

Table T09-0284
Administration's Fiscal Year 2010 Budget Proposals
Major Individual Income Tax Provisions, Maintain Estate Tax at 2009 Parameters, Major Corporate Tax Provisions
Baseline: Administration Baseline
Distribution of Federal Tax Change by Cash Income Level, 2012 ¹
Summary Table

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
Less than 10	71.9	0.0	5.8	136.6	-313	-5.5	-0.2
10-20	72.3	0.2	3.6	335.1	-535	-3.5	1.1
20-30	85.3	0.2	2.5	324.2	-593	-2.3	6.4
30-40	92.3	0.1	2.0	266.3	-638	-1.8	11.1
40-50	94.2	0.0	1.6	213.1	-643	-1.4	14.0
50-75	96.5	0.1	1.3	410.4	-698	-1.1	16.4
75-100	97.5	0.3	1.0	271.0	-725	-0.8	18.4
100-200	93.3	0.4	0.7	404.4	-753	-0.5	21.1
200-500	62.9	26.3	-0.3	-105.2	679	0.2	24.4
500-1,000	17.4	81.9	-2.9	-411.4	15,106	2.2	27.6
More than 1,000	8.3	91.5	-5.8	-1,750.9	126,913	4.1	33.7
All	85.4	2.0	0.0	100.0	-25	0.0	20.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

Number of AMT Taxpayers (millions). Baseline: 5.1 Proposal: 4.1

(1) Calendar year. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. Proposal would: (a) extend the Making Work Pay Credit, reduce the phase-out rate to 1.6 percent, and index the phase-out thresholds for inflation after 2010; (b) extend the higher EITC credit value for families with 3 children and higher phase-out threshold for married couples; (c) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (d) create automatic 401(k)s and IRAs; (e) extend the American Opportunity Tax Credit; (f) extend the \$3,000 child tax credit refundability threshold; (g) reinstate the 39.6 percent bracket; (h) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009;

(i) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (j) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets and repeal the 8 percent and 18 percent rates for assets held for more than 5 years; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters. Corporate income tax measures included were making the research and experimentation tax credit permanent; expanding net operating loss carryback, taxing carried interest as ordinary income, repealing LIFO, and implementing international enforcement, reform deferral and other reform policies.

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

(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.

Table T09-0284
Administration's Fiscal Year 2010 Budget Proposals
Major Individual Income Tax Provisions, Maintain Estate Tax at 2009 Parameters, Major Corporate Tax Provisions
Baseline: Administration Baseline
Distribution of Federal Tax Change by Cash Income Level, 2012¹
Detail Table

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	71.9	0.0	5.8	136.6	-313	-102.7	-0.2	0.0	-5.5	-0.2
10-20	72.3	0.2	3.6	335.1	-535	-75.3	-0.5	0.2	-3.5	1.1
20-30	85.3	0.2	2.5	324.2	-593	-26.4	-0.5	1.4	-2.3	6.4
30-40	92.3	0.1	2.0	266.3	-638	-13.8	-0.4	2.6	-1.8	11.1
40-50	94.2	0.0	1.6	213.1	-643	-9.0	-0.3	3.4	-1.4	14.0
50-75	96.5	0.1	1.3	410.4	-698	-6.2	-0.6	9.6	-1.1	16.4
75-100	97.5	0.3	1.0	271.0	-725	-4.2	-0.4	9.6	-0.8	18.4
100-200	93.3	0.4	0.7	404.4	-753	-2.5	-0.6	24.9	-0.5	21.1
200-500	62.9	26.3	-0.3	-105.2	679	1.0	0.2	17.4	0.2	24.4
500-1,000	17.4	81.9	-2.9	-411.4	15,106	8.5	0.7	8.3	2.2	27.6
More than 1,000	8.3	91.5	-5.8	-1,750.9	126,913	13.8	2.8	22.5	4.1	33.7
All	85.4	2.0	0.0	100.0	-25	-0.2	0.0	100.0	0.0	20.6

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2012¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Pre-Tax Income	Tax Income	Federal Taxes
Less than 10	16,867	10.7	5,698	305	5,393	5.4	0.8	1.0	0.2
10-20	24,202	15.4	15,471	710	14,761	4.6	3.1	3.8	0.7
20-30	21,129	13.4	25,711	2,250	23,461	8.8	4.5	5.2	1.9
30-40	16,119	10.2	36,076	4,637	31,438	12.9	4.9	5.3	3.0
40-50	12,811	8.1	46,449	7,131	39,319	15.4	5.0	5.3	3.7
50-75	22,730	14.5	63,828	11,176	52,652	17.5	12.1	12.6	10.3
75-100	14,433	9.2	89,794	17,198	72,596	19.2	10.8	11.0	10.0
100-200	20,762	13.2	140,646	30,389	110,257	21.6	24.4	24.1	25.5
200-500	5,989	3.8	294,838	71,232	223,607	24.2	14.7	14.1	17.2
500-1,000	1,052	0.7	703,124	178,856	524,267	25.4	6.2	5.8	7.6
More than 1,000	533	0.3	3,105,866	919,118	2,186,748	29.6	13.8	12.3	19.8
All	157,348	100.0	76,169	15,744	60,424	20.7	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

Number of AMT Taxpayers (millions). Baseline: 5.1 Proposal: 4.1

(1) Calendar year. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. Proposal would: (a) extend the Making Work Pay Credit, reduce the phase-out rate to 1.6 percent, and index the phase-out thresholds for inflation after 2010; (b) extend the higher EITC credit value for families with 3 children and higher phase-out threshold for married couples; (c) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (d) create automatic 401(k)s and IRAs; (e) extend the American Opportunity Tax Credit; (f) extend the \$3,000 child tax credit refundability threshold; (g) reinstate the 39.6 percent bracket; (h) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009;

(i) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (j) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets and repeal the 8 percent and 18 percent rates for assets held for more than 5 years; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters. Corporate income tax measures included were making the research and experimentation tax credit permanent; expanding net operating loss carryback, taxing carried interest as ordinary income, repealing LIFO, and

(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

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(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.

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Major Individual Income Tax Provisions, Maintain Estate Tax at 2009 Parameters, Major Corporate Tax Provisions
Baseline: Administration Baseline
Distribution of Federal Tax Change by Cash Income Level, 2012¹
Detail Table - Single Tax Units

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	71.3	0.0	5.1	24.9	-265	-55.0	-0.5	0.4	-4.7	3.8
10-20	65.7	0.3	2.2	36.2	-314	-24.5	-0.7	2.3	-2.1	6.3
20-30	83.8	0.1	1.8	33.8	-389	-11.5	-0.6	5.4	-1.5	11.7
30-40	93.2	0.0	1.6	27.8	-473	-7.6	-0.4	7.1	-1.3	16.0
40-50	95.4	0.0	1.2	20.0	-431	-4.9	-0.2	8.2	-0.9	18.2
50-75	96.3	0.0	0.9	30.2	-442	-3.3	-0.2	18.7	-0.7	20.8
75-100	96.8	0.0	0.6	11.1	-394	-1.9	0.0	12.1	-0.4	23.1
100-200	76.0	0.0	0.2	4.5	-169	-0.5	0.3	18.3	-0.1	24.1
200-500	52.7	39.7	-0.5	-7.4	1,214	1.6	0.4	9.8	0.4	25.6
500-1,000	19.8	79.4	-2.8	-15.3	14,276	7.5	0.4	4.6	2.1	29.5
More than 1,000	11.7	88.1	-5.7	-66.3	113,660	11.9	1.6	13.0	3.8	36.2
All	80.9	0.8	0.5	100.0	-187	-2.0	0.0	100.0	-0.4	20.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2012¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Pre-Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	12,093	17.5	5,684	482	5,203	8.5	2.3	2.6	0.9
10-20	14,849	21.5	15,322	1,286	14,036	8.4	7.5	8.7	3.0
20-30	11,214	16.3	25,573	3,371	22,202	13.2	9.5	10.4	6.0
30-40	7,581	11.0	36,006	6,225	29,781	17.3	9.0	9.4	7.5
40-50	5,967	8.7	46,386	8,879	37,507	19.1	9.2	9.4	8.4
50-75	8,814	12.8	62,955	13,521	49,433	21.5	18.4	18.2	18.9
75-100	3,630	5.3	88,784	20,931	67,854	23.6	10.7	10.3	12.1
100-200	3,425	5.0	136,925	33,201	103,724	24.3	15.5	14.8	18.0
200-500	789	1.1	299,674	75,425	224,249	25.2	7.8	7.4	9.4
500-1,000	138	0.2	695,858	191,298	504,560	27.5	3.2	2.9	4.2
More than 1,000	75	0.1	2,961,621	958,491	2,003,130	32.4	7.4	6.3	11.4
All	68,932	100.0	43,878	9,146	34,731	20.8	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

(1) Calendar year. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. Proposal would: (a) extend the Making Work Pay Credit, reduce the phase-out rate to 1.6 percent, and index the phase-out thresholds for inflation after 2010; (b) extend the higher EITC credit value for families with 3 children and higher phase-out threshold for married couples; (c) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (d) create automatic 401(k)s and IRAs; (e) extend the American Opportunity Tax Credit; (f) extend the \$3,000 child tax credit refundability threshold; (g) reinstate the 39.6 percent bracket; (h) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009;

(i) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (j) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets and repeal the 8 percent and 18 percent rates for assets held for more than 5 years; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters. Corporate income tax measures included were making the research and experimentation tax credit permanent; expanding net operating loss carryback, taxing carried interest as ordinary income, repealing LIFO, and implementing international enforcement, reform deferral and other reform policies.

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Major Individual Income Tax Provisions, Maintain Estate Tax at 2009 Parameters, Major Corporate Tax Provisions
Baseline: Administration Baseline
Distribution of Federal Tax Change by Cash Income Level, 2012¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	59.6	0.0	5.9	-2.5	-268	-117.4	0.0	0.0	-5.6	-0.8
10-20	73.4	0.0	4.9	-13.7	-766	-173.7	-0.2	-0.1	-4.8	-2.0
20-30	78.3	0.0	3.5	-18.3	-865	-74.1	-0.3	0.1	-3.4	1.2
30-40	85.3	0.3	2.7	-17.3	-893	-32.6	-0.2	0.5	-2.5	5.1
40-50	89.5	0.1	2.4	-17.5	-984	-20.5	-0.3	0.9	-2.1	8.2
50-75	95.8	0.1	1.7	-41.2	-955	-10.5	-0.6	4.8	-1.5	12.6
75-100	97.6	0.4	1.2	-35.7	-892	-5.8	-0.6	7.9	-1.0	16.2
100-200	99.0	0.4	0.8	-65.2	-912	-3.1	-1.3	28.0	-0.6	20.3
200-500	65.7	23.2	-0.3	12.1	553	0.8	-0.1	21.2	0.2	24.2
500-1,000	17.3	82.1	-2.9	58.5	15,159	8.6	0.7	10.1	2.2	27.3
More than 1,000	7.8	92.0	-5.8	241.4	126,089	14.1	3.0	26.5	4.1	33.2
All	87.3	3.9	-0.4	100.0	372	1.4	0.0	100.0	0.3	21.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2012¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Pre-Tax Income	Tax Income	Federal Taxes
							Percent of Total	Percent of Total	Percent of Total
Less than 10	2,164	3.5	4,748	228	4,520	4.8	0.1	0.2	0.0
10-20	4,064	6.6	15,973	441	15,532	2.8	0.8	1.0	0.1
20-30	4,828	7.9	25,857	1,168	24,689	4.5	1.6	2.0	0.3
30-40	4,406	7.2	36,192	2,739	33,453	7.6	2.1	2.4	0.7
40-50	4,057	6.6	46,612	4,804	41,808	10.3	2.5	2.8	1.2
50-75	9,840	16.0	64,984	9,109	55,874	14.0	8.3	9.1	5.4
75-100	9,114	14.9	90,400	15,516	74,885	17.2	10.7	11.2	8.5
100-200	16,285	26.5	141,926	29,768	112,159	21.0	29.9	30.1	29.3
200-500	4,998	8.2	294,061	70,524	223,537	24.0	19.0	18.4	21.3
500-1,000	880	1.4	704,704	177,065	527,638	25.1	8.0	7.6	9.4
More than 1,000	437	0.7	3,067,872	892,687	2,175,185	29.1	17.3	15.6	23.5
All	61,357	100.0	126,020	26,988	99,032	21.4	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

(1) Calendar year. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. Proposal would: (a) extend the Making Work Pay Credit, reduce the phase-out rate to 1.6 percent, and index the phase-out thresholds for inflation after 2010; (b) extend the higher EITC credit value for families with 3 children and higher phase-out threshold for married couples; (c) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (d) create automatic 401(k)s and IRAs; (e) extend the American Opportunity Tax Credit; (f) extend the \$3,000 child tax credit refundability threshold; (g) reinstate the 39.6 percent bracket; (h) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009;

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Major Individual Income Tax Provisions, Maintain Estate Tax at 2009 Parameters, Major Corporate Tax Provisions
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Distribution of Federal Tax Change by Cash Income Level, 2012¹
Detail Table - Head of Household Tax Units

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	84.9	0.0	8.3	9.2	-592	114.9	-1.3	-2.2	-8.9	-16.7
10-20	89.7	0.0	6.2	31.7	-1,008	116.0	-4.4	-7.5	-6.5	-12.1
20-30	95.2	0.7	3.2	24.1	-807	-146.1	-2.8	-1.0	-3.1	-1.0
30-40	98.2	0.2	2.1	16.3	-688	-19.9	-0.9	8.4	-1.9	7.7
40-50	98.6	0.0	1.6	9.5	-621	-9.6	0.2	11.4	-1.3	12.6
50-75	98.8	0.0	1.3	14.8	-657	-6.1	1.6	29.0	-1.1	16.1
75-100	98.3	0.0	0.8	5.1	-578	-3.2	1.6	19.4	-0.7	19.5
100-200	61.3	0.0	0.2	1.1	-204	-0.7	2.3	21.6	-0.2	22.7
200-500	41.0	36.8	-0.5	-1.0	1,045	1.5	1.1	8.5	0.4	24.1
500-1,000	13.7	84.0	-3.0	-2.3	15,567	9.4	0.7	3.4	2.3	26.4
More than 1,000	4.4	94.9	-6.0	-8.6	124,673	14.0	2.0	8.9	4.2	34.2
All	92.8	0.5	1.8	100.0	-649	-11.3	0.0	100.0	-1.6	12.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2012¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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							
Less than 10	2,467	10.1	6,622	-515	7,137	-7.8	1.6	2.0	-0.9
10-20	4,998	20.4	15,513	-869	16,382	-5.6	7.6	9.3	-3.1
20-30	4,757	19.4	25,869	552	25,316	2.1	12.0	13.6	1.9
30-40	3,777	15.4	36,040	3,462	32,578	9.6	13.3	13.9	9.3
40-50	2,442	10.0	46,392	6,461	39,932	13.9	11.1	11.0	11.2
50-75	3,577	14.6	62,829	10,781	52,047	17.2	21.9	21.1	27.4
75-100	1,399	5.7	88,811	17,891	70,920	20.1	12.1	11.2	17.8
100-200	895	3.7	132,422	30,299	102,123	22.9	11.6	10.3	19.3
200-500	150	0.6	294,067	69,939	224,127	23.8	4.3	3.8	7.5
500-1,000	24	0.1	684,765	164,861	519,904	24.1	1.6	1.4	2.8
More than 1,000	11	0.0	2,969,130	891,050	2,078,079	30.0	3.2	2.6	6.9
All	24,547	100.0	41,760	5,737	36,023	13.7	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

(1) Calendar year. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. Proposal would: (a) extend the Making Work Pay Credit, reduce the phase-out rate to 1.6 percent, and index the phase-out thresholds for inflation after 2010; (b) extend the higher EITC credit value for families with 3 children and higher phase-out threshold for married couples; (c) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (d) create automatic 401(k)s and IRAs; (e) extend the American Opportunity Tax Credit; (f) extend the \$3,000 child tax credit refundability threshold; (g) reinstate the 39.6 percent bracket; (h) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009;

(i) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (j) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets and repeal the 8 percent and 18 percent rates for assets held for more than 5 years; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters. Corporate income tax measures included were making the research and experimentation tax credit permanent; expanding net operating loss carryback, taxing carried interest as ordinary income, repealing LIFO, and implementing international enforcement, reform deferral and other reform policies.

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

(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.

Table T09-0284
Administration's Fiscal Year 2010 Budget Proposals
Major Individual Income Tax Provisions, Maintain Estate Tax at 2009 Parameters, Major Corporate Tax Provisions
Baseline: Administration Baseline
Distribution of Federal Tax Change by Cash Income Level, 2012¹
Detail Table - Tax Units with Children

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	84.0	0.0	8.9	22.6	-620	85.9	-0.2	-0.4	-10.0	-21.6
10-20	96.7	0.0	7.3	86.9	-1,256	86.1	-0.8	-1.6	-8.0	-17.3
20-30	98.3	0.4	4.3	79.3	-1,128	656.6	-0.7	-0.8	-4.4	-5.0
30-40	99.2	0.0	3.1	61.8	-1,022	-37.1	-0.5	0.9	-2.8	4.8
40-50	99.4	0.0	2.5	49.3	-1,037	-18.0	-0.4	1.9	-2.2	10.2
50-75	99.6	0.0	1.9	91.9	-1,002	-10.0	-0.7	7.1	-1.6	14.0
75-100	98.9	0.6	1.3	68.6	-953	-5.9	-0.5	9.5	-1.1	17.0
100-200	96.3	0.6	0.9	114.7	-989	-3.3	-0.7	28.7	-0.7	20.4
200-500	60.6	24.6	-0.3	-21.9	638	0.9	0.4	21.3	0.2	24.7
500-1,000	9.4	90.2	-3.5	-98.6	17,921	9.6	0.9	9.7	2.6	29.2
More than 1,000	2.9	97.0	-6.5	-356.2	139,189	14.8	3.2	23.7	4.5	34.8
All	93.9	2.9	0.2	100.0	-165	-0.9	0.0	100.0	-0.2	20.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2012¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre- Tax Income	Share of Post- Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	
Less than 10	2,948	6.0	6,225	-722	6,947	-11.6	0.4	0.6	-0.2
10-20	5,596	11.4	15,695	-1,458	17,153	-9.3	1.9	2.6	-0.9
20-30	5,687	11.6	25,809	-172	25,980	-0.7	3.1	4.0	-0.1
30-40	4,892	10.0	36,039	2,754	33,285	7.6	3.8	4.4	1.4
40-50	3,846	7.8	46,542	5,774	40,768	12.4	3.8	4.2	2.3
50-75	7,413	15.1	64,136	10,006	54,130	15.6	10.1	10.7	7.8
75-100	5,821	11.8	90,376	16,297	74,078	18.0	11.2	11.5	10.0
100-200	9,378	19.1	141,540	29,821	111,719	21.1	28.3	28.0	29.4
200-500	2,778	5.7	292,361	71,682	220,679	24.5	17.3	16.4	20.9
500-1,000	445	0.9	702,705	187,184	515,521	26.6	6.7	6.1	8.8
More than 1,000	207	0.4	3,097,146	937,935	2,159,211	30.3	13.7	12.0	20.4
All	49,155	100.0	95,419	19,342	76,077	20.3	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

Note: Tax units with children are those claiming an exemption for children at home or away from home.

(1) Calendar year. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. Proposal would: (a) extend the Making Work Pay Credit, reduce the phase-out rate to 1.6 percent, and index the phase-out thresholds for inflation after 2010; (b) extend the higher EITC credit value for families with 3 children and higher phase-out threshold for married couples; (c) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (d) create automatic 401(k)s and IRAs; (e) extend the American Opportunity Tax Credit; (f) extend the \$3,000 child tax credit refundability threshold; (g) reinstate the 39.6 percent bracket; (h) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009;

(i) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (j) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets and repeal the 8 percent and 18 percent rates for assets held for more than 5 years; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters. Corporate income tax measures included were making the research and experimentation tax credit permanent; expanding net operating loss carryback, taxing carried interest as ordinary income, repealing LIFO, and implementing international enforcement, reform deferral and other reform policies.

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

(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.

Table T09-0284
Administration's Fiscal Year 2010 Budget Proposals
Major Individual Income Tax Provisions, Maintain Estate Tax at 2009 Parameters, Major Corporate Tax Provisions
Baseline: Administration Baseline
Distribution of Federal Tax Change by Cash Income Level, 2012¹
Detail Table - Elderly Tax Units

Cash Income Level (thousands of 2009 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	33.3	0.0	0.9	-1.0	-54	-27.4	0.0	0.1	-0.9	2.2
10-20	32.1	0.1	0.4	-3.4	-66	-17.1	-0.1	0.5	-0.4	2.1
20-30	55.8	0.0	0.5	-4.8	-120	-10.9	-0.2	1.2	-0.5	3.9
30-40	71.3	0.1	0.5	-3.7	-154	-7.2	-0.2	1.5	-0.4	5.5
40-50	73.9	0.0	0.4	-3.2	-182	-5.9	-0.2	1.6	-0.4	6.2
50-75	87.0	0.1	0.5	-10.7	-307	-4.8	-0.6	6.6	-0.5	9.5
75-100	91.1	0.0	0.5	-7.0	-352	-3.0	-0.4	6.9	-0.4	12.8
100-200	95.7	0.3	0.3	-8.9	-373	-1.5	-0.9	18.2	-0.3	17.5
200-500	71.0	26.1	-0.3	5.3	597	0.9	-0.4	18.8	0.2	22.5
500-1,000	27.7	71.7	-2.0	20.7	10,604	6.1	0.3	11.0	1.5	26.0
More than 1,000	9.4	90.3	-5.2	116.8	111,410	12.0	2.6	33.6	3.6	33.7
All	63.5	2.0	-0.7	100.0	414	3.2	0.0	100.0	0.6	17.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2012¹

Cash Income Level (thousands of 2009 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	2,290	7.5	6,340	196	6,144	3.1	0.6	0.7	0.1
10-20	6,436	21.1	15,603	388	15,216	2.5	4.3	5.1	0.6
20-30	5,081	16.6	25,455	1,101	24,354	4.3	5.6	6.5	1.4
30-40	3,028	9.9	35,926	2,137	33,788	6.0	4.7	5.3	1.6
40-50	2,243	7.3	46,389	3,061	43,328	6.6	4.5	5.1	1.7
50-75	4,407	14.4	64,259	6,438	57,820	10.0	12.2	13.3	7.1
75-100	2,503	8.2	88,731	11,670	77,061	13.2	9.6	10.1	7.4
100-200	3,022	9.9	141,022	25,008	116,014	17.7	18.4	18.3	19.0
200-500	1,130	3.7	303,653	67,620	236,033	22.3	14.8	13.9	19.2
500-1,000	246	0.8	708,629	173,400	535,230	24.5	7.5	6.9	10.7
More than 1,000	132	0.4	3,089,249	928,588	2,160,661	30.1	17.7	14.9	30.9
All	30,543	100.0	75,737	13,011	62,726	17.2	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0509-1).

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

(1) Calendar year. Administration baseline extends the 2009 AMT patch and indexes the AMT exemption, rate bracket threshold, and phaseout exemption threshold for inflation; makes the 2001 and 2003 individual income tax cuts permanent and makes 2009 estate tax law permanent. Proposal would: (a) extend the Making Work Pay Credit, reduce the phase-out rate to 1.6 percent, and index the phase-out thresholds for inflation after 2010; (b) extend the higher EITC credit value for families with 3 children and higher phase-out threshold for married couples; (c) modify the saver's credit making it equal to 50% of the first \$500 of retirement savings (\$1,000 for couples) and fully refundable; (d) create automatic 401(k)s and IRAs; (e) extend the American Opportunity Tax Credit; (f) extend the \$3,000 child tax credit refundability threshold; (g) reinstate the 39.6 percent bracket; (h) change the threshold for the 36-percent tax bracket to \$250,000 less the standard deduction and two personal exemptions for married couples filing jointly and \$200,000 less the standard deduction and one personal exemption for single filers, indexed for inflation after 2009;

(i) set the thresholds for the personal exemption phase-out and limitation on itemized deductions to \$250,000 of AGI (married) and \$200,000 (single), indexed for inflation after 2009; (j) impose a 20 percent rate on capital gains and qualified dividends for taxpayers in the top two tax brackets and repeal the 8 percent and 18 percent rates for assets held for more than 5 years; (k) limit value of itemized deduction to 28 percent; (l) maintain the estate tax at its 2009 parameters. Corporate income tax measures included were making the research and experimentation tax credit permanent; expanding net operating loss carryback, taxing carried interest as ordinary income, repealing LIFO, and implementing international enforcement, reform deferral and other reform policies.

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