How many people claim the state and local tax (SALT) deduction?

SUMMARY POINTS

- The Tax Cuts and Jobs Act of 2017 introduced a $10,000 cap on the State and Local Tax (SALT) deduction while also nearly doubling the standard deduction.
- Since those changes took effect, the portion of individual tax returns claiming the SALT deduction has declined from 30.4% in 2017 to 9.3% in 2022, closely tracking the overall decline in the percent of returns opting to claim any itemized deduction.
- The average SALT deduction fell from $13,457 to $8,303. The aggregate dollar amount of SALT deductions claimed as a percentage of all itemized deductions claimed declined from 44.6% to 18.7%.
- Among people making over $1 million per year, the average SALT deduction declined from $282,402 in 2017 to $11,233 in 2022. (The average remained above $10,000 in 2022 because the most relevant data available includes some state and local taxes not subject to the cap). Additionally, the SALT deduction as a percentage of the aggregate dollars of itemized deductions claimed by those taxpayers fell from 60.5% to 3.9%.
- Claimed SALT deductions declined the most in high-income, high-tax states. For example, 35.3% of 2017 tax returns from New York (which has the highest state personal income taxes) claimed SALT for an average deduction of $23,804. By 2022, only 10.2% of federal returns from New York claimed the deduction, with the average being $9,417.

INTRODUCTION

One of the largest itemized deductions in the tax code is the State and Local Tax (SALT) deduction. It allows taxpayers to reduce their federally taxable income by the amount they pay in state and local taxes, including property and income or sales taxes (but not both income and sales taxes). The Tax Cuts and Jobs Act of 2017 (TCJA) introduced a first-ever cap ($10,000) on the total amount of state and local taxes taxpayers can deduct from their taxable income, while also nearly doubling the standard deduction. These changes were followed by a decline in the portion of tax returns claiming the SALT deduction and the average sizes of those deductions themselves.

POLICY CHANGE

Prior to TCJA, there was no maximum for the SALT deduction and taxpayers who claimed itemized deductions (vs the standard deduction) could reduce their taxable income by the total amount of the state and local taxes they paid.

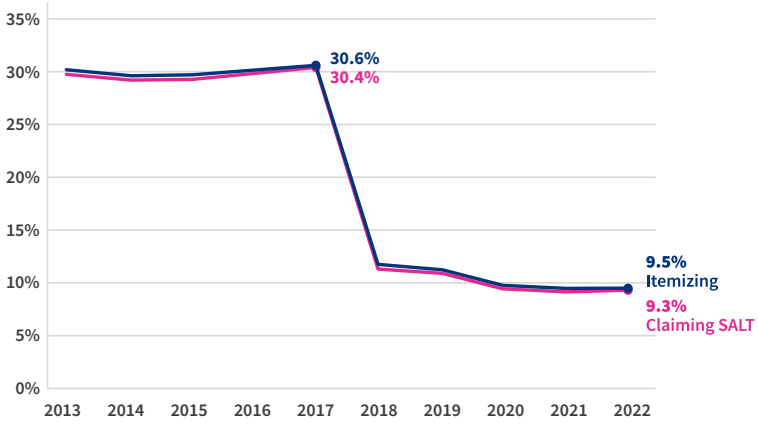
However, TCJA reduced the SALT deduction by introducing a $10,000 cap starting in 2018. Under the law, single and married filers are subject to the same $10,000 maximum, while those who are married and filing separately have a $5,000 per person cap. The law also nearly doubled the standard deduction from $6,500 to $12,000 for individual filers and from $13,000 to $24,000 for joint filers (and set them to subsequently increase annually with inflation). The changes reduced the value of itemizing and claiming SALT relative to claiming the standard deduction.

The $10,000 SALT cap and the heightened standard deduction are scheduled to expire at the end of 2025, along with several other individual income tax provisions enacted by the TCJA. Consequently, absent new legislation, the SALT cap will sunset and the standard deduction will return to pre-TCJA levels.

RAPID DECLINE IN SALT DEDUCTION CLAIMS

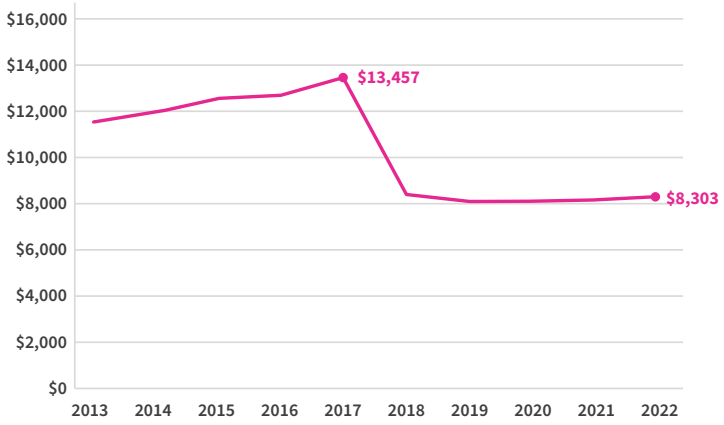
Fewer tax returns claimed the SALT deduction after the TCJA's enactment. The average SALT deduction claimed also had a notable drop.

Percent of tax returns itemizing and claiming the SALT deduction, 2013–2022



Source: Internal Revenue Service, Statistics of Income

Average SALT deduction, 2013–2022

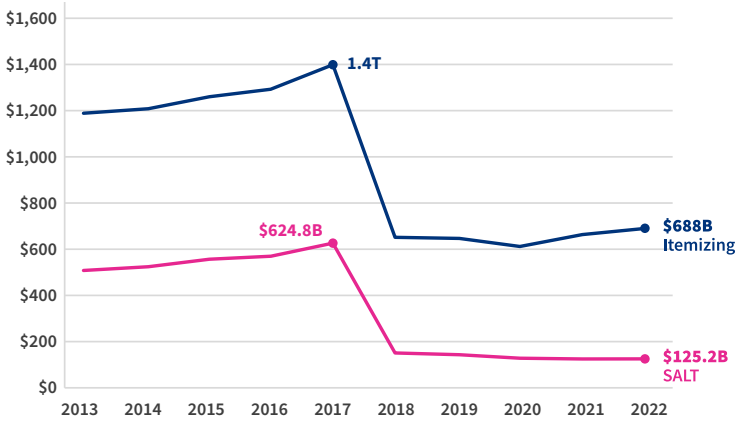


Source: Internal Revenue Service, Statistics of Income

The shift in the percentage of taxpayers itemizing and the portion claiming the SALT deduction mirrored each other. In 2017, 30.4% of tax returns claimed the SALT deduction. By 2022, that number had fallen to just 9.3%. Nearly all taxpayers who itemize claimed the SALT deduction (99.1%) in both 2017 and 2018 (before and after TCJA took effect). These shifts paralleled a major reduction in the percent of taxpayers who chose to claim any itemized deductions, from 30.6% in 2017 to 9.5% in 2022.

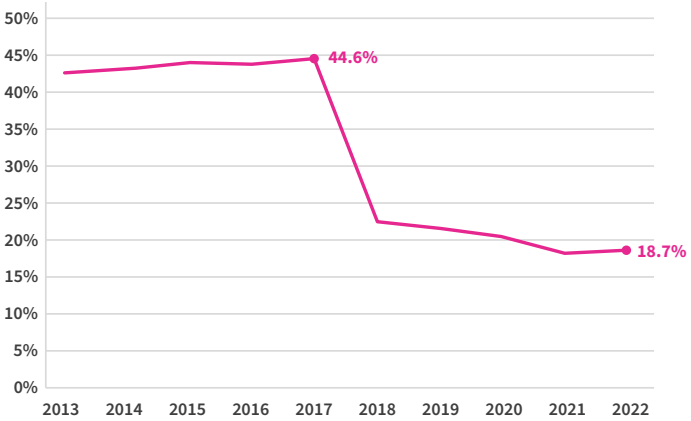
Meanwhile, between 2017 and 2022, the average SALT deduction fell from $13,457 to $8,303. With the average SALT deduction declining, the aggregate amount of SALT deductions claimed declined more rapidly than itemized deductions, despite virtually all taxpayers who itemize continuing to claim the SALT deduction.

Aggregate itemized deductions compared to SALT deductions, 2013–2022 ($ billions)



Source: Internal Revenue Service, Statistics of Income

SALT deductions as a percentage of the aggregate dollar amount of all itemized deductions, 2013–2022



Source: Internal Revenue Service, Statistics of Income

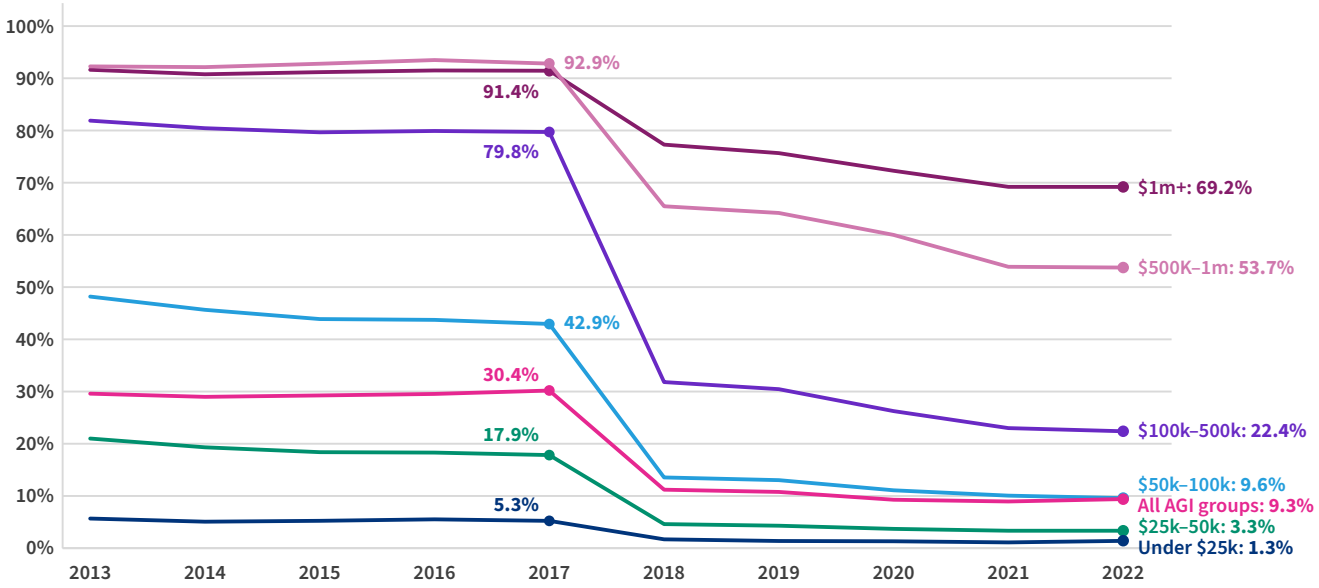
Total itemized deductions declined from $1.4 trillion in 2017 to $688.0 billion in 2022, with the total reduction in aggregate taxable income taxpayers receive from itemized deductions decreasing from 12.7% to 4.5%. Meanwhile SALT deductions fell from $624.8 billion to $125.2 billion, and the reduction in aggregate taxable income the deduction provided declined from 5.7% to 0.8%. The SALT deduction went from accounting for 44.6% of the aggregate dollar amount of all 2017 itemized deductions claimed — the highest of any itemized deduction — to 18.7% by 2022. That year, the SALT deduction was a smaller portion of itemized deductions than both the mortgage interest deduction (22.0%) and the charitable deduction (33.3%).

CHANGES BY INCOME GROUP

The rates at which tax returns claimed the SALT deduction fell among all income groups. Moreover, average SALT deductions fell among high-income returns.

Note that the below charts categorize returns in groups of adjusted gross income (AGI) — the income measure the Internal Revenue Service (IRS) uses to determine taxes owed each year.

Percent of returns claiming SALT deduction by AGI, 2013–2022

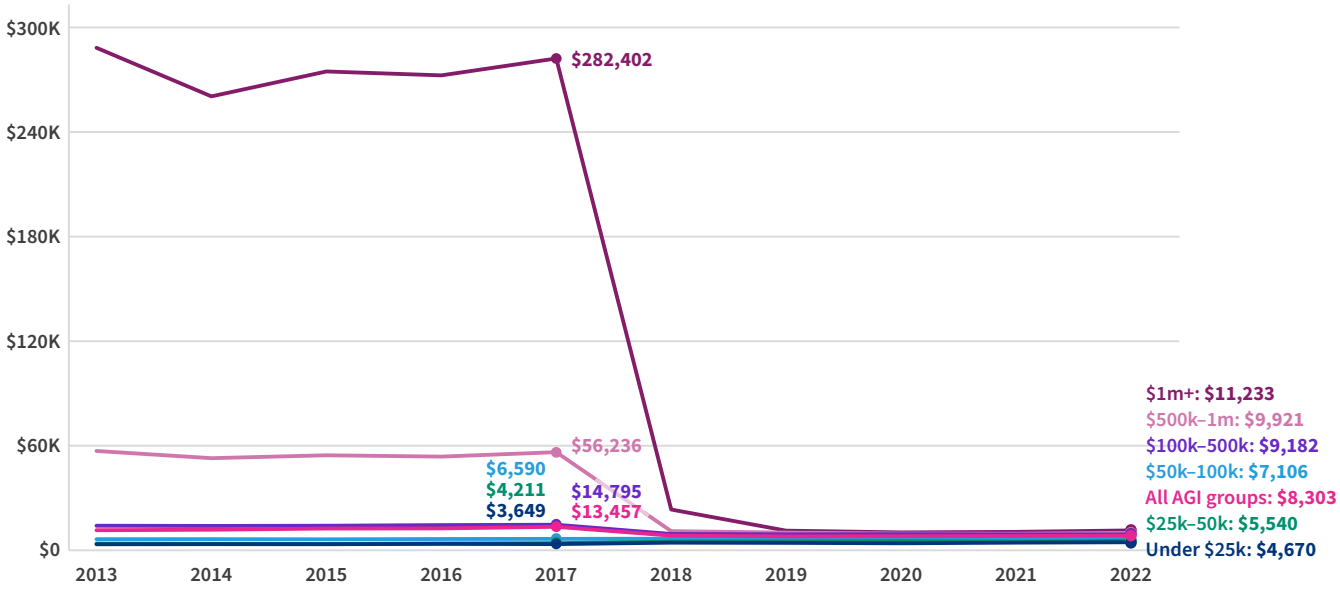


Source: Internal Revenue Service, Statistics of Income

The change in the frequency of returns claiming the SALT deduction is most pronounced among people making more than $100,000 per year. For instance, while 79.8% of those who made between $100,000 and $500,000 per year took the SALT deduction in 2017, only 22.4% of that group claimed it in 2022. Likewise, SALT deduction claims during that period fell from 92.9% to 53.7% among those making between $500,000 and $1 million and from 91.4% to 69.2% among those making over $1 million. SALT deduction claims also fell among lower income groups. These figures mirror the shift in the percentage of taxpayers claiming any itemized deduction.

High-income taxpayers also experienced a decline in the average SALT deduction they claimed.

Average SALT deduction by AGI, 2013–2022



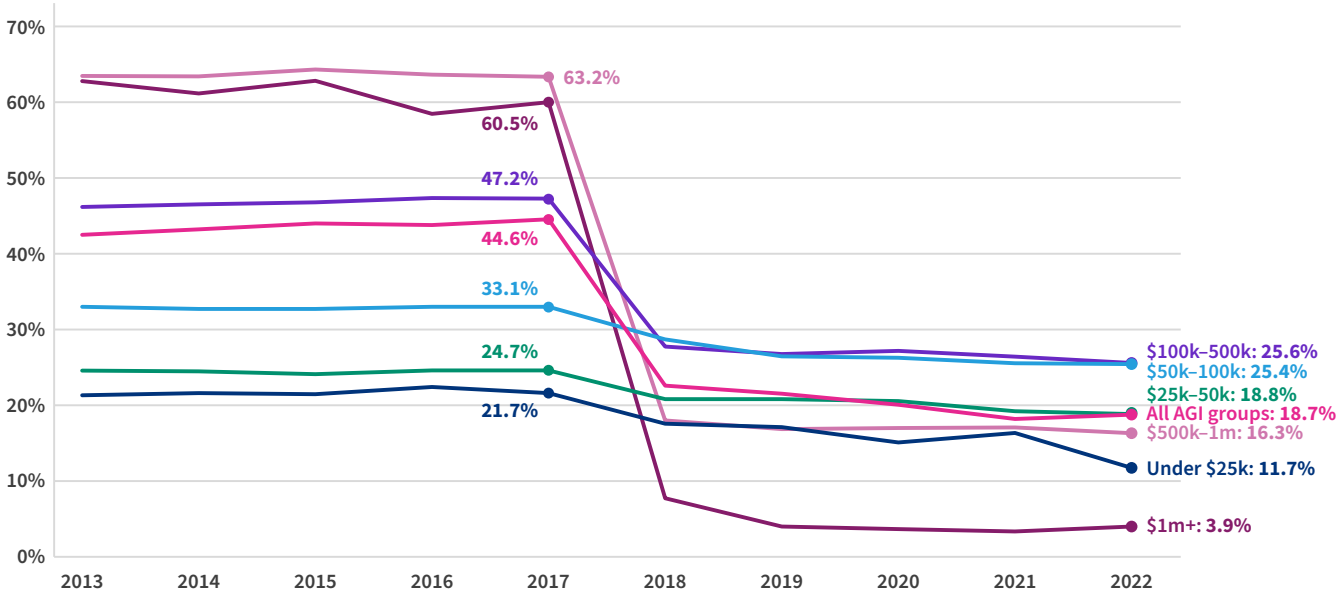
Source: Internal Revenue Service, Statistics of Income

In 2017, returns with an AGI of at least $1 million claimed an average SALT deduction of $282,402. By 2022, the SALT deduction enabled that group to reduce its taxable income by an average of $11,233. The average SALT deduction among people earning between $500,000 and $1 million fell from $56,236 to $9,921. (Note that the IRS data on the SALT deduction includes certain types of taxes that are not subject to the annual cap, resulting in some of the average figures reported in the above chart being above the $10,000 maximum after 2017.)

For lower income groups, the average SALT deduction among people taking it rose since TCJA. This is likely due to people with lower SALT deductions opting for the standard deduction, resulting in only people with higher deductions continuing to take it.

Moreover, since TCJA was enacted, the SALT deduction began accounting for a smaller share of the aggregate dollar amount of itemized deductions claimed across the income distribution.

SALT deductions as a percentage of the aggregate dollar amount of itemized deductions by AGI, 2013–2022

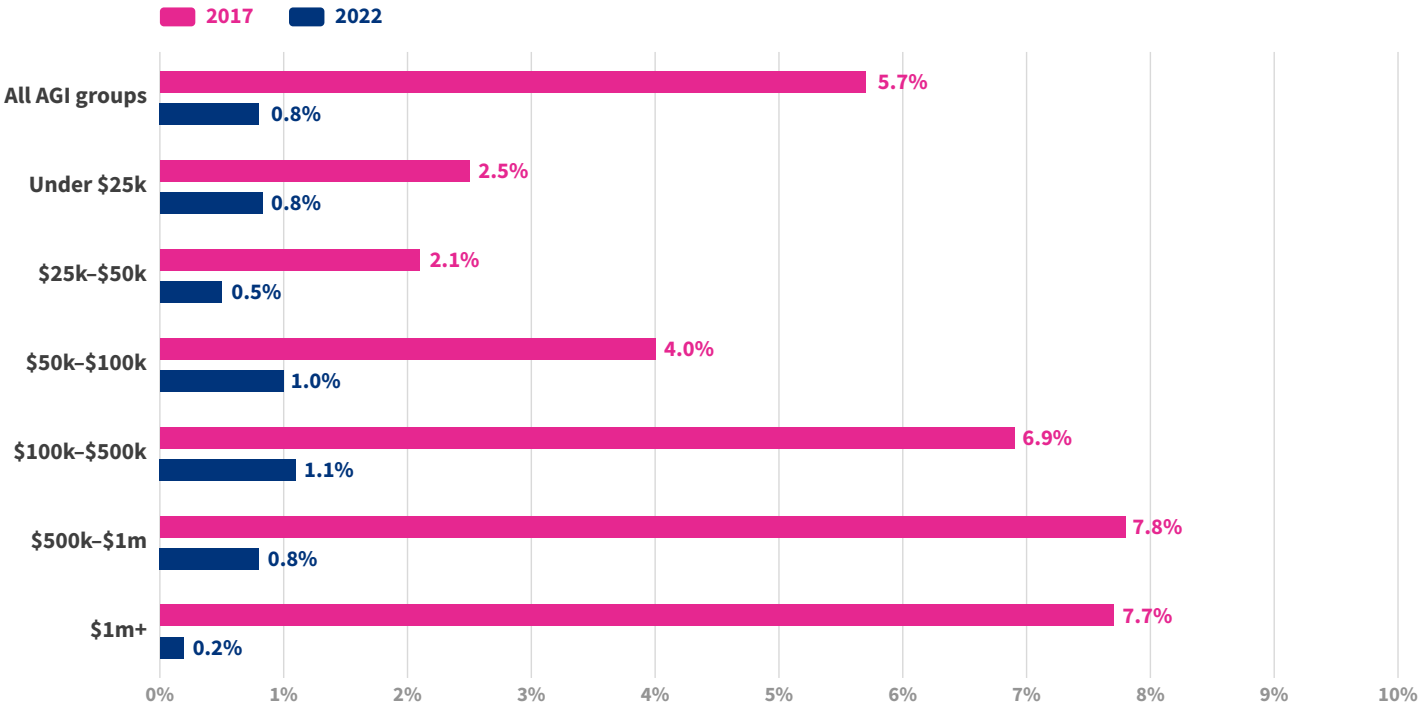


Source: Internal Revenue Service, Statistics of Income

The decline was particularly apparent among taxpayers earning over $500,000. For instance, for people making between $500,000 and $1 million per year, the SALT deduction accounted for 63.2% of the aggregate dollar amount of itemized deductions claimed in 2017, but 16.3% by 2022. For those making $1 million or more annually, the SALT deduction as a share of total itemized deductions claimed fell from 60.5% to 3.9%.

Lastly, the percent reduction in aggregate taxable income associated with the SALT deduction declined across all income levels.

Percent reduction in aggregate taxable income, 2017 vs 2022



Source: Internal Revenue Service, Statistics of Income

The impact of the SALT cap on aggregate taxable income has been most apparent among high-income individuals. In 2017, the SALT deduction provided a 7.7% decline in aggregate taxable income among those making at least $1 million per year. But by 2022, the deduction resulted in a 0.2% reduction.

CHANGES BY STATE

Since the enactment of TCJA, the rate at which taxpayers claimed the SALT deduction and the average SALT deduction fell across most states. However, the shifts were most notable among high-income, high tax states.

In 2017, for example, 35.3% of tax returns from New York — the state with the highest personal income taxes — claimed an average SALT deduction of $23,804. By 2022, 10.2% of returns from New York claimed the SALT deduction, with the average being $9,417. In that period, the SALT deduction as a percentage of the aggregate dollar amount of itemized deductions claimed by New York-based taxpayers declined from 61.2% to 19.6%. Moreover, the reduction in aggregate federally taxable income provided by the deduction decreased from 9.7% to 0.9%. The portion of returns from New Jersey claiming the SALT deduction during that period fell from 42.1% to 13.4%, with the average declining from $19,162 to $9,198, its share of the aggregate dollar amount of itemized deductions claimed falling from 57.7% to 23.3%, and the reduction in aggregate taxable income provided by the deduction declining from 9.1% to 1.1%.

While the rate at which returns claimed the SALT deduction also declined in lower-tax states, average deductions claimed were already low and changed marginally. For example, the portion of returns claiming SALT from Texas — which does not have a state personal income tax — fell from 24.8% in 2017 to 7.6% in 2022. During that period, the average SALT deduction claimed in Texas declined from $8,840 to $7,945, the SALT deduction's share of the aggregate dollar amount of all itemized deductions claimed by taxpayers in the state declined from 28.7% to 16.3%, and the percent reduction in federally aggregate taxable income provided by the deduction declined from 3.1% to 0.7%.

Shifts in itemizing and SALT deduction claims by state, 2017–2022

● LOWEST ● HIGHEST

		STATE TAXES			PERCENT CLAIMING SALT		AVERAGE SALT CLAIMED		SALT CLAIMED AS PERCENT OF AGGREGATE DOLLAR AMOUNT OF ITEMIZED DEDUCTIONS		PERCENT REDUCTION IN AGGREGATE TAXABLE INCOME	
	MEDIAN HOUSEHOLD INCOME, 2022	STATE INCOME TAX AS PERCENT OF PERSONAL INCOME, 2022	MEDIAN REAL ESTATE TAXES PAID, 2022	STATE SALES TAX RATE, 2022	2017	2022	2017	2022	2017	2022	2017	2022
AL	$59,674	2.4%	$718 ▼	4.0%	26.6%	7.1%	$6,296	$6,826	26.4%	16.4%	2.9%	0.7%
AK	$88,121	0.0% ▼	$3,650	0.0% ▼	22.2%	5.3%	$5,451	$6,486	24.6%	15.8%	1.8%	0.4%
AZ	$74,568	1.7%	$1,786	5.6%	29.7%	8.7%	$8,091	$6,995	31.6%	16.5%	3.7%	0.7%
AR	$55,432	2.2%	$977	6.5%	22.7%	5.8%	$9,732	$7,101	32.9%	12.1%	3.7%	0.6%
CA	$91,551	4.9%	$4,831	7.25% ▲	35.6%	15.3%	$20,451	$9,124	52.1%	21.4%	8.7%	1.3%
CO	$89,302	2.6%	$2,422	2.9%	33.5%	11.5%	$10,049	$8,030	37.2%	21.0%	4.4%	0.9%
CT	$88,429	3.2%	$6,189	6.35%	41.7%	11.4%	$20,905	$9,309	58.4%	21.1%	8.8%	0.9%
DE	$82,174	3.7%	$1,635	0.0% ▼	32.6%	9.3%	$9,873	$7,725	39.7%	22.2%	4.8%	0.9%
DC	$101,027	4.6%	$4,114	6.0%	40.7%	20.4%	$17,818	$8,684	49.5%	19.8%	7.4%	1.3%
FL	$69,303	0.0% ▼	$2,529	6.0%	24.6%	7.6%	$8,041	$7,221	25.5%	12.0%	2.8%	0.5%
GA	$72,837	2.9%	$2,160	4.0%	33.7%	11.4%	$9,955	$7,802	35.2%	20.7%	5.1%	1.1%
HI	$92,458	4.2%	$2,092	4.0%	30.4%	11.8%	$10,544	$7,916	38.3%	22.0%	4.9%	1.1%
ID	$72,785	2.3%	$1,995	6.0%	29.3%	8.4%	$9,854	$7,696	38.7%	18.7%	4.9%	0.8%
IL	$76,708	2.6%	$4,912	6.25%	32.4%	8.7%	$13,630	$8,639	49.3%	22.6%	5.9%	0.8%
IN	$66,785	3.2%	$1,467	7.0%	23.1%	5.2%	$9,324	$7,740	40.1%	18.7%	3.6%	0.5%
IA	$69,588	2.6%	$2,724	6.0%	30.7%	6.3%	$10,901	$7,708	46.4%	19.1%	5.3%	0.6%
KS	$68,925	2.6%	$2,578	6.5%	26.2%	6.7%	$10,507	$8,118	40.7%	18.3%	4.3%	0.7%
KY	$59,341	3.4%	$1,456	6.0%	26.6%	5.4%	$10,419	$7,972	45.2%	21.5%	4.9%	0.6%
LA	$55,416	1.7%	$1,127	4.45%	24.2%	6.0%	$7,272	$6,758	28.1%	15.8%	3.0%	0.6%
ME	$69,543	3.0%	$2,785	5.5%	27.3%	5.8%	$12,203	$8,365	50.1%	23.3%	5.7%	0.6%
MD	$94,991	4.4%	$3,777	6.0%	46.5%	19.9%	$13,563	$8,630	46.0%	26.5%	8.0%	1.8%
MA	$94,488	4.0%	$5,536	6.25%	37.7%	12.2%	$16,699	$8,896	52.4%	22.0%	6.6%	0.9%
MI	$66,986	2.3%	$2,746	6.0%	27.3%	5.9%	$10,399	$8,162	44.0%	17.6%	4.5%	0.6%
MN	$82,338	3.8%	$3,087	6.875%	35.4%	8.9%	$13,955	$8,415	50.6%	23.0%	6.6%	0.8%
MS	$52,719	1.8%	$1,161	7.0%	24.3%	6.4%	$6,595	$6,518	27.6%	16.8%	3.3%	0.7%
MO	$64,811	2.6%	$1,810	4.225%	26.6%	6.2%	$10,481	$7,840	41.1%	18.3%	4.6%	0.6%
MT	$67,631	3.5%	$2,498	0.0% ▼	29.4%	8.0%	$9,922	$7,936	40.7%	20.2%	4.9%	0.7%
NE	$69,597	2.4%	$3,313	5.5%	28.1%	6.2%	$11,929	$8,070	45.9%	18.3%	5.3%	0.6%
NV	$72,333	0.0% ▼	$1,889	6.85%	26.2%	8.3%	$6,941	$6,386	23.7%	10.5%	2.7%	0.6%
NH	$89,992	0.1%	$6,209	0.0% ▼	31.4%	7.5%	$10,662	$8,338	43.6%	19.5%	4.3%	0.6%
NJ	$96,346	2.9%	$8,897 ▲	6.625%	42.1%	13.4%	$19,162	$9,198	57.7%	23.3%	9.1%	1.1%
NM	$59,726	1.9%	$1,638	5.125%	22.6%	5.9%	$7,634	$7,212	32.3%	18.9%	3.2%	0.6%
NY	$79,557	5.8% ▲	$6,180	4.0%	35.3%	10.2%	$23,804	$9,417	61.2%	19.6%	9.7%	0.9%
NC	$67,481	2.8%	$1,769	4.75%	29.1%	8.0%	$9,993	$7,754	39.2%	20.0%	4.6%	0.7%
ND	$71,970	0.8%	$2,347	5.0%	19.7%	4.6%	$6,701	$6,331	27.0%	11.0%	2.0%	0.3%
OH	$65,720	2.6%	$2,639	5.75%	26.3%	5.2%	$10,753	$7,847	46.8%	19.9%	4.7%	0.5%
OK	$59,673	1.8%	$1,501	4.5%	23.7%	6.5%	$8,263	$7,098	29.4%	13.6%	3.3%	0.6%
OR	$75,657	4.4%	$3,646	0.0% ▼	37.2%	12.4%	$13,640	$8,682	48.0%	25.8%	7.4%	1.3%
PA	$71,798	2.7%	$3,094	6.0%	29.1%	6.9%	$11,846	$8,277	47.0%	18.8%	5.0%	0.7%
RI	$81,854	2.7%	$4,726	7.0%	33.3%	8.1%	$13,045	$8,515	51.7%	25.1%	6.5%	0.8%
SC	$64,115	2.4%	$1,185	6.0%	28.0%	7.5%	$9,377	$7,667	37.2%	19.8%	4.4%	0.7%
SD	$69,728	0.0% ▼	$2,481	4.5%	18.0%	4.4%	$6,813	$6,339	24.9%	9.3%	1.9%	0.3%
TN	$65,254	0.0% ▼	$1,376	7.0%	19.8%	5.6%	$5,997	$6,190	23.7%	13.0%	2.0%	0.4%
TX	$72,284	0.0% ▼	$4,050	6.25%	24.8%	7.6%	$8,840	$7,945	28.7%	16.3%	3.1%	0.7%
UT	$89,168	3.3%	$2,376	4.85%	36.2%	13.8%	$9,187	$8,421	33.2%	18.1%	4.9%	1.2%
VT	$73,991	3.1%	$4,787	6.0%	27.7%	5.8%	$12,971	$8,460	50.6%	20.2%	5.8%	0.6%
VA	$85,873	3.3%	$2,617	5.3%	37.9%	13.5%	$11,997	$8,458	42.1%	21.8%	5.8%	1.2%
WA	$91,306	0.0% ▼	$4,283	6.5%	31.1%	11.5%	$8,392	$7,917	31.1%	17.3%	3.1%	0.8%
WV	$54,329	2.8%	$821	6.0%	17.4%	3.4%	$9,627	$7,802	41.8%	19.5%	3.2%	0.4%
WI	$70,996	2.5%	$3,497	5.0%	31.7%	6.1%	$12,139	$8,134	50.9%	21.4%	6.0%	0.6%
WY	$70,042	0.0% ▼	$1,609	4.0%	21.9%	5.2%	$7,119	$6,047	22.0%	4.9%	2.0%	0.3%

Source: Internal Revenue Service, Statistics of Income; US Census Bureau, State and Local Government Finance Historical Datasets; US Census Bureau, American Community Survey

TAX DATA CHALLENGES

All of the data discussed in this explainer are compiled and published by the IRS's Statistics of Income (SOI). While these data provide valuable insight, statistical systems that use tax data face several challenges. As such, policymakers and analysts have limited information to evaluate the effect of previous tax policy and the potential impact of new proposals. Some of the limitations in tax data include:

Delays

There are major delays in tax data.

- Tabulated topline data typically lags two to three years, with the most recent individual and corporate income tax data being from 2022 and 2021, respectively.
- The latest public-use file, which provides detailed microdata on individual income tax returns, is from 2015, and there is no public-use file on corporate income tax returns. This means that economists are still unable to perform deeper analyses of the impact of TCJA (enacted in 2017) on investment, work, and earnings. Moreover, they are also forced to rely on decade-old data when attempting to forecast the potential impact of new policy changes into the 2030s.

Unpublished data

Despite gathering significant amounts of information from businesses, workers, families, and educational institutions, among others, the IRS has been unable to publish data on several key topics Americans care about, such as health insurance and student debt.

Website

Tax data is not easily accessible on the IRS's website. Users must have a strong working knowledge of existing tables and the US tax system to answer simple questions.

Informational technology

The IRS runs on outdated hardware, meaning that SOI is unable to leverage modern tools, such as AI and machine reading, to efficiently prepare data for the public.

Talent

SOI relies on a team of statisticians, data scientists, and other specialized professionals to produce data for the public. However, it has long faced a resource-constrained environment with limited staffing. This impacts SOI's capacity to release data, contributing to delays and unpublished data.

APPENDIX: **DETAILED TABLES**

Percent of returns claiming the salt deduction by AGI, 2013–2022

AGI Group	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
All AGI groups	29.8%	29.3%	29.4%	29.8%	30.4%	11.3%	10.9%	9.4%	9.1%	9.3%
Under $25k	5.6%	5.1%	5.2%	5.5%	5.3%	1.7%	1.4%	1.3%	1.1%	1.3%
$25k–$50k	21.0%	19.3%	18.4%	18.2%	17.9%	4.6%	4.4%	3.7%	3.3%	3.3%
$50k–$100k	48.1%	45.6%	43.8%	43.7%	42.9%	13.5%	13.0%	11.1%	10.1%	9.6%
$100k–$500k	81.9%	80.4%	79.7%	79.9%	79.8%	31.8%	30.4%	26.3%	23.0%	22.4%
$500k–$1m	92.2%	92.1%	92.8%	93.5%	92.9%	65.5%	64.2%	60.0%	53.9%	53.7%
$1m+	91.6%	90.7%	91.1%	91.5%	91.4%	77.3%	75.7%	72.2%	69.2%	69.2%

Source: Internal Revenue Service, Statistics of Income

Average salt deduction by AGI, 2013–2022

AGI Group	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
All AGI groups	$11,510	$11,933	$12,514	$12,635	$13,457	$8,395	$8,070	$8,066	$8,139	$8,303
Under $25k	$3,380	$3,517	$3,524	$3,711	$3,649	$4,245	$4,230	$4,197	$4,570	$4,670
$25k–$50k	$3,971	$3,924	$3,967	$4,124	$4,211	$4,920	$5,145	$5,274	$5,067	$5,540
$50k–$100k	$6,319	$6,330	$6,325	$6,448	$6,590	$6,824	$6,874	$6,891	$6,947	$7,106
$100k–$500k	$14,019	$14,002	$14,194	$14,476	$14,795	$9,390	$9,255	$9,253	$9,117	$9,182
$500k–$1m	$57,035	$52,875	$54,491	$54,982	$56,236	$10,952	$10,092	$9,883	$9,809	$9,921
$1m+	$288,352	$260,460	$274,833	$272,530	$282,402	$23,250	$11,150	$10,328	$10,548	$11,233

Source: Internal Revenue Service, Statistics of Income

SALT deductions as a percentage of the aggregate dollar amount of itemized deductions by AGI, 2013–2022

AGI Group	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
All AGI groups	42.6%	43.1%	44.0%	43.8%	44.6%	22.5%	21.5%	20.4%	18.1%	18.7%
Under $25k	21.3%	21.6%	21.5%	22.3%	21.7%	17.6%	17.1%	15.1%	16.3%	11.7%
$25k–$50k	24.6%	24.5%	24.1%	24.1%	24.7%	24.7%	20.8%	20.6%	19.1%	18.8%
$50k–$100k	33.0%	32.8%	32.7%	33.3%	33.1%	27.6%	26.4%	26.1%	25.7%	25.4%
$100k–$500k	46.1%	46.5%	46.8%	47.2%	47.2%	27.8%	26.9%	27.1%	26.4%	25.6%
$500k–$1m	63.5%	63.3%	64.2%	63.7%	63.2%	18.0%	16.8%	17.0%	17.1%	16.3%
$1m+	62.9%	61.2%	62.9%	58.4%	60.5%	7.8%	4.2%	3.6%	3.3%	3.9%

Source: Internal Revenue Service, Statistics of Income

APPENDIX: **DETAILED TABLES**

Percent reduction in aggregate taxable income, 2017 vs 2022

AGI Group	2017	2022
All AGI groups	5.7%	0.8%
Under $25k	2.5%	0.8%
$25k–$50k	2.1%	0.5%
$50k–$100k	4.0%	1.0%
$100k–$500k	6.9%	1.1%
$500k–$1m	7.8%	0.8%
$1m+	7.7%	0.2%

Source: Internal Revenue Service, Statistics of Income