



JOINT COMMITTEE ON TAXATION
March 14, 2024
JCX-9-24

INCOME AND PAYROLL TAX OFFSETS TO CHANGES IN EXCISE TAX REVENUES FOR 2024–2034¹

Table 1, below, presents the updated income and payroll tax offsets that the staff of the Joint Committee on Taxation (“Joint Committee staff”) will apply in its economic models of proposed changes in Federal excise taxes during the second session of the 118th Congress. This update is based on the 2024 macroeconomic forecast of the Congressional Budget Office.² The Joint Committee staff explained the methodology underlying these estimates in a prior publication.³

The new offsets are calculated on a calendar year basis. The new income and payroll tax offsets will be applied to excise tax estimates. Generally, these offsets will be applied to calendar year excise tax effects and then fiscalized. With this publication the Joint Committee staff plans to start using these offsets exclusively.

Table 1.—Income and Payroll Tax Offsets Under Present Law Baseline 2024 Through 2034

<u>Item</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>
Income and Payroll Excise Tax Offsets	0.245	0.246	0.270	0.269	0.268	0.267	0.265	0.265	0.265	0.264	0.264

The increase in the magnitude of the offset for years after 2025 is due to the expiration of certain tax provisions after December 31, 2025.⁴ As a result, the estimated income and payroll excise tax offsets move from just below to slightly above the long-time standard offset factor of 25 percent. The offsets calculated above take into account both the changes in tax rates that have been legislated to occur over the budget window, as well as adjustments to the taxable portion of income consistent with the 2024 Congressional Budget Office macroeconomic forecast.

¹ This document may be cited as follows: Joint Committee on Taxation, *Income and Payroll Tax Offsets to Changes in Excise Tax Revenues for 2024–2034* (JCX-9-24), March 14, 2024. This document can be found on the Joint Committee on Taxation website at www.jct.gov.

² Congressional Budget Office, *The Budget and Economic Outlook: 2024 to 2034*, Washington DC.

³ Joint Committee on Taxation, *The Income and Payroll Tax Offset to Changes in Excise Tax Revenues* (JCX-59-11), December 23, 2011.

⁴ For tax provisions after December 31, 2025, see, *Joint Committee on Taxation, List of Expiring Federal Tax Provisions 2024–2034* (JCX-1-24), January 11, 2024.