

The largest individual income and payroll tax expenditures totaled \$1.2 trillion

Major Income & Payroll Tax Expenditures	Budgetary Cost (2019 dollars)
Exclusion for Employment-Based Health Insurance	\$280 billion
Exclusion for Pensions and Retirement Savings Accounts*	\$276 billion
Net Preferential Tax Rates on Capital Gains and Dividends**	\$140 billion
Child Tax Credit (CTC)***	\$118 billion
Earned Income Tax Credit (EITC)***	\$70 billion
Premium Tax Credit***	\$53 billion
Charitable Contribution Deduction	\$43 billion
Qualified Business Income Deduction	\$41 billion
Exclusion of Capital Gains on Assets Transferred at Death	\$39 billion
Exclusion of Social Security and Railroad Retirement Benefits	\$37 billion
Exclusion of Capital Gains on the Sale of Principal Residencies	\$35 billion
Mortgage Interest Deduction on Owner-Occupied Residencies	\$28 billion
State and Local Tax Deduction (SALT)	\$22 billion
Total	\$1.2 trillion

SOURCE: Congressional Budget Office, *The Distribution of Major Tax Expenditures in 2019*, October 2021.

NOTES: *Estimated using a present-value method. **Estimate includes net effect of reduced rates on capital gains and dividends and the surtax on net investment for high-income taxpayers. ***Estimate includes the portions of those tax credits that are classified as outlays in the federal budget.