

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

Table T15-0146
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2025 ¹
Summary Table

Expanded Cash Income Percentile ^{2,3}	Tax Units with Tax Increase or Cut 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 (% Points)	Under the Proposal	
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase						
Lowest Quintile	6.6	-941	0.0	0	0.3	36.5	-62	-0.3	5.4	
Second Quintile	4.8	-897	0.6	49	0.1	21.6	-43	-0.1	9.0	
Middle Quintile	4.5	-987	1.1	50	0.1	19.9	-44	-0.1	14.4	
Fourth Quintile	3.9	-922	1.7	50	0.0	13.0	-35	0.0	17.4	
Top Quintile	2.3	-1,241	0.1	49	0.0	8.6	-28	0.0	26.5	
All	4.7	-957	0.7	50	0.1	100.0	-44	0.0	20.6	
Addendum										
80-90	4.2	-1,251	0.2	49	0.0	8.5	-53	0.0	20.2	
90-95	0.2	-892	*	**	0.0	0.2	-2	0.0	21.7	
95-99	0.1	-1,050	*	**	0.0	0.0	-1	0.0	25.2	
Top 1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	34.1	
Top 0.1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	35.0	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-2).

Number of AMT Taxpayers (millions). Baseline: 4.8

Proposal: 4.8

* Less than 0.05

** Insufficient data

(1) Calendar year. Baseline is current law. Proposal would replace the Hope Scholarship Credit with the American Opportunity Tax Credit, which is currently set to expire on 12/31/17. For a description of TPC's current law baseline, see:

<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) 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 2015 dollars): 20% \$26,106; 40% \$51,093; 60% \$87,696; 80% \$148,141; 90% \$217,357; 95% \$289,948; 99% \$848,445; 99.9% \$5,233,860.

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

(5) 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.

(6) 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 T15-0146
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2025 ¹
Detail Table

Expanded 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		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	6.6	0.0	0.3	36.5	-62	-5.6	-0.1	1.1	-0.3	5.4
Second Quintile	4.8	0.6	0.1	21.6	-43	-1.0	0.0	3.9	-0.1	9.0
Middle Quintile	4.5	1.1	0.1	19.9	-44	-0.4	0.0	10.0	-0.1	14.4
Fourth Quintile	3.9	1.7	0.0	13.0	-35	-0.1	0.0	16.9	0.0	17.4
Top Quintile	2.3	0.1	0.0	8.6	-28	0.0	0.1	68.0	0.0	26.5
All	4.7	0.7	0.1	100.0	-44	-0.2	0.0	100.0	0.0	20.6
Addendum										
80-90	4.2	0.2	0.0	8.5	-53	-0.1	0.0	13.2	0.0	20.2
90-95	0.2	*	0.0	0.2	-2	0.0	0.0	9.4	0.0	21.7
95-99	0.1	*	0.0	0.0	-1	0.0	0.0	14.2	0.0	25.2
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	31.2	0.0	34.1
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	14.1	0.0	35.0

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile, 2025 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	48,671	26.3	19,185	4.2	1,094	1.2	18,092	5.0	5.7	
Second Quintile	41,353	22.3	47,209	8.8	4,311	3.9	42,898	10.1	9.1	
Middle Quintile	37,231	20.1	85,274	14.3	12,322	10.0	72,952	15.5	14.5	
Fourth Quintile	30,885	16.7	143,379	20.0	24,912	16.8	118,467	20.8	17.4	
Top Quintile	25,474	13.8	459,240	52.8	121,699	67.9	337,541	48.9	26.5	
All	185,081	100.0	119,676	100.0	24,685	100.0	94,991	100.0	20.6	
Addendum										
80-90	13,166	7.1	226,008	13.4	45,658	13.2	180,350	13.5	20.2	
90-95	6,362	3.4	312,303	9.0	67,707	9.4	244,596	8.9	21.7	
95-99	4,754	2.6	539,001	11.6	135,808	14.1	403,193	10.9	25.2	
Top 1 Percent	1,193	0.6	3,499,999	18.8	1,192,961	31.1	2,307,039	15.7	34.1	
Top 0.1 Percent	123	0.1	14,927,139	8.3	5,227,663	14.1	9,699,476	6.8	35.0	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-2).

Number of AMT Taxpayers (millions). Baseline: 4.8

Proposal: 4.8

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would replace the Hope Scholarship Credit with the American Opportunity Tax Credit, which is currently set to expire on 12/31/17. For a description of TPC's current law baseline, see:

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(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 2015 dollars): 20% \$26,106; 40% \$51,093; 60% \$87,696; 80% \$148,141; 90% \$217,357; 95% \$289,948; 99% \$848,445; 99.9% \$5,233,860.

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

(5) 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.

(6) 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 T15-0146
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2025 ¹
Detail Table

Expanded 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		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	7.3	0.0	0.4	32.9	-68	-10.7	-0.1	0.5	-0.4	3.2
Second Quintile	5.8	0.3	0.1	25.5	-53	-1.5	0.0	3.0	-0.1	8.2
Middle Quintile	4.6	1.9	0.1	18.2	-41	-0.4	0.0	7.9	-0.1	12.8
Fourth Quintile	4.3	1.1	0.0	19.5	-46	-0.2	0.0	16.2	0.0	16.8
Top Quintile	0.9	*	0.0	3.7	-9	0.0	0.1	72.2	0.0	26.1
All	4.7	0.7	0.1	100.0	-44	-0.2	0.0	100.0	0.0	20.6
Addendum										
80-90	1.6	0.1	0.0	3.5	-17	-0.1	0.0	14.1	0.0	19.9
90-95	0.1	*	0.0	0.1	-1	0.0	0.0	10.4	0.0	21.6
95-99	*	*	0.0	0.0	0	0.0	0.0	15.8	0.0	25.0
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	31.9	0.0	33.9
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	14.9	0.0	35.0

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2025 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	39,507	21.4	17,969	3.2	641	0.6	17,328	3.9	3.6	
Second Quintile	39,383	21.3	42,059	7.5	3,502	3.0	38,557	8.6	8.3	
Middle Quintile	36,892	19.9	76,055	12.7	9,785	7.9	66,270	13.9	12.9	
Fourth Quintile	35,054	18.9	125,307	19.8	21,148	16.2	104,159	20.8	16.9	
Top Quintile	32,778	17.7	385,119	57.0	100,504	72.1	284,614	53.1	26.1	
All	185,081	100.0	119,676	100.0	24,685	100.0	94,991	100.0	20.6	
Addendum										
80-90	16,914	9.1	191,282	14.6	37,994	14.1	153,287	14.8	19.9	
90-95	8,137	4.4	271,008	10.0	58,504	10.4	212,504	9.8	21.6	
95-99	6,367	3.4	454,799	13.1	113,472	15.8	341,326	12.4	25.0	
Top 1 Percent	1,359	0.7	3,153,691	19.4	1,068,978	31.8	2,084,713	16.1	33.9	
Top 0.1 Percent	146	0.1	13,310,526	8.8	4,664,142	14.9	8,646,385	7.2	35.0	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-2).

Number of AMT Taxpayers (millions). Baseline: 4.8

Proposal: 4.8

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would replace the Hope Scholarship Credit with the American Opportunity Tax Credit, which is currently set to expire on 12/31/17. For a description of TPC's current law baseline, see:

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(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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2015 dollars): 20% \$18,626; 40% \$34,588; 60% \$57,568; 80% \$92,401; 90% \$131,891; 95% \$177,563; 99% \$473,266; 99.9% \$2,972,922.

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

(5) 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.

(6) 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 T15-0146
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2025 ¹
Detail Table - Single Tax Units

Expanded 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		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	7.5	0.0	0.6	47.3	-70	-5.9	-0.2	2.5	-0.5	8.1
Second Quintile	4.8	0.2	0.1	28.6	-44	-1.6	-0.1	5.9	-0.1	8.1
Middle Quintile	2.9	1.2	0.1	12.6	-25	-0.3	0.0	12.7	0.0	13.0
Fourth Quintile	2.4	0.5	0.0	11.1	-29	-0.2	0.0	21.6	0.0	17.9
Top Quintile	*	*	0.0	0.1	0	0.0	0.2	57.0	0.0	25.8
All	4.2	0.4	0.1	100.0	-40	-0.3	0.0	100.0	-0.1	18.4
Addendum										
80-90	*	0.0	0.0	0.1	0	0.0	0.1	16.4	0.0	21.0
90-95	*	0.1	0.0	0.0	0	0.0	0.0	8.1	0.0	22.1
95-99	*	0.0	0.0	0.0	0	0.0	0.0	12.3	0.0	25.1
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	20.2	0.0	35.2
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	10.8	0.0	35.6

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2025 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	24,762	26.8	13,756	5.7	1,186	2.7	12,571	6.4	8.6	
Second Quintile	23,725	25.7	33,408	13.4	2,754	6.0	30,654	15.0	8.2	
Middle Quintile	18,409	20.0	58,006	18.0	7,550	12.7	50,456	19.2	13.0	
Fourth Quintile	14,328	15.5	91,889	22.2	16,470	21.6	75,420	22.3	17.9	
Top Quintile	10,217	11.1	235,963	40.6	60,805	56.8	175,158	37.0	25.8	
All	92,243	100.0	64,314	100.0	11,857	100.0	52,457	100.0	18.4	
Addendum										
80-90	6,135	6.7	138,774	14.4	29,122	16.3	109,652	13.9	21.0	
90-95	2,085	2.3	191,505	6.7	42,309	8.1	149,196	6.4	22.1	
95-99	1,744	1.9	306,554	9.0	76,837	12.3	229,716	8.3	25.1	
Top 1 Percent	253	0.3	2,474,261	10.5	871,623	20.2	1,602,639	8.4	35.2	
Top 0.1 Percent	33	0.0	10,175,974	5.6	3,627,105	10.8	6,548,869	4.4	35.6	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-2).

* Less than 0.05

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

(5) 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.

(6) 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 T15-0146
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2025 ¹
Detail Table - Married Tax Units Filing Jointly

Expanded 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		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	9.7	0.0	0.4	15.0	-90	-11.9	0.0	0.1	-0.3	2.6
Second Quintile	8.5	0.5	0.1	17.8	-76	-1.4	0.0	1.2	-0.1	8.7
Middle Quintile	6.1	3.1	0.1	19.6	-50	-0.4	0.0	4.5	-0.1	12.2
Fourth Quintile	6.4	2.0	0.1	36.9	-65	-0.3	0.0	13.2	0.0	16.1
Top Quintile	1.3	0.1	0.0	10.2	-15	0.0	0.1	80.9	0.0	26.2
All	5.1	1.2	0.0	100.0	-48	-0.1	0.0	100.0	0.0	22.5
Addendum										
80-90	2.8	0.1	0.0	9.9	-30	-0.1	0.0	13.5	0.0	19.3
90-95	0.2	*	0.0	0.3	-1	0.0	0.0	11.8	0.0	21.4
95-99	*	*	0.0	0.1	0	0.0	0.0	18.2	0.0	24.9
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	37.4	0.0	33.6
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	16.7	0.0	34.9

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2025 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	4,808	8.0	26,258	0.9	759	0.1	25,499	1.2	2.9	
Second Quintile	6,791	11.3	59,739	3.0	5,282	1.2	54,457	3.5	8.8	
Middle Quintile	11,347	18.9	99,640	8.3	12,212	4.5	87,427	9.4	12.3	
Fourth Quintile	16,385	27.2	154,264	18.5	24,874	13.3	129,390	20.1	16.1	
Top Quintile	20,293	33.7	467,472	69.6	122,361	80.8	345,111	66.3	26.2	
All	60,148	100.0	226,783	100.0	51,106	100.0	175,677	100.0	22.5	
Addendum										
80-90	9,402	15.6	227,825	15.7	44,066	13.5	183,759	16.4	19.3	
90-95	5,560	9.2	303,654	12.4	64,998	11.8	238,656	12.6	21.4	
95-99	4,297	7.1	521,751	16.4	130,120	18.2	391,631	15.9	24.9	
Top 1 Percent	1,035	1.7	3,298,408	25.0	1,109,281	37.4	2,189,126	21.5	33.6	
Top 0.1 Percent	103	0.2	14,302,604	10.8	4,985,693	16.7	9,316,911	9.1	34.9	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-2).

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Table T15-0146
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2025 ¹
Detail Table - Head of Household Tax Units

Expanded 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		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	5.9	0.0	0.2	31.8	-55	6.1	-0.2	-3.1	-0.2	-3.9
Second Quintile	7.1	0.6	0.1	32.0	-63	-1.6	-0.1	11.1	-0.1	7.5
Middle Quintile	7.2	1.8	0.1	28.2	-73	-0.6	0.0	25.1	-0.1	13.4
Fourth Quintile	2.9	0.1	0.0	7.9	-36	-0.2	0.1	28.5	0.0	17.6
Top Quintile	0.1	*	0.0	0.1	-1	0.0	0.2	38.3	0.0	24.3
All	5.8	0.6	0.1	100.0	-56	-0.6	0.0	100.0	-0.1	13.6
Addendum										
80-90	0.1	*	0.0	0.1	-1	0.0	0.1	12.7	0.0	20.1
90-95	0.1	0.0	0.0	0.0	-1	0.0	0.0	6.8	0.0	22.8
95-99	0.0	0.0	0.0	0.0	0	0.0	0.0	7.0	0.0	24.1
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	11.7	0.0	33.1
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	5.4	0.0	34.5

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2025 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	9,488	32.3	24,885	10.9	-903	-2.9	25,787	13.0	-3.6	
Second Quintile	8,291	28.2	52,625	20.1	4,032	11.3	48,594	21.5	7.7	
Middle Quintile	6,329	21.5	87,723	25.5	11,780	25.1	75,943	25.6	13.4	
Fourth Quintile	3,656	12.4	131,330	22.1	23,103	28.4	108,227	21.1	17.6	
Top Quintile	1,590	5.4	293,194	21.4	71,140	38.1	222,054	18.8	24.3	
All	29,417	100.0	73,912	100.0	10,103	100.0	63,808	100.0	13.7	
Addendum										
80-90	988	3.4	188,439	8.6	37,917	12.6	150,522	7.9	20.1	
90-95	345	1.2	256,998	4.1	58,511	6.8	198,487	3.7	22.8	
95-99	221	0.8	390,799	4.0	93,992	7.0	296,807	3.5	24.1	
Top 1 Percent	35	0.1	2,957,082	4.8	977,816	11.7	1,979,266	3.7	33.1	
Top 0.1 Percent	3	0.0	13,410,797	2.1	4,625,610	5.4	8,785,188	1.6	34.5	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-2).

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would replace the Hope Scholarship Credit with the American Opportunity Tax Credit, which is currently set to expire on 12/31/17. For a description of TPC's current law baseline, see:

<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) 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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2015 dollars): 20% \$18,626; 40% \$34,588; 60% \$57,568; 80% \$92,401; 90% \$131,891; 95% \$177,563; 99% \$473,266; 99.9% \$2,972,922.

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

(5) 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.

(6) 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 T15-0146
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2025 ¹
Detail Table - Tax Units with Children

Expanded 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		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	7.3	0.0	0.3	21.0	-69	8.4	0.0	-0.6	-0.3	-3.4
Second Quintile	8.7	0.7	0.2	22.3	-78	-1.6	0.0	2.8	-0.1	8.3
Middle Quintile	8.4	3.8	0.1	21.2	-75	-0.5	0.0	8.2	-0.1	13.9
Fourth Quintile	10.5	2.7	0.1	29.4	-112	-0.4	0.0	15.8	-0.1	17.7
Top Quintile	2.2	0.1	0.0	5.7	-23	0.0	0.1	73.6	0.0	27.1
All	7.5	1.4	0.1	100.0	-72	-0.2	0.0	100.0	0.0	21.3
Addendum										
80-90	4.0	0.2	0.0	5.5	-43	-0.1	0.0	13.5	0.0	20.3
90-95	0.4	*	0.0	0.2	-4	0.0	0.0	9.3	0.0	22.0
95-99	0.1	*	0.0	0.0	-1	0.0	0.0	15.8	0.0	26.2
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	35.0	0.0	34.1
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	14.5	0.0	34.7

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2025 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	11,680	21.9	26,018	3.4	-820	-0.5	26,838	4.5	-3.2	
Second Quintile	10,903	20.5	58,296	7.2	4,910	2.8	53,387	8.4	8.4	
Middle Quintile	10,864	20.4	102,967	12.6	14,367	8.3	88,600	13.8	14.0	
Fourth Quintile	10,013	18.8	168,851	19.1	29,964	15.9	138,886	20.0	17.8	
Top Quintile	9,494	17.8	540,304	57.9	146,295	73.4	394,009	53.7	27.1	
All	53,254	100.0	166,281	100.0	35,523	100.0	130,758	100.0	21.4	
Addendum										
80-90	4,860	9.1	257,593	14.1	52,270	13.4	205,322	14.3	20.3	
90-95	2,275	4.3	349,483	9.0	76,781	9.2	272,702	8.9	22.0	
95-99	1,831	3.4	623,220	12.9	163,349	15.8	459,871	12.1	26.2	
Top 1 Percent	527	1.0	3,680,781	21.9	1,253,387	35.0	2,427,394	18.4	34.1	
Top 0.1 Percent	47	0.1	16,716,800	8.9	5,803,518	14.5	10,913,282	7.4	34.7	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-2).

* Less than 0.05

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

(1) Calendar year. Baseline is current law. Proposal would replace the Hope Scholarship Credit with the American Opportunity Tax Credit, which is currently set to expire on 12/31/17. For a description of TPC's current law baseline, see:

<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) 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 incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2015 dollars): 20% \$18,626; 40% \$34,588; 60% \$57,568; 80% \$92,401; 90% \$131,891; 95% \$177,563; 99% \$473,266; 99.9% \$2,972,922.

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

(5) 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.

(6) 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 T15-0146
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2025 ¹
Detail Table - Elderly Tax Units

Expanded 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		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.4	0.0	0.0	18.0	-4	-1.1	0.0	0.3	0.0	2.3
Second Quintile	0.4	0.0	0.0	25.2	-3	-0.3	0.0	1.5	0.0	2.6
Middle Quintile	0.5	0.2	0.0	25.8	-4	-0.1	0.0	5.4	0.0	6.3
Fourth Quintile	0.4	0.1	0.0	25.3	-4	0.0	0.0	14.1	0.0	12.0
Top Quintile	0.1	0.1	0.0	5.6	-1	0.0	0.0	78.3	0.0	25.8
All	0.4	0.1	0.0	100.0	-3	0.0	0.0	100.0	0.0	17.4
Addendum										
80-90	0.2	0.1	0.0	5.5	-2	0.0	0.0	12.5	0.0	17.0
90-95	*	*	0.0	0.1	0	0.0	0.0	10.0	0.0	20.0
95-99	0.0	0.0	0.0	0.0	0	0.0	0.0	13.6	0.0	23.9
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	42.2	0.0	34.5
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	24.0	0.0	35.5

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2025 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	8,009	14.8	16,482	2.4	375	0.3	16,107	2.8	2.3	
Second Quintile	14,992	27.7	36,314	9.8	947	1.5	35,366	11.6	2.6	
Middle Quintile	12,619	23.3	66,063	15.0	4,131	5.4	61,932	17.0	6.3	
Fourth Quintile	10,109	18.7	112,381	20.4	13,526	14.1	98,854	21.8	12.0	
Top Quintile	7,840	14.5	374,272	52.8	96,711	78.3	277,561	47.4	25.8	
All	54,189	100.0	102,568	100.0	17,866	100.0	84,702	100.0	17.4	
Addendum										
80-90	4,211	7.8	168,597	12.8	28,679	12.5	139,919	12.8	17.0	
90-95	1,948	3.6	250,019	8.8	49,891	10.0	200,128	8.5	20.0	
95-99	1,340	2.5	412,135	9.9	98,356	13.6	313,778	9.2	23.9	
Top 1 Percent	342	0.6	3,466,036	21.3	1,194,583	42.2	2,271,453	16.9	34.5	
Top 0.1 Percent	53	0.1	12,336,068	11.8	4,376,521	24.0	7,959,547	9.2	35.5	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-2).

* Less than 0.05

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

(1) Calendar year. Baseline is current law. Proposal would replace the Hope Scholarship Credit with the American Opportunity Tax Credit, which is currently set to expire on 12/31/17. For a description of TPC's current law baseline, see:

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