

Table T20-0231
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, 2030 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	4.0	96.0	0.0	0.3	10	0.6	0.7	0.7	3.8	3.9
Second Quintile	15.1	84.9	0.1	1.1	30	0.5	3.9	3.9	9.1	9.2
Middle Quintile	32.7	67.3	0.1	3.8	100	0.6	10.7	10.6	14.6	14.7
Fourth Quintile	73.3	26.7	0.2	8.8	270	0.8	19.0	18.9	18.2	18.4
Top Quintile	99.4	0.6	0.8	86.0	3,200	2.4	65.4	65.8	25.1	25.7
All	37.9	62.1	0.5	100.0	530	1.8	100.0	100.0	20.0	20.3
Addendum										
80-90	98.9	1.1	0.3	8.5	610	1.0	15.0	14.9	20.9	21.2
90-95	99.8	0.2	0.4	8.5	1,280	1.4	11.0	10.9	22.5	22.8
95-99	99.9	0.1	0.7	19.5	3,840	2.1	16.8	16.9	26.0	26.5
Top 1 Percent	99.9	0.1	1.7	49.5	40,340	4.0	22.6	23.1	30.2	31.4
Top 0.1 Percent	99.9	0.1	1.8	24.3	192,850	4.2	10.4	10.7	30.4	31.7

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile, 2030 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	47,590	25.2	22,400	3.9	860	0.7	21,540	4.7	3.8
Second Quintile	41,540	22.0	57,090	8.6	5,220	3.9	51,880	9.8	9.1
Middle Quintile	39,220	20.8	102,970	14.7	15,000	10.7	87,970	15.6	14.6
Fourth Quintile	32,110	17.0	179,130	20.9	32,610	19.0	146,530	21.3	18.2
Top Quintile	26,810	14.2	533,460	51.9	134,110	65.4	399,360	48.5	25.1
All	#####	100.0	146,060	100.0	29,140	100.0	116,920	100.0	20.0
Addendum									
80-90	13,910	7.4	282,740	14.3	59,190	15.0	223,550	14.1	20.9
90-95	6,620	3.5	405,500	9.7	91,180	11.0	314,330	9.4	22.5
95-99	5,060	2.7	704,830	12.9	182,910	16.8	521,920	12.0	26.0
Top 1 Percent	1,220	0.7	3,365,530	15.0	1,015,570	22.6	2,349,960	13.0	30.2
Top 0.1 Percent	130	0.1	15,023,410	6.9	4,565,340	10.4	10,458,070	6.0	30.4

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

Number of AMT Taxpayers (millions). Baseline: 7.5

Proposal: 7.6

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

(1) Calendar year. Baseline is the law currently in place for 2030 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% \$30,200; 40% \$59,200; 60% \$103,500; 80% \$183,200; 90% \$264,000; 95% \$382,500; 99% \$915,400; 99.9% \$4,199,600.

(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 T20-0231
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, 2030 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	3.2	96.8	0.0	0.1	*	1.3	0.2	0.2	1.2	1.3
Second Quintile	10.7	89.3	0.1	0.9	20	0.5	3.0	2.9	8.3	8.3
Middle Quintile	28.5	71.5	0.1	2.7	70	0.6	8.6	8.5	13.1	13.2
Fourth Quintile	61.4	38.6	0.2	8.1	220	0.8	18.2	18.0	17.7	17.8
Top Quintile	94.9	5.2	0.8	88.2	2,580	2.3	69.9	70.2	24.8	25.4
All	37.9	62.1	0.5	100.0	530	1.8	100.0	100.0	20.0	20.3
Addendum										
80-90	90.5	9.5	0.3	8.9	510	1.0	16.1	15.9	20.7	21.0
90-95	99.1	1.0	0.4	9.2	1,060	1.4	12.3	12.2	22.5	22.8
95-99	99.9	0.2	0.7	19.7	3,070	2.0	17.9	17.9	25.4	25.9
Top 1 Percent	99.7	0.3	1.7	50.4	32,960	3.9	23.7	24.2	29.9	31.1
Top 0.1 Percent	99.9	0.1	1.8	25.3	168,690	4.2	10.9	11.2	30.4	31.6

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2030 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	38,910	20.6	21,020	3.0	260	0.2	20,760	3.7	1.2
Second Quintile	38,950	20.6	50,950	7.2	4,210	3.0	46,750	8.3	8.3
Middle Quintile	39,000	20.7	91,810	13.0	12,070	8.6	79,750	14.1	13.1
Fourth Quintile	36,240	19.2	156,230	20.5	27,610	18.2	128,620	21.1	17.7
Top Quintile	34,150	18.1	453,400	56.2	112,530	69.9	340,870	52.8	24.8
All	188,700	100.0	146,060	100.0	29,140	100.0	116,920	100.0	20.0
Addendum									
80-90	17,610	9.3	241,650	15.4	50,130	16.1	191,520	15.3	20.7
90-95	8,620	4.6	348,050	10.9	78,290	12.3	269,760	10.5	22.5
95-99	6,400	3.4	605,520	14.1	153,620	17.9	451,910	13.1	25.4
Top 1 Percent	1,530	0.8	2,853,520	15.8	853,640	23.7	1,999,880	13.8	29.9
Top 0.1 Percent	150	0.1	13,209,450	7.2	4,011,040	10.9	9,198,410	6.2	30.4

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

Number of AMT Taxpayers (millions). Baseline: 7.5

Proposal: 7.6

* 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% \$20,900; 40% \$40,500; 60% \$68,700; 80% \$113,200; 90% \$162,200; 95% \$230,500; 99% \$529,700; 99.9% \$2,371,700.

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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, 2030 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	3.3	96.7	0.0	0.5	*	0.4	1.5	1.5	5.5	5.5
Second Quintile	10.4	89.6	0.1	2.3	20	0.5	5.4	5.3	8.5	8.6
Middle Quintile	24.5	75.5	0.1	5.4	40	0.5	13.6	13.5	13.2	13.3
Fourth Quintile	44.8	55.2	0.2	14.3	150	0.7	23.5	23.4	18.4	18.5
Top Quintile	87.4	12.6	0.5	77.6	1,170	1.7	55.9	56.1	24.7	25.1
All	26.6	73.4	0.3	100.0	180	1.2	100.0	100.0	18.2	18.4
Addendum										
80-90	78.7	21.3	0.3	13.2	350	0.9	17.0	17.0	21.6	21.8
90-95	98.1	1.9	0.3	10.5	640	1.1	11.3	11.3	22.8	23.1
95-99	99.6	0.4	0.5	14.3	1,410	1.4	12.3	12.3	25.0	25.4
Top 1 Percent	99.0	1.1	1.4	39.6	18,440	3.1	15.3	15.5	31.1	32.1
Top 0.1 Percent	99.4	0.6	1.9	23.4	116,680	4.0	7.0	7.2	31.5	32.8

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2030 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	22,750	25.4	16,180	5.0	890	1.5	15,300	5.8	5.5
Second Quintile	21,160	23.6	39,800	11.5	3,390	5.4	36,410	12.8	8.5
Middle Quintile	19,420	21.6	70,680	18.7	9,350	13.6	61,330	19.8	13.2
Fourth Quintile	14,960	16.7	114,240	23.3	21,000	23.5	93,240	23.2	18.4
Top Quintile	10,650	11.9	284,740	41.3	70,210	55.9	214,530	38.0	24.7
All	89,740	100.0	81,840	100.0	14,910	100.0	66,930	100.0	18.2
Addendum									
80-90	6,030	6.7	174,930	14.4	37,790	17.0	137,140	13.8	21.6
90-95	2,650	3.0	249,590	9.0	56,890	11.3	192,690	8.5	22.8
95-99	1,620	1.8	406,180	9.0	101,570	12.3	304,610	8.2	25.0
Top 1 Percent	340	0.4	1,910,030	8.9	594,070	15.3	1,315,960	7.5	31.1
Top 0.1 Percent	30	0.0	9,216,910	4.0	2,905,390	7.0	6,311,520	3.4	31.5

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 T20-0231
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, 2030 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	3.3	96.7	0.0	0.0	*	1.0	0.1	0.1	1.3	1.4
Second Quintile	13.5	86.6	0.1	0.4	30	0.6	1.3	1.2	7.5	7.5
Middle Quintile	38.0	62.1	0.1	1.9	110	0.7	5.3	5.3	12.6	12.7
Fourth Quintile	76.6	23.4	0.2	6.7	300	0.9	15.5	15.3	17.1	17.2
Top Quintile	99.1	0.9	0.8	91.0	3,260	2.4	77.7	77.9	24.8	25.4
All	59.6	40.4	0.6	100.0	1,110	2.1	100.0	100.0	21.3	21.8
Addendum										
80-90	98.2	1.8	0.3	8.3	610	1.1	16.1	16.0	20.4	20.6
90-95	99.9	0.1	0.4	9.1	1,280	1.4	13.3	13.2	22.4	22.7
95-99	100.0	0.0	0.7	21.7	3,710	2.1	21.2	21.2	25.4	26.0
Top 1 Percent	100.0	0.0	1.7	51.9	36,470	4.0	27.0	27.6	29.8	31.0
Top 0.1 Percent	100.0	0.0	1.9	24.4	181,660	4.3	11.9	12.2	30.4	31.7

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2030 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	7,380	10.7	27,240	1.2	360	0.1	26,880	1.5	1.3
Second Quintile	9,330	13.5	67,120	3.6	5,000	1.3	62,110	4.3	7.5
Middle Quintile	13,170	19.0	119,330	9.1	14,990	5.3	104,340	10.1	12.6
Fourth Quintile	17,410	25.2	193,210	19.4	32,960	15.5	160,250	20.5	17.1
Top Quintile	21,480	31.0	538,890	66.7	133,780	77.7	405,120	63.8	24.8
All	69,240	100.0	250,500	100.0	53,430	100.0	197,070	100.0	21.3
Addendum									
80-90	10,370	15.0	282,700	16.9	57,540	16.1	225,150	17.1	20.4
90-95	5,500	8.0	399,260	12.7	89,300	13.3	309,960	12.5	22.4
95-99	4,510	6.5	684,380	17.8	174,090	21.2	510,290	16.9	25.4
Top 1 Percent	1,100	1.6	3,065,890	19.4	912,650	27.0	2,153,250	17.3	29.8
Top 0.1 Percent	100	0.2	14,048,920	8.4	4,264,440	11.9	9,784,480	7.4	30.4

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

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

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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, 2030 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	2.8	97.2	0.0	1.1	*	-0.2	-4.6	-4.6	-5.8	-5.8
Second Quintile	7.8	92.2	0.0	5.5	20	0.4	13.5	13.4	8.3	8.4
Middle Quintile	20.6	79.4	0.1	8.2	50	0.3	24.5	24.4	13.8	13.8
Fourth Quintile	63.8	36.2	0.1	16.1	160	0.5	28.9	28.8	18.7	18.8
Top Quintile	92.7	7.3	0.5	69.0	1,560	1.7	37.7	38.0	24.0	24.4
All	19.3	80.7	0.2	100.0	110	0.9	100.0	100.0	13.7	13.8
Addendum										
80-90	91.6	8.4	0.2	10.3	350	0.7	13.8	13.8	21.0	21.1
90-95	92.6	7.4	0.3	7.3	730	1.0	7.0	7.0	22.5	22.7
95-99	98.8	1.2	0.5	9.6	2,290	1.6	5.5	5.6	24.8	25.2
Top 1 Percent	99.7	0.3	1.5	41.9	41,310	3.5	11.4	11.7	29.8	30.8
Top 0.1 Percent	100.0	0.0	1.5	26.6	238,680	3.5	7.0	7.2	29.7	30.8

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2030 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	8,210	32.7	29,020	10.9	-1,680	-4.6	30,710	13.4	-5.8
Second Quintile	7,710	30.7	62,560	22.1	5,220	13.5	57,340	23.4	8.3
Middle Quintile	5,080	20.2	104,730	24.3	14,420	24.5	90,310	24.3	13.8
Fourth Quintile	2,830	11.3	163,220	21.1	30,560	28.9	132,660	19.9	18.7
Top Quintile	1,240	4.9	378,950	21.5	90,770	37.7	288,180	19.0	24.0
All	25,120	100.0	87,080	100.0	11,910	100.0	75,180	100.0	13.7
Addendum									
80-90	820	3.3	241,150	9.0	50,580	13.8	190,570	8.2	21.0
90-95	280	1.1	330,660	4.2	74,300	7.0	256,360	3.8	22.5
95-99	120	0.5	569,270	3.1	141,250	5.5	428,020	2.7	24.8
Top 1 Percent	30	0.1	4,025,740	5.2	1,198,540	11.4	2,827,210	4.3	29.8
Top 0.1 Percent	*	0.0	22,670,880	3.2	6,736,360	7.0	15,934,520	2.6	29.7

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 2030 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% \$20,900; 40% \$40,500; 60% \$68,700; 80% \$113,200; 90% \$162,200; 95% \$230,500; 99% \$529,700; 99.9% \$2,371,700.

(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 T20-0231
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, 2030 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	3.7	96.4	0.0	0.1	*	-0.3	-0.9	-0.9	-5.4	-5.4
Second Quintile	11.4	88.6	0.1	0.8	30	0.5	3.2	3.2	8.9	8.9
Middle Quintile	33.5	66.5	0.1	2.5	110	0.6	8.7	8.6	14.6	14.7
Fourth Quintile	83.2	16.8	0.2	8.1	360	0.9	18.6	18.4	19.1	19.3
Top Quintile	99.5	0.5	0.9	88.4	4,220	2.6	70.2	70.6	26.4	27.0
All	42.2	57.8	0.5	100.0	820	2.0	100.0	100.0	20.9	21.4
Addendum										
80-90	99.1	0.9	0.3	7.9	750	1.1	15.0	14.9	21.8	22.1
90-95	99.9	0.1	0.5	9.4	1,850	1.7	11.5	11.5	24.2	24.6
95-99	100.0	0.0	0.8	20.7	4,850	2.2	19.0	19.0	27.4	28.0
Top 1 Percent	99.9	0.1	1.8	50.4	46,950	4.1	24.7	25.2	30.6	31.9
Top 0.1 Percent	100.0	0.0	1.8	22.2	206,270	4.2	10.9	11.1	30.3	31.6

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2030 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	13,460	23.4	29,970	3.7	-1,620	-0.9	31,590	4.9	-5.4
Second Quintile	12,430	21.6	68,140	7.7	6,040	3.2	62,100	8.8	8.9
Middle Quintile	11,040	19.2	125,300	12.5	18,310	8.7	106,990	13.5	14.6
Fourth Quintile	10,630	18.4	212,270	20.4	40,580	18.6	171,690	20.9	19.1
Top Quintile	9,840	17.1	626,490	55.8	165,100	70.2	461,390	52.0	26.4
All	57,630	100.0	191,860	100.0	40,170	100.0	151,700	100.0	20.9
Addendum									
80-90	4,960	8.6	320,490	14.4	69,990	15.0	250,500	14.2	21.8
90-95	2,370	4.1	464,260	10.0	112,160	11.5	352,100	9.6	24.2
95-99	2,010	3.5	799,570	14.5	219,020	19.0	580,550	13.3	27.4
Top 1 Percent	510	0.9	3,707,830	16.9	1,134,120	24.7	2,573,710	14.9	30.6
Top 0.1 Percent	50	0.1	16,422,400	7.5	4,975,690	10.9	11,446,710	6.6	30.3

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 2030 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% \$20,900; 40% \$40,500; 60% \$68,700; 80% \$113,200; 90% \$162,200; 95% \$230,500; 99% \$529,700; 99.9% \$2,371,700.

(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 T20-0231
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, 2030 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	2.0	98.0	0.0	0.0	*	0.4	0.2	0.2	1.8	1.8
Second Quintile	10.7	89.3	0.0	0.5	10	0.7	1.3	1.3	2.5	2.6
Middle Quintile	37.2	62.9	0.1	2.5	50	0.9	6.4	6.4	6.6	6.7
Fourth Quintile	66.6	33.4	0.2	8.6	200	1.2	15.4	15.2	12.0	12.1
Top Quintile	94.2	5.8	0.7	88.3	2,480	2.5	76.2	76.5	22.7	23.2
All	41.2	58.8	0.4	100.0	460	2.2	100.0	100.0	15.9	16.3
Addendum										
80-90	89.7	10.3	0.3	9.6	530	1.5	14.3	14.2	16.6	16.8
90-95	98.0	2.0	0.4	9.4	1,060	1.8	11.6	11.5	19.0	19.3
95-99	99.8	0.2	0.6	17.7	2,620	2.1	18.0	18.0	22.8	23.3
Top 1 Percent	99.4	0.6	1.4	51.5	28,480	3.5	32.5	32.9	29.4	30.4
Top 0.1 Percent	99.9	0.1	1.6	29.3	138,600	3.7	17.1	17.4	30.3	31.4

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2030 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	6,960	12.9	18,990	1.8	340	0.2	18,650	2.1	1.8
Second Quintile	13,220	24.5	45,920	8.4	1,160	1.3	44,760	9.8	2.5
Middle Quintile	13,700	25.4	81,760	15.5	5,400	6.4	76,370	17.3	6.6
Fourth Quintile	10,610	19.6	139,070	20.5	16,640	15.4	122,430	21.4	12.0
Top Quintile	8,880	16.4	434,790	53.5	98,520	76.2	336,270	49.2	22.7
All	54,040	100.0	133,470	100.0	21,240	100.0	112,240	100.0	15.9
Addendum									
80-90	4,520	8.4	218,440	13.7	36,210	14.3	182,230	13.6	16.6
90-95	2,230	4.1	313,760	9.7	59,480	11.6	254,290	9.4	19.0
95-99	1,680	3.1	538,790	12.6	122,660	18.0	416,130	11.5	22.8
Top 1 Percent	450	0.8	2,807,690	17.6	824,240	32.5	1,983,450	14.8	29.4
Top 0.1 Percent	50	0.1	12,316,840	9.0	3,726,640	17.1	8,590,200	7.5	30.3

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 2030 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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