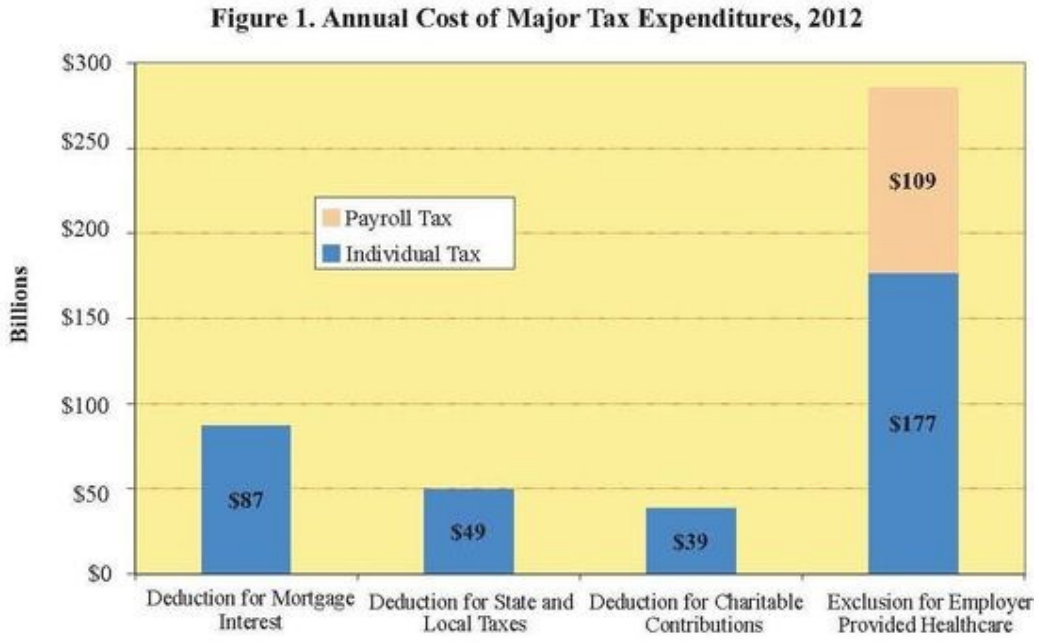
Chapter 18: Homes, Health, Charity, and More

This chapter considers a few of the largest and most important personal consumption tax expenditures that pertain to individuals. They range from the most expensive tax expenditure of them all (the exclusion for employer-provided health insurance) to one of the least expensive (personal casualty losses). Here is the estimated revenue loss between 2012 and 2016 for a few of the most important tax expenditures considered in this chapter:[1]

- Exclusion for employer-provided health care: $ 1.071 trillion
- Deduction for qualified residence interest 609.1 billion
- Deduction for nonbusiness state & local taxes 434.4 billion
- Deduction for charitable contributions 305.3 billion
- Exclusion of imputed income on owner-occupied housing 302.8 billion
- Exclusion of home sale gain 216.8 billion
- Deduction for medical expenses 60.0 billion
- Deduction for self-employed medical insurance premiums 38.8 billion
- Deductions/exclusions for health savings accounts 11.1 billion
- Deduction for personal casualty and theft losses 1.8 billion

Here is a comparative graph for 2012 alone regarding the annual cost of the deductions for qualified residence interest, state and local taxes, and charitable contributions, as well as the cost of the exclusion for employer-provided health care.[2]



[1] www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/spec.pdf (President's 2012 Budget).

[2] Martin A. Sullivan, *The Employer Healthcare Exclusion's Role in Tax Reform*, 137 TAX NOTES 462 (2012). Reprinted with permission of Tax Analysts.