

Table T08-0051
Tax Capital Gains as Ordinary Income
Distribution of Federal Tax Change by Cash Income Level, 2007¹
Summary Table

Cash Income Level (thousands of 2006 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	0.0	0.0	0.0	0.0	0	0.0	4.1
10-20	0.1	0.7	0.0	0.0	0	0.0	4.3
20-30	0.1	2.4	0.0	0.1	3	0.0	9.6
30-40	0.1	3.6	0.0	0.1	5	0.0	13.9
40-50	0.1	6.1	0.0	0.2	12	0.0	16.5
50-75	0.1	10.5	-0.1	0.9	37	0.1	18.6
75-100	0.0	13.7	-0.1	1.1	68	0.1	20.0
100-200	0.1	21.1	-0.3	5.3	262	0.2	22.6
200-500	0.1	37.7	-1.0	11.3	2,082	0.7	26.1
500-1,000	0.0	46.8	-2.0	9.3	10,179	1.5	28.8
More than 1,000	0.0	57.3	-7.1	71.7	149,315	4.8	36.7
All	0.1	7.9	-1.1	100.0	553	0.8	22.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

Number of AMT Taxpayers (millions). Baseline: 3.6 Proposal: 3.4

(1) Calendar year. Baseline is current law. Proposal taxes capital gains as ordinary income.

(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 T08-0051
Tax Capital Gains as Ordinary Income
Distribution of Federal Tax Change by Cash Income Level, 2007 ¹
Detail Table

Cash Income Level (thousands of 2006 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	0.0	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	4.1
10-20	0.1	0.7	0.0	0.0	0	0.0	0.0	0.8	0.0	4.3
20-30	0.1	2.4	0.0	0.1	3	0.1	-0.1	2.3	0.0	9.6
30-40	0.1	3.6	0.0	0.1	5	0.1	-0.1	3.5	0.0	13.9
40-50	0.1	6.1	0.0	0.2	12	0.2	-0.2	4.2	0.0	16.5
50-75	0.1	10.5	-0.1	0.9	37	0.3	-0.4	11.4	0.1	18.6
75-100	0.0	13.7	-0.1	1.1	68	0.4	-0.4	10.6	0.1	20.0
100-200	0.1	21.1	-0.3	5.3	262	0.9	-0.7	23.7	0.2	22.6
200-500	0.1	37.7	-1.0	11.3	2,082	2.8	-0.2	15.7	0.7	26.1
500-1,000	0.0	46.8	-2.0	9.3	10,179	5.4	0.1	6.9	1.5	28.8
More than 1,000	0.0	57.3	-7.1	71.7	149,315	15.0	2.0	20.8	4.8	36.7
All	0.1	7.9	-1.1	100.0	553	3.9	0.0	100.0	0.8	22.0

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2007 ¹

Cash Income Level (thousands of 2006 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	Percent of Total
Less than 10	18,608	12.5	5,699	231	5,468	4.1	1.1	1.3	0.2
10-20	25,761	17.3	15,189	656	14,533	4.3	3.9	4.8	0.8
20-30	20,224	13.5	25,240	2,423	22,817	9.6	5.1	5.9	2.3
30-40	15,244	10.2	35,555	4,942	30,613	13.9	5.5	6.0	3.6
40-50	12,157	8.1	45,638	7,502	38,136	16.4	5.6	5.9	4.3
50-75	21,294	14.3	62,764	11,612	51,153	18.5	13.5	13.9	11.8
75-100	13,139	8.8	88,142	17,558	70,584	19.9	11.7	11.9	11.0
100-200	16,685	11.2	137,212	30,689	106,523	22.4	23.1	22.7	24.4
200-500	4,475	3.0	293,234	74,423	218,811	25.4	13.2	12.5	15.9
500-1,000	756	0.5	692,259	189,162	503,097	27.3	5.3	4.9	6.8
More than 1,000	396	0.3	3,113,319	994,511	2,118,808	31.9	12.4	10.7	18.8
All	149,332	100.0	66,439	14,069	52,371	21.2	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

Number of AMT Taxpayers (millions). Baseline: 3.6 Proposal: 3.4

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