

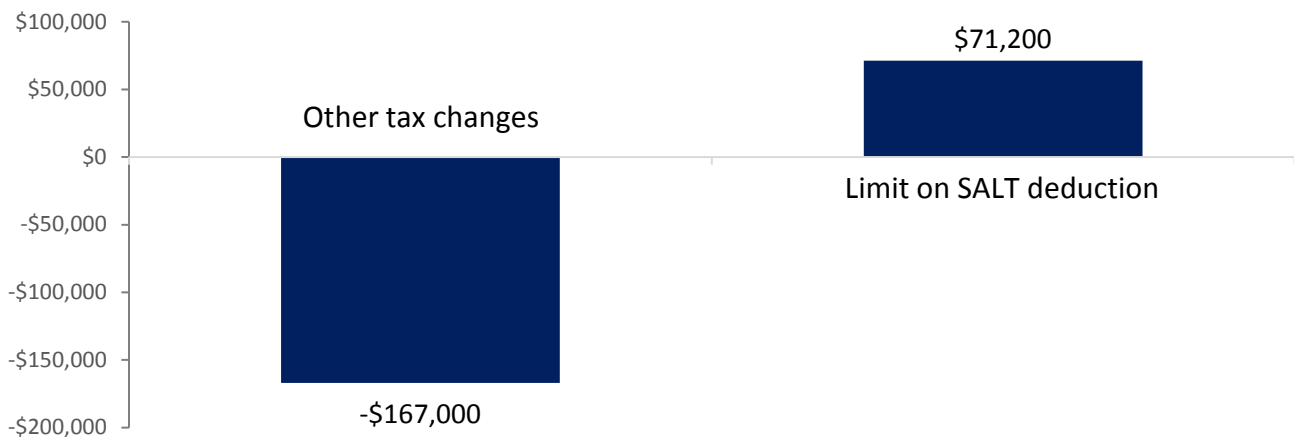
## Sweeter than SALT: Highest-Income Households Get Federal Tax Cuts More Than Twice SALT Losses

By Phineas Baxandall, Senior Policy Analyst

The federal government has enacted very large tax cuts targeted mostly at higher-income taxpayers. The resulting loss of an almost \$1.5 trillion in federal revenue is likely to lead to cuts in federal support for programs that are important to people in Massachusetts and to the state budget. Amid these deep tax cuts, a new federal limit on the deductibility of state and local taxes (SALT) has received a lot of attention. Households that itemize deductions and pay over \$10,000 in combined state and local taxes will no longer be able to deduct more than this amount when calculating their taxable income for federal taxes.

For Massachusetts' highest-income households – those with annual incomes over \$1 million – the average tax cuts from other federal changes in the law are more than twice the average size of the impact from the loss of SALT deductibility.

**The Average Effect of Other Federal Tax Cuts for Households With Incomes Over \$1 Million is More than Twice That of the SALT Change**



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Massachusetts' highest-income households will become substantially affluent as a result of the federal tax changes. Households with incomes over \$1 million in 2019 are projected to have an average income of \$3.4 million. For this group the federal tax changes – including the limits to SALT deduction – represent a combined \$2.58 billion tax cut. The average tax cut for these taxpayers will be \$95,800 after accounting for the effects on the SALT changes.