Basis of the current estimates.—The fiscal year 1969 budget assumed that a 10-percent tax surcharge on individual and corporation incomes would be enacted promptly and would become effective as of April 1, 1968, and January 1, 1968, respectively. The surcharge was not enacted until late June, however, and tax withholding and corporation payments under it did not begin until July. Partly because of the later effective date of this fiscal restraint, economic activity during the first half of calendar 1968 was greater than was projected in the January budget and the level of activity for the entire year is expected to be somewhat higher than assumed in January.

ECONOMIC ASSUMPTIONS, CALENDAR YEAR 1968

[In billions of dollars]

	January projection	Current projection [1]
Gross national product	846	854
Personal income	675	683
Corporate profits before taxes	87	89

[1] Recent upward revisions by the Commerce Department in the estimates of national income and gross national product account for part of the increases in the current projections over the January projections.

Note: Change in budget receipts: The increase of $1,300,000,000 in total receipts over the estimates made last January reflects mainly the impact on collections of the delay in the enactment of the tax proposals included in the January budget (with retroactive collection of receipts that would have been realized in the previous fiscal year), offest in part by downward revisions in the estimated yield of the existing tax system.

TABLE 5.—EFFECT OF TAX LEGISLATION ON BUDGET RECEIPTS

[Fiscal years; in billions of dollars]

	1968		1969	
	January estimate	Actual	January estimate	Current estimate
Income taxes:				
Surcharge:				
Individual income taxes	0.9		6.9	7.8
Corporation income taxes	1.0		2.9	3.7
Acceleration of corporation income tax payments	.8		.4	1.0
Subtotal, income taxes	2.7		10.2	12.5
Excise taxes:				
Automobiles	.2	0.1	1.5	1.6
Telephone service	.1	.1	1.2	1.2
Subtotal, excise taxes	.3	.2	2.7	2.8
Total effect of tax legislation	3.0	.2	12.9	15.3

Note: Details in the table may not add to totals due to rounding.

The budget last January proposed—

A surcharge of 10 percent on income tax liabilities effective April 1, 1968 for individuals and January 1, 1968 for corporations, terminating on June 30, 1969.

An acceleration of corporation tax payments;

Extension of excise tax rates on automobiles and telephone services at 7 and 10 percent, respectively, through June 30, 1969; and

Transportation and other user charges.

Enactment of these proposals was estimated to result in added revenues of $3 billion in fiscal year 1968. However, the proposed surcharge and corporate tax acceleration were not enacted in time for any