

A more detailed version of this table including baseline values and additional distribution measures is available on the second worksheet in the Excel file and second page of the pdf.

3-Dec-07

PRELIMINARY RESULTS

<http://www.taxpolicycenter.org>

Table T07-0336
Major Individual Income and Estate Tax Components of Former Sen. Fred Thompson's Tax Plan
Distribution of Federal Tax Change by Cash Income Percentile, 2011 ¹
Summary Table

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase				Change (%)	Under the Proposal
Lowest Quintile	17.4	1.4	0.7	0.3	-69	-0.7	3.3
Second Quintile	68.3	1.1	3.4	3.3	-740	-3.0	6.7
Middle Quintile	86.7	0.4	4.6	7.5	-1,649	-3.8	13.0
Fourth Quintile	97.8	0.1	6.4	17.2	-3,802	-5.0	16.3
Top Quintile	99.4	0.1	9.5	71.6	-15,851	-6.8	21.5
All	73.9	0.6	7.6	100.0	-4,429	-5.8	18.3
Addendum							
80-90	99.3	0.0	7.8	16.1	-7,114	-5.9	18.3
90-95	99.6	0.1	9.2	13.2	-11,675	-6.8	19.4
95-99	99.6	0.1	8.7	16.6	-18,386	-6.3	21.7
Top 1 Percent	99.5	0.0	11.9	25.7	-113,962	-8.0	25.3
Top 0.1 Percent	99.7	0.0	13.1	12.3	-545,298	-8.4	27.8

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

Number of AMT Taxpayers (millions). Baseline: 18.5 Proposal: 0.0

(1) Proposal is effective 01/01/09. Baseline is current law. Proposal extends the provisions of the 2001-2006 tax cuts affecting marginal tax rates; the 10-percent bracket; the child tax credit; the child and dependent care credit; the standard deduction, 15-percent bracket, and EITC for married couples; tax rates on long-term capital gains and dividends; expansion of student loan interest deduction (excludes other education provisions); and estate tax exemption, rates, and state death tax credit. Proposal also repeals the individual alternative minimum tax and allows taxpayers an election between the current tax system and an alternative tax system that denies adjustments to income, itemized deductions, and tax credits and that has a standard deduction of \$12,500 (\$25,000 for joint returns), personal exemptions of \$3,500, and rates of 10% up to \$50,000 (\$100,000 for joint returns) and 25% above that level. The preferential rates on capital gains and dividends are retained in the alternative tax. The alternative tax is modeled as described in H.R. 3818, with the exception that gross income is replaced by total income in the determination of the tax base. Dollar values are presented in 2007 dollars and indexed for inflation. Taxpayers are assumed to pay whichever tax is lower, the current tax or the simplified tax system.

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

(3) The cash income percentile breaks used in this table are (in 2006 dollars): 20% \$15,384, 40% \$29,083, 60% \$50,348, 80% \$89,737, 90% \$132,504, 95% \$186,771, 99% \$447,567, 99.5% \$697,094, and 99.9% 1,996,728.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) 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.

(6) 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.