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**Table T22-0014**  
**Application of Net Investment Income Tax to Trade or Business Income of Certain High-Income Individuals**  
**in H.R.5376, The Build Back Better Act as Passed by the House of Representatives**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2023 <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 (\$)					
Lowest Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	3.1
Second Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	8.3
Middle Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	13.8
Fourth Quintile	0.0	0	0.0	0	0.0	0.0	0	0.0	17.3
Top Quintile	0.0	0	2.8	31,740	-0.3	100.0	890	0.2	25.3
All	0.0	0	0.4	31,730	-0.1	100.0	120	0.1	19.8
<b>Addendum</b>									
80-90	0.0	0	0.0	0	0.0	0.0	0	0.0	20.3
90-95	0.0	0	*	**	0.0	0.0	*	0.0	22.5
95-99	0.0	0	7.0	7,750	-0.1	11.6	540	0.1	25.0
Top 1 Percent	0.0	0	31.8	53,740	-0.8	88.3	17,080	0.6	31.3
Top 0.1 Percent	0.0	0	38.7	262,400	-1.0	54.2	101,520	0.7	32.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0721-2).

Number of AMT Taxpayers (millions). Baseline: 0.2

Proposal: 0.2

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

(1) Calendar Year. Baseline is the law currently in place as of November 10, 2021. The provision would, in general, subject a high-income individual to net investment income tax of 3.8 percent on net income or net gain regardless of whether the taxpayer materially participates in a trade or business that generated the net income or net gain, where such net income or net gain would not otherwise be subject to FICA or SECA tax. The high income threshold amount would be \$500,000 in the case of a married couple filing a joint return or surviving spouse, \$250,000 in the case of a married individual filing a separate return, and \$400,000 in any other case.

<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 2020 dollars): 20% \$27,300; 40% \$54,300; 60% \$97,500; 80% \$177,600; 90% \$259,400; 95% \$372,100; 99% \$885,200; 99.9% \$4,028,500.

(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 T22-0014**  
**Application of Net Investment Income Tax to Trade or Business Income of Certain High-Income Individuals**  
**in H.R.5376, The Build Back Better Act as Passed by the House of Representatives**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2023 <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>7</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent <sup>6</sup>	Change (%) Points	Under the Proposal	Change (%) Points	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.6	0.0	3.1
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	3.4	0.0	8.3
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	9.8	0.0	13.8
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	18.0	0.0	17.3
Top Quintile	0.0	2.8	-0.3	100.0	890	0.8	0.2	68.0	0.2	25.3
All	0.0	0.4	-0.1	100.0	120	0.5	0.0	100.0	0.1	19.8
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	14.5	0.0	20.3
90-95	0.0	*	0.0	0.0	*	0.0	-0.1	11.2	0.0	22.5
95-99	0.0	7.0	-0.1	11.6	540	0.4	0.0	16.2	0.1	25.0
Top 1 Percent	0.0	31.8	-0.8	88.3	17,080	1.9	0.3	26.0	0.6	31.3
Top 0.1 Percent	0.0	38.7	-1.0	54.2	101,520	2.2	0.2	13.4	0.7	32.0

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile, 2023 <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>7</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	47,510	26.2	16,950	3.8	530	0.6	16,420	4.6	3.1	
Second Quintile	39,380	21.8	42,880	8.0	3,540	3.4	39,340	9.2	8.3	
Middle Quintile	37,110	20.5	80,110	14.2	11,020	9.9	69,100	15.2	13.8	
Fourth Quintile	30,490	16.8	141,730	20.6	24,540	18.1	117,190	21.2	17.3	
Top Quintile	25,110	13.9	446,260	53.4	111,820	67.8	334,440	49.8	25.1	
All	#####	100.0	115,990	100.0	22,860	100.0	93,130	100.0	19.7	
<b>Addendum</b>										
80-90	12,860	7.1	230,610	14.1	46,920	14.6	183,690	14.0	20.3	
90-95	6,290	3.5	329,880	9.9	74,200	11.3	255,690	9.5	22.5	
95-99	4,800	2.7	562,850	12.9	140,210	16.3	422,640	12.0	24.9	
Top 1 Percent	1,160	0.6	2,994,210	16.5	920,600	25.7	2,073,610	14.2	30.8	
Top 0.1 Percent	120	0.1	14,630,050	8.3	4,577,160	13.2	10,052,890	7.1	31.3	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0721-2).

Number of AMT Taxpayers (millions). Baseline: 0.2 Proposal: 0.2

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

(1) Calendar Year. Baseline is the law currently in place as of November 10, 2021. The provision would, in general, subject a high-income individual to net investment income tax of 3.8 percent on net income or net gain regardless of whether the taxpayer materially participates in a trade or business that generated the net income or net gain, where such net income or net gain would not otherwise be subject to FICA or SECA tax. The high income threshold amount would be \$500,000 in the case of a married couple filing a joint return or surviving spouse, \$250,000 in the case of a married individual filing a separate return, and \$400,000 in any other case.

<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 2020 dollars): 20% \$27,300; 40% \$54,300; 60% \$97,500; 80% \$177,600; 90% \$259,400; 95% \$372,100; 99% \$885,200; 99.9% \$4,028,500.

(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) For income categories for which the baseline tax burden is negative, a positive percent change in average federal tax indicates a net increase in federal subsidies, and a negative percent change indicates a net decrease in federal subsidies.

(7) 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 T22-0014**  
**Application of Net Investment Income Tax to Trade or Business Income of Certain High-Income Individuals**  
**in H.R.5376, The Build Back Better Act as Passed by the House of Representatives**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <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>7</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent <sup>6</sup>	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	-0.3
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.5	0.0	7.2
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	7.8	0.0	12.3
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	17.3	0.0	16.9
Top Quintile	0.0	2.2	-0.3	100.0	710	0.8	0.2	72.3	0.2	25.0
All	0.0	0.4	-0.1	100.0	120	0.5	0.0	100.0	0.1	19.8
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	15.6	0.0	20.2
90-95	0.0	*	0.0	0.0	+	0.0	-0.1	12.1	0.0	22.2
95-99	0.0	4.6	-0.1	9.5	350	0.3	0.0	17.5	0.1	24.6
Top 1 Percent	0.0	29.5	-0.8	90.5	14,210	1.8	0.3	27.2	0.6	31.1
Top 0.1 Percent	0.0	37.5	-1.0	55.7	86,910	2.2	0.2	14.0	0.7	32.0

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <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>7</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	39,590	21.9	16,060	3.0	-40	0.0	16,100	3.8	-0.3	
Second Quintile	37,250	20.6	38,320	6.8	2,760	2.5	35,550	7.9	7.2	
Middle Quintile	36,700	20.3	71,420	12.5	8,820	7.8	62,600	13.6	12.3	
Fourth Quintile	34,390	19.0	123,760	20.3	20,880	17.4	102,880	21.0	16.9	
Top Quintile	31,660	17.5	380,630	57.4	94,320	72.1	286,320	53.8	24.8	
All	#####	100.0	115,990	100.0	22,860	100.0	93,130	100.0	19.7	
<b>Addendum</b>										
80-90	16,200	9.0	197,370	15.2	39,960	15.6	157,410	15.1	20.2	
90-95	7,930	4.4	285,230	10.8	63,240	12.1	222,000	10.4	22.2	
95-99	6,110	3.4	484,940	14.1	119,160	17.6	365,780	13.3	24.6	
Top 1 Percent	1,420	0.8	2,550,640	17.3	779,620	26.8	1,771,020	15.0	30.6	
Top 0.1 Percent	140	0.1	12,674,740	8.6	3,967,140	13.7	8,707,610	7.4	31.3	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0721-2).

Number of AMT Taxpayers (millions). Baseline: 0.2 Proposal: 0.2

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

(1) Calendar Year. Baseline is the law currently in place as of November 10, 2021. The provision would, in general, subject a high-income individual to net investment income tax of 3.8 percent on net income or net gain regardless of whether the taxpayer materially participates in a trade or business that generated the net income or net gain, where such net income or net gain would not otherwise be subject to FICA or SECA tax. The high income threshold amount would be \$500,000 in the case of a married couple filing a joint return or surviving spouse, \$250,000 in the case of a married individual filing a separate return, and \$400,000 in any other case.  
<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 2020 dollars): 20% \$19,000; 40% \$37,400; 60% \$65,000; 80% \$109,300; 90% \$158,700; 95% \$223,000; 99% \$514,600; 99.9% \$2,287,400.

(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) For income categories for which the baseline tax burden is negative, a positive percent change in average federal tax indicates a net increase in federal subsidies, and a negative percent change indicates a net decrease in federal subsidies.

(7) 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 T22-0014**  
**Application of Net Investment Income Tax to Trade or Business Income of Certain High-Income Individuals**  
**in H.R.5376, The Build Back Better Act as Passed by the House of Representatives**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <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>7</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent <sup>6</sup>	Change (%)	Under the Proposal	Change (%)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	1.3	0.0	4.0
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	5.4	0.0	9.1
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	13.3	0.0	13.4
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	23.5	0.0	18.3
Top Quintile	0.0	0.8	-0.1	100.0	250	0.4	0.1	56.2	0.1	25.4
All	0.0	0.1	-0.1	100.0	30	0.2	0.0	100.0	0.0	18.5
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.0	15.9	0.0	21.6
90-95	0.0	0.0	0.0	0.0	0	0.0	0.0	10.2	0.0	23.0
95-99	0.0	0.6	0.0	1.5	20	0.0	0.0	13.3	0.0	25.5
Top 1 Percent	0.0	19.5	-0.6	98.5	7,170	1.3	0.2	16.9	0.4	32.8
Top 0.1 Percent	0.0	32.6	-0.9	65.6	49,520	1.8	0.1	8.4	0.6	33.7

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <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>7</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	25,570	28.6	12,820	5.9	520	1.3	12,300	6.9	4.0	
Second Quintile	20,320	22.8	30,250	11.0	2,740	5.4	27,510	12.3	9.1	
Middle Quintile	18,550	20.8	54,840	18.3	7,370	13.3	47,470	19.4	13.4	
Fourth Quintile	14,570	16.3	91,000	23.8	16,610	23.6	74,390	23.9	18.3	
Top Quintile	9,510	10.7	239,140	40.8	60,510	56.1	178,630	37.4	25.3	
All	89,310	100.0	62,360	100.0	11,480	100.0	50,880	100.0	18.4	
<b>Addendum</b>										
80-90	5,370	6.0	140,910	13.6	30,410	15.9	110,500	13.1	21.6	
90-95	2,230	2.5	202,990	8.1	46,740	10.2	156,250	7.7	23.0	
95-99	1,590	1.8	336,420	9.6	85,750	13.3	250,670	8.8	25.5	
Top 1 Percent	320	0.4	1,650,160	9.5	534,170	16.7	1,115,980	7.9	32.4	
Top 0.1 Percent	30	0.0	8,298,950	4.6	2,743,450	8.3	5,555,510	3.8	33.1	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0721-2).

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

(1) Calendar Year. Baseline is the law currently in place as of November 10, 2021. The provision would, in general, subject a high-income individual to net investment income tax of 3.8 percent on net income or net gain regardless of whether the taxpayer materially participates in a trade or business that generated the net income or net gain, where such net income or net gain would not otherwise be subject to FICA or SECA tax. The high income threshold amount would be \$500,000 in the case of a married couple filing a joint return or surviving spouse, \$250,000 in the case of a married individual filing a separate return, and \$400,000 in any other case.

<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 2020 dollars): 20% \$19,000; 40% \$37,400; 60% \$65,000; 80% \$109,300; 90% \$158,700; 95% \$223,000; 99% \$514,600; 99.9% \$2,287,400.

(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) For income categories for which the baseline tax burden is negative, a positive percent change in average federal tax indicates a net increase in federal subsidies, and a negative percent change indicates a net decrease in federal subsidies.

(7) 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 T22-0014**  
**Application of Net Investment Income Tax to Trade or Business Income of Certain High-Income Individuals**  
**in H.R.5376, The Build Back Better Act as Passed by the House of Representatives**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <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>7</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent <sup>6</sup>	Change (%) Under the Proposal	Under the Proposal	Change (%) Under the Proposal	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.2
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.9	0.0	6.0
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	4.5	0.0	11.3
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	14.2	0.0	15.9
Top Quintile	0.0	2.9	-0.3	100.0	910	0.8	0.1	80.2	0.2	24.8
All	0.0	0.9	-0.2	100.0	280	0.7	0.0	100.0	0.1	21.1
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	15.8	0.0	19.7
90-95	0.0	*	0.0	0.0	*	0.0	-0.1	13.3	0.0	21.9
95-99	0.0	6.1	-0.1	10.9	470	0.4	-0.1	20.2	0.1	24.4
Top 1 Percent	0.0	32.7	-0.8	89.1	16,000	1.9	0.4	30.9	0.6	30.8
Top 0.1 Percent	0.0	39.3	-1.1	53.0	97,250	2.3	0.3	15.3	0.7	31.8

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <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>7</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	6,930	10.7	21,560	1.1	50	0.0	21,510	1.4	0.2	
Second Quintile	8,690	13.4	49,740	3.3	2,960	0.9	46,780	3.9	6.0	
Middle Quintile	12,030	18.6	93,190	8.4	10,480	4.5	82,710	9.5	11.3	
Fourth Quintile	16,310	25.2	153,380	18.8	24,420	14.3	128,960	20.0	15.9	
Top Quintile	20,350	31.4	447,220	68.4	109,790	80.0	337,420	65.3	24.6	
All	64,830	100.0	205,240	100.0	43,060	100.0	162,190	100.0	21.0	
<b>Addendum</b>										
80-90	9,790	15.1	230,360	17.0	45,360	15.9	185,000	17.2	19.7	
90-95	5,270	8.1	323,330	12.8	70,790	13.4	252,540	12.7	21.9	
95-99	4,260	6.6	545,280	17.5	132,550	20.2	412,730	16.7	24.3	
Top 1 Percent	1,030	1.6	2,745,680	21.2	830,510	30.5	1,915,170	18.7	30.3	
Top 0.1 Percent	100	0.2	13,448,810	10.2	4,176,830	15.0	9,271,980	8.9	31.1	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0721-2).

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

(1) Calendar Year. Baseline is the law currently in place as of November 10, 2021. The provision would, in general, subject a high-income individual to net investment income tax of 3.8 percent on net income or net gain regardless of whether the taxpayer materially participates in a trade or business that generated the net income or net gain, where such net income or net gain would not otherwise be subject to FICA or SECA tax. The high income threshold amount would be \$500,000 in the case of a married couple filing a joint return or surviving spouse, \$250,000 in the case of a married individual filing a separate return, and \$400,000 in any other case.

<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 2020 dollars): 20% \$19,000; 40% \$37,400; 60% \$65,000; 80% \$109,300; 90% \$158,700; 95% \$223,000; 99% \$514,600; 99.9% \$2,287,400.

(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) For income categories for which the baseline tax burden is negative, a positive percent change in average federal tax indicates a net increase in federal subsidies, and a negative percent change indicates a net decrease in federal subsidies.

(7) 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 T22-0014**  
**Application of Net Investment Income Tax to Trade or Business Income of Certain High-Income Individuals**  
**in H.R.5376, The Build Back Better Act as Passed by the House of Representatives**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <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>7</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent <sup>6</sup>	Change (%) Under the Proposal	Under the Proposal	Change (%) Under the Proposal	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-7.7	0.0	-10.3
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	8.6	0.0	5.0
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	25.0	0.0	12.0
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	29.6	0.0	17.9
Top Quintile	0.0	1.3	-0.3	100.0	650	0.7	0.2	44.5	0.2	25.5
All	0.0	0.1	-0.1	100.0	30	0.3	0.0	100.0	0.0	12.6
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	0.0	13.0	0.0	21.2
90-95	0.0	*	0.0	0.0	*	0.0	0.0	6.8	0.0	22.2
95-99	0.0	4.4	-0.1	6.7	390	0.3	0.0	6.8	0.1	26.2
Top 1 Percent	0.0	26.2	-0.8	93.3	20,330	1.7	0.3	17.8	0.5	31.7
Top 0.1 Percent	0.0	40.0	-0.9	73.7	156,220	2.0	0.2	12.4	0.6	32.0

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <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>7</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	6,700	29.2	22,840	9.4	-2,360	-7.8	25,200	11.9	-10.3	
Second Quintile	7,410	32.4	47,350	21.6	2,390	8.7	44,960	23.4	5.0	
Middle Quintile	5,150	22.5	82,500	26.1	9,920	25.1	72,570	26.3	12.0	
Fourth Quintile	2,590	11.3	130,950	20.9	23,400	29.7	107,540	19.6	17.9	
Top Quintile	1,020	4.4	351,620	22.0	88,960	44.3	262,670	18.8	25.3	
All	22,920	100.0	70,980	100.0	8,910	100.0	62,070	100.0	12.6	
<b>Addendum</b>										
80-90	630	2.8	199,390	7.8	42,180	13.1	157,210	7.0	21.2	
90-95	240	1.0	264,540	3.9	58,690	6.9	205,840	3.5	22.2	
95-99	110	0.5	466,330	3.3	121,760	6.8	344,570	2.8	26.1	
Top 1 Percent	30	0.1	3,758,500	7.1	1,172,350	17.5	2,586,140	5.6	31.2	
Top 0.1 Percent	*	0.0	25,253,030	4.9	7,931,110	12.2	17,321,920	3.8	31.4	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0721-2).

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

(1) Calendar Year. Baseline is the law currently in place as of November 10, 2021. The provision would, in general, subject a high-income individual to net investment income tax of 3.8 percent on net income or net gain regardless of whether the taxpayer materially participates in a trade or business that generated the net income or net gain, where such net income or net gain would not otherwise be subject to FICA or SECA tax. The high income threshold amount would be \$500,000 in the case of a married couple filing a joint return or surviving spouse, \$250,000 in the case of a married individual filing a separate return, and \$400,000 in any other case.

<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 2020 dollars): 20% \$19,000; 40% \$37,400; 60% \$65,000; 80% \$109,300; 90% \$158,700; 95% \$223,000; 99% \$514,600; 99.9% \$2,287,400.

(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) For income categories for which the baseline tax burden is negative, a positive percent change in average federal tax indicates a net increase in federal subsidies, and a negative percent change indicates a net decrease in federal subsidies.

(7) 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 T22-0014**  
**Application of Net Investment Income Tax to Trade or Business Income of Certain High-Income Individuals**  
**in H.R.5376, The Build Back Better Act as Passed by the House of Representatives**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <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>7</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent <sup>6</sup>	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	-1.4	0.0	-9.3
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.0	0.0	5.8
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	7.6	0.0	12.9
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	17.4	0.0	18.1
Top Quintile	0.0	4.0	-0.3	100.0	1,200	0.9	0.2	74.2	0.2	26.2
All	0.0	0.7	-0.2	100.0	220	0.7	0.0	100.0	0.1	20.5
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	15.6	0.0	21.5
90-95	0.0	0.1	0.0	0.1	*	0.0	-0.1	11.7	0.0	23.3
95-99	0.0	11.1	-0.2	15.0	910	0.5	0.0	18.2	0.1	26.1
Top 1 Percent	0.0	34.6	-0.9	84.9	19,840	2.0	0.4	28.8	0.6	31.5
Top 0.1 Percent	0.0	38.7	-1.0	47.0	115,320	2.3	0.2	14.0	0.7	31.9

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <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>7</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	10,770	20.8	23,530	3.0	-2,190	-1.4	25,720	4.2	-9.3	
Second Quintile	11,440	22.1	51,250	7.0	2,970	2.0	48,280	8.3	5.8	
Middle Quintile	10,360	20.0	97,130	12.1	12,540	7.7	84,590	13.2	12.9	
Fourth Quintile	9,670	18.7	169,900	19.7	30,690	17.5	139,210	20.3	18.1	
Top Quintile	9,340	18.0	519,860	58.2	134,740	74.1	385,120	54.2	25.9	
All	51,810	100.0	160,950	100.0	32,780	100.0	128,160	100.0	20.4	
<b>Addendum</b>										
80-90	4,730	9.1	262,770	14.9	56,390	15.7	206,390	14.7	21.5	
90-95	2,280	4.4	376,700	10.3	87,710	11.8	288,990	9.9	23.3	
95-99	1,850	3.6	642,730	14.3	166,770	18.2	475,960	13.3	26.0	
Top 1 Percent	480	0.9	3,267,530	18.7	1,009,310	28.4	2,258,220	16.3	30.9	
Top 0.1 Percent	50	0.1	16,443,080	9.0	5,123,000	13.7	11,320,090	7.8	31.2	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0721-2).

\* 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 as of November 10, 2021. The provision would, in general, subject a high-income individual to net investment income tax of 3.8 percent on net income or net gain regardless of whether the taxpayer materially participates in a trade or business that generated the net income or net gain, where such net income or net gain would not otherwise be subject to FICA or SECA tax. The high income threshold amount would be \$500,000 in the case of a married couple filing a joint return or surviving spouse, \$250,000 in the case of a married individual filing a separate return, and \$400,000 in any other case.

<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 2020 dollars): 20% \$19,000; 40% \$37,400; 60% \$65,000; 80% \$109,300; 90% \$158,700; 95% \$223,000; 99% \$514,600; 99.9% \$2,287,400.

(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) For income categories for which the baseline tax burden is negative, a positive percent change in average federal tax indicates a net increase in federal subsidies, and a negative percent change indicates a net decrease in federal subsidies.

(7) 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 T22-0014**  
**Application of Net Investment Income Tax to Trade or Business Income of Certain High-Income Individuals**  
**in H.R.5376, The Build Back Better Act as Passed by the House of Representatives**  
**Baseline: Current Law**  
**Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <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>7</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent <sup>6</sup>	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	0.9
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	1.5	0.0	2.9
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	5.8	0.0	6.5
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	-0.1	14.1	0.0	11.3
Top Quintile	0.0	2.1	-0.2	100.0	690	0.8	0.1	77.9	0.2	23.0
All	0.0	0.3	-0.1	100.0	100	0.6	0.0	100.0	0.1	16.0
<b>Addendum</b>										
80-90	0.0	0.0	0.0	0.0	0	0.0	-0.1	13.0	0.0	15.6
90-95	0.0	0.0	0.0	0.0	0	0.0	-0.1	9.9	0.0	18.2
95-99	0.0	2.6	-0.1	4.6	160	0.2	-0.1	16.8	0.0	21.9
Top 1 Percent	0.0	30.0	-0.7	95.4	12,620	1.6	0.4	38.1	0.5	30.8
Top 0.1 Percent	0.0	37.0	-0.8	66.0	68,940	1.9	0.3	22.6	0.6	31.9

**Baseline Distribution of Income and Federal Taxes**  
**by Expanded Cash Income Percentile Adjusted for Family Size, 2023 <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>7</sup>	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	10,070	20.7	15,680	3.2	150	0.2	15,540	3.8	0.9	
Second Quintile	11,460	23.5	34,900	8.1	1,020	1.5	33,880	9.4	2.9	
Middle Quintile	10,790	22.2	65,710	14.4	4,270	5.9	61,440	16.0	6.5	
Fourth Quintile	8,680	17.8	113,210	20.0	12,780	14.2	100,430	21.1	11.3	
Top Quintile	7,080	14.5	377,030	54.2	85,980	77.7	291,050	49.8	22.8	
All	48,680	100.0	101,100	100.0	16,080	100.0	85,020	100.0	15.9	
<b>Addendum</b>										
80-90	3,680	7.6	179,150	13.4	27,880	13.1	151,270	13.4	15.6	
90-95	1,660	3.4	257,770	8.7	46,930	10.0	210,840	8.5	18.2	
95-99	1,370	2.8	442,640	12.3	96,720	16.9	345,930	11.5	21.9	
Top 1 Percent	370	0.8	2,635,330	19.8	798,820	37.8	1,836,510	16.4	30.3	
Top 0.1 Percent	50	0.1	11,933,120	11.4	3,733,400	22.4	8,199,720	9.3	31.3	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0721-2).

\* 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 as of November 10, 2021. The provision would, in general, subject a high-income individual to net investment income tax of 3.8 percent on net income or net gain regardless of whether the taxpayer materially participates in a trade or business that generated the net income or net gain, where such net income or net gain would not otherwise be subject to FICA or SECA tax. The high income threshold amount would be \$500,000 in the case of a married couple filing a joint return or surviving spouse, \$250,000 in the case of a married individual filing a separate return, and \$400,000 in any other case.

<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 2020 dollars): 20% \$19,000; 40% \$37,400; 60% \$65,000; 80% \$109,300; 90% \$158,700; 95% \$223,000; 99% \$514,600; 99.9% \$2,287,400.

(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) For income categories for which the baseline tax burden is negative, a positive percent change in average federal tax indicates a net increase in federal subsidies, and a negative percent change indicates a net decrease in federal subsidies.

(7) 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.