

**Table T16-0025**  
**Effective Marginal Tax Rates (EMTR) On Wages and Salaries**  
**Under Current Law and Ted Cruz's Tax Reform Proposal**  
**By Expanded Cash Income Percentile, 2017<sup>1</sup>**

Expanded Cash Income Percentiles <sup>2,3</sup>	Tax Units (thousands)	Individual Income Tax			Combined Individual Income Tax, Payroll Tax, and Value-added Tax		
		Current Law	Cruz Proposal	Change (Percentage Points)	Current Law	Cruz Proposal	Change (Percentage Points)
Lowest Quintile	47,878	1.7	-2.6	-4.4	15.6	13.4	-2.2
Second Quintile	37,992	15.7	9.3	-6.3	29.5	25.3	-4.1
Third Quintile	34,342	19.0	10.4	-8.6	32.6	26.4	-6.2
Fourth Quintile	28,545	19.9	10.2	-9.7	33.4	26.2	-7.2
Top Quintile	23,785	31.0	10.5	-20.5	38.1	26.5	-11.6
<b>All</b>	<b>173,829</b>	<b>24.6</b>	<b>9.8</b>	<b>-14.7</b>	<b>34.8</b>	<b>25.8</b>	<b>-8.9</b>
<b>Addendum</b>							
80-90	12,240	25.3	11.0	-14.3	35.9	27.0	-8.9
90-95	5,942	27.6	10.2	-17.5	35.4	26.2	-9.2
95-99	4,468	33.2	10.3	-22.8	38.6	26.3	-12.2
Top 1 Percent	1,135	39.0	10.1	-28.9	42.9	26.1	-16.9
Top 0.1 Percent	116	39.3	10.1	-29.3	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% \$23,099; 40% \$45,153; 60% \$80,760; 80% \$142,601; 90% \$209,113; 95% \$295,756; 99% \$732,323; 99.9% \$3,769,396.