

**Table T06-0322**  
**Finance Repeal of Personal Exemption Phaseout (PEP) and Limitation on Itemized Deductions (Pease) By Increasing Top Two Marginal Rates to 34.6 and 36.6 Percent, Baseline Assumes No AMT Fix Distribution of Federal Tax Change by Cash Income Percentile, 2010<sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Percent of Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>5</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.4	0.0	3.6
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.3	0.0	7.9
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	7.7	0.0	14.9
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	17.5	0.0	19.5
Top Quintile	2.9	0.9	0.0	100.0	-7	0.0	0.0	72.0	0.0	26.0
All	0.6	0.2	0.0	100.0	-1	0.0	0.0	100.0	0.0	21.9
<b>Addendum</b>										
Top 10 Percent	5.9	1.7	0.0	100.0	-13	0.0	0.0	56.1	0.0	27.3
Top 5 Percent	11.2	3.5	0.0	96.7	-25	0.0	0.0	43.5	0.0	28.1
Top 1 Percent	36.1	15.1	0.0	4.6	-6	0.0	0.0	25.1	0.0	29.5
Top 0.5 Percent	43.5	24.8	0.0	-241.8	635	0.1	0.0	20.3	0.0	30.3
Top 0.1 Percent	27.0	50.2	-0.1	-448.9	5,892	0.3	0.0	12.4	0.1	32.0

**Baseline Distribution of Income and Federal Taxes by Cash Income Percentile, 2010<sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Tax Units <sup>3</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>4</sup> (Dollars)	Average Federal Tax Rate <sup>5</sup>	Share of Pre-Tax Income Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Lowest Quintile	30,349	19.6	9,317	338	8,978	3.6	2.5	3.0	0.4
Second Quintile	30,951	20.0	23,511	1,853	21,658	7.9	6.3	7.5	2.3
Middle Quintile	30,935	20.0	41,886	6,221	35,665	14.9	11.3	12.3	7.7
Fourth Quintile	30,943	20.0	72,976	14,214	58,762	19.5	19.6	20.2	17.5
Top Quintile	30,945	20.0	225,458	58,568	166,890	26.0	60.7	57.5	72.0
All	154,718	100.0	74,322	16,262	58,060	21.9	100.0	100.0	100.0
<b>Addendum</b>									
Top 10 Percent	15,472	10.0	334,549	91,166	243,383	27.3	45.0	41.9	56.1
Top 5 Percent	7,734	5.0	502,540	141,402	361,138	28.1	33.8	31.1	43.5
Top 1 Percent	1,547	1.0	1,384,540	408,789	975,751	29.5	18.6	16.8	25.1
Top 0.5 Percent	774	0.5	2,181,481	660,088	1,521,392	30.3	14.7	13.1	20.3
Top 0.1 Percent	155	0.1	6,319,084	2,016,049	4,303,035	31.9	8.5	7.4	12.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-1).

(1) Calendar year. Baseline is current law with no repeal of Pease and PEP. Under current law, the top two individual income tax rates are 33 and 35 percent. The proposal assumes that Pease and PEP are repealed and the top two rates are increased by 4.7 percent to 34.6 and 36.6 percent.

(2) Tax units with negative cash income are excluded from the lowest quintile but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.