

Taxes: Regressive or Progressive, Income Tax or Fair or Flat or VAT?

- (1) Coming to a reasoned judgment about tax policy requires clarifying your own values about fairness, sifting through some subtle conceptual issues, and, perhaps hardest of all, evaluating the conflicting claims about the economic impact of tax alternatives. (page 305)

Tax Cuts as a Trojan Horse

- (2) For many advocates of tax cuts, the real objective is not the tax system but rather the size of government, and tax cuts are really a tactical weapon in the battle to downsize government. The idea is to lower taxes and hope that politicians' (and voters') fear of deficits and dislike of tax increases will force expenditures below what they would otherwise be. Because the ultimate objective is to limit spending initiatives, this is a good idea only if the benefits of the spending that is cut or forestalled fall short of their cost. So the real issue is not the tax system but the proper size and scope of government. (page 306)

Source: *Taxing Ourselves: A Citizen's Guide to the Debate over Taxes*, Fourth Edition; Joel Slemrod and Jon Bakija, The MIT Press, 2008

- (3) Make no mistake. Estate tax repeal, along with the "fair tax" movement and its cousin the "flat tax" campaign—both of which would replace the income tax—are key pieces of a three decade effort to fundamentally restructure our nation's tax system by eliminating all taxes on wealth and income from wealth. At the inception of the twenty-first century, the great battle over distributive tax justice that culminated early in the twentieth century has been renewed.
- (4) And if progressive taxes and progressive tax rates are purged from the tax system, the amount of taxes the government can raise becomes limited. Low and moderate income people simply cannot afford to pay enough in taxes to finance the government's current expenditures, whether the dollars go to homeland security, national defense, social Security, Medicare, Medicaid or elsewhere. Of course, advocates of proposals like the "fair tax" understand that eliminating the progressive elements of our nation's tax system would be a highly effective way to "starve the beast" of the federal government. For antitax activists such as Grover Norquist, that is indeed the goal. Remember how fond he is of saying, "I don't want to kill the government, I just want to get it down to a size where I can drown it in a bathtub". (pages 277-278)
- (5) Make no mistake, the antitax forces are working tirelessly to dismantle America's system of progressive taxation. They are patient. They are serious. They are determined. They know that what they want cannot be accomplished at a fell swoop. Hence their strategy: death by a thousand cuts. What strategy is there on the other side? (page 282)

Source: *Death by a Thousand Cuts: The Fight over Taxing Inherited Wealth*; Michael J. Graetz and Ian Shapiro, Princeton University Press, 2005.

- (6) At a party given by a billionaire on Shelter Island, Kurt Vonnegut informs his pal, Joseph Heller, that their host, a hedge fund manager, had made more money in a single day than Heller had earned from his wildly popular novel *Catch-22* over its whole history. Heller responds, "Yes, but I have something he will never have...enough." (Page 1)
- (7) But the rampant greed that threatens to overwhelm our financial system and corporate world runs deeper than money. Not knowing what enough is subverts our professional values. It makes salespersons of those who should be fiduciaries of the investments entrusted to them. (page 2)

Enough: True Measures of Money, Business, and Life; John C. Bogle, John Wiley & Sons, 2009.

- (8) The crash has laid bare many unpleasant truths about the United States. One of the most alarming, says a former chief economist of the International Monetary fund, is that the finance industry has effectively captured our government...Recovery will fail unless we break the financial oligarchy that is blocking essential reform. (page 1)
- (9) But these various policies-lightweight regulation, cheap money, the unwritten Chinese-American economic alliance, the promotion of homeownership-had something in common. Even though some are traditionally associated with Democrats and some with Republicans, they all benefited the financial sector. (page 4)
- (10) But the first age of banking oligarchs came to an end with the passage of significant banking regulation in response to the Great Depression; the reemergence of an American financial oligarchy is quite recent. (page 5)

The Quiet Coup; Simon Johnson, *The Atlantic*, May, 2009.

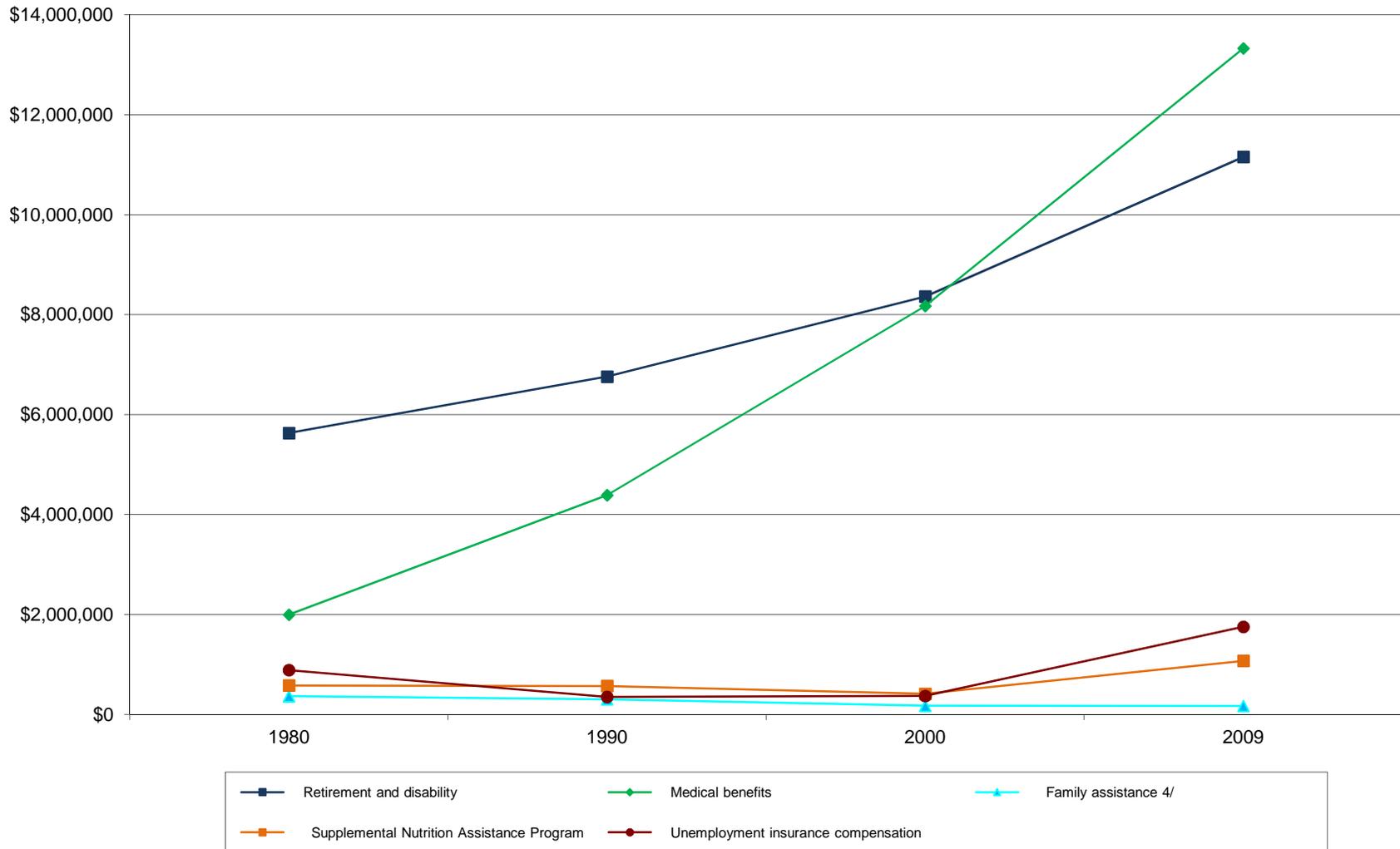
Personal Current Transfer Receipts: Kentucky

(thousands of dollars)

Line		1980		1990		2000		2009	
		Total	Percent of Total	Total	Percent of Total	Total	Percent of Total	Total	Percent of Total
10	Personal current transfer receipts (\$000)	4,454,362	100.00%	8,967,126	100.00%	16,848,970	100.00%	33,295,693	100.00%
20	Current transfer receipts of individuals from governments	4,219,484	94.73%	8,535,472	95.19%	16,058,069	95.31%	32,512,972	97.65%
30	Retirement and disability insurance benefits	2,165,211	48.61%	4,121,897	45.97%	6,690,289	39.71%	11,155,804	33.51%
40	Old-age, survivors, and disability insurance (OASDI) benefits	1,804,501	40.51%	3,657,844	40.79%	6,207,781	36.84%	10,644,994	31.97%
50	Railroad retirement and disability benefits	110,096	2.47%	169,512	1.89%	211,504	1.26%	292,872	0.88%
90	Workers' compensation	50,412	1.13%	127,777	1.42%	147,018	0.87%	135,335	0.41%
100	Other government retirement and disability insurance benefits 1/	200,202	4.49%	166,764	1.86%	123,986	0.74%	82,603	0.25%
110	Medical benefits	767,132	17.22%	2,674,791	29.83%	6,538,057	38.80%	13,329,027	40.03%
111	Medicare benefits	443,340	9.95%	1,542,741	17.20%	3,164,133	18.78%	7,512,416	22.56%
113	Public assistance medical care benefits 2/	314,076	7.05%	1,076,484	12.00%	3,308,846	19.64%	5,703,557	17.13%
114	Military medical insurance benefits 3/	9,716	0.22%	55,566	0.62%	65,078	0.39%	113,054	0.34%
120	Income maintenance benefits	594,345	13.34%	1,022,089	11.40%	1,757,147	10.43%	3,731,521	11.21%
130	Supplemental security income (SSI) benefits	163,159	3.66%	349,721	3.90%	758,445	4.50%	1,107,787	3.33%
140	Family assistance 4/	139,494	3.13%	183,559	2.05%	136,816	0.81%	167,935	0.50%
150	Supplemental Nutrition Assistance Program (SNAP)	222,316	4.99%	345,399	3.85%	329,227	1.95%	1,069,716	3.21%
160	Other income maintenance benefits 5/	69,376	1.56%	143,410	1.60%	532,659	3.16%	1,386,083	4.16%
170	Unemployment insurance compensation	340,514	7.64%	212,900	2.37%	293,733	1.74%	1,751,643	5.26%
180	State unemployment insurance compensation	292,242	6.56%	200,008	2.23%	276,396	1.64%	1,688,159	5.07%
190	Unemployment compensation for Fed. civilian employees (UCFE)	5,009	0.11%	4,805	0.05%	4,458	0.03%	9,836	0.03%
200	Unemployment compensation for railroad employees	6,250	0.14%	3,415	0.04%	1,678	0.01%	4,562	0.01%
210	Unemployment compensation for veterans (UCX)	7,497	0.17%	3,269	0.04%	4,715	0.03%	23,558	0.07%
220	Other unemployment compensation 6/	29,516	0.66%	1,403	0.02%	6,486	0.04%	25,528	0.08%
230	Veterans benefits	267,695	6.01%	319,206	3.56%	425,710	2.53%	924,197	2.78%
240	Veterans pension and disability benefits	218,726	4.91%	293,524	3.27%	388,831	2.31%	850,464	2.55%
250	Veterans readjustment benefits 7/	32,633	0.73%	4,576	0.05%	20,214	0.12%	58,511	0.18%
260	Veterans life insurance benefits	16,251	0.36%	20,983	0.23%	16,665	0.10%	15,222	0.05%
270	Other assistance to veterans 8/	85	0.00%	123	0.00%	0	0.00%	0	0.00%
280	Education and training assistance 9/	83,929	1.88%	182,816	2.04%	346,434	2.06%	1,207,356	3.63%
290	Other transfer receipts of individuals from governments 10/	658	0.01%	1,773	0.02%	6,699	0.04%	413,424	1.24%
300	Current transfer receipts of nonprofit institutions	133,882	3.01%	173,573	1.94%	335,317	1.99%	460,348	1.38%
310	Receipts from the Federal government	52,181	1.17%	58,731	0.65%	104,650	0.62%	168,078	0.50%
320	Receipts from state and local governments	43,709	0.98%	44,525	0.50%	77,764	0.46%	108,754	0.33%
330	Receipts from businesses	37,992	0.85%	70,317	0.78%	152,903	0.91%	183,516	0.55%
340	Current transfer receipts of individuals from businesses 11/	100,996	2.27%	258,081	2.88%	455,584	2.70%	322,373	0.97%

Source: Bureau of Economic Analysis

Personal Current Transfer Receipts in Constant (2009) Dollars: Kentucky



Source: Bureau of Economic Analysis

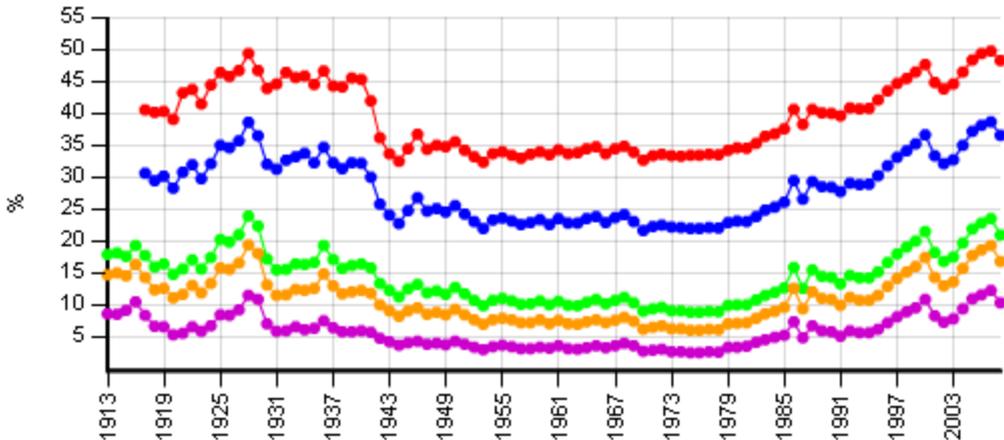
THE WORLD TOP INCOMES DATABASE

Graphics

You can plot many of the variables of the database in single and dual y-axis charts, depending on the available categories below. Click and drag the mouse to zoom in on a range of dates.

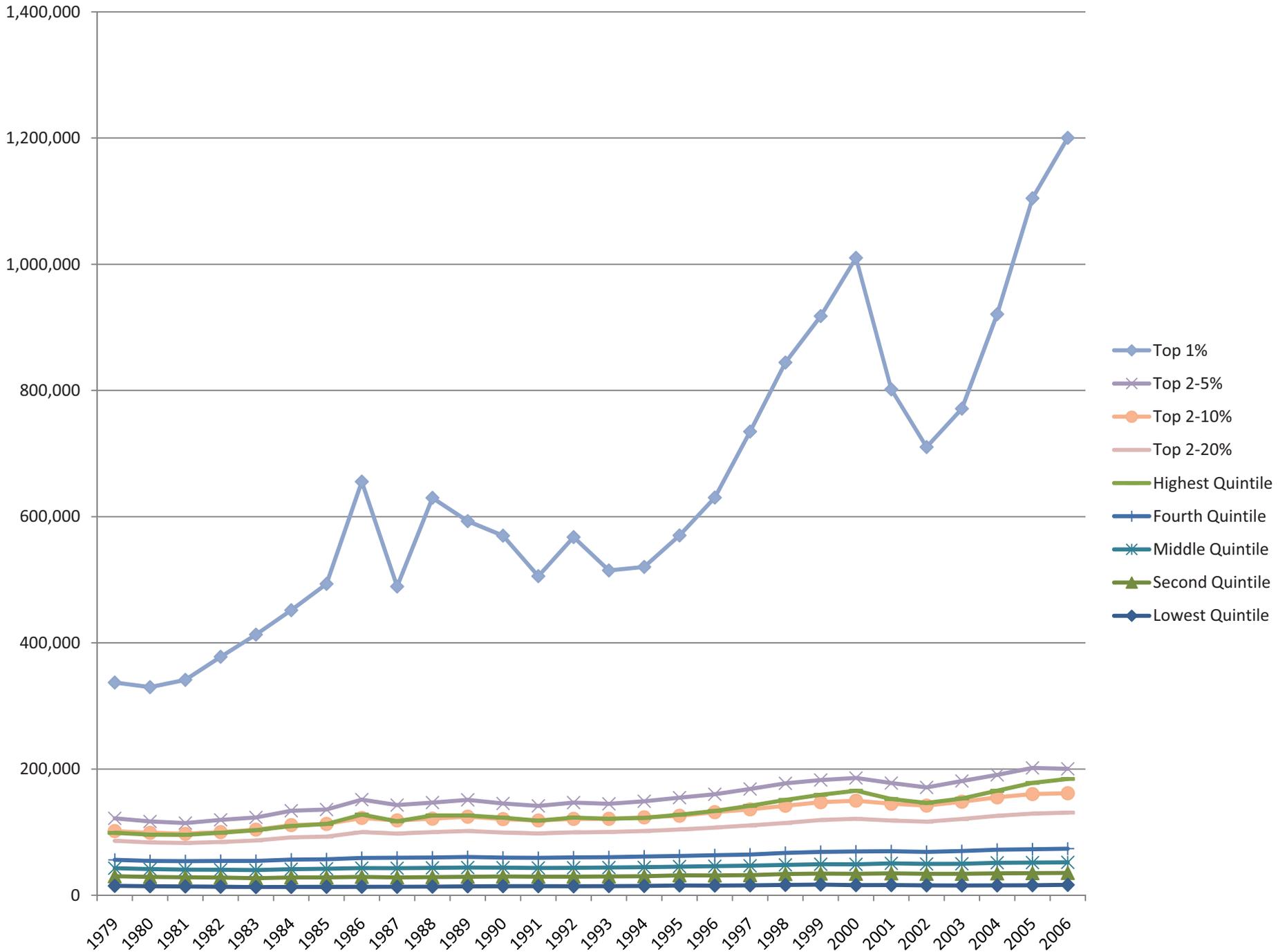
Top income shares. United States. 1913-2008

Source: The World Top Incomes Database. <http://g-mond.parisschoolofeconomics.eu/topincomes>



- Top 10% income share-including capital gains
- Top 5% income share-including capital gains
- Top 1% income share-including capital gains
- Top 0.5% income share-including capital gains
- Top 0.1% income share-including capital gains

Average U.S. After-Tax Household Income by Quintile and Percentile (2006 Dollars)
1979 - 2006



Source: Historical Effective Federal Tax Rates: 1979 to 2006, Congressional Budget Office (<http://www.cbo.gov/publications/collections/taxdistribution.cfm>)

Annual Dollar and Percentage Change in Average U.S. After-Tax Household Income by Quintile and Percentile (2006 Dollars)
1979 - 2006

	Lowest Quintile		Second Quintile		Middle Quintile		Fourth Quintile		Highest Quintile		Top 2-20%		All Quintiles	Top 10%		Top 2-10%		Top 5%		Top 2-5%		Top 1%		
1980	-\$600	-4.0%	-\$1,100	-3.7%	-\$1,500	-3.5%	-\$1,800	-3.2%	-\$2,900	-2.9%	-\$2,668	-3.1%	-\$1,500	-3.1%	-\$3,200	-2.6%	-\$2,744	-2.7%	-\$5,400	-3.3%	-\$4,925	-4.0%	-\$7,300	-2.2%
1981	-\$400	-2.8%	-\$600	-2.1%	-\$800	-1.9%	-\$200	-0.4%	-\$300	-0.3%	-\$926	-1.1%	-\$300	-0.6%	-\$200	-0.2%	-\$1,511	-1.5%	\$300	0.2%	-\$2,525	-2.2%	\$11,600	3.5%
1982	-\$400	-2.9%	-\$400	-1.4%	-\$200	-0.5%	\$300	0.6%	\$3,300	3.4%	\$1,553	1.9%	\$800	1.7%	\$6,100	5.0%	\$2,722	2.8%	\$11,400	7.1%	\$5,125	4.5%	\$36,500	10.7%
1983	-\$600	-4.4%	-\$1,000	-3.6%	-\$500	-1.2%	\$0	0.0%	\$4,100	4.1%	\$2,463	2.9%	\$500	1.1%	\$7,000	5.5%	\$3,867	3.9%	\$10,100	5.9%	\$3,825	3.2%	\$35,200	9.3%
1984	\$300	2.3%	\$1,300	4.8%	\$1,400	3.5%	\$2,100	3.9%	\$6,600	6.4%	\$4,916	5.7%	\$1,800	3.8%	\$10,300	7.6%	\$7,156	6.9%	\$16,200	8.9%	\$10,600	8.6%	\$38,600	9.3%
1985	\$100	0.8%	\$0	0.0%	\$700	1.7%	\$500	0.9%	\$3,300	3.0%	\$1,279	1.4%	\$1,300	2.6%	\$5,800	4.0%	\$1,811	1.6%	\$9,900	5.0%	\$1,950	1.5%	\$41,700	9.2%
1986	\$100	0.8%	\$800	2.8%	\$1,000	2.4%	\$2,100	3.7%	\$14,900	13.2%	\$7,153	7.7%	\$3,700	7.3%	\$24,800	16.4%	\$9,544	8.4%	\$44,900	21.6%	\$15,600	11.5%	\$162,100	32.9%
1987	-\$100	-0.7%	-\$900	-3.1%	-\$100	-0.2%	\$300	0.5%	-\$10,700	-8.4%	-\$2,516	-2.5%	-\$2,400	-4.4%	-\$20,100	-11.4%	-\$3,867	-3.2%	-\$40,100	-15.9%	-\$8,575	-5.7%	-\$166,200	-25.4%
1988	\$300	2.3%	\$500	1.8%	\$500	1.2%	\$400	0.7%	\$9,300	7.9%	\$2,395	2.5%	\$2,200	4.2%	\$16,500	10.6%	\$2,722	2.3%	\$31,300	14.8%	\$4,000	2.8%	\$140,500	28.7%
1989	\$500	3.7%	\$600	2.1%	\$500	1.2%	\$800	1.3%	-\$100	-0.1%	\$1,837	1.8%	\$700	1.3%	-\$800	-0.5%	\$3,211	2.6%	-\$4,000	-1.6%	\$4,225	2.9%	-\$36,900	-5.9%
1990	\$300	2.1%	\$500	1.7%	-\$100	-0.2%	-\$900	-1.5%	-\$3,500	-2.8%	-\$2,468	-2.4%	-\$700	-1.3%	-\$5,800	-3.4%	-\$3,878	-3.1%	-\$9,200	-3.8%	-\$5,725	-3.8%	-\$23,100	-3.9%
1991	\$0	0.0%	-\$300	-1.0%	-\$600	-1.4%	-\$500	-0.8%	-\$4,700	-3.8%	-\$1,574	-1.6%	-\$1,300	-2.4%	-\$8,400	-5.1%	-\$2,211	-1.8%	-\$15,900	-6.9%	-\$3,850	-2.6%	-\$64,100	-11.2%
1992	-\$200	-1.4%	\$0	0.0%	\$400	0.9%	\$800	1.4%	\$4,900	4.1%	\$1,900	1.9%	\$1,400	2.7%	\$8,500	5.4%	\$2,567	2.2%	\$16,600	7.7%	\$5,275	3.7%	\$61,900	12.2%
1993	\$300	2.1%	\$300	1.0%	\$300	0.7%	\$400	0.7%	-\$1,900	-1.5%	\$779	0.8%	-\$200	-0.4%	-\$5,100	-3.1%	\$200	0.2%	-\$12,100	-5.2%	-\$1,925	-1.3%	-\$52,800	-9.3%
1994	\$200	1.4%	\$300	1.0%	\$300	0.7%	\$1,000	1.7%	\$1,400	1.2%	\$1,184	1.2%	\$500	0.9%	\$2,600	1.6%	\$2,278	1.9%	\$4,300	2.0%	\$4,000	2.8%	\$5,500	1.1%
1995	\$800	5.4%	\$1,400	4.7%	\$1,300	2.9%	\$800	1.3%	\$5,000	4.1%	\$2,637	2.6%	\$1,900	3.0%	\$7,200	4.4%	\$2,456	2.0%	\$14,600	6.5%	\$5,775	3.9%	\$49,900	9.6%
1996	-\$200	-1.3%	-\$100	-0.3%	\$500	1.1%	\$1,200	1.9%	\$6,000	4.7%	\$3,158	3.0%	\$1,700	3.0%	\$11,100	6.5%	\$5,667	4.5%	\$16,300	6.9%	\$5,375	3.5%	\$60,000	10.5%
1997	\$400	2.6%	\$500	1.6%	\$700	1.5%	\$1,100	1.7%	\$8,100	6.1%	\$3,021	2.8%	\$2,200	3.8%	\$14,500	8.0%	\$4,489	3.4%	\$27,600	10.9%	\$8,350	5.2%	\$104,600	16.6%
1998	\$700	4.5%	\$1,700	5.3%	\$1,500	3.2%	\$2,600	4.0%	\$9,400	6.6%	\$4,132	3.7%	\$3,200	5.3%	\$16,100	8.2%	\$5,722	4.2%	\$29,100	10.3%	\$9,000	5.3%	\$109,500	14.9%
1999	\$500	3.0%	\$700	2.1%	\$1,000	2.1%	\$1,600	2.4%	\$8,100	5.4%	\$4,658	4.1%	\$2,400	3.8%	\$12,400	5.8%	\$5,611	4.0%	\$18,800	6.0%	\$5,125	2.9%	\$73,500	8.7%
2000	-\$900	-5.3%	-\$400	-1.2%	-\$200	-0.4%	\$600	0.9%	\$6,400	4.0%	\$1,879	1.6%	\$1,000	1.5%	\$11,400	5.1%	\$2,411	1.6%	\$21,100	6.4%	\$3,300	1.8%	\$92,300	10.1%
2001	\$100	0.6%	\$800	2.4%	\$1,500	3.1%	\$400	0.6%	-\$13,100	-7.9%	-\$2,821	-2.3%	-\$2,400	-3.6%	-\$25,100	-10.6%	-\$4,733	-3.2%	-\$48,100	-13.7%	-\$8,025	-4.3%	-\$208,400	-20.6%
2002	-\$400	-2.5%	-\$800	-2.3%	-\$900	-1.8%	-\$1,000	-1.4%	-\$6,200	-4.1%	-\$1,716	-1.4%	-\$2,200	-3.4%	-\$11,900	-5.6%	-\$3,067	-2.1%	-\$23,800	-7.9%	-\$6,900	-3.9%	-\$91,400	-11.4%
2003	-\$200	-1.3%	\$100	0.3%	\$300	0.6%	\$1,300	1.9%	\$7,000	4.8%	\$4,168	3.6%	\$1,600	2.6%	\$11,600	5.8%	\$6,133	4.3%	\$20,300	7.3%	\$10,175	6.0%	\$60,800	8.6%
2004	\$100	0.6%	\$600	1.8%	\$1,600	3.2%	\$2,200	3.1%	\$12,300	8.0%	\$5,068	4.2%	\$3,300	5.2%	\$21,300	10.1%	\$7,033	4.7%	\$37,700	12.6%	\$9,700	5.4%	\$149,700	19.4%
2005	\$300	1.9%	\$400	1.2%	\$300	0.6%	\$600	0.8%	\$12,500	7.5%	\$3,484	2.8%	\$2,800	4.2%	\$23,000	9.9%	\$5,133	3.3%	\$45,600	13.5%	\$11,050	5.8%	\$183,800	20.0%
2006	\$600	3.8%	\$400	1.1%	\$300	0.6%	\$1,000	1.4%	\$6,300	3.5%	\$1,595	1.2%	\$2,000	2.9%	\$10,700	4.2%	\$1,256	0.8%	\$18,000	4.7%	-\$1,425	-0.7%	\$95,700	8.7%
1979-2006	\$1,600	10.7%	\$5,300	17.6%	\$9,200	21.4%	\$17,700	31.6%	\$85,500	86.5%	\$44,568	51.6%	\$24,000	50.1%	\$140,300	112.1%	\$59,978	59.0%	\$235,500	142.8%	\$78,575	64.5%	\$863,200	256.1%
1980-1989	-\$200	-1.4%	\$300	1.0%	\$2,500	6.0%	\$6,300	11.6%	\$30,400	31.7%	\$18,153	21.7%	\$8,300	17.9%	\$49,400	40.5%	\$25,656	25.9%	\$80,000	50.2%	\$34,225	29.3%	\$263,100	79.8%
1990-1999	\$2,500	17.4%	\$4,500	15.1%	\$5,400	12.3%	\$9,000	15.1%	\$36,300	29.5%	\$19,895	20.0%	\$11,800	21.9%	\$58,900	35.6%	\$26,778	22.2%	\$99,300	43.1%	\$37,125	25.5%	\$348,000	61.1%
2000-2006	\$500	3.1%	\$1,500	4.4%	\$3,100	6.3%	\$4,500	6.5%	\$18,800	11.4%	\$9,779	8.1%	\$5,100	7.6%	\$29,600	12.5%	\$11,756	7.8%	\$49,700	14.2%	\$14,575	7.8%	\$190,200	18.8%
1980-1983	-\$1,400	-9.8%	-\$2,000	-6.9%	-\$1,500	-3.6%	\$100	0.2%	\$7,100	7.4%	\$3,089	3.7%	\$1,000	2.2%	\$12,900	10.6%	\$5,078	5.1%	\$21,800	13.7%	\$6,425	5.5%	\$83,300	25.3%
1984-1987	\$100	0.8%	-\$100	-0.4%	\$1,600	3.9%	\$2,900	5.1%	\$7,500	6.8%	\$5,916	6.5%	\$2,600	5.3%	\$10,500	7.2%	\$7,489	6.7%	\$14,700	7.4%	\$8,975	6.7%	\$37,600	8.3%
1988-1991	\$800	5.9%	\$800	2.8%	-\$200	-0.5%	-\$600	-1.0%	-\$8,300	-6.6%	-\$2,205	-2.2%	-\$1,300	-2.4%	-\$15,000	-8.7%	-\$2,878	-2.4%	-\$29,100	-12.0%	-\$5,350	-3.6%	-\$124,100	-19.7%
1992-1995	\$1,300	9.2%	\$2,000	6.8%	\$1,900	4.4%	\$2,200	3.7%	\$4,500	3.7%	\$4,600	4.6%	\$2,200	4.1%	\$4,700	2.8%	\$4,933	4.1%	\$6,800	2.9%	\$7,850	5.3%	\$2,600	0.5%
1996-1999	\$1,600	10.5%	\$2,900	9.2%	\$3,200	7.0%	\$5,300	8.4%	\$25,600	19.2%	\$11,811	11.0%	\$7,800	13.4%	\$43,000	23.7%	\$15,822	12.0%	\$75,500	29.7%	\$22,475	14.0%	\$287,600	45.6%
2000-2003	-\$500	-3.1%	\$100	0.3%	\$900	1.8%	\$700	1.0%	-\$12,300	-7.4%	-\$368	-0.3%	-\$3,000	-4.5%	-\$25,400	-10.8%	-\$1,667	-1.1%	-\$51,600	-14.7%	-\$4,750	-2.6%	-\$239,000	-23.7%
2004-2006	\$900	5.8%	\$800	2.3%	\$600	1.2%	\$1,600	2.2%	\$18,800	11.4%	\$5,079	4.0%	\$4,800	7.2%	\$33,700	14.5%	\$6,389	4.1%	\$63,600	18.9%	\$9,625	5.0%	\$279,500	30.4%

3-May-10

Receipts by Source as Percentages of Gross Domestic Product: 1934-2015

Fiscal Year	Individual Income Taxes	Corporation Income Taxes	Social Insurance and Retirement Receipts			Excise Taxes	Other	Total Receipts		
			Total	(On-Budget)	(Off-Budget)			Total	(On-Budget)	(Off-Budget)
1934	0.7	0.6	*	*	--	2.2	1.3	4.8	4.8	--
1935	0.8	0.8	*	*	--	2.1	1.6	5.2	5.2	--
1936	0.9	0.9	0.1	0.1	--	2.1	1.1	5.0	5.0	--
1937	1.2	1.2	0.7	0.4	0.3	2.1	0.9	6.1	5.8	0.3
1938	1.4	1.4	1.7	1.3	0.4	2.1	0.9	7.6	7.2	0.4
1939	1.2	1.3	1.8	1.2	0.6	2.1	0.8	7.1	6.5	0.6
1940	0.9	1.2	1.8	1.3	0.6	2.0	0.7	6.8	6.2	0.6
1941	1.2	1.9	1.7	1.1	0.6	2.2	0.7	7.6	7.0	0.6
1942	2.3	3.3	1.7	1.1	0.6	2.4	0.6	10.1	9.5	0.6
1943	3.6	5.3	1.7	1.1	0.6	2.3	0.4	13.3	12.7	0.6
1944	9.4	7.1	1.7	1.0	0.6	2.3	0.5	20.9	20.3	0.6
1945	8.3	7.2	1.6	1.0	0.6	2.8	0.5	20.4	19.8	0.6
1946	7.2	5.3	1.4	0.8	0.6	3.1	0.5	17.7	17.1	0.6
1947	7.7	3.7	1.5	0.8	0.6	3.1	0.6	16.5	15.9	0.6
1948	7.5	3.8	1.5	0.8	0.6	2.9	0.6	16.2	15.6	0.6
1949	5.7	4.1	1.4	0.8	0.6	2.8	0.5	14.5	13.9	0.6
1950	5.8	3.8	1.6	0.8	0.8	2.8	0.5	14.4	13.7	0.8
1951	6.8	4.4	1.8	0.8	1.0	2.7	0.5	16.1	15.1	1.0
1952	8.0	6.1	1.8	0.8	1.0	2.5	0.5	19.0	17.9	1.0
1953	8.0	5.7	1.8	0.7	1.1	2.7	0.5	18.7	17.6	1.1
1954	7.8	5.6	1.9	0.7	1.2	2.6	0.5	18.5	17.3	1.2
1955	7.3	4.5	2.0	0.7	1.3	2.3	0.5	16.5	15.2	1.3
1956	7.5	4.9	2.2	0.7	1.5	2.3	0.5	17.5	16.0	1.5
1957	7.9	4.7	2.2	0.7	1.5	2.3	0.6	17.7	16.2	1.5
1958	7.5	4.4	2.4	0.7	1.7	2.3	0.6	17.3	15.6	1.7
1959	7.5	3.5	2.4	0.7	1.7	2.2	0.6	16.2	14.5	1.7
1960	7.8	4.1	2.8	0.8	2.1	2.3	0.8	17.8	15.8	2.1
1961	7.8	4.0	3.1	0.8	2.3	2.2	0.7	17.8	15.5	2.3
1962	8.0	3.6	3.0	0.8	2.2	2.2	0.7	17.6	15.4	2.2
1963	7.9	3.6	3.3	0.9	2.4	2.2	0.7	17.8	15.4	2.4
1964	7.6	3.7	3.4	0.9	2.6	2.1	0.7	17.6	15.0	2.6
1965	7.1	3.7	3.2	0.8	2.4	2.1	0.8	17.0	14.6	2.4
1966	7.3	4.0	3.4	0.9	2.5	1.7	0.9	17.3	14.8	2.5
1967	7.6	4.2	4.0	1.0	3.0	1.7	0.9	18.4	15.4	3.0
1968	7.9	3.3	3.9	1.0	2.9	1.6	0.9	17.6	14.7	2.9
1969	9.2	3.9	4.1	1.1	3.1	1.6	0.9	19.7	16.7	3.1
1970	8.9	3.2	4.4	1.1	3.3	1.6	0.9	19.0	15.7	3.3
1971	8.0	2.5	4.4	1.1	3.3	1.5	0.9	17.3	14.0	3.3
1972	8.1	2.7	4.5	1.1	3.4	1.3	1.1	17.6	14.2	3.4
1973	7.9	2.8	4.8	1.3	3.5	1.2	0.9	17.6	14.1	3.5
1974	8.3	2.7	5.2	1.5	3.7	1.2	1.0	18.3	14.5	3.7
1975	7.8	2.6	5.4	1.4	4.0	1.1	1.0	17.9	13.9	4.0
1976	7.6	2.4	5.2	1.4	3.8	1.0	1.0	17.1	13.3	3.8
TQ	8.4	1.8	5.5	1.6	3.9	1.0	0.9	17.7	13.8	3.9
1977	8.0	2.8	5.4	1.5	3.9	0.9	1.0	18.0	14.1	3.9
1978	8.2	2.7	5.5	1.6	3.9	0.8	0.9	18.0	14.2	3.9
1979	8.7	2.6	5.6	1.6	3.9	0.7	0.9	18.5	14.6	3.9
1980	9.0	2.4	5.8	1.6	4.2	0.9	1.0	19.0	14.8	4.2
1981	9.4	2.0	6.0	1.7	4.3	1.3	0.9	19.6	15.3	4.3
1982	9.2	1.5	6.3	1.8	4.5	1.1	1.0	19.2	14.7	4.5
1983	8.4	1.1	6.1	1.8	4.3	1.0	0.9	17.5	13.2	4.3
1984	7.8	1.5	6.2	1.9	4.3	1.0	0.9	17.3	13.0	4.3
1985	8.1	1.5	6.4	1.9	4.5	0.9	0.9	17.7	13.2	4.5
1986	7.9	1.4	6.4	1.9	4.5	0.7	0.9	17.5	12.9	4.5
1987	8.4	1.8	6.5	1.9	4.6	0.7	0.9	18.4	13.8	4.6
1988	8.0	1.9	6.7	1.9	4.8	0.7	0.9	18.2	13.3	4.8
1989	8.3	1.9	6.7	1.8	4.9	0.6	0.9	18.4	13.5	4.9

Footnotes at end of table.

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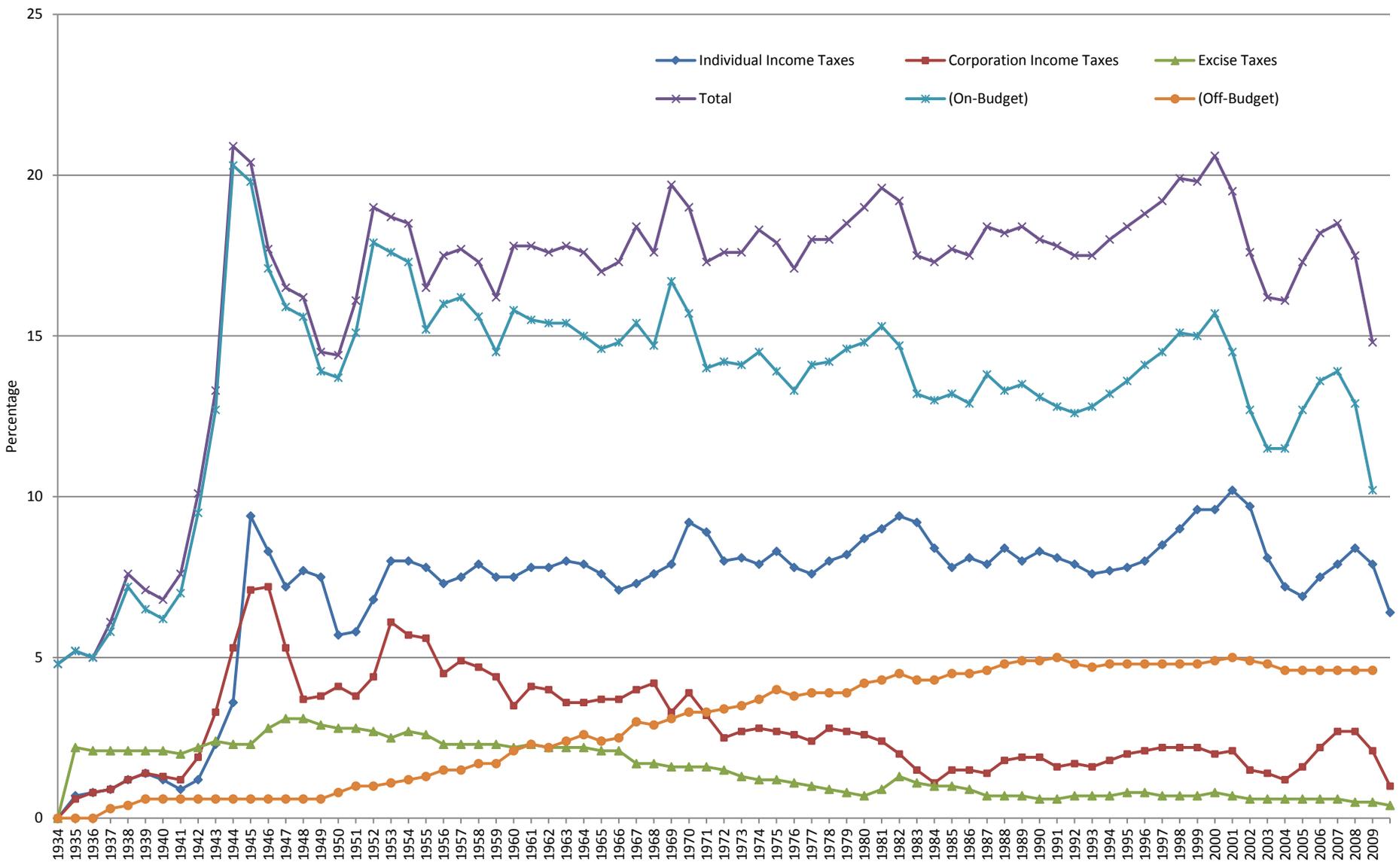
Receipts by Source as Percentages of Gross Domestic Product: 1934-2015--continued

Fiscal Year	Individual Income Taxes	Corporation Income Taxes	Social Insurance and Retirement Receipts			Excise Taxes	Other	Total Receipts		
			Total	(On-Budget)	(Off-Budget)			Total	(On-Budget)	(Off-Budget)
1990	8.1	1.6	6.6	1.7	4.9	0.6	1.0	18.0	13.1	4.9
1991	7.9	1.7	6.7	1.7	5.0	0.7	0.9	17.8	12.8	5.0
1992	7.6	1.6	6.6	1.8	4.8	0.7	0.9	17.5	12.6	4.8
1993	7.7	1.8	6.5	1.8	4.7	0.7	0.8	17.5	12.8	4.7
1994	7.8	2.0	6.6	1.8	4.8	0.8	0.8	18.0	13.2	4.8
1995	8.0	2.1	6.6	1.8	4.8	0.8	0.9	18.4	13.6	4.8
1996	8.5	2.2	6.6	1.8	4.8	0.7	0.8	18.8	14.1	4.8
1997	9.0	2.2	6.6	1.8	4.8	0.7	0.8	19.2	14.5	4.8
1998	9.6	2.2	6.6	1.8	4.8	0.7	0.9	19.9	15.1	4.8
1999	9.6	2.0	6.6	1.8	4.8	0.8	0.9	19.8	15.0	4.8
2000	10.2	2.1	6.6	1.8	4.9	0.7	0.9	20.6	15.7	4.9
2001	9.7	1.5	6.8	1.8	5.0	0.6	0.8	19.5	14.5	5.0
2002	8.1	1.4	6.6	1.8	4.9	0.6	0.7	17.6	12.7	4.9
2003	7.2	1.2	6.5	1.7	4.8	0.6	0.7	16.2	11.5	4.8
2004	6.9	1.6	6.3	1.7	4.6	0.6	0.7	16.1	11.5	4.6
2005	7.5	2.2	6.4	1.7	4.6	0.6	0.7	17.3	12.7	4.6
2006	7.9	2.7	6.3	1.7	4.6	0.6	0.7	18.2	13.6	4.6
2007	8.4	2.7	6.3	1.7	4.6	0.5	0.7	18.5	13.9	4.6
2008	7.9	2.1	6.2	1.7	4.6	0.5	0.7	17.5	12.9	4.6
2009	6.4	1.0	6.3	1.7	4.6	0.4	0.7	14.8	10.2	4.6
ESTIMATES										
2010	6.4	1.1	6.0	1.6	4.3	0.5	0.8	14.8	10.5	4.3
2011	7.3	1.9	6.1	1.7	4.4	0.5	0.9	16.8	12.4	4.4
2012	8.2	2.3	6.2	1.8	4.4	0.5	0.9	18.1	13.6	4.4
2013	8.5	2.3	6.2	1.8	4.5	0.5	1.0	18.6	14.1	4.5
2014	8.8	2.4	6.2	1.8	4.4	0.5	1.0	19.0	14.5	4.4
2015	9.0	2.1	6.2	1.8	4.5	0.5	1.1	18.9	14.5	4.5

* 0.05 percent

Source: Office of Management and Budget, Budget of the US Government FY 2011, Historical Tables, Table 2.3
Available at <http://www.gpoaccess.gov/usbudget/fy11/sheets/hist02z3.xls> (last accessed May 3, 2010).

Federal Receipts by Source as Percentages of Gross Domestic Product: 1934-2009



Source: Office of Management and Budget, Budget of the US Government FY 2011, Historical Tables, Table 2.3
 Prepared by: Research and Statistics Branch, Office of Employment and Training, Kentucky Education and Workforce Development Cabinet

Table 1.1—SUMMARY OF RECEIPTS, OUTLAYS, AND SURPLUSES OR DEFICITS (–): 1789–2015

(in millions of dollars)

Year	Total			On-Budget			Off-Budget		
	Receipts	Outlays	Surplus or Deficit (–)	Receipts	Outlays	Surplus or Deficit (–)	Receipts	Outlays	Surplus or Deficit (–)
1789–1849	1,160	1,090	70	1,160	1,090	70	.....	.....	.....
1850–1900	14,462	15,453	–991	14,462	15,453	–991	.....	.....	.....
1901	588	525	63	588	525	63	.....	.....	.....
1902	562	485	77	562	485	77	.....	.....	.....
1903	562	517	45	562	517	45	.....	.....	.....
1904	541	584	–43	541	584	–43	.....	.....	.....
1905	544	567	–23	544	567	–23	.....	.....	.....
1906	595	570	25	595	570	25	.....	.....	.....
1907	666	579	87	666	579	87	.....	.....	.....
1908	602	659	–57	602	659	–57	.....	.....	.....
1909	604	694	–89	604	694	–89	.....	.....	.....
1910	676	694	–18	676	694	–18	.....	.....	.....
1911	702	691	11	702	691	11	.....	.....	.....
1912	693	690	3	693	690	3	.....	.....	.....
1913	714	715	–*	714	715	–*	.....	.....	.....
1914	725	726	–*	725	726	–*	.....	.....	.....
1915	683	746	–63	683	746	–63	.....	.....	.....
1916	761	713	48	761	713	48	.....	.....	.....
1917	1,101	1,954	–853	1,101	1,954	–853	.....	.....	.....
1918	3,645	12,677	–9,032	3,645	12,677	–9,032	.....	.....	.....
1919	5,130	18,493	–13,363	5,130	18,493	–13,363	.....	.....	.....
1920	6,649	6,358	291	6,649	6,358	291	.....	.....	.....
1921	5,571	5,062	509	5,571	5,062	509	.....	.....	.....
1922	4,026	3,289	736	4,026	3,289	736	.....	.....	.....
1923	3,853	3,140	713	3,853	3,140	713	.....	.....	.....
1924	3,871	2,908	963	3,871	2,908	963	.....	.....	.....
1925	3,641	2,924	717	3,641	2,924	717	.....	.....	.....
1926	3,795	2,930	865	3,795	2,930	865	.....	.....	.....
1927	4,013	2,857	1,155	4,013	2,857	1,155	.....	.....	.....
1928	3,900	2,961	939	3,900	2,961	939	.....	.....	.....
1929	3,862	3,127	734	3,862	3,127	734	.....	.....	.....
1930	4,058	3,320	738	4,058	3,320	738	.....	.....	.....
1931	3,116	3,577	–462	3,116	3,577	–462	.....	.....	.....
1932	1,924	4,659	–2,735	1,924	4,659	–2,735	.....	.....	.....
1933	1,997	4,598	–2,602	1,997	4,598	–2,602	.....	.....	.....
1934	2,955	6,541	–3,586	2,955	6,541	–3,586	.....	.....	.....
1935	3,609	6,412	–2,803	3,609	6,412	–2,803	.....	.....	.....
1936	3,923	8,228	–4,304	3,923	8,228	–4,304	.....	.....	.....
1937	5,387	7,580	–2,193	5,122	7,582	–2,460	265	–2	267
1938	6,751	6,840	–89	6,364	6,850	–486	387	–10	397
1939	6,295	9,141	–2,846	5,792	9,154	–3,362	503	–13	516
1940	6,548	9,468	–2,920	5,998	9,482	–3,484	550	–14	564
1941	8,712	13,653	–4,941	8,024	13,618	–5,594	688	35	653
1942	14,634	35,137	–20,503	13,738	35,071	–21,333	896	66	830
1943	24,001	78,555	–54,554	22,871	78,466	–55,595	1,130	89	1,041
1944	43,747	91,304	–47,557	42,455	91,190	–48,735	1,292	114	1,178
1945	45,159	92,712	–47,553	43,849	92,569	–48,720	1,310	143	1,167
1946	39,296	55,232	–15,936	38,057	55,022	–16,964	1,238	210	1,028
1947	38,514	34,496	4,018	37,055	34,193	2,861	1,459	303	1,157
1948	41,560	29,764	11,796	39,944	29,396	10,548	1,616	368	1,248
1949	39,415	38,835	580	37,724	38,408	–684	1,690	427	1,263
1950	39,443	42,562	–3,119	37,336	42,038	–4,702	2,106	524	1,583
1951	51,616	45,514	6,102	48,496	44,237	4,259	3,120	1,277	1,843
1952	66,167	67,686	–1,519	62,573	65,956	–3,383	3,594	1,730	1,864
1953	69,608	76,101	–6,493	65,511	73,771	–8,259	4,097	2,330	1,766
1954	69,701	70,855	–1,154	65,112	67,943	–2,831	4,589	2,912	1,677

See footnote at end of table.

Table 1.1—SUMMARY OF RECEIPTS, OUTLAYS, AND SURPLUSES OR DEFICITS (-): 1789–2015—Continued

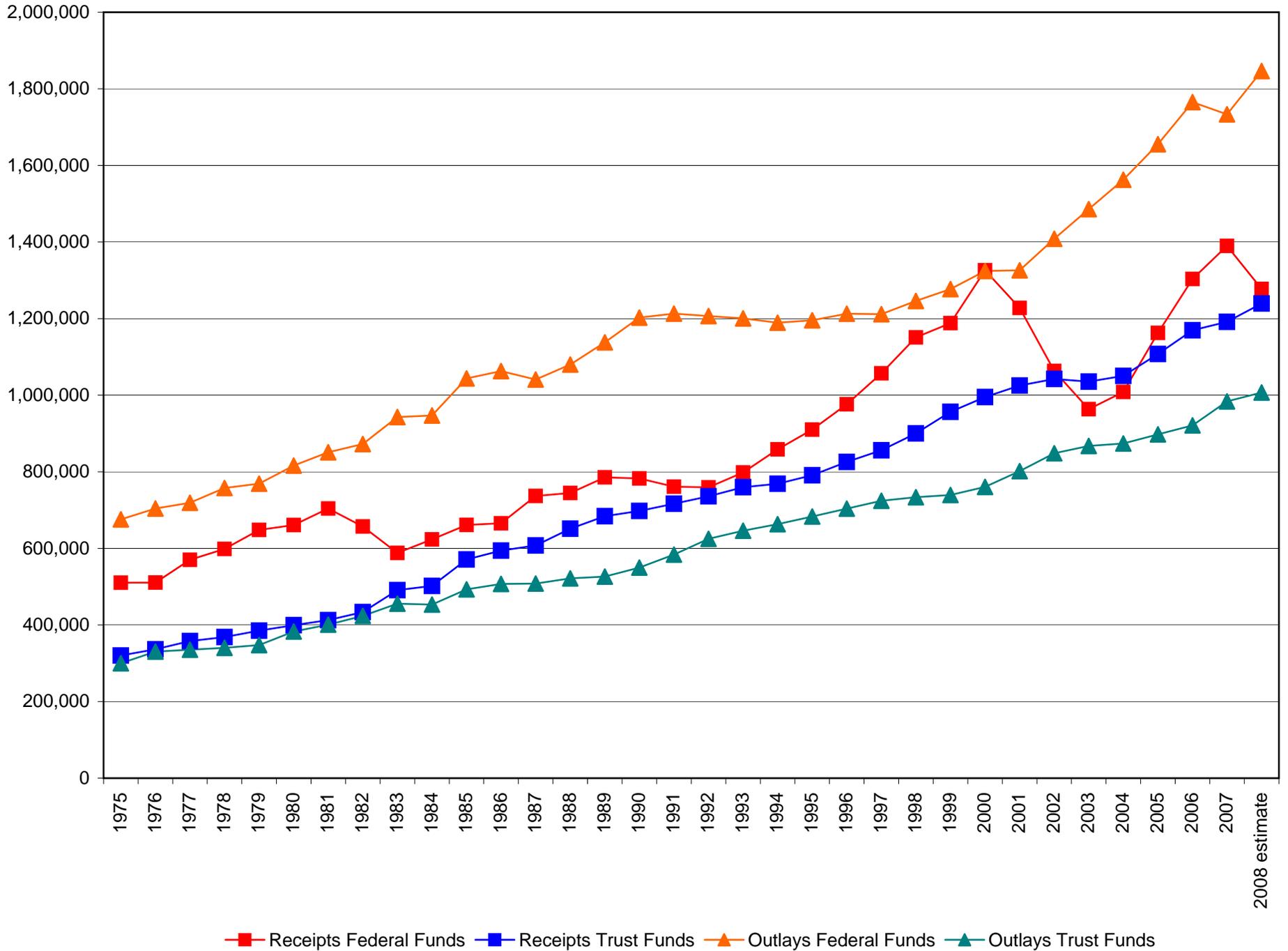
(in millions of dollars)

Year	Total			On-Budget			Off-Budget		
	Receipts	Outlays	Surplus or Deficit (-)	Receipts	Outlays	Surplus or Deficit (-)	Receipts	Outlays	Surplus or Deficit (-)
1955	65,451	68,444	-2,993	60,370	64,461	-4,091	5,081	3,983	1,098
1956	74,587	70,640	3,947	68,162	65,668	2,494	6,425	4,972	1,452
1957	79,990	76,578	3,412	73,201	70,562	2,639	6,789	6,016	773
1958	79,636	82,405	-2,769	71,587	74,902	-3,315	8,049	7,503	546
1959	79,249	92,098	-12,849	70,953	83,102	-12,149	8,296	8,996	-700
1960	92,492	92,191	301	81,851	81,341	510	10,641	10,850	-209
1961	94,388	97,723	-3,335	82,279	86,046	-3,766	12,109	11,677	431
1962	99,676	106,821	-7,146	87,405	93,286	-5,881	12,271	13,535	-1,265
1963	106,560	111,316	-4,756	92,385	96,352	-3,966	14,175	14,964	-789
1964	112,613	118,528	-5,915	96,248	102,794	-6,546	16,366	15,734	632
1965	116,817	118,228	-1,411	100,094	101,699	-1,605	16,723	16,529	194
1966	130,835	134,532	-3,698	111,749	114,817	-3,068	19,085	19,715	-630
1967	148,822	157,464	-8,643	124,420	137,040	-12,620	24,401	20,424	3,978
1968	152,973	178,134	-25,161	128,056	155,798	-27,742	24,917	22,336	2,581
1969	186,882	183,640	3,242	157,928	158,436	-507	28,953	25,204	3,749
1970	192,807	195,649	-2,842	159,348	168,042	-8,694	33,459	27,607	5,852
1971	187,139	210,172	-23,033	151,294	177,346	-26,052	35,845	32,826	3,019
1972	207,309	230,681	-23,373	167,402	193,470	-26,068	39,907	37,212	2,695
1973	230,799	245,707	-14,908	184,715	199,961	-15,246	46,084	45,746	338
1974	263,224	269,359	-6,135	209,299	216,496	-7,198	53,925	52,862	1,063
1975	279,090	332,332	-53,242	216,633	270,780	-54,148	62,458	61,552	906
1976	298,060	371,792	-73,732	231,671	301,098	-69,427	66,389	70,695	-4,306
TQ	81,232	95,975	-14,744	63,216	77,281	-14,065	18,016	18,695	-679
1977	355,559	409,218	-53,659	278,741	328,675	-49,933	76,817	80,543	-3,726
1978	399,561	458,746	-59,185	314,169	369,585	-55,416	85,391	89,161	-3,770
1979	463,302	504,028	-40,726	365,309	404,941	-39,633	97,994	99,087	-1,093
1980	517,112	590,941	-73,830	403,903	477,044	-73,141	113,209	113,898	-689
1981	599,272	678,241	-78,968	469,097	542,956	-73,859	130,176	135,285	-5,109
1982	617,766	745,743	-127,977	474,299	594,892	-120,593	143,467	150,851	-7,384
1983	600,562	808,364	-207,802	453,242	660,934	-207,692	147,320	147,430	-110
1984	666,438	851,805	-185,367	500,363	685,632	-185,269	166,075	166,174	-98
1985	734,037	946,344	-212,308	547,866	769,396	-221,529	186,171	176,949	9,222
1986	769,155	990,382	-221,227	568,927	806,842	-237,915	200,228	183,540	16,688
1987	854,288	1,004,017	-149,730	640,886	809,243	-168,357	213,402	194,775	18,627
1988	909,238	1,064,416	-155,178	667,747	860,012	-192,265	241,491	204,404	37,087
1989	991,105	1,143,744	-152,639	727,439	932,832	-205,393	263,666	210,911	52,754
1990	1,031,972	1,253,007	-221,036	750,316	1,027,942	-277,626	281,656	225,065	56,590
1991	1,054,996	1,324,234	-269,238	761,111	1,082,547	-321,435	293,885	241,687	52,198
1992	1,091,223	1,381,543	-290,321	788,797	1,129,205	-340,408	302,426	252,339	50,087
1993	1,154,341	1,409,392	-255,051	842,406	1,142,805	-300,398	311,934	266,587	45,347
1994	1,258,579	1,461,766	-203,186	923,554	1,182,394	-258,840	335,026	279,372	55,654
1995	1,351,801	1,515,753	-163,952	1,000,722	1,227,089	-226,367	351,079	288,664	62,415
1996	1,453,055	1,560,486	-107,431	1,085,563	1,259,582	-174,019	367,492	300,904	66,588
1997	1,579,240	1,601,124	-21,884	1,187,250	1,290,498	-103,248	391,990	310,626	81,364
1998	1,721,733	1,652,463	69,270	1,305,934	1,335,859	-29,925	415,799	316,604	99,195
1999	1,827,459	1,701,849	125,610	1,382,991	1,381,071	1,920	444,468	320,778	123,690
2000	2,025,198	1,788,957	236,241	1,544,614	1,458,192	86,422	480,584	330,765	149,819
2001	1,991,142	1,862,906	128,236	1,483,623	1,516,068	-32,445	507,519	346,838	160,681
2002	1,853,149	2,010,907	-157,758	1,337,828	1,655,245	-317,417	515,321	355,662	159,659
2003	1,782,321	2,159,906	-377,585	1,258,479	1,796,897	-538,418	523,842	363,009	160,833
2004	1,880,126	2,292,853	-412,727	1,345,381	1,913,342	-567,961	534,745	379,511	155,234
2005	2,153,625	2,471,971	-318,346	1,576,149	2,069,760	-493,611	577,476	402,211	175,265
2006	2,406,876	2,655,057	-248,181	1,798,494	2,232,988	-434,494	608,382	422,069	186,313
2007	2,568,001	2,728,702	-160,701	1,932,912	2,275,065	-342,153	635,089	453,637	181,452
2008	2,523,999	2,982,554	-458,555	1,865,953	2,507,803	-641,850	658,046	474,751	183,295
2009	2,104,995	3,517,681	-1,412,686	1,450,986	3,000,665	-1,549,679	654,009	517,016	136,993

See footnote at end of table.

Receipts, Outlays, and Surpluses or Deficits by Fund Group 1975-2008

(in millions of dollars - chained 2000 dollars)



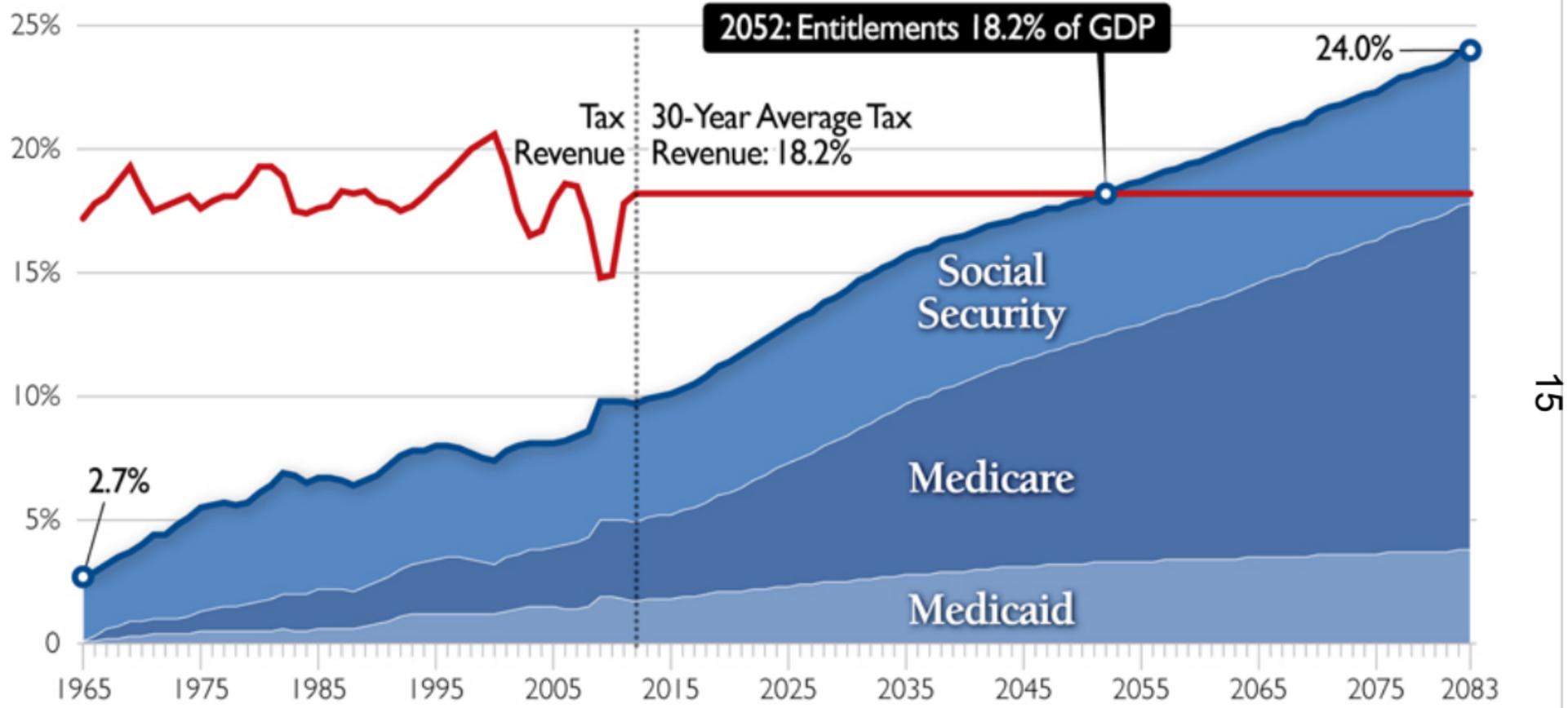
31-Jan-11

Historical Highest Marginal Income Tax Rates

Year	Top Marginal Rate	Year	Top Marginal Rate	Year	Top Marginal Rate
1913	7.0%	1946	86.45%	1979	70.00%
1914	7.0%	1947	86.45%	1980	70.00%
1915	7.0%	1948	82.13%	1981	69.13%
1916	15.0%	1949	82.13%	1982	50.00%
1917	67.0%	1950	91.00%	1983	50.00%
1918	77.0%	1951	91.00%	1984	50.00%
1919	73.0%	1952	92.00%	1985	50.00%
1920	73.0%	1953	92.00%	1986	50.00%
1921	73.0%	1954	91.00%	1987	38.50%
1922	56.0%	1955	91.00%	1988	28.00%
1923	56.0%	1956	91.00%	1989	28.00%
1924	46.0%	1957	91.00%	1990	31.00%
1925	25.0%	1958	91.00%	1991	31.00%
1926	25.0%	1959	91.00%	1992	31.00%
1927	25.0%	1960	91.00%	1993	39.60%
1928	25.0%	1961	91.00%	1994	39.60%
1929	24.0%	1962	91.00%	1995	39.60%
1930	25.0%	1963	91.00%	1996	39.60%
1931	25.0%	1964	77.00%	1997	39.60%
1932	63.0%	1965	70.00%	1998	39.60%
1933	63.0%	1966	70.00%	1999	39.60%
1934	63.0%	1967	70.00%	2000	39.60%
1935	63.0%	1968	75.25%	2001	38.60%
1936	79.0%	1969	77.00%	2002	38.60%
1937	79.0%	1970	71.75%	2003	35.00%
1938	79.0%	1971	70.00%	2004	35.00%
1939	79.0%	1972	70.00%	2005	35.00%
1940	81.10%	1973	70.00%	2006	35.00%
1941	81.00%	1974	70.00%	2007	35.00%
1942	88.00%	1975	70.00%	2008	35.00%
1943	88.00%	1976	70.00%	2009	35.00%
1944	94.00%	1977	70.00%	2010	35.00%
1945	94.00%	1978	70.00%	2011	35.00%

Note: This table contains a number of simplifications and ignores a number of factors, such as a maximum tax on earned income of 50 percent when the top rate was 70 percent and the current increase in rates due to income-related reductions in value of itemized deductions. Perhaps most importantly, it ignores the large increase in percentage of returns that were subject to this top rate.

Sources: Eugene Steuerle, The Urban Institute; Joseph Pechman, Federal Tax Policy; Joint Committee on Taxation, Summary of Conference Agreement on the Jobs and Growth Tax Relief Reconciliation Act of 2003, JCX-54-03, May 22, 2003; IRS Revised Tax Rate Schedules



Trust Fund Data



Social Security & Medicare Tax Rates

[Tax rates for each Social Security trust fund](#)
[Maximum taxable earnings](#)

Social Security's *Old-Age, Survivors, and Disability Insurance* (OASDI) program and Medicare's *Hospital Insurance* (HI) program are financed primarily by employment taxes. Tax rates are set by [law](#) (see sections 1401, 3101, and 3111 of the Internal Revenue Code) and apply to earnings up to a [maximum amount](#) for OASDI.

The rates shown reflect the amounts received by the trust funds. In certain years, the effective rate paid by employees, employers, and/or self-employed workers was less than the rate received by the trust funds, with the difference covered by general revenue. See the footnotes for details.

Calendar year	Tax rates as a percent of taxable earnings					
	Rate for employees and employers, each			Rate for self-employed workers		
	OASDI	HI	Total	OASDI	HI	Total
1937-49	1.000	--	1.000	--	--	--
1950	1.500	--	1.500	--	--	--
1951-53	1.500	--	1.500	2.250	--	2.250
1954-56	2.000	--	2.000	3.000	--	3.000
1957-58	2.250	--	2.250	3.375	--	3.375
1959	2.500	--	2.500	3.750	--	3.750
1960-61	3.000	--	3.000	4.500	--	4.500
1962	3.125	--	3.125	4.700	--	4.700
1963-65	3.625	--	3.625	5.400	--	5.400
1966	3.850	0.350	4.200	5.800	0.350	6.150
1967	3.900	0.500	4.400	5.900	0.500	6.400
1968	3.800	0.600	4.400	5.800	0.600	6.400
1969-70	4.200	0.600	4.800	6.300	0.600	6.900
1971-72	4.600	0.600	5.200	6.900	0.600	7.500
1973	4.850	1.000	5.850	7.000	1.000	8.000
1974-77	4.950	0.900	5.850	7.000	0.900	7.900
1978	5.050	1.000	6.050	7.100	1.000	8.100
1979-80	5.080	1.050	6.130	7.050	1.050	8.100
1981	5.350	1.300	6.650	8.000	1.300	9.300
1982-83	5.400	1.300	6.700	8.050	1.300	9.350
1984 ^a	5.700	1.300	7.000	11.400	2.600	14.000
1985 ^a	5.700	1.350	7.050	11.400	2.700	14.100

Calendar year	Tax rates as a percent of taxable earnings					
	Rate for employees and employers, each			Rate for self-employed workers		
	<u>OASDI</u>	HI	Total	<u>OASDI</u>	HI	Total
1986-87 ^a	5.700	1.450	7.150	11.400	2.900	14.300
1988-89 ^a	6.060	1.450	7.510	12.120	2.900	15.020
1990 and later ^{b, c}	6.200	1.450	7.650	12.400	2.900	15.300

^a In 1984 only, an immediate credit of 0.3 percent of taxable wages was allowed against the OASDI taxes paid by employees, resulting in an effective employee tax rate of 5.4 percent. The OASI and DI trust funds, however, received general revenue equivalent to 0.3 percent of taxable wages for 1984. Similar credits of 2.7 percent, 2.3 percent, and 2.0 percent were allowed against the combined OASDI and HI taxes on net earnings from self-employment in 1984, 1985, and 1986-89, respectively.

^b Beginning in 1990, self-employed workers are allowed a deduction, for purposes of computing their net earnings, equal to half of the combined OASDI and HI contributions that would be payable without regard to the contribution and benefit base. The OASDI contribution rate is then applied to net earnings after this deduction, but subject to the OASDI base.

^c For 2010, most employers were exempt from paying the employer share of OASDI tax on wages paid to certain qualified individuals hired after February 3. For 2011, the OASDI tax rate is reduced by 2 percentage points for employees and for self-employed workers, resulting in a 4.2 percent effective tax rate for employees and a 10.4 percent effective tax rate for self-employed workers. The reductions in 2010 and 2011 tax revenue due to lower tax rates will be made up by transfers from the general fund of the Treasury to the OASI and DI trust funds. Beginning in 2013, an additional HI tax of 0.9 percent is assessed on earned income exceeding \$200,000 for individuals and \$250,000 for married couples filing jointly. This additional HI tax rate is *not* reflected in the tax rates shown in the table.



Automatic Increases

Contribution and Benefit Base

[Automatic Increases](#)[Cost-of-Living Adjustment](#)[Tax data](#)[Wage-indexed amounts](#)

Social Security's Old-Age, Survivors, and Disability Insurance (OASDI) program limits the amount of earnings subject to taxation for a given year. The same annual limit also applies when those earnings are used in a benefit computation. This limit generally increases with increases in the national [average wage index](#). We call this annual limit the contribution and benefit base, or taxable maximum. For earnings in 2011, this base is [\\$106,800](#).

For Medicare's Hospital Insurance (HI) program, the taxable maximum was the same as that for the OASDI program for 1966-1990. Separate HI taxable maximums of \$125,000, \$130,200, and \$135,000 were applicable in 1991-93, respectively. After 1993, there has been no limitation on HI-taxable earnings.

An employee who pays contributions on earnings in excess of the contribution and benefit base (because of employment with two or more employers) is eligible for a refund of the excess employee contributions.

For wages paid in 2011, employees pay 4.2 percent and employers pay 6.2 percent in OASDI taxes. Thus, an individual with wages equal to or larger than \$106,800 would contribute \$4,485.60 to the OASDI program in 2011, and his or her employer would contribute \$6,621.60. Self-employed workers pay 10.4 percent in OASDI taxes on income in 2011. By law, the OASI and DI trust funds will receive taxes as if the tax rates were 6.2 percent for employees and employers, each, and 12.4 percent for self-employed workers. The reduction in 2011 tax revenue due to lower tax rates will be made up by transfers from the general fund of the Treasury to the trust funds. See [tax rates](#) for a table of the OASDI and HI tax rates on wages and self-employment income.

Contribution and benefit bases, 1937-2011

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1937-50	\$3,000	1986	\$42,000	2006	\$94,200
1951-54	3,600	1987	43,800	2007	97,500
1955-58	4,200	1988	45,000	2008	102,000
1959-65	4,800	1989	48,000	2009	106,800
1966-67	6,600	1990	51,300	2010	106,800
1968-71	7,800	1991	53,400	2011	106,800
1972	9,000	1992	55,500		
1973	10,800	1993	57,600		

1974	13,200	1994	60,600
1975	14,100	1995	61,200
1976	15,300	1996	62,700
1977	16,500	1997	65,400
1978	17,700	1998	68,400
1979	22,900	1999	72,600
1980	25,900	2000	76,200
1981	29,700	2001	80,400
1982	32,400	2002	84,900
1983	35,700	2003	87,000
1984	37,800	2004	87,900
1985	39,600	2005	90,000

Note: Amounts for 1937-74 and for 1979-81 were set by statute; all other amounts were determined under automatic adjustment provisions of the Social Security Act.