negotiations in Congress.

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By Alexis Leondis, Bloomberg Opinion (TNS)

In the late 1970s and early 1980s, one of the ways inflation reared its ugly head was through what's known as bracket creep. Since the income cutoffs for different tax rates weren't periodically adjusted for inflation, millions of Americans paid higher rates while their real incomes stayed the same.

Tax cuts initiated by President Ronald Reagan took care of that; since 1985, the

been set at $25 since 1962.

Unfortunately, whether a tax provision is inflation-adjusted is dependent on whether lawmakers believe there is enough money to allow for it when they are drafting legislation. More often than not, inflation accommodations are the first to go during negotiations in Congress—and then are easily forgotten. And so, we're left with a U.S. tax code that's a total hodgepodge.

Sure, gasoline prices may be cooling, but annual inflation remains north of 8% and food prices are still elevated. When inflation is high, those adjustments matter even more because they increase the value of tax credits and deductions. Without them, tax benefits effectively stay flat as everything else becomes more expensive.

Another way things are skewed is when the income thresholds to qualify for certain tax credits and deductions, as well as those that trigger certain taxes (such as the net investment income tax), don't keep pace with inflation.

For example, the thresholds for owing the net investment income tax, which subjects those with higher incomes to a tax on investment income to help pay for Medicare, have been set since 2013 at $200,000 for single taxpayers and $250,000 for those married filing jointly. Adjusted for inflation, those cutoffs would now be $257,000 and $322,000, respectively, according to Alex Muresianu at the Tax Foundation.

Going back to the child tax credit, a helpful example from the Urban-Brookings Tax Policy Center shows how the lack of inflation adjustments can add up over time. If the current $2,000 credit stays the same, by 2032, it will be worth just $1,430, based on inflation projections from the Congressional Budget Office

Remember, the child tax credit was increased as part of the 2017 tax overhaul to compensate for ending the personal exemption for dependents, which was the amount of money taxpayers used to be able to exclude from their income for having

homeowners are allowed to exclude from their taxes when they sell a primary home has been stuck since 1997 at $250,000 for single taxpayers and $500,000 for those married filing jointly. A report by the Congressional Research Service points out that the average price on the sale of an existing home has increased by 151% since then, and suggested that lawmakers consider indexing those numbers to general inflation or housing prices.

There are some tax issues where the argument for automatically indexing to inflation is more complicated. Under the current system, capital gains aren't indexed, so when someone sells a stock or home for a profit, the original purchase price isn't adjusted for inflation. Such a wholesale change would result in a significant budget deficit and disproportionately benefit the wealthiest taxpayers.

But there are many other places in the tax code where an annual nod to inflation would be an easier lift. If lawmakers are looking to make higher prices easier to bear, one of the most practical ways to start would be with actual inflation adjustments.

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