Click on PDF or Excel link above for additional tables containing more detail and breakdowns by filing status and demographic groups.

# Table T15-0161
## Limit the Tax Value of Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose to 15 Percent and Introduce a Refundable Tax Credit to Increase the Tax Value of These Deductions and Exclusions to 15 Percent
## Baseline: Current Law
## Distribution of Federal Tax Change by Expanded Cash Income Level, 2016 [1]
## Summary Table

| Expanded Cash Income Level (thousands of 2015 dollars) [2] | Tax Units with Tax Increase or Cut [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 |
| | Pct of Tax Units | Avg Tax Cut | Pct of Tax Units | Avg Tax Increase | | | | | |
| **Less than 10** | 1.0 | -103 | 0.0 | 0 | 0.0 | 0.0 | -1 | 0.0 | 7.6 |
| **10-20** | 2.1 | -201 | 0.0 | 0 | 0.0 | -0.3 | -4 | 0.0 | 3.5 |
| **20-30** | 3.5 | -220 | 0.0 | 0 | 0.0 | -0.4 | -8 | 0.0 | 5.4 |
| **30-40** | 4.2 | -281 | 0.0 | 0 | 0.0 | -0.4 | -12 | 0.0 | 8.8 |
| **40-50** | 5.5 | -295 | 0.0 | 0 | 0.0 | -0.5 | -16 | 0.0 | 11.4 |
| **50-75** | 4.8 | -487 | 6.5 | 417 | 0.0 | 0.2 | 4 | 0.0 | 13.8 |
| **75-100** | 2.6 | -806 | 14.1 | 783 | -0.1 | 3.3 | 90 | 0.1 | 16.5 |
| **100-200** | 0.9 | -1,545 | 35.0 | 1,283 | -0.4 | 27.5 | 435 | 0.3 | 19.4 |
| **200-500** | 0.3 | -1,148 | 66.0 | 2,973 | -0.9 | 47.1 | 1,959 | 0.7 | 24.1 |
| **500-1,000** | * | ** | 67.4 | 7,037 | -1.0 | 14.5 | 4,741 | 0.7 | 29.2 |
| **More than 1,000** | 0.1 | -2,480 | 60.0 | 9,430 | -0.3 | 9.3 | 5,659 | 0.2 | 35.0 |
| **All** | 2.8 | -439 | 12.4 | 2,106 | -0.4 | 100.0 | 250 | 0.3 | 20.7 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).
Number of AMT Taxpayers (millions). Baseline: 4.3 Proposal: 4.2
* Less than 0.05
** Insufficient data
(1) The proposal would limit the federal income tax value of specified deductions or exclusions from taxable income. This limitation would reduce the value of these deductions and exclusions otherwise lowering taxable income in the 25-precent, 28-percent, 33-percent, 35-percent, or 39.6-percent tax brackets under the current law to 15 percent. A similar limitation would apply under the alternative minimum tax as well. In addition, the proposal would introduce a refundable tax credit to increase the tax value of these deductions and exclusions otherwise lowering taxable income in the 10-percent tax bracket to 15 percent. This credit would be an alternative to the existing Retirement Savings Contributions Credit. The income deductions and exclusions limited by this provision would include individual and employer contributions to Individual Retirement Arrangements and defined contribution retirement plans. The proposal would be effective for taxable years beginning after December 31, 2015.
http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm
(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see
http://www.taxpolicycenter.org/TaxModel/income.cfm
(3) Includes tax units with a change in federal tax burden of $10 or more in absolute value.
(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate taxes; and excise taxes.
(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

# Table T15-0161
## Limit the Tax Value of Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose to 15 Percent and Introduce a Refundable Tax Credit to Increase the Tax Value of These Deductions and Exclusions to 15 Percent
## Baseline: Current Law
## Distribution of Federal Tax Change by Expanded Cash Income Level, 2016 [1]
## Detail Table

| Expanded Cash Income Level (thousands of 2015 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** | 1.0 | 0.0 | 0.0 | 0.0 | -1 | -0.2 | 0.0 | 0.2 | 0.0 | 7.6 |
| **10-20** | 2.1 | 0.0 | 0.0 | -0.3 | -4 | -0.8 | 0.0 | 0.5 | 0.0 | 3.5 |
| **20-30** | 3.5 | 0.0 | 0.0 | -0.4 | -8 | -0.6 | 0.0 | 1.0 | 0.0 | 5.4 |
| **30-40** | 4.2 | 0.0 | 0.0 | -0.4 | -12 | -0.4 | 0.0 | 1.6 | 0.0 | 8.8 |
| **40-50** | 5.5 | 0.0 | 0.0 | -0.5 | -16 | -0.3 | 0.0 | 2.2 | 0.0 | 11.4 |
| **50-75** | 4.8 | 6.5 | 0.0 | 0.2 | 4 | 0.0 | -0.1 | 6.6 | 0.0 | 13.8 |
| **75-100** | 2.6 | 14.1 | -0.1 | 3.3 | 90 | 0.6 | -0.1 | 7.5 | 0.1 | 16.5 |
| **100-200** | 0.9 | 35.0 | -0.4 | 27.5 | 435 | 1.6 | 0.1 | 24.1 | 0.3 | 19.4 |
| **200-500** | 0.3 | 66.0 | -0.9 | 47.1 | 1,959 | 2.9 | 0.3 | 23.2 | 0.7 | 24.1 |
| **500-1,000** | * | 67.4 | -1.0 | 14.5 | 4,741 | 2.4 | 0.1 | 8.5 | 0.7 | 29.2 |
| **More than 1,000** | 0.1 | 60.0 | -0.3 | 9.3 | 5,659 | 0.5 | -0.2 | 24.3 | 0.2 | 35.0 |
| **All** | 2.8 | 12.4 | -0.4 | 100.0 | 250 | 1.4 | 0.0 | 100.0 | 0.3 | 20.7 |

## Baseline Distribution of Income and Federal Taxes by Expanded Cash Income Level, 2016 [1]

| Expanded Cash Income Level (thousands of 2015 dollars) [2] | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income [4] | | Average Federal Tax Rate [5] |
|---|---|---|---|---|---|---|---|---|---|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| **Less than 10** | 14,724 | 8.5 | 5,753 | 0.6 | 439 | 0.2 | 5,313 | 0.7 | 7.6 |
| **10-20** | 26,039 | 15.1 | 15,359 | 2.7 | 539 | 0.5 | 14,820 | 3.2 | 3.5 |
| **20-30** | 21,906 | 12.7 | 25,245 | 3.7 | 1,382 | 1.0 | 23,863 | 4.4 | 5.5 |
| **30-40** | 16,072 | 9.3 | 35,565 | 3.8 | 3,153 | 1.7 | 32,412 | 4.4 | 8.9 |
| **40-50** | 13,205 | 7.7 | 45,784 | 4.0 | 5,244 | 2.3 | 40,540 | 4.5 | 11.5 |
| **50-75** | 23,789 | 13.8 | 62,910 | 10.0 | 8,655 | 6.7 | 54,255 | 10.8 | 13.8 |
| **75-100** | 15,880 | 9.2 | 88,631 | 9.4 | 14,527 | 7.5 | 74,103 | 9.9 | 16.4 |
| **100-200** | 27,265 | 15.8 | 141,622 | 25.7 | 27,050 | 24.1 | 114,572 | 26.2 | 19.1 |
| **200-500** | 10,362 | 6.0 | 288,418 | 19.9 | 67,569 | 22.9 | 220,849 | 19.2 | 23.4 |
| **500-1,000** | 1,317 | 0.8 | 686,585 | 6.0 | 195,971 | 8.4 | 490,614 | 5.4 | 28.5 |
| **More than 1,000** | 705 | 0.4 | 3,064,525 | 14.4 | 1,066,076 | 24.6 | 1,998,449 | 11.8 | 34.8 |
| **All** | 172,532 | 100.0 | 86,987 | 100.0 | 17,747 | 100.0 | 69,241 | 100.0 | 20.4 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).
Number of AMT Taxpayers (millions). Baseline: 4.3 Proposal: 4.2
* Less than 0.05
(1) The proposal would limit the federal income tax value of specified deductions or exclusions from taxable income. This limitation would reduce the value of these deductions and exclusions otherwise lowering taxable income in the 25-precent, 28-percent, 33-percent, 35-percent, or 39.6-percent tax brackets under the current law to 15 percent. A similar limitation would apply under the alternative minimum tax as well. In addition, the proposal would introduce a refundable tax credit to increase the tax value of these deductions and exclusions otherwise lowering taxable income in the 10-percent tax bracket to 15 percent. This credit would be an alternative to the existing Retirement Savings Contributions Credit. The income deductions and exclusions limited by this provision would include individual and employer contributions to Individual Retirement Arrangements and defined contribution retirement plans. The proposal would be effective for taxable years beginning after December 31, 2015.
http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm
(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see
http://www.taxpolicycenter.org/TaxModel/income.cfm
(3) Includes tax units with a change in federal tax burden of $10 or more in absolute value.
(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.
(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

# Table T15-0161
## Limit the Tax Value of Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose to 15 Percent and Introduce a Refundable Tax Credit to Increase the Tax Value of These Deductions and Exclusions to 15 Percent
## Baseline: Current Law
## Distribution of Federal Tax Change by Expanded Cash Income Level, 2016 [1]
## Detail Table - Single Tax Units

| Expanded Cash Income Level (thousands of 2015 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** | 1.1 | 0.0 | 0.0 | -0.2 | -1 | -0.2 | 0.0 | 1.0 | 0.0 | 9.4 |
| **10-20** | 2.1 | 0.0 | 0.0 | -1.0 | -4 | -0.4 | 0.0 | 2.7 | 0.0 | 6.4 |
| **20-30** | 2.5 | 0.0 | 0.0 | -0.9 | -5 | -0.2 | -0.1 | 4.5 | 0.0 | 9.2 |
| **30-40** | 1.2 | 0.0 | 0.0 | -0.6 | -5 | -0.1 | -0.1 | 5.5 | 0.0 | 12.3 |
| **40-50** | 1.6 | 0.0 | 0.0 | -0.6 | -7 | -0.1 | -0.1 | 6.7 | 0.0 | 14.5 |
| **50-75** | 0.9 | 13.6 | -0.1 | 6.7 | 50 | 0.5 | -0.1 | 16.3 | 0.1 | 17.4 |
| **75-100** | 0.3 | 35.8 | -0.4 | 19.3 | 290 | 1.6 | 0.1 | 13.7 | 0.3 | 20.7 |
| **100-200** | 0.4 | 45.2 | -0.8 | 50.6 | 796 | 2.7 | 0.3 | 22.0 | 0.6 | 22.9 |
| **200-500** | 0.4 | 49.0 | -0.8 | 19.9 | 1,645 | 2.2 | 0.1 | 10.3 | 0.6 | 27.3 |
| **500-1,000** | 0.0 | 41.1 | -0.6 | 4.0 | 2,973 | 1.3 | 0.0 | 3.5 | 0.4 | 32.6 |
| **More than 1,000** | 0.1 | 34.2 | -0.2 | 2.9 | 2,892 | 0.2 | -0.1 | 13.7 | 0.1 | 37.8 |
| **All** | 1.5 | 7.3 | -0.3 | 100.0 | 94 | 1.1 | 0.0 | 100.0 | 0.2 | 18.8 |

## Baseline Distribution of Income and Federal Taxes by Expanded Cash Income Level, 2016 [1]

| Expanded Cash Income Level (thousands of 2015 dollars) [2] | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income [4] | | Average Federal Tax Rate [5] |
|---|---|---|---|---|---|---|---|---|---|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| **Less than 10** | 12,809 | 14.7 | 5,712 | 1.9 | 540 | 1.0 | 5,171 | 2.1 | 9.5 |
| **10-20** | 20,058 | 23.0 | 15,217 | 7.9 | 971 | 2.7 | 14,246 | 9.0 | 6.4 |
| **20-30** | 14,163 | 16.3 | 25,106 | 9.2 | 2,305 | 4.5 | 22,801 | 10.2 | 9.2 |
| **30-40** | 9,258 | 10.6 | 35,513 | 8.5 | 4,363 | 5.6 | 31,150 | 9.1 | 12.3 |
| **40-50** | 7,373 | 8.5 | 45,789 | 8.7 | 6,653 | 6.8 | 39,137 | 9.1 | 14.5 |
| **50-75** | 10,972 | 12.6 | 62,354 | 17.6 | 10,769 | 16.4 | 51,585 | 17.9 | 17.3 |
| **75-100** | 5,479 | 6.3 | 87,830 | 12.4 | 17,880 | 13.6 | 69,951 | 12.1 | 20.4 |
| **100-200** | 5,238 | 6.0 | 133,711 | 18.0 | 29,832 | 21.7 | 103,878 | 17.2 | 22.3 |
| **200-500** | 994 | 1.1 | 276,795 | 7.1 | 73,900 | 10.2 | 202,896 | 6.4 | 26.7 |
| **500-1,000** | 112 | 0.1 | 694,692 | 2.0 | 223,500 | 3.5 | 471,193 | 1.7 | 32.2 |
| **More than 1,000** | 83 | 0.1 | 3,180,472 | 6.8 | 1,197,912 | 13.8 | 1,982,560 | 5.2 | 37.7 |
| **All** | 87,180 | 100.0 | 44,584 | 100.0 | 8,266 | 100.0 | 36,317 | 100.0 | 18.5 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).

* Less than 0.05

(1) The proposal would limit the federal income tax value of specified deductions or exclusions from taxable income. This limitation would reduce the value of these deductions and exclusions otherwise lowering taxable income in the 25-precent, 28-percent, 33-percent, 35-percent, or 39.6-percent tax brackets under the current law to 15 percent. A similar limitation would apply under the alternative minimum tax as well. In addition, the proposal would introduce a refundable tax credit to increase the tax value of these deductions and exclusions otherwise lowering taxable income in the 10-percent tax bracket to 15 percent. This credit would be an alternative to the existing Retirement Savings Contributions Credit. The income deductions and exclusions limited by this provision would include individual and employer contributions to Individual Retirement Arrangements and defined contribution retirement plans. The proposal would be effective for taxable years beginning after December 31, 2015.
http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see
http://www.taxpolicycenter.org/TaxModel/income.cfm

(3) Includes tax units with a change in federal tax burden of $10 or more in absolute value.

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

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

**Table T15-0161**
**Limit the Tax Value of Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose to 15 Percent and Introduce a Refundable Tax Credit to Increase the Tax Value of These Deductions and Exclusions to 15 Percent**
**Baseline: Current Law**
**Distribution of Federal Tax Change by Expanded Cash Income Level, 2016 [1]**
**Detail Table - Married Tax Units Filing Jointly**

| Expanded Cash Income Level (thousands of 2015 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** | 0.4 | 0.0 | 0.0 | 0.0 | 0 | -0.3 | 0.0 | 0.0 | 0.0 | 2.3 |
| **10-20** | 2.5 | 0.0 | 0.0 | 0.0 | -5 | -2.9 | 0.0 | 0.0 | 0.0 | 1.0 |
| **20-30** | 4.0 | 0.0 | 0.0 | -0.1 | -9 | -3.9 | 0.0 | 0.0 | 0.0 | 0.9 |
| **30-40** | 6.6 | 0.0 | 0.1 | -0.1 | -16 | -1.2 | 0.0 | 0.2 | 0.0 | 3.7 |
| **40-50** | 9.0 | 0.0 | 0.1 | -0.3 | -31 | -1.0 | 0.0 | 0.4 | -0.1 | 6.7 |
| **50-75** | 7.6 | 0.0 | 0.1 | -0.9 | -37 | -0.6 | -0.1 | 2.3 | -0.1 | 10.0 |
| **75-100** | 3.7 | 0.2 | 0.0 | -0.7 | -29 | -0.2 | -0.1 | 4.5 | 0.0 | 13.8 |
| **100-200** | 1.0 | 31.6 | -0.3 | 19.3 | 326 | 1.2 | -0.1 | 24.4 | 0.2 | 18.4 |
| **200-500** | 0.3 | 68.6 | -0.9 | 54.6 | 2,009 | 3.0 | 0.4 | 28.9 | 0.7 | 23.7 |
| **500-1,000** | * | 70.9 | -1.0 | 17.5 | 4,984 | 2.6 | 0.1 | 10.7 | 0.7 | 28.9 |
| **More than 1,000** | 0.1 | 65.1 | -0.3 | 11.1 | 6,197 | 0.6 | -0.3 | 28.4 | 0.2 | 34.5 |
| **All** | 3.1 | 23.4 | -0.5 | 100.0 | 571 | 1.6 | 0.0 | 100.0 | 0.4 | 22.5 |

**Baseline Distribution of Income and Federal Taxes by Expanded Cash Income Level, 2016 [1]**

| Expanded Cash Income Level (thousands of 2015 dollars) [2] | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income [4] | | Average Federal Tax Rate [5] |
|---|---|---|---|---|---|---|---|---|---|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| **Less than 10** | 825 | 1.4 | 4,990 | 0.0 | 114 | 0.0 | 4,876 | 0.1 | 2.3 |
| **10-20** | 1,902 | 3.3 | 15,969 | 0.3 | 165 | 0.0 | 15,804 | 0.4 | 1.0 |
| **20-30** | 2,948 | 5.1 | 25,619 | 0.8 | 243 | 0.0 | 25,376 | 1.0 | 1.0 |
| **30-40** | 2,940 | 5.0 | 35,768 | 1.1 | 1,355 | 0.2 | 34,412 | 1.4 | 3.8 |
| **40-50** | 2,904 | 5.0 | 45,927 | 1.4 | 3,124 | 0.4 | 42,803 | 1.7 | 6.8 |
| **50-75** | 7,878 | 13.5 | 63,892 | 5.3 | 6,395 | 2.4 | 57,497 | 6.1 | 10.0 |
| **75-100** | 7,909 | 13.6 | 89,407 | 7.4 | 12,363 | 4.6 | 77,045 | 8.2 | 13.8 |
| **100-200** | 19,667 | 33.7 | 144,686 | 29.7 | 26,354 | 24.4 | 118,332 | 31.2 | 18.2 |
| **200-500** | 9,043 | 15.5 | 290,037 | 27.4 | 66,805 | 28.5 | 223,232 | 27.1 | 23.0 |
| **500-1,000** | 1,165 | 2.0 | 685,362 | 8.3 | 192,911 | 10.6 | 492,451 | 7.7 | 28.2 |
| **More than 1,000** | 594 | 1.0 | 2,981,946 | 18.5 | 1,023,566 | 28.6 | 1,958,379 | 15.6 | 34.3 |
| **All** | 58,288 | 100.0 | 164,217 | 100.0 | 36,401 | 100.0 | 127,815 | 100.0 | 22.2 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).
* Less than 0.05
(1) The proposal would limit the federal income tax value of specified deductions or exclusions from taxable income. This limitation would reduce the value of these deductions and exclusions otherwise lowering taxable income in the 25-precent, 28-percent, 33-percent, 35-percent, or 39.6-percent tax brackets under the current law to 15 percent. A similar limitation would apply under the alternative minimum tax as well. In addition, the proposal would introduce a refundable tax credit to increase the tax value of these deductions and exclusions otherwise lowering taxable income in the 10-percent tax bracket to 15 percent. This credit would be an alternative to the existing Retirement Savings Contributions Credit. The income deductions and exclusions limited by this provision would include individual and employer contributions to Individual Retirement Arrangements and defined contribution retirement plans. The proposal would be effective for taxable years beginning after December 31, 2015.
http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm
(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see
http://www.taxpolicycenter.org/TaxModel/income.cfm
(3) Includes tax units with a change in federal tax burden of $10 or more in absolute value.
(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.
(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

**Table T15-0161**
**Limit the Tax Value of Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose to 15 Percent and Introduce a Refundable Tax Credit to Increase the Tax Value of These Deductions and Exclusions to 15 Percent**
**Baseline: Current Law**
**Distribution of Federal Tax Change by Expanded Cash Income Level, 2016 [1]**
**Detail Table - Head of Household Tax Units**

| Expanded Cash Income Level (thousands of 2015 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** | 0.9 | 0.0 | 0.0 | -0.1 | -1 | 0.1 | 0.0 | -0.4 | 0.0 | -10.2 |
| **10-20** | 1.9 | 0.0 | 0.0 | -1.5 | -4 | 0.2 | 0.0 | -4.1 | 0.0 | -10.6 |
| **20-30** | 6.3 | 0.0 | 0.1 | -6.2 | -14 | 1.4 | 0.0 | -2.9 | -0.1 | -3.9 |
| **30-40** | 10.6 | 0.0 | 0.1 | -10.1 | -28 | -2.3 | -0.1 | 2.7 | -0.1 | 3.3 |
| **40-50** | 13.0 | 0.0 | 0.1 | -7.4 | -27 | -0.8 | -0.1 | 5.6 | -0.1 | 7.2 |
| **50-75** | 10.2 | 0.0 | 0.1 | -20.3 | -45 | -0.7 | -0.3 | 19.8 | -0.1 | 11.2 |
| **75-100** | 4.4 | 9.1 | 0.0 | 1.7 | 8 | 0.1 | -0.1 | 19.1 | 0.0 | 15.3 |
| **100-200** | 1.0 | 40.4 | -0.5 | 98.6 | 491 | 1.9 | 0.4 | 33.3 | 0.4 | 19.7 |
| **200-500** | 0.1 | 45.6 | -0.6 | 34.2 | 1,287 | 1.9 | 0.2 | 11.4 | 0.5 | 24.7 |
| **500-1,000** | 0.0 | 40.6 | -0.6 | 7.0 | 2,862 | 1.4 | 0.0 | 3.3 | 0.4 | 30.1 |
| **More than 1,000** | * | 31.4 | -0.1 | 4.1 | 2,803 | 0.2 | -0.1 | 12.3 | 0.1 | 34.8 |
| **All** | 6.8 | 4.6 | -0.1 | 100.0 | 40 | 0.6 | 0.0 | 100.0 | 0.1 | 11.9 |

**Baseline Distribution of Income and Federal Taxes by Expanded Cash Income Level, 2016 [1]**

| Expanded Cash Income Level (thousands of 2015 dollars) [2] | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income [4] | | Average Federal Tax Rate [5] |
|---|---|---|---|---|---|---|---|---|---|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| **Less than 10** | 944 | 3.9 | 6,963 | 0.5 | -711 | -0.4 | 7,674 | 0.6 | -10.2 |
| **10-20** | 3,778 | 15.7 | 15,795 | 4.6 | -1,677 | -4.2 | 17,473 | 5.8 | -10.6 |
| **20-30** | 4,451 | 18.4 | 25,430 | 8.8 | -986 | -2.9 | 26,416 | 10.4 | -3.9 |
| **30-40** | 3,522 | 14.6 | 35,527 | 9.7 | 1,194 | 2.8 | 34,333 | 10.7 | 3.4 |
| **40-50** | 2,630 | 10.9 | 45,596 | 9.3 | 3,301 | 5.7 | 42,295 | 9.8 | 7.2 |
| **50-75** | 4,350 | 18.0 | 62,486 | 21.1 | 7,017 | 20.0 | 55,469 | 21.3 | 11.2 |
| **75-100** | 2,175 | 9.0 | 87,734 | 14.8 | 13,431 | 19.2 | 74,303 | 14.2 | 15.3 |
| **100-200** | 1,950 | 8.1 | 132,812 | 20.1 | 25,725 | 32.9 | 107,087 | 18.4 | 19.4 |
| **200-500** | 258 | 1.1 | 274,070 | 5.5 | 66,328 | 11.2 | 207,742 | 4.7 | 24.2 |
| **500-1,000** | 24 | 0.1 | 693,999 | 1.3 | 206,308 | 3.2 | 487,692 | 1.0 | 29.7 |
| **More than 1,000** | 14 | 0.1 | 3,840,137 | 4.2 | 1,333,715 | 12.4 | 2,506,422 | 3.1 | 34.7 |
| **All** | 24,145 | 100.0 | 53,332 | 100.0 | 6,313 | 100.0 | 47,020 | 100.0 | 11.8 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).
* Less than 0.05
(1) The proposal would limit the federal income tax value of specified deductions or exclusions from taxable income. This limitation would reduce the value of these deductions and exclusions otherwise lowering taxable income in the 25-precent, 28-percent, 33-percent, 35-percent, or 39.6-percent tax brackets under the current law to 15 percent. A similar limitation would apply under the alternative minimum tax as well. In addition, the proposal would introduce a refundable tax credit to increase the tax value of these deductions and exclusions otherwise lowering taxable income in the 10-percent tax bracket to 15 percent. This credit would be an alternative to the existing Retirement Savings Contributions Credit. The income deductions and exclusions limited by this provision would include individual and employer contributions to Individual Retirement Arrangements and defined contribution retirement plans. The proposal would be effective for taxable years beginning after December 31, 2015.
http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm
(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see
http://www.taxpolicycenter.org/TaxModel/income.cfm
(3) Includes tax units with a change in federal tax burden of $10 or more in absolute value.
(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.
(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

# Table T15-0161
## Limit the Tax Value of Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose to 15 Percent and Introduce a Refundable Tax Credit to Increase the Tax Value of These Deductions and Exclusions to 15 Percent
## Baseline: Current Law
## Distribution of Federal Tax Change by Expanded Cash Income Level, 2016 [1]
## Detail Table - Tax Units with Children

| Expanded Cash Income Level (thousands of 2015 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** | 1.8 | 0.0 | 0.0 | 0.0 | -2 | 0.2 | 0.0 | -0.1 | 0.0 | -11.8 |
| **10-20** | 2.8 | 0.0 | 0.0 | -0.1 | -5 | 0.3 | 0.0 | -0.7 | 0.0 | -11.6 |
| **20-30** | 5.8 | 0.0 | 0.1 | -0.3 | -12 | 1.0 | 0.0 | -0.5 | -0.1 | -4.8 |
| **30-40** | 11.1 | 0.0 | 0.1 | -0.7 | -32 | -4.5 | 0.0 | 0.2 | -0.1 | 1.9 |
| **40-50** | 12.8 | 0.0 | 0.1 | -0.5 | -29 | -1.0 | 0.0 | 0.8 | -0.1 | 6.3 |
| **50-75** | 11.3 | 0.3 | 0.1 | -1.6 | -48 | -0.7 | -0.1 | 3.6 | -0.1 | 10.6 |
| **75-100** | 5.6 | 3.7 | 0.0 | -0.6 | -26 | -0.2 | -0.1 | 5.1 | 0.0 | 14.4 |
| **100-200** | 1.3 | 34.5 | -0.3 | 19.6 | 360 | 1.4 | -0.1 | 23.7 | 0.3 | 18.4 |
| **200-500** | 0.2 | 74.7 | -1.0 | 54.2 | 2,188 | 3.2 | 0.4 | 28.4 | 0.8 | 23.8 |
| **500-1,000** | * | 78.1 | -1.1 | 18.6 | 5,592 | 2.9 | 0.1 | 10.9 | 0.8 | 29.2 |
| **More than 1,000** | 0.1 | 72.6 | -0.4 | 11.7 | 6,996 | 0.7 | -0.3 | 28.4 | 0.2 | 34.7 |
| **All** | 5.4 | 17.9 | -0.4 | 100.0 | 426 | 1.7 | 0.0 | 100.0 | 0.3 | 21.0 |

## Baseline Distribution of Income and Federal Taxes by Expanded Cash Income Level, 2016 [1]

| Expanded Cash Income Level (thousands of 2015 dollars) [2] | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income [4] | | Average Federal Tax Rate [5] |
|---|---|---|---|---|---|---|---|---|---|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| **Less than 10** | 1,246 | 2.5 | 6,635 | 0.1 | -782 | -0.1 | 7,417 | 0.2 | -11.8 |
| **10-20** | 4,675 | 9.3 | 15,763 | 1.2 | -1,818 | -0.7 | 17,580 | 1.7 | -11.5 |
| **20-30** | 5,672 | 11.3 | 25,471 | 2.3 | -1,218 | -0.5 | 26,689 | 3.1 | -4.8 |
| **30-40** | 4,492 | 8.9 | 35,564 | 2.6 | 705 | 0.3 | 34,858 | 3.2 | 2.0 |
| **40-50** | 3,628 | 7.2 | 45,644 | 2.7 | 2,881 | 0.8 | 42,763 | 3.1 | 6.3 |
| **50-75** | 7,050 | 14.0 | 63,024 | 7.1 | 6,717 | 3.7 | 56,307 | 8.0 | 10.7 |
| **75-100** | 5,198 | 10.3 | 89,122 | 7.4 | 12,820 | 5.2 | 76,302 | 8.0 | 14.4 |
| **100-200** | 11,657 | 23.2 | 144,292 | 27.0 | 26,147 | 23.8 | 118,145 | 27.9 | 18.1 |
| **200-500** | 5,301 | 10.5 | 293,122 | 25.0 | 67,624 | 27.9 | 225,498 | 24.2 | 23.1 |
| **500-1,000** | 712 | 1.4 | 683,288 | 7.8 | 193,863 | 10.8 | 489,425 | 7.0 | 28.4 |
| **More than 1,000** | 357 | 0.7 | 2,994,529 | 17.2 | 1,031,349 | 28.7 | 1,963,181 | 14.2 | 34.4 |
| **All** | 50,272 | 100.0 | 123,886 | 100.0 | 25,527 | 100.0 | 98,359 | 100.0 | 20.6 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).
* Less than 0.05
Note: Tax units with children are those claiming an exemption for children at home or away from home.
(1) The proposal would limit the federal income tax value of specified deductions or exclusions from taxable income. This limitation would reduce the value of these deductions and exclusions otherwise lowering taxable income in the 25-precent, 28-percent, 33-percent, 35-percent, or 39.6-percent tax brackets under the current law to 15 percent. A similar limitation would apply under the alternative minimum tax as well. In addition, the proposal would introduce a refundable tax credit to increase the tax value of these deductions and exclusions otherwise lowering taxable income in the 10-percent tax bracket to 15 percent. This credit would be an alternative to the existing Retirement Savings Contributions Credit. The income deductions and exclusions limited by this provision would include individual and employer contributions to Individual Retirement Arrangements and defined contribution retirement plans. The proposal would be effective for taxable years beginning after December 31, 2015.
http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm
(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see
http://www.taxpolicycenter.org/TaxModel/income.cfm
(3) Includes tax units with a change in federal tax burden of $10 or more in absolute value.
(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.
(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.

# Table T15-0161
## Limit the Tax Value of Individual Retirement Arrangements and Defined Contribution Retirement Plans' Individual Deductions or Employer Exclusions for Income Tax Purpose to 15 Percent and Introduce a Refundable Tax Credit to Increase the Tax Value of These Deductions and Exclusions to 15 Percent
## Baseline: Current Law
## Distribution of Federal Tax Change by Expanded Cash Income Level, 2016 [1]
## Detail Table - Elderly Tax Units

| Expanded Cash Income Level (thousands of 2015 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 | 0.0 | 2.4 |
| **10-20** | 0.1 | 0.0 | 0.0 | -0.1 | 0 | -0.1 | 0.0 | 0.4 | 0.0 | 1.7 |
| **20-30** | 0.4 | 0.0 | 0.0 | -0.3 | -2 | -0.2 | 0.0 | 0.8 | 0.0 | 2.9 |
| **30-40** | 0.5 | 0.0 | 0.0 | -0.2 | -1 | -0.1 | 0.0 | 1.2 | 0.0 | 4.4 |
| **40-50** | 1.6 | 0.0 | 0.0 | -0.8 | -7 | -0.3 | 0.0 | 1.7 | 0.0 | 6.1 |
| **50-75** | 1.9 | 0.4 | 0.0 | -1.7 | -9 | -0.2 | 0.0 | 5.6 | 0.0 | 8.6 |
| **75-100** | 1.0 | 1.9 | 0.0 | 0.9 | 7 | 0.1 | 0.0 | 7.6 | 0.0 | 12.4 |
| **100-200** | 0.7 | 12.6 | -0.1 | 24.2 | 146 | 0.6 | 0.0 | 21.6 | 0.1 | 17.1 |
| **200-500** | 0.3 | 33.7 | -0.4 | 46.1 | 930 | 1.4 | 0.2 | 18.5 | 0.3 | 23.7 |
| **500-1,000** | * | 39.2 | -0.5 | 17.0 | 2,402 | 1.2 | 0.1 | 8.2 | 0.3 | 29.4 |
| **More than 1,000** | 0.1 | 35.4 | -0.1 | 15.6 | 3,042 | 0.3 | -0.1 | 33.9 | 0.1 | 35.9 |
| **All** | 0.8 | 3.4 | -0.1 | 100.0 | 75 | 0.6 | 0.0 | 100.0 | 0.1 | 17.9 |

## Baseline Distribution of Income and Federal Taxes by Expanded Cash Income Level, 2016 [1]

| Expanded Cash Income Level (thousands of 2015 dollars) [2] | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income [4] | | Average Federal Tax Rate [5] |
|---|---|---|---|---|---|---|---|---|---|
| | Number (thousands) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | Average (dollars) | Percent of Total | |
| **Less than 10** | 1,889 | 4.6 | 5,514 | 0.3 | 131 | 0.0 | 5,383 | 0.4 | 2.4 |
| **10-20** | 7,909 | 19.2 | 15,610 | 3.9 | 265 | 0.4 | 15,344 | 4.7 | 1.7 |
| **20-30** | 6,516 | 15.8 | 25,150 | 5.2 | 721 | 0.8 | 24,429 | 6.2 | 2.9 |
| **30-40** | 4,256 | 10.3 | 35,561 | 4.8 | 1,580 | 1.2 | 33,981 | 5.6 | 4.4 |
| **40-50** | 3,361 | 8.2 | 45,754 | 4.9 | 2,786 | 1.7 | 42,968 | 5.6 | 6.1 |
| **50-75** | 5,868 | 14.3 | 62,781 | 11.7 | 5,408 | 5.7 | 57,373 | 13.0 | 8.6 |
| **75-100** | 3,871 | 9.4 | 88,361 | 10.9 | 10,948 | 7.6 | 77,413 | 11.6 | 12.4 |
| **100-200** | 5,135 | 12.5 | 138,547 | 22.6 | 23,509 | 21.6 | 115,038 | 22.9 | 17.0 |
| **200-500** | 1,539 | 3.7 | 285,155 | 14.0 | 66,530 | 18.3 | 218,625 | 13.0 | 23.3 |
| **500-1,000** | 220 | 0.5 | 710,712 | 5.0 | 206,407 | 8.1 | 504,305 | 4.3 | 29.0 |
| **More than 1,000** | 159 | 0.4 | 3,339,288 | 16.9 | 1,195,134 | 34.0 | 2,144,154 | 13.2 | 35.8 |
| **All** | 41,164 | 100.0 | 76,347 | 100.0 | 13,565 | 100.0 | 62,782 | 100.0 | 17.8 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3).
* Less than 0.05
Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.
(1) The proposal would limit the federal income tax value of specified deductions or exclusions from taxable income. This limitation would reduce the value of these deductions and exclusions otherwise lowering taxable income in the 25-precent, 28-percent, 33-percent, 35-percent, or 39.6-percent tax brackets under the current law to 15 percent. A similar limitation would apply under the alternative minimum tax as well. In addition, the proposal would introduce a refundable tax credit to increase the tax value of these deductions and exclusions otherwise lowering taxable income in the 10-percent tax bracket to 15 percent. This credit would be an alternative to the existing Retirement Savings Contributions Credit. The income deductions and exclusions limited by this provision would include individual and employer contributions to Individual Retirement Arrangements and defined contribution retirement plans. The proposal would be effective for taxable years beginning after December 31, 2015.
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(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see
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(3) Includes tax units with a change in federal tax burden of $10 or more in absolute value.
(4) After-tax income is expanded cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); estate tax; and excise taxes.
(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, the estate tax, and excise taxes) as a percentage of average expanded cash income.