



## **Forgiveness of Deferred Payroll Taxes**

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<https://budgetmodel.wharton.upenn.edu/estimates/2020/9/25/forgiveness-of-deferred-payroll-taxes>

Summary: We estimate the budgetary and distributional effects of permanently forgiving the September to December 2020 payroll tax deferral under President Trump's August executive order. We project that this forgiveness would cost \$122 billion dollars.

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**Table 1. Distribution of Policy Change by Annual Income Categories in 2020, Relative to Current-Law Baseline**

Including corporate income tax burden							
Income Group	Average Tax Change	Share With A Tax Cut	Average Tax Cut Percent Change		Share Of Tax Change	Share Of Federal Taxes Paid	
			for Those with a Tax Change	In After Tax Income		Before Tax Cut	After Tax Cut
Bottom quintile	-83	43%	-195	4%	3%	-2.5%	-3.6%
Second quintile	-458	89%	-515	5%	10%	0.9%	-1.1%
Middle quintile	-862	90%	-955	6%	19%	9.3%	7.2%
Fourth quintile	-1,405	86%	-1,627	5%	26%	18.7%	17.0%
80-90%	-2,357	92%	-2,555	6%	18%	15.5%	14.9%
90-95%	-2,968	94%	-3,152	5%	11%	11.9%	12.1%
95-99%	-3,355	94%	-3,572	4%	10%	17.8%	19.5%
99-99.9%	-3,325	94%	-3,527	1%	2%	13.9%	16.4%
Top 0.1%	-3,490	93%	-3,767	0%	0%	14.3%	17.3%