

change in tax liability could be smaller or larger than the sum of the amounts shown for each item separately, as a result of interactions among the tax expenditure provisions.

Table I. The 10 Largest Individual and Corporate Tax Expenditures

Individual	Estimated Revenue Loss in 2014 (\$ billions)	Corporate	Estimated Revenue Loss in 2014 (\$ billions)
Exclusion of employer contributions for health care	143.0	Deferral for active income of controlled-foreign corporations	83.4
Reduced tax rates on dividends and long-term capital gains	96.5	Depreciation of equipment in excess of the alternative depreciation system, excluding bonus depreciation	24.0
Exclusion of contributions to and earnings from retirement plans	88.8	Deduction of income attributable to domestic production activities	12.2
Earned income tax credit	69.2	Deferral of gains on like-kind exchanges	11.7
Deduction for mortgage interest	67.8	Exclusion of interest on public purpose state and local government bonds	9.3
Child tax credit	57.3	Deferral of gain on non-dealer installment sales	6.9
Deduction of state and local taxes	56.5	Credit for low-income housing	6.8
Exclusion of untaxed Social Security and railroad retirement benefits	37.4	Credit for increasing research activities	4.6
Deduction for charitable contributions	34.8	Reduced rates on first \$10 million of corporate taxable income	3.8
Exclusion of benefits provided under cafeteria plans	34.5	Inventory property sales source rule exception	3.0
Total ^a	1,036.2	Total ^a	154.0

Source: U.S. Congress, Joint Committee on Taxation, *Estimates Of Federal Tax Expenditures For Fiscal Years 2014-2018*, committee print, 113th Cong., August 8, 2014, JCX-97-14. These estimates reflect the current law as of June 30, 2014 and do not reflect subsequent tax law changes.

a. The total listed is the total value of all tax expenditures, not just those listed in Table I.

Who Benefits from Tax Expenditures?

A related question that may be asked is “Who benefits from tax expenditures?” This is a potentially complex question that can be answered from varying perspectives. The Congressional Budget Office (CBO)⁸ chose to answer this question most recently by examining selected major

⁸ Congressional Budget Office, *The Distribution of Major Tax Expenditures in the Individual Income Tax System*, May (continued...)