

plans. The amendment would not, therefore, be a desirable extension of the provisions applying to pension and profit-sharing plans of self-employed people.

Moreover, the amendment would involve an estimated revenue loss of \$2 to \$3 million for fiscal year 1967 and \$5 to \$10 million for fiscal 1968. As indicated above, such a loss in Federal revenues is not appropriate at this time.

It is our understanding that the primary purpose of this amendment is to permit self-employed individuals in small businesses to make significant contributions to pension plans. This objective could more appropriately be achieved by raising the present \$2,500 minimum amount which may be treated as earned income. A reasonable figure might be \$6,600, the present self-employment tax base for social security purposes. It is estimated that an amendment of this type would reduce the 1967 revenue loss to less than \$0.3 million and the 1968 loss to less than \$1 million.

OFFICE OF THE SECRETARY OF THE TREASURY.
OFFICE OF TAX LEGISLATIVE COUNSEL.

(Signed) THOMAS B. CURTIS.