Table T16-0029
Effective Marginal Tax Rates (EMTR) On Wages and Salaries
Under Current Law and Ted Cruz's Tax Reform Proposal
By Expanded Cash Income Percentile, $2025{ }^{1}$

|  |  | Individual Income Tax |  |  | Combined Individual Income Tax, Payroll Tax, and Value-added Tax |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Percentiles ${ }^{2,3}$ | (thousands) | Current Law | Cruz <br> Proposal | Change (Percentage Points) | Current Law | Cruz <br> Proposal | $\qquad$ |
| Lowest Quintile | 48,631 | 4.8 | -0.6 | -5.4 | 18.7 | 15.4 | -3.2 |
| Second Quintile | 41,383 | 16.9 | 10.9 | -6.1 | 30.7 | 26.9 | -3.8 |
| Third Quintile | 37,251 | 19.5 | 10.3 | -9.2 | 33.0 | 26.3 | -6.8 |
| Fourth Quintile | 30,884 | 20.9 | 10.7 | -10.2 | 34.5 | 26.7 | -7.8 |
| Top Quintile | 25,428 | 31.2 | 10.2 | -21.0 | 38.6 | 26.2 | -12.4 |
| All | 185,081 | 25.2 | 10.0 | -15.3 | 35.6 | 26.0 | -9.6 |
| Addendum |  |  |  |  |  |  |  |
| 80-90 | 13,124 | 25.1 | 10.4 | -14.7 | 36.3 | 26.4 | -9.9 |
| 90-95 | 6,369 | 27.4 | 10.0 | -17.4 | 36.0 | 26.0 | -10.0 |
| 95-99 | 4,742 | 32.5 | 10.2 | -22.3 | 38.4 | 26.2 | -12.2 |
| Top 1 Percent | 1,192 | 39.2 | 10.0 | -29.2 | 43.1 | 26.0 | -17.1 |
| Top 0.1 Percent | 123 | 39.3 | 10.1 | -29.2 | 43.1 | 26.1 | -17.0 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-4).
(1) Calendar year. Baseline is current law (including provisions in the Protecting Americans from Tax Hikes Act of 2015 and the Consolidated Appropriations Act of 2016). We calculate effective marginal tax rates by adding $\$ 1,000$ to wages and salaries and recomputing tax liability. Our computation includes the impact of the alternative minimum tax and the phase-in and phase-out of credits and other tax provisions. We assume that the increase in wages does not change the reported amount of any deductions, exclusions, or other forms of income. Effective marginal tax rates are weighted by wages and salaries. For a description of the Cruz proposal, see TPC's "An Analysis of Ted Cruz's Tax Plan."
(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): $20 \% \$ 26,101 ; 40 \% \$ 51,178 ; 60 \% \$ 87,777 ; 80 \% \$ 148,458 ; 90 \% \$ 217,212 ; 95 \% \$ 289,677 ; 99 \% \$ 846,843 ; 99.9 \% \$ 5,205,348$.

