

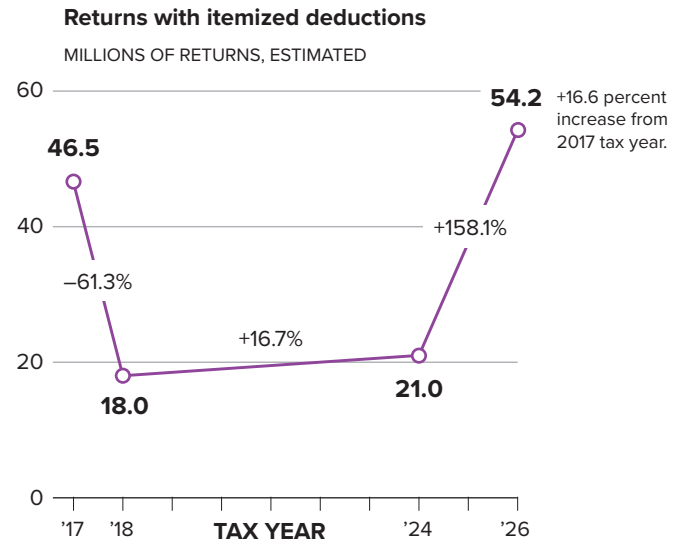
April 24, 2018

JCT: Itemized Tax Returns to Plummet by 61 Percent

In advance of the Senate Finance Committee’s April 24 hearing “Early Impressions of the New Tax Law,” the Joint Committee on Taxation released a series of projections on the effect of the tax code that was signed into law in December.

The JCT projects the number of individual tax filers who itemize deductions will drastically decrease by 61 percent from the 2017 tax year to the 2018 tax year. By 2026, the number of itemized returns is expected to reach and even surpass 2017 levels after the individual tax code sunsets in 2025 — unless Congress votes to extend the cuts or makes them permanent.

Sen. Ted Cruz (R-Texas) introduced legislation on April 17 to make the individual income tax changes permanent.



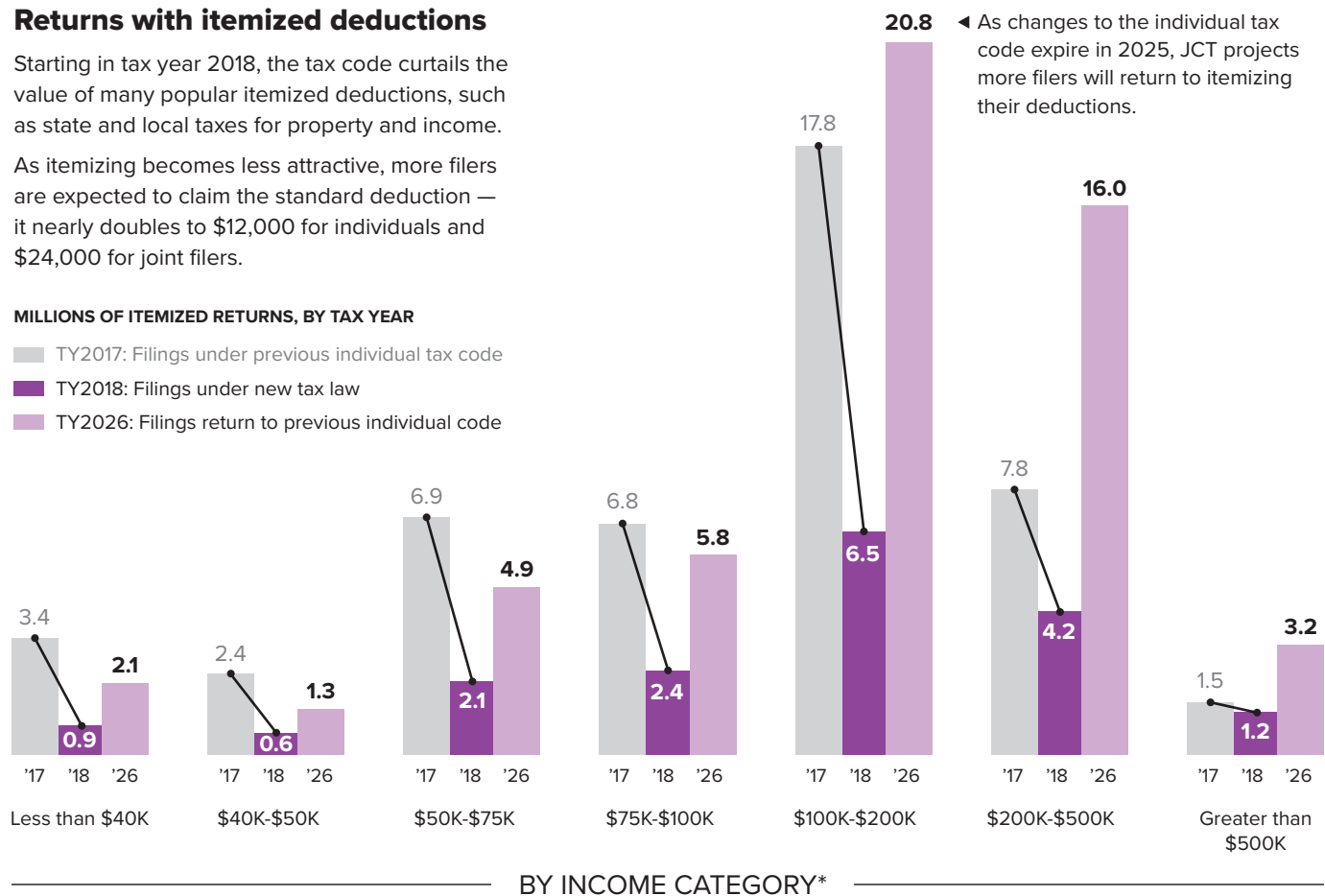
Returns with itemized deductions

Starting in tax year 2018, the tax code curtails the value of many popular itemized deductions, such as state and local taxes for property and income.

As itemizing becomes less attractive, more filers are expected to claim the standard deduction — it nearly doubles to \$12,000 for individuals and \$24,000 for joint filers.

MILLIONS OF ITEMIZED RETURNS, BY TAX YEAR

- TY2017: Filings under previous individual tax code
- TY2018: Filings under new tax law
- TY2026: Filings return to previous individual code



*JCT measures income at 2018 levels. Income is adjusted gross income plus: tax-exempt interest; employer contributions to health and life insurance; employer share of FICA tax; worker’s compensation; nontaxable Social Security benefits; insurance value of Medicare benefits; AMT preference items; individual share of business taxes; and excluded income of U.S. citizens living abroad.

Source: Joint Committee on Taxation; Tax Foundation; the Wall Street Journal

By Taylor Miller Thomas, POLITICO Pro DataPoint