

Table T12-0367
Limit Tax Benefit of Itemized Deductions to 2 Percent of Adjusted Gross Income (AGI)
Effective Marginal Individual Income Tax Rates (EMTR) on Capital Income and Wage and Salaries
By Cash Income Percentile, 2013¹

| Cash Income Level (thousands of 2012 dollars) ² | Tax Units (thousands) | Wage and Salaries | | Long-term Capital Gains | | Qualified Dividends | | Interest Income | |
|--|--------------------------|-------------------|----------|-------------------------|----------|---------------------|----------|-----------------|----------|
| | | Baseline | Proposal | Baseline | Proposal | Baseline | Proposal | Baseline | Proposal |
| Lowest Quintile | 40,520 | -0.9 | -0.8 | 1.0 | 1.0 | 0.9 | 0.9 | 2.5 | 2.8 |
| Second Quintile | 36,208 | 16.8 | 17.1 | 0.6 | 0.6 | 0.8 | 0.8 | 6.7 | 7.5 |
| Third Quintile | 31,370 | 18.3 | 19.2 | 3.3 | 4.0 | 5.3 | 5.9 | 16.2 | 16.8 |
| Fourth Quintile | 26,062 | 18.6 | 19.0 | 5.8 | 6.5 | 8.5 | 9.8 | 20.5 | 20.0 |
| Top Quintile | 23,189 | 28.5 | 28.5 | 17.8 | 17.0 | 18.1 | 17.2 | 29.6 | 28.9 |
| All | 158,260 | 22.3 | 22.6 | 16.4 | 15.8 | 16.1 | 15.5 | 23.0 | 22.7 |
| Addendum | | | | | | | | | |
| 80-90 | 11,692 | 24.3 | 26.1 | 11.7 | 12.3 | 11.8 | 12.9 | 24.4 | 21.8 |
| 90-95 | 5,736 | 26.8 | 26.5 | 13.0 | 13.4 | 13.6 | 14.4 | 24.9 | 22.1 |
| 95-99 | 4,615 | 31.9 | 29.8 | 18.9 | 17.5 | 20.0 | 18.1 | 32.2 | 27.8 |
| Top 1 Percent | 1,147 | 32.8 | 32.7 | 18.3 | 17.5 | 19.1 | 17.9 | 31.1 | 33.2 |
| Top 0.1 Percent | 117 | 34.3 | 33.3 | 18.3 | 17.5 | 18.7 | 17.6 | 30.4 | 34.3 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

(1) Calendar year. Effective marginal tax rates are weighted by the appropriate income source. Baseline is current policy. Proposal limits the tax benefit of itemized deductions to 2 percent of AGI. For a description of TPC's current policy baseline, see:

<http://taxpolicycenter.org/numbers/displayatab.cfm?Docid=3131>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. 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 income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2012 dollars): 20% \$20,113; 40% \$39,790; 60% \$64,484; 80% \$108,266; 90% \$143,373; 95% \$204,296; 99% \$506,210; 99.9% \$2,655,675.