

\$10 Billion Cut in Taxes Would Be Largely Offset

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WASHINGTON, Jan. 21—President Ford's promised new \$10 billion tax cut, at mid-year, would actually amount to considerably less than that even if Mr. Ford's every proposal were adopted in its entirety, analysis of the budget disclosed today.

The reason is that offsetting the planned \$10 billion reduction in individual and corporate income taxes would be increases in Social Security, unemployment insurance and other taxes that would reduce the net tax cut to \$4.9 billion in the 1977 fiscal year.

If the increase in the Social Security tax base that has already gone into effect as of the first of this year is included among the offsets, the net tax reductions, compared with the tax rates in effect as of the end of calendar 1975, would be pared all the way down to \$1.7 billion.

Following are the major tax proposals:

INDIVIDUAL INCOME TAX — 1976

The cut in individual withholding taxes that Mr. Ford wants Congress to put into effect July 1 would also involve some changes in the basic tax law as it applies to individuals.

The personal exemption would be increased from the present \$750 to \$875.

A tax credit of \$17.50 per person covered by a tax return would be provided, or alternatively, a credit of 1 percent of income, up to a maximum of \$90 per tax return.

The minimum standard deduction, currently set at \$1,700 for single individuals and \$2,100 for married couples, would be increased to \$1,750 and \$2,300.

The maximum standard deduction would remain at a maximum of 16 percent of adjusted gross income, as now, but the dollar limits would be shifted down to \$2,100 from \$2,400 for singles and to \$2,650 from \$2,800 for married couples.

There would be a reduction in tax rates on the first \$10,000

of taxable income, applicable to all taxpayers, above and below that income level.

The earned-income credit, designed to aid the working poor who have children, would be cut in half.

INDIVIDUAL INCOME TAX — 1977

The tax-cut proposals originally made by Mr. Ford in October—which include an increase in the personal exemption to \$1,000, an across-the-board standard deduction of \$1,800 for single persons and \$2,500 for married couples, and tax-rate reductions—would be put into effect starting Jan. 1, 1977.

The earned-income credit would be completely eliminated.

CORPORATION TAXES

A reduction in the maximum corporate tax rates, from 48 to 47 percent, effective for 1976, with a further cut to 46 percent in 1977, was proposed. Mr. Ford also again asked enactment of his other proposals of last October to aid electric utilities and other businesses.

Unusually rapid tax-writeoffs against the cost of building and equipping new or expanded plants in high-unemployment areas would also be provided.

ESTATE TAXES

Long postponements of payments of estate-taxes on closely held farms and businesses would be permitted under the Ford proposal, to keep such properties in the family.

STOCK-OWNERSHIP AND INCENTIVE

The Administration has still not decided on all the details of this proposal, but basically it would permit, probably for all families with incomes of \$40,000 or less, the investment of a certain amount of income each year in common stocks, with the income so invested deemed non-taxable.

SOCIAL SECURITY

An increase of 3/10ths of 1 percent in the Social Security tax on both employers and employees to end the deficit in the Social Security trust fund.

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