.7

Transportation, Community and Regional Development

Employer-paid transportation benefits (parking, van pools, and transit passes)	\$28.8
Build America bonds	\$19.0
New markets tax credit	\$5.1
Community and regional tax incentives	\$1.5
Deferral of tax on capital construction funds of shipping companies	\$0.5
Recovery zone bonds	\$1.0
Credit for Indian reservation employment	\$0.1
Railroad maintenance tax credit	\$0.2

General Purpose Fiscal Assistance

Deduction of nonbusiness State and local government income, sales, and personal property taxes	\$277.6
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Preferential Rate and Basis Rules

Preferential dividends tax and capital gains rates	\$616.2
Stepped up basis at death	\$258.0
Carryover basis of capital gains on gifts	\$12.0

NOTE: This list does not include quantitatively de minimis tax expenditures (less than \$50 million over the 5-year period). A full list of these can be found in the Joint Committee on Taxation's tax expenditure pamphlet (JCS-1-13).