

NO LABELS

Impact of SALT Deduction Hike on Various Income Levels

The state and local tax (SALT) deduction permits taxpayers who itemize when filing federal taxes to deduct certain taxes paid to state and local governments. It was capped at \$10,000 per year by the Tax Cuts and Jobs Act of 2017, but the House version of the Build Back Better Act would raise the cap to \$80,000.

While proponents of lifting the cap say it is important to provide relief to the middle class and to preserve the tax base of their respective states, most of the direct tax reductions from SALT repeal would go to people further up the income scale. The Tax Policy Center estimates that 94% of the benefit will go to those earning \$175,000 or more per year.

Annual household income	Average federal tax savings under \$80,000 SALT cap
UP TO \$54,000	\$0
\$54,000-\$175,000	\$65
\$175,000-\$255,000	\$420
\$255,000-\$1,000,000	\$3,600
ABOVE \$1,000,000	\$15,000