

T04-0127

Summary of Effects of Various AMT Reform Proposals, 2005-2014¹

AMT Status	Number of AMT Taxpayers (millions)			Effect on Revenue (\$ billions, fiscal years)				Effect on Budget (\$ billions)	Number of Zero-Tax Returns, 2010 (thousands)	
	2005	2010	2014	2005	2010	2014	2005-2014	FY 2005-2014	Cash Inc > \$200K	Cash Inc > \$1,000K
Current Law Baseline	11.6	29.2	20.7	0	0	0	0	0	32.6	2.7
Plan 1: Repeal the AMT in 2005	0.0	0.0	0.0	-14	-93	-55	-562	-710	77.3	7.6
Plan 2: Extend Expiring Provisions ²	2.8	8.5	5.1	-7	-49	-31	-291	-367	33.2	2.8
Plan 3: + Index ³	1.9	3.7	0.9	-8	-65	-40	-372	-467	33.8	2.8
Plan 4: + Remove Middle Class Preferences ⁴	1.4	3.0	0.7	-8	-68	-40	-387	-488	33.9	2.8
Plan 5: + Remove Upper Income Preferences ⁵	0.3	0.5	0.2	-12	-84	-48	-490	-619	42.5	4.4
Plan 6: + Reform Rate Structure ⁶	3.5	7.7	0.6	-9	-58	-44	-373	-467	42.5	4.4
Plan 7: + No Reduced Tax on Capital Income on AMT	5.2	8.7	1.7	11	-19	-4	71	109	42.5	4.4
Extend Tax Cuts Legislated to Expire⁷	15.6	29.5	39.8	0	0	0	0	0	40.7	4.3
Plan 1: Repeal the AMT in 2005	0.0	0.0	0.0	-17	-95	-167	-919	-1,108	96.6	9.7
Plan 2: Extend Expiring Provisions	3.4	8.7	16.9	-9	-50	-83	-473	-571	42.1	4.3
Plan 3: + Index	2.3	3.8	4.6	-11	-66	-127	-649	-776	43.7	4.4
Plan 4: + Remove Middle Class Preferences	1.7	3.1	3.7	-11	-69	-131	-677	-810	44.6	4.4
Plan 5: + Remove Upper Income Preferences	0.3	0.5	0.6	-15	-86	-155	-834	-1,002	56.7	6.2
Plan 6: + Reform Rate Structure	4.4	7.6	9.9	-11	-61	-115	-601	-721	56.7	6.2
Plan 7: + No Reduced Tax on Capital Income on AMT	6.2	9.3	11.8	9	1	-32	29	65	53.7	6.1
Repeal Tax Cuts from 2001-2003	5.6	12.2	20.7	0	0	0	0	0	34.9	2.8
Plan 1: Repeal the AMT in 2005	0.0	0.0	0.0	-7	-31	-55	-311	-378	65.0	6.4
Plan 2: Extend Expiring Provisions	1.1	2.4	5.1	-3	-15	-31	-155	-185	35.9	2.9
Plan 3: + Index	0.8	0.8	0.9	-3	-19	-40	-190	-227	36.3	2.9
Plan 4: + Remove Middle Class Preferences	0.6	0.7	0.7	-3	-19	-40	-196	-233	37.2	2.9
Plan 5: + Remove Upper Income Preferences	0.2	0.2	0.2	-5	-25	-48	-251	-303	45.0	4.3
Plan 6: + Reform Rate Structure	0.4	0.5	0.6	-4	-22	-44	-224	-268	45.0	4.3
Plan 7: + No Reduced Tax on Capital Income on AMT	1.1	1.4	1.7	6	7	-4	85	119	45.0	4.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-3) and authors' calculations.

- (1) Calendar years, except where noted.
- (2) Maintain the 2004 AMT exemption levels and extend the treatment of non-refundable credits.
- (3) In addition to Plan 2, index the AMT exemption, tax bracket threshold, and exemption phaseout threshold, starting in 2005.
- (4) In addition to Plan 3, allow dependent exemptions against the AMT.
- (5) In addition to Plan 4, allow miscellaneous deductions and the deduction for state and local taxes against the AMT.
- (6) In addition to Plan 5, repeal the phaseout of the AMT exemption. Replace current AMT rates with a flat 35-percent rate.
- (7) Includes all 2010 sunset provisions in EGTRRA and all non-AMT provisions in JGTRRA.