

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

**Table T20-0223**  
**Make Sec199A Deduction for Qualified Business Income (QBI) Permanent**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2026 <sup>1</sup>**  
**Summary Table**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units with Tax Increase or Cut <sup>4</sup>				Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut		With Tax Increase					Change (% Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Change (\$)	Pct of Tax Units	Avg Tax Change (\$)					
<b>Lowest Quintile</b>	2.5	-120	0.0	0	0.0	0.2	*	0.0	3.8
<b>Second Quintile</b>	6.0	-280	0.0	0	0.0	0.9	-20	0.0	8.9
<b>Middle Quintile</b>	10.1	-570	0.0	0	0.1	3.0	-60	-0.1	14.4
<b>Fourth Quintile</b>	16.4	-1,020	0.0	0	0.1	7.2	-170	-0.1	18.2
<b>Top Quintile</b>	25.1	-9,850	0.0	0	0.7	88.7	-2,470	-0.5	25.3
<b>All</b>	10.4	-3,810	0.0	0	0.4	100.0	-400	-0.3	20.1
<b>Addendum</b>									
<b>80-90</b>	21.7	-2,000	0.0	0	0.2	8.0	-430	-0.2	21.1
<b>90-95</b>	25.0	-3,390	0.0	0	0.3	7.5	-850	-0.2	22.7
<b>95-99</b>	31.7	-9,110	0.0	0	0.6	19.8	-2,890	-0.5	25.9
<b>Top 1 Percent</b>	37.0	-87,470	0.0	0	1.6	53.4	-32,330	-1.1	30.6
<b>Top 0.1 Percent</b>	43.9	-357,900	0.0	0	1.7	26.6	-157,130	-1.2	30.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

Number of AMT Taxpayers (millions). Baseline: 6.7

Proposal: 6.6

\* Non-zero value rounded to zero; \*\* Insufficient data

(1) Calendar year. Baseline is the law currently in place for 2026 as of March 17, 2020. Proposal would make the Sec199A deduction for qualified business income permanent. Does not include any potential effect on payroll tax burden. Does not include any behavioral effects of individuals shifting income from wages and salaries to pass-through income, or from C corporation income to pass-through income.

<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 2019 dollars): 20% \$28,300; 40% \$55,700; 60% \$98,700; 80% \$178,000; 90% \$257,600; 95% \$366,100; 99% \$887,800; 99.9% \$3,962,600.

(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 T20-0223**  
**Make Sec199A Deduction for Qualified Business Income (QBI) Permanent**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2026 <sup>1</sup>**  
**Detail Table**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	2.5	0.0	0.0	0.2	*	-0.4	0.0	0.7	0.0	3.8
Second Quintile	6.0	0.0	0.0	0.9	-20	-0.4	0.0	3.7	0.0	8.9
Middle Quintile	10.1	0.0	0.1	3.0	-60	-0.5	0.1	10.3	-0.1	14.4
Fourth Quintile	16.4	0.0	0.1	7.2	-170	-0.6	0.2	18.9	-0.1	18.2
Top Quintile	25.1	0.0	0.7	88.7	-2,470	-2.0	-0.3	66.3	-0.5	25.3
All	10.4	0.0	0.4	100.0	-400	-1.5	0.0	100.0	-0.3	20.1
<b>Addendum</b>										
80-90	21.7	0.0	0.2	8.0	-430	-0.8	0.1	15.1	-0.2	21.1
90-95	25.0	0.0	0.3	7.5	-850	-1.0	0.1	11.1	-0.2	22.7
95-99	31.7	0.0	0.6	19.8	-2,890	-1.8	0.0	16.9	-0.5	25.9
Top 1 Percent	37.0	0.0	1.6	53.4	-32,330	-3.4	-0.5	23.2	-1.1	30.6
Top 0.1 Percent	43.9	0.0	1.7	26.6	-157,130	-3.7	-0.2	10.7	-1.2	30.9

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile, 2026 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	47,120	25.7	19,050	3.8	720	0.7	18,330	4.7	3.8	
Second Quintile	40,420	22.1	48,530	8.4	4,340	3.7	44,190	9.6	8.9	
Middle Quintile	37,500	20.5	88,890	14.3	12,880	10.1	76,010	15.3	14.5	
Fourth Quintile	30,970	16.9	156,940	20.8	28,710	18.7	128,230	21.4	18.3	
Top Quintile	25,950	14.2	472,860	52.6	122,200	66.6	350,670	49.0	25.8	
All	183,320	100.0	127,370	100.0	25,970	100.0	101,390	100.0	20.4	
<b>Addendum</b>										
80-90	13,400	7.3	251,110	14.4	53,430	15.0	197,670	14.3	21.3	
90-95	6,400	3.5	358,000	9.8	82,020	11.0	275,980	9.5	22.9	
95-99	4,960	2.7	617,710	13.1	162,570	16.9	455,140	12.1	26.3	
Top 1 Percent	1,200	0.7	2,973,120	15.2	940,770	23.6	2,032,350	13.1	31.6	
Top 0.1 Percent	120	0.1	13,302,820	7.0	4,264,380	11.0	9,038,440	6.0	32.1	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

Number of AMT Taxpayers (millions). Baseline: 6.7 Proposal: 6.6

\* Non-zero value rounded to zero; \*\* Insufficient data

(1) Calendar year. Baseline is the law currently in place for 2026 as of March 17, 2020. Proposal would make the Sec199A deduction for qualified business income permanent. Does not include any potential effect on payroll tax burden. Does not include any behavioral effects of individuals shifting income from wages and salaries to pass-through income, or from C corporation income to pass-through income.

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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) 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 2019 dollars): 20% \$28,300; 40% \$55,700; 60% \$98,700; 80% \$178,000; 90% \$257,600; 95% \$366,100; 99% \$887,800; 99.9% \$3,962,600.

(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 T20-0223**  
**Make Sec199A Deduction for Qualified Business Income (QBI) Permanent**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2026<sup>1</sup>**  
**Detail Table**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	1.9	0.0	0.0	0.1	*	-1.0	0.0	0.1	0.0	0.7
Second Quintile	5.9	0.0	0.0	0.8	-10	-0.4	0.0	2.8	0.0	8.0
Middle Quintile	9.9	0.0	0.1	2.4	-50	-0.4	0.1	8.2	-0.1	13.0
Fourth Quintile	14.4	0.0	0.1	6.7	-140	-0.6	0.2	18.1	-0.1	17.7
Top Quintile	22.2	0.0	0.7	90.1	-1,990	-1.9	-0.3	70.6	-0.5	25.0
All	10.4	0.0	0.4	100.0	-400	-1.5	0.0	100.0	-0.3	20.1
<b>Addendum</b>										
80-90	18.6	0.0	0.2	7.7	-330	-0.7	0.1	16.1	-0.2	20.9
90-95	21.8	0.0	0.3	8.0	-700	-1.0	0.1	12.3	-0.2	22.6
95-99	29.2	0.0	0.6	19.9	-2,290	-1.7	0.0	17.9	-0.4	25.2
Top 1 Percent	35.4	0.0	1.5	54.5	-26,640	-3.3	-0.5	24.3	-1.1	30.4
Top 0.1 Percent	43.1	0.0	1.7	27.8	-136,980	-3.7	-0.3	11.2	-1.2	30.9

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2026<sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	38,590	21.1	17,870	3.0	130	0.1	17,740	3.7	0.8	
Second Quintile	38,110	20.8	43,310	7.1	3,480	2.8	39,830	8.2	8.0	
Middle Quintile	37,600	20.5	78,900	12.7	10,300	8.1	68,600	13.9	13.1	
Fourth Quintile	34,910	19.0	136,840	20.5	24,400	17.9	112,440	21.1	17.8	
Top Quintile	32,750	17.9	404,260	56.7	103,060	70.9	301,200	53.1	25.5	
All	183,320	100.0	127,370	100.0	25,970	100.0	101,390	100.0	20.4	
<b>Addendum</b>										
80-90	16,720	9.1	215,510	15.4	45,400	15.9	170,110	15.3	21.1	
90-95	8,270	4.5	308,670	10.9	70,450	12.2	238,220	10.6	22.8	
95-99	6,280	3.4	530,170	14.3	136,110	18.0	394,060	13.3	25.7	
Top 1 Percent	1,480	0.8	2,537,570	16.1	796,890	24.8	1,740,680	13.9	31.4	
Top 0.1 Percent	150	0.1	11,607,580	7.3	3,718,460	11.5	7,889,120	6.2	32.0	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

Number of AMT Taxpayers (millions). Baseline: 6.7 Proposal: 6.6

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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 2019 dollars): 20% \$19,600; 40% \$37,900; 60% \$65,200; 80% \$109,200; 90% \$157,200; 95% \$222,100; 99% \$512,600; 99.9% \$2,277,700.

(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 T20-0223**  
**Make Sec199A Deduction for Qualified Business Income (QBI) Permanent**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2026 <sup>1</sup>**  
**Detail Table - Single Tax Units**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	2.1	0.0	0.0	0.3	*	-0.2	0.0	1.5	0.0	5.3
Second Quintile	5.1	0.0	0.0	2.5	-10	-0.4	0.0	5.7	0.0	9.0
Middle Quintile	6.7	0.0	0.1	4.8	-30	-0.3	0.1	13.4	-0.1	13.3
Fourth Quintile	9.4	0.0	0.1	11.4	-80	-0.5	0.1	23.5	-0.1	18.6
Top Quintile	15.9	0.0	0.5	81.0	-870	-1.4	-0.2	55.7	-0.3	24.9
All	6.5	0.0	0.2	100.0	-120	-0.9	0.0	100.0	-0.2	18.4
<b>Addendum</b>										
80-90	13.6	0.0	0.2	10.3	-200	-0.6	0.1	16.4	-0.1	21.7
90-95	16.5	0.0	0.3	9.9	-440	-0.9	0.0	10.7	-0.2	22.9
95-99	21.1	0.0	0.4	15.0	-980	-1.1	0.0	12.9	-0.3	24.8
Top 1 Percent	24.7	0.0	1.3	45.8	-15,290	-2.7	-0.3	15.8	-0.9	31.8
Top 0.1 Percent	37.2	0.0	1.7	28.0	-91,900	-3.5	-0.2	7.4	-1.1	32.0

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2026 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	23,040	26.3	13,880	5.3	730	1.5	13,150	6.1	5.3	
Second Quintile	21,000	24.0	33,870	11.7	3,060	5.7	30,810	13.0	9.0	
Middle Quintile	18,640	21.3	60,390	18.5	8,080	13.3	52,310	19.6	13.4	
Fourth Quintile	14,240	16.3	99,470	23.2	18,570	23.3	80,900	23.2	18.7	
Top Quintile	9,810	11.2	255,800	41.1	64,640	56.0	191,160	37.8	25.3	
All	87,480	100.0	69,710	100.0	12,950	100.0	56,760	100.0	18.6	
<b>Addendum</b>										
80-90	5,490	6.3	154,480	13.9	33,790	16.4	120,690	13.4	21.9	
90-95	2,380	2.7	220,130	8.6	50,790	10.7	169,340	8.1	23.1	
95-99	1,620	1.9	359,010	9.5	90,150	12.9	268,870	8.8	25.1	
Top 1 Percent	320	0.4	1,756,620	9.1	574,420	16.0	1,182,210	7.5	32.7	
Top 0.1 Percent	30	0.0	8,042,300	4.2	2,664,410	7.6	5,377,890	3.5	33.1	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

\* Non-zero value rounded to zero; \*\* Insufficient data

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<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 2019 dollars): 20% \$19,600; 40% \$37,900; 60% \$65,200; 80% \$109,200; 90% \$157,200; 95% \$222,100; 99% \$512,600; 99.9% \$2,277,700.

(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 T20-0223**  
**Make Sec199A Deduction for Qualified Business Income (QBI) Permanent**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2026 <sup>1</sup>**  
**Detail Table - Married Tax Units Filing Jointly**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	1.4	0.0	0.0	0.0	*	-0.5	0.0	0.0	0.0	0.8
Second Quintile	8.1	0.0	0.0	0.3	-20	-0.5	0.0	1.1	0.0	6.9
Middle Quintile	16.1	0.0	0.1	1.7	-80	-0.6	0.1	5.0	-0.1	12.3
Fourth Quintile	20.1	0.0	0.1	5.9	-200	-0.7	0.2	15.3	-0.1	17.1
Top Quintile	25.9	0.0	0.7	92.0	-2,510	-2.1	-0.2	78.4	-0.5	25.0
All	17.4	0.0	0.5	100.0	-850	-1.8	0.0	100.0	-0.4	21.5
<b>Addendum</b>										
80-90	22.2	0.0	0.2	7.4	-420	-0.8	0.2	16.4	-0.2	20.6
90-95	24.6	0.0	0.3	7.9	-830	-1.1	0.1	13.5	-0.2	22.5
95-99	32.7	0.0	0.6	21.6	-2,810	-1.8	0.0	21.0	-0.5	25.3
Top 1 Percent	38.4	0.0	1.6	55.2	-29,260	-3.5	-0.5	27.6	-1.1	30.1
Top 0.1 Percent	44.8	0.0	1.8	26.3	-148,900	-3.8	-0.3	12.1	-1.2	30.8

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2026 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	7,420	11.0	23,120	1.2	190	0.0	22,930	1.5	0.8	
Second Quintile	8,950	13.3	57,170	3.5	3,960	1.1	53,210	4.1	6.9	
Middle Quintile	12,600	18.7	102,710	8.7	12,690	4.9	90,020	9.8	12.4	
Fourth Quintile	16,900	25.1	169,100	19.3	29,080	15.2	140,020	20.4	17.2	
Top Quintile	21,060	31.3	474,770	67.4	121,070	78.6	353,700	64.2	25.5	
All	67,390	100.0	220,230	100.0	48,130	100.0	172,100	100.0	21.9	
<b>Addendum</b>										
80-90	10,120	15.0	250,460	17.1	51,900	16.2	198,560	17.3	20.7	
90-95	5,450	8.1	350,630	12.9	79,670	13.4	270,960	12.7	22.7	
95-99	4,410	6.6	598,390	17.8	154,240	21.0	444,150	16.9	25.8	
Top 1 Percent	1,080	1.6	2,695,440	19.6	841,700	28.1	1,853,740	17.3	31.2	
Top 0.1 Percent	100	0.2	12,361,270	8.4	3,956,470	12.4	8,404,800	7.3	32.0	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

\* Non-zero value rounded to zero; \*\* Insufficient data

(1) Calendar year. Baseline is the law currently in place for 2026 as of March 17, 2020. Proposal would make the Sec199A deduction for qualified business income permanent. Does not include any potential effect on payroll tax burden. Does not include any behavioral effects of individuals shifting income from wages and salaries to pass-through income, or from C corporation income to pass-through income.

<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 2019 dollars): 20% \$19,600; 40% \$37,900; 60% \$65,200; 80% \$109,200; 90% \$157,200; 95% \$222,100; 99% \$512,600; 99.9% \$2,277,700.

(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 T20-0223**  
**Make Sec199A Deduction for Qualified Business Income (QBI) Permanent**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2026 <sup>1</sup>**  
**Detail Table - Head of Household Tax Units**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	1.8	0.0	0.0	0.5	*	0.1	0.0	-5.5	0.0	-7.4
Second Quintile	4.9	0.0	0.0	4.8	-10	-0.3	0.1	11.4	0.0	7.2
Middle Quintile	5.4	0.0	0.0	8.1	-30	-0.2	0.1	25.0	0.0	13.5
Fourth Quintile	8.0	0.0	0.1	10.6	-70	-0.3	0.1	29.7	-0.1	18.6
Top Quintile	11.6	0.0	0.4	76.0	-1,130	-1.4	0.3	39.4	-0.3	24.4
All	4.7	0.0	0.1	100.0	-70	-0.7	0.0	100.0	-0.1	13.5
<b>Addendum</b>										
80-90	10.3	0.0	0.1	8.8	-200	-0.4	0.0	14.1	-0.1	21.3
90-95	11.2	0.0	0.2	5.6	-360	-0.5	0.0	7.3	-0.1	22.6
95-99	17.6	0.0	0.5	10.9	-1,690	-1.3	0.0	5.8	-0.3	25.1
Top 1 Percent	29.5	0.0	1.3	50.7	-32,930	-2.9	-0.3	12.2	-0.9	30.3
Top 0.1 Percent	46.3	0.0	1.3	32.8	-189,200	-2.9	-0.2	7.8	-0.9	30.5

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2026 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	7,630	31.3	24,960	10.2	-1,830	-5.5	26,790	12.6	-7.3	
Second Quintile	7,460	30.6	53,720	21.4	3,870	11.4	49,850	23.0	7.2	
Middle Quintile	5,200	21.4	90,130	25.0	12,150	24.9	77,980	25.1	13.5	
Fourth Quintile	2,830	11.6	142,420	21.5	26,610	29.6	115,810	20.2	18.7	
Top Quintile	1,210	5.0	338,720	21.8	83,610	39.6	255,120	19.0	24.7	
All	24,370	100.0	76,860	100.0	10,440	100.0	66,430	100.0	13.6	
<b>Addendum</b>										
80-90	780	3.2	213,620	8.9	45,740	14.1	167,880	8.1	21.4	
90-95	280	1.2	290,900	4.4	66,200	7.3	224,700	3.9	22.8	
95-99	120	0.5	503,880	3.1	128,330	5.8	375,540	2.7	25.5	
Top 1 Percent	30	0.1	3,677,410	5.4	1,146,000	12.4	2,531,400	4.3	31.2	
Top 0.1 Percent	*	0.0	20,759,420	3.5	6,512,220	8.0	14,247,200	2.7	31.4	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

\* Non-zero value rounded to zero; \*\* Insufficient data

(1) Calendar year. Baseline is the law currently in place for 2026 as of March 17, 2020. Proposal would make the Sec199A deduction for qualified business income permanent. Does not include any potential effect on payroll tax burden. Does not include any behavioral effects of individuals shifting income from wages and salaries to pass-through income, or from C corporation income to pass-through income.

<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 2019 dollars): 20% \$19,600; 40% \$37,900; 60% \$65,200; 80% \$109,200; 90% \$157,200; 95% \$222,100; 99% \$512,600; 99.9% \$2,277,700.

(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 T20-0223**  
**Make Sec199A Deduction for Qualified Business Income (QBI) Permanent**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2026 <sup>1</sup>**  
**Detail Table - Tax Units with Children**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	2.3	0.0	0.0	0.1	*	0.1	0.0	-1.1	0.0	-6.9
Second Quintile	7.7	0.0	0.0	0.7	-20	-0.4	0.0	2.7	0.0	7.8
Middle Quintile	12.8	0.0	0.1	2.3	-70	-0.5	0.1	8.5	-0.1	14.2
Fourth Quintile	18.8	0.0	0.2	7.1	-230	-0.7	0.2	18.6	-0.1	19.0
Top Quintile	25.0	0.0	0.8	89.9	-3,160	-2.1	-0.3	71.2	-0.6	26.4
All	12.5	0.0	0.5	100.0	-610	-1.7	0.0	100.0	-0.4	20.9
<b>Addendum</b>										
80-90	22.2	0.0	0.2	7.2	-500	-0.8	0.1	15.7	-0.2	22.1
90-95	24.6	0.0	0.4	8.1	-1,180	-1.2	0.1	11.7	-0.3	24.1
95-99	29.5	0.0	0.7	20.9	-3,730	-1.9	0.0	18.7	-0.5	27.3
Top 1 Percent	37.5	0.0	1.7	53.7	-37,680	-3.6	-0.5	25.0	-1.2	31.0
Top 0.1 Percent	44.4	0.0	1.7	24.1	-170,450	-3.7	-0.2	11.0	-1.2	30.8

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2026 <sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	12,480	22.4	25,860	3.4	-1,770	-1.1	27,630	4.6	-6.9	
Second Quintile	11,900	21.4	58,410	7.4	4,550	2.7	53,860	8.6	7.8	
Middle Quintile	10,960	19.7	107,200	12.5	15,300	8.4	91,900	13.6	14.3	
Fourth Quintile	10,410	18.7	185,590	20.5	35,550	18.4	150,030	21.0	19.2	
Top Quintile	9,720	17.5	546,590	56.3	147,650	71.5	398,940	52.2	27.0	
All	55,700	100.0	169,420	100.0	36,040	100.0	133,380	100.0	21.3	
<b>Addendum</b>										
80-90	4,960	8.9	283,740	14.9	63,060	15.6	220,680	14.7	22.2	
90-95	2,360	4.2	406,630	10.2	99,300	11.7	307,330	9.7	24.4	
95-99	1,910	3.4	706,090	14.3	196,540	18.7	509,550	13.1	27.8	
Top 1 Percent	490	0.9	3,273,370	16.9	1,050,870	25.5	2,222,500	14.6	32.1	
Top 0.1 Percent	50	0.1	14,580,940	7.5	4,663,970	11.2	9,916,970	6.5	32.0	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

\* Non-zero value rounded to zero; \*\* Insufficient data

Note: Tax units with children are those claiming an exemption for children at home or away from home or with children qualifying for the Child Tax Credit or EITC.

(1) Calendar year. Baseline is the law currently in place for 2026 as of March 17, 2020. Proposal would make the Sec199A deduction for qualified business income permanent. Does not include any potential effect on payroll tax burden. Does not include any behavioral effects of individuals shifting income from wages and salaries to pass-through income, or from C corporation income to pass-through income.

<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 2019 dollars): 20% \$19,600; 40% \$37,900; 60% \$65,200; 80% \$109,200; 90% \$157,200; 95% \$222,100; 99% \$512,600; 99.9% \$2,277,700.

(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 T20-0223**  
**Make Sec199A Deduction for Qualified Business Income (QBI) Permanent**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2026<sup>1</sup>**  
**Detail Table - Elderly Tax Units**

Expanded Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	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	0.0	0	-0.1	0.0	0.2	0.0	1.4
Second Quintile	2.1	0.0	0.0	0.3	*	-0.4	0.0	1.3	0.0	2.5
Middle Quintile	8.6	0.0	0.0	1.9	-30	-0.6	0.1	5.9	0.0	6.4
Fourth Quintile	16.5	0.0	0.1	7.7	-150	-1.0	0.1	15.1	-0.1	12.1
Top Quintile	27.6	0.0	0.7	90.2	-2,030	-2.2	-0.3	77.2	-0.5	23.0
All	10.4	0.0	0.4	100.0	-370	-1.9	0.0	100.0	-0.3	16.2
<b>Addendum</b>										
80-90	23.7	0.0	0.3	8.8	-400	-1.2	0.1	14.0	-0.2	16.8
90-95	27.4	0.0	0.4	9.1	-810	-1.5	0.1	11.6	-0.3	19.1
95-99	35.1	0.0	0.6	18.3	-2,090	-1.9	0.0	18.1	-0.4	22.5
Top 1 Percent	38.0	0.0	1.4	54.1	-24,210	-3.0	-0.4	33.5	-0.9	30.0
Top 0.1 Percent	40.4	0.0	1.5	30.3	-110,690	-3.2	-0.2	17.7	-1.0	30.7

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2026<sup>1</sup>**

Expanded Cash Income Percentile <sup>2,3</sup>	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income <sup>5</sup>		Average Federal Tax Rate <sup>6</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	7,090	14.1	16,590	2.0	230	0.2	16,360	2.4	1.4	
Second Quintile	12,230	24.4	39,070	8.2	980	1.2	38,090	9.5	2.5	
Middle Quintile	12,440	24.8	70,550	15.0	4,530	5.8	66,010	16.8	6.4	
Fourth Quintile	9,710	19.3	122,030	20.2	14,850	14.9	107,170	21.3	12.2	
Top Quintile	8,180	16.3	389,620	54.4	91,510	77.4	298,110	49.9	23.5	
All	50,250	100.0	116,540	100.0	19,230	100.0	97,310	100.0	16.5	
<b>Addendum</b>										
80-90	4,090	8.1	193,230	13.5	32,890	13.9	160,340	13.4	17.0	
90-95	2,070	4.1	278,160	9.8	53,860	11.5	224,300	9.5	19.4	
95-99	1,610	3.2	473,580	13.0	108,580	18.1	365,000	12.0	22.9	
Top 1 Percent	410	0.8	2,573,880	18.1	796,900	33.9	1,776,980	14.9	31.0	
Top 0.1 Percent	50	0.1	10,817,850	9.3	3,434,750	17.9	7,383,100	7.6	31.8	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0319-2).

\* Non-zero value rounded to zero; \*\* Insufficient data

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

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<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 2019 dollars): 20% \$19,600; 40% \$37,900; 60% \$65,200; 80% \$109,200; 90% \$157,200; 95% \$222,100; 99% \$512,600; 99.9% \$2,277,700.

(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.