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## Obamacare Plan Breaks \$250,000 Tax Pledge

### *Raises Taxes on Working Families By \$136 Billion*

WASHINGTON, D.C.— The following is a breakout of all the net taxes from the Obamacare plan which fall (or easily could fall) *directly* on families making less than \$250,000 per year.

Based on our analysis, we find that the "working families tax hike" subset is a ten-year tax increase of \$136 billion on these households.

Of course, [the rest of the tax hikes](#) will affect all families in the form of lower wages, higher prices, and less economic growth. This list is simply those which are in direct violation of [President Obama's oft-made promise not to raise "any form" of taxes on families making less than \\$250,000 per year.](#)

**\*\*\*Obamacare raises net taxes on families making less than \$250,000 by \$136 billion\*\*\***

#### **Title I (Net working families tax hike of \$85 billion)**

- *Same individual credit as Senate bill (-\$102 billion)*
- *Same small business credit as Senate bill (-\$38 billion)*
- *Reinsurance program (\$121 billion)*
- *Individual and employer insurance mandate penalties (\$43 billion)*
- *Associated effects on coverage provisions (\$61 billion)*

#### **Title IX (Net working families tax hike of \$51 billion)**

- *Corporate 1099-MISC information reporting (\$17 billion):* Requires businesses to send 1099-MISC information tax forms to corporations (currently limited to individuals), a huge compliance burden for small employers
- *Economic substance doctrine (\$4 billion):* This would require taxpayers to prove to the IRS that a perfectly-legal tax deduction or strategy is "economically substantial," and not simply a way to pay less in taxes

- *Tanning tax (\$3 billion)*: New 10% excise tax on indoor tanning salons
- *Increase HSA distribution penalty by 10 percentage points (\$1 billion)*: Increases additional tax on non-medical early withdrawals from an HSA from 10 to 20 percent, disadvantaging them relative to IRAs and other tax-advantaged accounts, which remain at 10 percent.
- *\$2500 FSA cap a.k.a. special needs kiddie tax (\$13 billion)*: Imposes cap on FSAs of \$2500 (now unlimited). Indexed to inflation after 2011
- *Medical itemized deduction "haircut" raised from 7.5 to 10 percent of AGI (\$15 billion)*
- *Miscellaneous tax relief (-\$2 billion)*

*Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact John Kartch at (202) 785-0266 or by email at [jkartch@atr.org](mailto:jkartch@atr.org).*

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