

Table T20-0229
Tax Benefits of the Sec199A Deduction for Qualified Business Income (QBI)
Baseline: Current Law Plus Permanent Extension of the QBI Deduction
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2026 ¹
Detail Table

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After- Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	3.3	96.7	0.0	0.2	*	0.6	0.7	0.7	3.8	3.8
Second Quintile	12.9	87.1	0.1	1.0	20	0.5	3.7	3.7	8.9	8.9
Middle Quintile	27.6	72.4	0.1	3.4	70	0.6	10.3	10.1	14.4	14.5
Fourth Quintile	62.7	37.3	0.2	7.9	210	0.7	18.9	18.7	18.2	18.3
Top Quintile	98.6	1.4	0.8	87.5	2,720	2.3	66.3	66.6	25.3	25.9
All	34.1	66.0	0.4	100.0	440	1.7	100.0	100.0	20.1	20.4
Addendum										
80-90	97.5	2.5	0.3	8.5	510	1.0	15.2	15.0	21.1	21.3
90-95	99.8	0.2	0.4	8.0	1,010	1.3	11.1	11.0	22.6	22.9
95-99	99.9	0.1	0.7	19.8	3,230	2.0	16.9	16.9	25.8	26.3
Top 1 Percent	99.9	0.1	1.7	51.1	34,480	3.8	23.2	23.6	30.5	31.7
Top 0.1 Percent	99.9	0.1	1.8	25.1	165,580	4.0	10.7	11.0	30.9	32.1

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile, 2026 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	47,120	25.7	19,050	3.8	720	0.7	18,340	4.6	3.8
Second Quintile	40,420	22.1	48,530	8.4	4,320	3.7	44,210	9.6	8.9
Middle Quintile	37,500	20.5	88,890	14.3	12,820	10.3	76,070	15.3	14.4
Fourth Quintile	30,970	16.9	156,940	20.8	28,520	18.9	128,420	21.3	18.2
Top Quintile	25,950	14.2	472,860	52.6	119,580	66.3	353,280	49.1	25.3
All	#####	100.0	127,370	100.0	25,550	100.0	101,810	100.0	20.1
Addendum									
80-90	13,400	7.3	251,110	14.4	52,950	15.2	198,150	14.2	21.1
90-95	6,400	3.5	358,000	9.8	81,070	11.1	276,940	9.5	22.6
95-99	4,960	2.7	617,710	13.1	159,470	16.9	458,240	12.2	25.8
Top 1 Percent	1,200	0.7	2,973,120	15.2	907,250	23.2	2,065,860	13.2	30.5
Top 0.1 Percent	120	0.1	13,302,820	7.0	4,104,370	10.7	9,198,450	6.0	30.9

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

Number of AMT Taxpayers (millions). Baseline: 6.6

Proposal: 6.7

* 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 plus permanent extension of the Sec199A deduction for qualified business income (QBI). Table shows the tax benefit of the QBI deduction. This tax expenditure estimate does not include any potential payroll tax effect.

<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) Tax units with benefit are tax units with a net benefit of \$10 or more.

(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 T20-0229
Tax Benefits of the Sec199A Deduction for Qualified Business Income (QBI)
Baseline: Current Law Plus Permanent Extension of the QBI Deduction
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2026 ¹
Detail Table

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After- Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	2.3	97.7	0.0	0.1	*	1.7	0.1	0.1	0.7	0.8
Second Quintile	9.0	91.0	0.0	0.8	20	0.5	2.8	2.8	8.0	8.1
Middle Quintile	24.2	75.8	0.1	2.5	50	0.5	8.2	8.1	13.0	13.1
Fourth Quintile	53.1	46.9	0.2	7.4	170	0.7	18.1	17.9	17.7	17.8
Top Quintile	92.1	8.0	0.7	89.1	2,200	2.2	70.6	70.9	25.0	25.5
All	34.1	66.0	0.4	100.0	440	1.7	100.0	100.0	20.1	20.4
Addendum										
80-90	85.6	14.4	0.2	8.4	410	0.9	16.1	15.9	20.9	21.1
90-95	97.8	2.2	0.4	8.5	830	1.2	12.3	12.2	22.6	22.8
95-99	99.8	0.2	0.7	20.0	2,570	1.9	17.9	18.0	25.2	25.7
Top 1 Percent	99.7	0.3	1.6	52.1	28,430	3.7	24.3	24.8	30.3	31.4
Top 0.1 Percent	99.8	0.2	1.8	26.2	144,170	4.0	11.2	11.5	30.8	32.1

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2026 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	38,590	21.1	17,870	3.0	130	0.1	17,740	3.7	0.7
Second Quintile	38,110	20.8	43,310	7.1	3,470	2.8	39,840	8.1	8.0
Middle Quintile	37,600	20.5	78,900	12.7	10,250	8.2	68,650	13.8	13.0
Fourth Quintile	34,910	19.0	136,840	20.5	24,250	18.1	112,600	21.1	17.7
Top Quintile	32,750	17.9	404,260	56.7	100,950	70.6	303,310	53.2	25.0
All	183,320	100.0	127,370	100.0	25,550	100.0	101,810	100.0	20.1
Addendum									
80-90	16,720	9.1	215,510	15.4	45,020	16.1	170,490	15.3	20.9
90-95	8,270	4.5	308,670	10.9	69,670	12.3	239,000	10.6	22.6
95-99	6,280	3.4	530,170	14.3	133,650	17.9	396,520	13.4	25.2
Top 1 Percent	1,480	0.8	2,537,570	16.1	769,280	24.3	1,768,290	14.0	30.3
Top 0.1 Percent	150	0.1	11,607,580	7.3	3,579,160	11.2	8,028,420	6.3	30.8

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

Number of AMT Taxpayers (millions). Baseline: 6.6

Proposal: 6.7

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

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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.

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Table T20-0229
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Baseline: Current Law Plus Permanent Extension of the QBI Deduction
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2026 ¹
Detail Table - Single Tax Units

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After- Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	2.4	97.6	0.0	0.4	*	0.3	1.5	1.5	5.3	5.3
Second Quintile	8.8	91.2	0.1	2.5	20	0.5	5.7	5.7	9.0	9.0
Middle Quintile	22.0	78.0	0.1	5.3	40	0.4	13.4	13.3	13.3	13.4
Fourth Quintile	38.7	61.4	0.1	13.3	120	0.6	23.5	23.3	18.6	18.7
Top Quintile	81.8	18.2	0.5	78.4	980	1.5	55.7	56.0	24.9	25.3
All	23.1	76.9	0.3	100.0	140	1.1	100.0	100.0	18.4	18.6
Addendum										
80-90	70.1	29.9	0.2	11.0	250	0.7	16.4	16.4	21.7	21.9
90-95	94.6	5.4	0.3	9.7	500	1.0	10.7	10.7	22.9	23.1
95-99	99.5	0.5	0.4	15.3	1,170	1.3	12.9	12.9	24.8	25.1
Top 1 Percent	98.8	1.2	1.4	42.4	16,530	3.0	15.7	16.0	31.8	32.7
Top 0.1 Percent	99.5	0.5	1.8	25.5	97,710	3.8	7.4	7.6	32.0	33.2

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2026 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	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	3,040	5.7	30,820	13.0	9.0
Middle Quintile	18,640	21.3	60,390	18.5	8,060	13.4	52,340	19.6	13.3
Fourth Quintile	14,240	16.3	99,470	23.2	18,470	23.5	81,000	23.2	18.6
Top Quintile	9,810	11.2	255,800	41.1	63,720	55.7	192,080	37.9	24.9
All	87,480	100.0	69,710	100.0	12,820	100.0	56,890	100.0	18.4
Addendum									
80-90	5,490	6.3	154,480	13.9	33,570	16.4	120,910	13.3	21.7
90-95	2,380	2.7	220,130	8.6	50,340	10.7	169,790	8.1	22.9
95-99	1,620	1.9	359,010	9.5	89,080	12.9	269,940	8.8	24.8
Top 1 Percent	320	0.4	1,756,620	9.1	558,500	15.7	1,198,120	7.6	31.8
Top 0.1 Percent	30	0.0	8,042,300	4.2	2,570,450	7.4	5,471,850	3.5	32.0

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

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(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 T20-0229
Tax Benefits of the Sec199A Deduction for Qualified Business Income (QBI)
Baseline: Current Law Plus Permanent Extension of the QBI Deduction
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2026 ¹
Detail Table - Married Tax Units Filing Jointly

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After- Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	2.2	97.8	0.0	0.0	*	1.1	0.0	0.0	0.8	0.8
Second Quintile	11.1	88.9	0.0	0.3	20	0.6	1.1	1.1	6.9	6.9
Middle Quintile	31.4	68.6	0.1	1.8	90	0.7	5.0	4.9	12.3	12.4
Fourth Quintile	67.0	33.0	0.2	6.2	230	0.8	15.3	15.2	17.1	17.2
Top Quintile	97.5	2.5	0.8	91.6	2,750	2.3	78.4	78.6	24.9	25.5
All	55.1	45.0	0.5	100.0	940	2.0	100.0	100.0	21.4	21.9
Addendum										
80-90	94.8	5.2	0.3	8.1	510	1.0	16.4	16.2	20.5	20.7
90-95	99.9	0.2	0.4	8.6	1,000	1.3	13.5	13.4	22.5	22.7
95-99	100.0	0.0	0.7	21.8	3,120	2.1	21.0	21.0	25.3	25.8
Top 1 Percent	100.0	0.0	1.7	53.2	31,150	3.8	27.6	28.1	30.1	31.3
Top 0.1 Percent	100.0	0.0	1.8	25.0	156,200	4.1	12.1	12.4	30.8	32.1

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2026 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	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	3,940	1.1	53,230	4.1	6.9
Middle Quintile	12,600	18.7	102,710	8.7	12,610	5.0	90,100	9.7	12.3
Fourth Quintile	16,900	25.1	169,100	19.3	28,860	15.3	140,240	20.3	17.1
Top Quintile	21,060	31.3	474,770	67.4	118,410	78.4	356,360	64.4	24.9
All	67,390	100.0	220,230	100.0	47,220	100.0	173,010	100.0	21.4
Addendum									
80-90	10,120	15.0	250,460	17.1	51,430	16.4	199,030	17.3	20.5
90-95	5,450	8.1	350,630	12.9	78,730	13.5	271,900	12.7	22.5
95-99	4,410	6.6	598,390	17.8	151,240	21.0	447,160	16.9	25.3
Top 1 Percent	1,080	1.6	2,695,440	19.6	811,370	27.6	1,884,070	17.5	30.1
Top 0.1 Percent	100	0.2	12,361,270	8.4	3,805,000	12.1	8,556,280	7.4	30.8

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

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Baseline: Current Law Plus Permanent Extension of the QBI Deduction
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2026 ¹
Detail Table - Head of Household Tax Units

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After- Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	1.9	98.1	0.0	0.9	*	-0.1	-5.5	-5.5	-7.4	-7.3
Second Quintile	6.5	93.5	0.0	5.1	20	0.4	11.4	11.4	7.2	7.2
Middle Quintile	15.1	84.9	0.1	8.7	40	0.3	25.0	24.9	13.5	13.5
Fourth Quintile	50.3	49.7	0.1	13.3	100	0.4	29.7	29.6	18.6	18.7
Top Quintile	87.9	12.1	0.5	72.1	1,290	1.6	39.4	39.6	24.3	24.7
All	16.1	84.0	0.1	100.0	90	0.9	100.0	100.0	13.5	13.6
Addendum										
80-90	86.4	13.6	0.2	10.2	280	0.6	14.1	14.1	21.3	21.4
90-95	87.2	12.8	0.2	6.1	470	0.7	7.3	7.3	22.6	22.8
95-99	97.2	2.8	0.5	10.7	1,980	1.6	5.8	5.8	25.1	25.5
Top 1 Percent	99.7	0.3	1.4	45.2	35,160	3.2	12.2	12.5	30.3	31.2
Top 0.1 Percent	100.0	0.0	1.4	29.7	205,230	3.3	7.8	8.0	30.5	31.4

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2026 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	7,630	31.3	24,960	10.2	-1,830	-5.5	26,790	12.6	-7.4
Second Quintile	7,460	30.6	53,720	21.4	3,860	11.4	49,860	23.0	7.2
Middle Quintile	5,200	21.4	90,130	25.0	12,120	25.0	78,010	25.1	13.5
Fourth Quintile	2,830	11.6	142,420	21.5	26,520	29.7	115,900	20.2	18.6
Top Quintile	1,210	5.0	338,720	21.8	82,400	39.4	256,320	19.1	24.3
All	24,370	100.0	76,860	100.0	10,360	100.0	66,510	100.0	13.5
Addendum									
80-90	780	3.2	213,620	8.9	45,490	14.1	168,140	8.1	21.3
90-95	280	1.2	290,900	4.4	65,770	7.3	225,130	3.9	22.6
95-99	120	0.5	503,880	3.1	126,430	5.8	377,450	2.7	25.1
Top 1 Percent	30	0.1	3,677,410	5.4	1,112,660	12.2	2,564,750	4.4	30.3
Top 0.1 Percent	*	0.0	20,759,420	3.5	6,321,040	7.8	14,438,380	2.8	30.5

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

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(1) Calendar year. Baseline is the law currently in place for 2026 as of March 17, 2020 plus permanent extension of the Sec199A deduction for qualified business income (QBI). Table shows the tax benefit of the QBI deduction. This tax expenditure estimate does not include any potential payroll tax effect.

<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) Tax units with benefit are tax units with a net benefit of \$10 or more.

(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 T20-0229
Tax Benefits of the Sec199A Deduction for Qualified Business Income (QBI)
Baseline: Current Law Plus Permanent Extension of the QBI Deduction
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2026 ¹
Detail Table - Tax Units with Children

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After- Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	2.5	97.5	0.0	0.1	*	-0.2	-1.1	-1.1	-6.9	-6.9
Second Quintile	9.6	90.4	0.0	0.7	20	0.5	2.7	2.7	7.8	7.8
Middle Quintile	25.4	74.6	0.1	2.4	80	0.6	8.5	8.4	14.2	14.3
Fourth Quintile	70.6	29.4	0.2	7.6	280	0.8	18.6	18.4	19.0	19.2
Top Quintile	99.0	1.0	0.9	89.1	3,480	2.4	71.1	71.5	26.4	27.0
All	38.2	61.8	0.5	100.0	680	1.9	100.0	100.0	20.9	21.3
Addendum										
80-90	98.2	1.8	0.3	7.9	600	1.0	15.7	15.6	22.0	22.2
90-95	99.8	0.2	0.5	8.7	1,400	1.4	11.7	11.7	24.1	24.4
95-99	99.9	0.1	0.8	20.8	4,130	2.1	18.7	18.7	27.3	27.9
Top 1 Percent	100.0	0.0	1.8	51.8	40,310	4.0	25.0	25.5	30.9	32.1
Top 0.1 Percent	100.0	0.0	1.8	22.9	179,770	4.0	11.0	11.2	30.8	32.0

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2026 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	12,480	22.4	25,860	3.4	-1,780	-1.1	27,630	4.6	-6.9
Second Quintile	11,900	21.4	58,410	7.4	4,530	2.7	53,880	8.6	7.8
Middle Quintile	10,960	19.7	107,200	12.5	15,220	8.5	91,980	13.5	14.2
Fourth Quintile	10,410	18.7	185,590	20.5	35,290	18.6	150,300	21.0	19.0
Top Quintile	9,720	17.5	546,590	56.3	144,270	71.1	402,320	52.4	26.4
All	55,700	100.0	169,420	100.0	35,380	100.0	134,040	100.0	20.9
Addendum									
80-90	4,960	8.9	283,740	14.9	62,480	15.7	221,260	14.7	22.0
90-95	2,360	4.2	406,630	10.2	97,950	11.7	308,680	9.7	24.1
95-99	1,910	3.4	706,090	14.3	192,530	18.7	513,570	13.2	27.3
Top 1 Percent	490	0.9	3,273,370	16.9	1,011,490	25.0	2,261,880	14.8	30.9
Top 0.1 Percent	50	0.1	14,580,940	7.5	4,490,030	11.0	10,090,910	6.5	30.8

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 plus permanent extension of the Sec199A deduction for qualified business income (QBI). Table shows the tax benefit of the QBI deduction. This tax expenditure estimate does not include any potential payroll tax effect.

<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) Tax units with benefit are tax units with a net benefit of \$10 or more.

(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 T20-0229
Tax Benefits of the Sec199A Deduction for Qualified Business Income (QBI)
Baseline: Current Law Plus Permanent Extension of the QBI Deduction
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2026 ¹
Detail Table - Elderly Tax Units

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Benefit as a Percent of After- Tax Income ⁵	Share of Total Benefit	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Benefit	Without Benefit			Dollars	Percent of Federal Taxes	With Provision	Without Provision	With Provision	Without Provision
Lowest Quintile	1.1	98.9	0.0	0.0	*	0.4	0.2	0.2	1.4	1.4
Second Quintile	8.2	91.8	0.0	0.4	10	0.7	1.3	1.2	2.5	2.5
Middle Quintile	34.3	65.7	0.1	2.3	40	0.8	5.9	5.8	6.4	6.4
Fourth Quintile	63.7	36.3	0.2	8.1	170	1.1	15.1	14.9	12.1	12.2
Top Quintile	92.1	7.9	0.7	89.1	2,190	2.5	77.2	77.4	23.0	23.5
All	38.2	61.8	0.4	100.0	400	2.1	100.0	100.0	16.2	16.5
Addendum										
80-90	85.9	14.1	0.3	9.2	450	1.4	14.0	13.9	16.8	17.0
90-95	96.9	3.1	0.4	9.2	900	1.7	11.6	11.5	19.1	19.4
95-99	99.7	0.3	0.6	18.4	2,290	2.2	18.1	18.1	22.5	23.0
Top 1 Percent	99.4	0.6	1.4	52.4	25,580	3.3	33.5	33.9	30.0	31.0
Top 0.1 Percent	99.9	0.1	1.6	29.2	116,270	3.5	17.7	17.9	30.7	31.8

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2026 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	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	970	1.3	38,100	9.5	2.5
Middle Quintile	12,440	24.8	70,550	15.0	4,510	5.9	66,040	16.7	6.4
Fourth Quintile	9,710	19.3	122,030	20.2	14,710	15.1	107,320	21.2	12.1
Top Quintile	8,180	16.3	389,620	54.4	89,450	77.2	300,170	50.0	23.0
All	50,250	100.0	116,540	100.0	18,860	100.0	97,680	100.0	16.2
Addendum									
80-90	4,090	8.1	193,230	13.5	32,480	14.0	160,750	13.4	16.8
90-95	2,070	4.1	278,160	9.8	53,040	11.6	225,120	9.5	19.1
95-99	1,610	3.2	473,580	13.0	106,460	18.1	367,130	12.1	22.5
Top 1 Percent	410	0.8	2,573,880	18.1	772,410	33.5	1,801,480	15.1	30.0
Top 0.1 Percent	50	0.1	10,817,850	9.3	3,323,830	17.7	7,494,020	7.7	30.7

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.

(1) Calendar year. Baseline is the law currently in place for 2026 as of March 17, 2020 plus permanent extension of the Sec199A deduction for qualified business income (QBI). Table shows the tax benefit of the QBI deduction. This tax expenditure estimate does not include any potential payroll tax effect.

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

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