

Table T22-0024
Individual Income Tax and Payroll Tax Provisions in H.R.5376, The Inflation Reduction Act of 2022
As Passed by the Senate
Excludes Corporate and Excise Tax Provisions
Note: Also Excludes Premium Tax Credit
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2027 ¹
Summary Table

| Expanded Cash Income Percentile ^{2,3} | Tax Units | | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change (\$) | Average Federal Tax Rate ⁵ | |
|---|-----------------------|---------------------|---|---|---------------------------------------|---------------------------------------|-----------------------|
| | Number (thousands) | Percent of Total | | | | Change (%) Points) | Under the Proposal |
| Lowest Quintile | 48,800 | 26.1 | 0.0 | -0.2 | * | 0.0 | 4.0 |
| Second Quintile | 41,530 | 22.2 | 0.0 | -1.6 | -10 | 0.0 | 9.9 |
| Middle Quintile | 38,430 | 20.6 | 0.0 | -5.4 | -20 | 0.0 | 15.2 |
| Fourth Quintile | 30,990 | 16.6 | 0.0 | -8.9 | -50 | 0.0 | 18.8 |
| Top Quintile | 25,510 | 13.7 | -0.1 | 79.6 | 510 | 0.1 | 26.7 |
| All | 186,800 | 100.0 | -0.1 | 100.0 | 90 | 0.1 | 21.1 |
| Addendum | | | | | | | |
| 80-90 | 13,090 | 7.0 | 0.0 | -6.0 | -70 | 0.0 | 21.8 |
| 90-95 | 6,380 | 3.4 | 0.0 | -3.3 | -80 | 0.0 | 24.1 |
| 95-99 | 4,860 | 2.6 | 0.0 | -1.6 | -50 | 0.0 | 27.5 |
| Top 1 Percent | 1,180 | 0.6 | -0.6 | 90.4 | 12,460 | 0.4 | 32.3 |
| Top 0.1 Percent | 120 | 0.1 | -1.1 | 76.6 | 103,220 | 0.7 | 32.6 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-1).

Number of AMT Taxpayers (millions). Baseline: 7.7

Proposal: 7.7

(1) Calendar year. Baseline is the law currently in place as of August 10, 2022. Includes provisions in JCT Table JCX-18-22, except: corporate income tax provisions; excise tax provisions; Subtitle A, Part 3 (IRS Funding); Subtitle B (Prescription Drug Pricing Reform); Subtitle C (Affordable Care Act Subsidies); and other provisions with an annual revenue change of less than \$100 million in the years of our analysis.

<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 2022 dollars): 20% \$32,000; 40% \$62,600; 60% \$111,200; 80% \$201,400; 90% \$292,900; 95% \$420,100; 99% \$1,017,200; 99.9% \$4,731,500.

(4) 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.

(5) 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.

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As Passed by the Senate
Excludes Corporate and Excise Tax Provisions
Note: Also Excludes Premium Tax Credit
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2027 ¹
Detail Table

| Expanded Cash Income Percentile ^{2,3} | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|--|---|-----------------------------------|----------------------------|----------------------|------------------------|--------------------|---------------------------------------|--------------------|
| | | | Dollars | Percent ⁵ | Change (%) Points) | Under the Proposal | Change (%) Points) | Under the Proposal |
| Lowest Quintile | 0.0 | -0.2 | * | -0.1 | 0.0 | 0.8 | 0.0 | 4.0 |
| Second Quintile | 0.0 | -1.6 | -10 | -0.1 | 0.0 | 4.0 | 0.0 | 9.9 |
| Middle Quintile | 0.0 | -5.4 | -20 | -0.2 | -0.1 | 10.4 | 0.0 | 15.2 |
| Fourth Quintile | 0.0 | -8.9 | -50 | -0.2 | -0.1 | 18.5 | 0.0 | 18.8 |
| Top Quintile | -0.1 | 79.6 | 510 | 0.4 | 0.0 | 66.0 | 0.1 | 26.7 |
| All | -0.1 | 100.0 | 90 | 0.3 | 0.0 | 100.0 | 0.1 | 21.1 |
| Addendum | | | | | | | | |
| 80-90 | 0.0 | -6.0 | -70 | -0.1 | -0.1 | 14.6 | 0.0 | 21.8 |
| 90-95 | 0.0 | -3.3 | -80 | -0.1 | 0.0 | 11.2 | 0.0 | 24.1 |
| 95-99 | 0.0 | -1.6 | -50 | 0.0 | -0.1 | 16.7 | 0.0 | 27.5 |
| Top 1 Percent | -0.6 | 90.4 | 12,460 | 1.2 | 0.2 | 23.4 | 0.4 | 32.3 |
| Top 0.1 Percent | -1.1 | 76.6 | 103,220 | 2.3 | 0.2 | 10.6 | 0.7 | 32.6 |

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile, 2027 ¹

| Expanded Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁴ | | 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 | 48,800 | 26.1 | 20,930 | 4.0 | 850 | 0.8 | 20,090 | 4.9 | 4.0 |
| Second Quintile | 41,530 | 22.2 | 52,080 | 8.6 | 5,140 | 4.0 | 46,940 | 9.8 | 9.9 |
| Middle Quintile | 38,430 | 20.6 | 95,620 | 14.5 | 14,510 | 10.5 | 81,110 | 15.6 | 15.2 |
| Fourth Quintile | 30,990 | 16.6 | 168,890 | 20.7 | 31,860 | 18.6 | 137,020 | 21.3 | 18.9 |
| Top Quintile | 25,510 | 13.7 | 515,870 | 52.1 | 137,410 | 65.9 | 378,470 | 48.4 | 26.6 |
| All | ##### | 100.0 | 135,250 | 100.0 | 28,460 | 100.0 | 106,780 | 100.0 | 21.1 |
| Addendum | | | | | | | | | |
| 80-90 | 13,090 | 7.0 | 272,870 | 14.1 | 59,670 | 14.7 | 213,200 | 14.0 | 21.9 |
| 90-95 | 6,380 | 3.4 | 388,310 | 9.8 | 93,500 | 11.2 | 294,800 | 9.4 | 24.1 |
| 95-99 | 4,860 | 2.6 | 667,230 | 12.9 | 183,550 | 16.8 | 483,680 | 11.8 | 27.5 |
| Top 1 Percent | 1,180 | 0.6 | 3,271,980 | 15.3 | 1,045,140 | 23.2 | 2,226,840 | 13.2 | 31.9 |
| Top 0.1 Percent | 120 | 0.1 | 14,336,340 | 6.9 | 4,566,860 | 10.4 | 9,769,480 | 5.9 | 31.9 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-1).

Number of AMT Taxpayers (millions). Baseline: 7.7

Proposal: 7.7

(1) Calendar year. Baseline is the law currently in place as of August 10, 2022. Includes provisions in JCT Table JCX-18-22, except: corporate income tax provisions; excise tax provisions; Subtitle A, Part 3 (IRS Funding); Subtitle B (Prescription Drug Pricing Reform); Subtitle C (Affordable Care Act Subsidies); and other provisions with an annual revenue change of less than \$100 million in the years of our analysis.

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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 2022 dollars): 20% \$32,000; 40% \$62,600; 60% \$111,200; 80% \$201,400; 90% \$292,900; 95% \$420,100; 99% \$1,017,200; 99.9% \$4,731,500.

(4) 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.

(5) 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.

(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.

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As Passed by the Senate
Excludes Corporate and Excise Tax Provisions
Note: Also Excludes Premium Tax Credit
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2027 ¹
Detail Table

| Expanded Cash Income Percentile ^{2,3} | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|---|--|--|----------------------------|----------------------|------------------------|-----------------------|---------------------------------------|-----------------------|
| | | | Dollars | Percent ⁵ | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Lowest Quintile | 0.0 | -0.1 | * | -0.2 | 0.0 | 0.2 | 0.0 | 1.5 |
| Second Quintile | 0.0 | -1.0 | * | -0.1 | 0.0 | 3.0 | 0.0 | 8.8 |
| Middle Quintile | 0.0 | -4.7 | -20 | -0.2 | 0.0 | 8.5 | 0.0 | 13.8 |
| Fourth Quintile | 0.0 | -8.6 | -40 | -0.2 | -0.1 | 17.7 | 0.0 | 18.4 |
| Top Quintile | -0.1 | 77.9 | 390 | 0.3 | 0.0 | 70.2 | 0.1 | 26.4 |
| All | -0.1 | 100.0 | 90 | 0.3 | 0.0 | 100.0 | 0.1 | 21.1 |
| Addendum | | | | | | | | |
| 80-90 | 0.0 | -6.2 | -60 | -0.1 | -0.1 | 15.6 | 0.0 | 21.6 |
| 90-95 | 0.0 | -4.1 | -80 | -0.1 | -0.1 | 12.1 | 0.0 | 23.8 |
| 95-99 | 0.0 | -3.5 | -90 | -0.1 | -0.1 | 18.1 | 0.0 | 27.0 |
| Top 1 Percent | -0.5 | 91.6 | 10,340 | 1.2 | 0.2 | 24.5 | 0.4 | 32.1 |
| Top 0.1 Percent | -1.0 | 78.6 | 88,170 | 2.2 | 0.2 | 11.1 | 0.7 | 32.6 |

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2027 ¹

| Expanded Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁴ | | 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 | 40,760 | 21.8 | 19,880 | 3.2 | 290 | 0.2 | 19,590 | 4.0 | 1.5 |
| Second Quintile | 39,210 | 21.0 | 46,840 | 7.3 | 4,140 | 3.1 | 42,710 | 8.4 | 8.8 |
| Middle Quintile | 38,240 | 20.5 | 85,620 | 13.0 | 11,870 | 8.5 | 73,750 | 14.1 | 13.9 |
| Fourth Quintile | 34,810 | 18.6 | 147,580 | 20.3 | 27,120 | 17.8 | 120,460 | 21.0 | 18.4 |
| Top Quintile | 32,240 | 17.3 | 440,260 | 56.2 | 115,780 | 70.2 | 324,470 | 52.5 | 26.3 |
| All | ##### | 100.0 | 135,250 | 100.0 | 28,460 | 100.0 | 106,780 | 100.0 | 21.1 |
| Addendum | | | | | | | | | |
| 80-90 | 16,450 | 8.8 | 233,480 | 15.2 | 50,470 | 15.6 | 183,000 | 15.1 | 21.6 |
| 90-95 | 8,120 | 4.4 | 335,140 | 10.8 | 79,750 | 12.2 | 255,390 | 10.4 | 23.8 |
| 95-99 | 6,220 | 3.3 | 572,990 | 14.1 | 154,840 | 18.1 | 418,150 | 13.1 | 27.0 |
| Top 1 Percent | 1,440 | 0.8 | 2,816,020 | 16.1 | 894,500 | 24.3 | 1,921,520 | 13.9 | 31.8 |
| Top 0.1 Percent | 150 | 0.1 | 12,527,200 | 7.2 | 3,990,060 | 10.9 | 8,537,140 | 6.2 | 31.9 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-1).

Number of AMT Taxpayers (millions). Baseline: 7.7

Proposal: 7.7

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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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(4) 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.

(5) 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.

(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.

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As Passed by the Senate
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Note: Also Excludes Premium Tax Credit
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2027 ¹
Detail Table - Single Tax Units

| Expanded Cash Income Percentile ^{2,3} | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|--|---|-----------------------------------|----------------------------|----------------------|------------------------|--------------------|---------------------------------------|--------------------|
| | | | Dollars | Percent ⁵ | Change (%) Points) | Under the Proposal | Change (%) Points) | Under the Proposal |
| Lowest Quintile | 0.0 | -0.5 | 0 | -0.1 | 0.0 | 1.5 | 0.0 | 4.6 |
| Second Quintile | 0.0 | -2.6 | * | -0.1 | 0.0 | 5.9 | 0.0 | 9.6 |
| Middle Quintile | 0.0 | -10.2 | -10 | -0.1 | -0.1 | 14.1 | 0.0 | 14.5 |
| Fourth Quintile | 0.0 | -15.0 | -30 | -0.1 | -0.1 | 22.6 | 0.0 | 19.4 |
| Top Quintile | -0.1 | 106.0 | 270 | 0.4 | 0.1 | 55.6 | 0.1 | 26.8 |
| All | -0.1 | 100.0 | 30 | 0.2 | 0.0 | 100.0 | 0.0 | 19.4 |
| Addendum | | | | | | | | |
| 80-90 | 0.0 | -8.7 | -40 | -0.1 | -0.1 | 15.4 | 0.0 | 22.7 |
| 90-95 | 0.0 | -4.3 | -50 | -0.1 | 0.0 | 10.2 | 0.0 | 24.6 |
| 95-99 | 0.0 | -6.2 | -90 | -0.1 | 0.0 | 13.8 | 0.0 | 27.6 |
| Top 1 Percent | -0.7 | 125.2 | 9,270 | 1.5 | 0.2 | 16.2 | 0.5 | 33.6 |
| Top 0.1 Percent | -1.4 | 107.1 | 81,080 | 2.8 | 0.2 | 7.5 | 0.9 | 34.6 |

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2027 ¹

| Expanded Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁴ | | 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 | 26,280 | 28.3 | 16,020 | 6.1 | 740 | 1.5 | 15,270 | 7.2 | 4.7 |
| Second Quintile | 21,940 | 23.7 | 37,440 | 11.9 | 3,580 | 5.9 | 33,860 | 13.4 | 9.6 |
| Middle Quintile | 19,540 | 21.1 | 66,430 | 18.8 | 9,660 | 14.2 | 56,760 | 20.0 | 14.6 |
| Fourth Quintile | 14,420 | 15.6 | 108,210 | 22.7 | 20,980 | 22.7 | 87,230 | 22.6 | 19.4 |
| Top Quintile | 9,710 | 10.5 | 285,470 | 40.2 | 76,220 | 55.5 | 209,250 | 36.6 | 26.7 |
| All | 92,760 | 100.0 | 74,270 | 100.0 | 14,370 | 100.0 | 59,900 | 100.0 | 19.4 |
| Addendum | | | | | | | | | |
| 80-90 | 5,390 | 5.8 | 167,470 | 13.1 | 38,110 | 15.4 | 129,370 | 12.6 | 22.8 |
| 90-95 | 2,300 | 2.5 | 241,300 | 8.1 | 59,340 | 10.2 | 181,960 | 7.5 | 24.6 |
| 95-99 | 1,680 | 1.8 | 398,740 | 9.7 | 109,930 | 13.8 | 288,800 | 8.7 | 27.6 |
| Top 1 Percent | 340 | 0.4 | 1,901,010 | 9.4 | 630,080 | 16.0 | 1,270,940 | 7.8 | 33.1 |
| Top 0.1 Percent | 30 | 0.0 | 8,742,780 | 4.2 | 2,943,110 | 7.3 | 5,799,670 | 3.5 | 33.7 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-1).

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(5) 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.

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Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2027 ¹
Detail Table - Married Tax Units Filing Jointly

| Expanded Cash Income Percentile ^{2,3} | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|--|---|-----------------------------------|----------------------------|----------------------|------------------------|--------------------|---------------------------------------|--------------------|
| | | | Dollars | Percent ⁵ | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Lowest Quintile | 0.0 | -0.1 | * | -0.2 | 0.0 | 0.1 | 0.0 | 1.9 |
| Second Quintile | 0.0 | -0.6 | -10 | -0.2 | 0.0 | 1.1 | 0.0 | 7.1 |
| Middle Quintile | 0.0 | -3.7 | -30 | -0.2 | 0.0 | 5.0 | 0.0 | 12.7 |
| Fourth Quintile | 0.0 | -8.3 | -60 | -0.2 | -0.1 | 14.9 | 0.0 | 17.5 |
| Top Quintile | -0.1 | 69.3 | 390 | 0.3 | 0.0 | 78.6 | 0.1 | 26.2 |
| All | -0.1 | 100.0 | 170 | 0.3 | 0.0 | 100.0 | 0.1 | 22.5 |
| Addendum | | | | | | | | |
| 80-90 | 0.0 | -6.5 | -70 | -0.1 | -0.1 | 16.1 | 0.0 | 21.1 |
| 90-95 | 0.0 | -4.9 | -110 | -0.1 | -0.1 | 13.4 | 0.0 | 23.5 |
| 95-99 | 0.0 | -3.8 | -100 | -0.1 | -0.1 | 20.9 | 0.0 | 26.9 |
| Top 1 Percent | -0.5 | 84.4 | 9,460 | 1.0 | 0.2 | 28.2 | 0.3 | 32.0 |
| Top 0.1 Percent | -0.9 | 70.7 | 81,340 | 1.9 | 0.2 | 12.2 | 0.6 | 32.4 |

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2027 ¹

| Expanded Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁴ | | 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 | 6,630 | 10.2 | 26,790 | 1.1 | 510 | 0.1 | 26,280 | 1.4 | 1.9 |
| Second Quintile | 8,810 | 13.5 | 61,160 | 3.4 | 4,380 | 1.1 | 56,780 | 4.1 | 7.2 |
| Middle Quintile | 12,470 | 19.1 | 111,380 | 8.9 | 14,150 | 5.0 | 97,240 | 10.0 | 12.7 |
| Fourth Quintile | 16,510 | 25.3 | 182,690 | 19.2 | 32,050 | 15.0 | 150,640 | 20.4 | 17.5 |
| Top Quintile | 20,440 | 31.3 | 517,700 | 67.4 | 135,480 | 78.6 | 382,210 | 64.2 | 26.2 |
| All | 65,350 | 100.0 | 240,180 | 100.0 | 53,920 | 100.0 | 186,260 | 100.0 | 22.5 |
| Addendum | | | | | | | | | |
| 80-90 | 9,900 | 15.1 | 272,300 | 17.2 | 57,450 | 16.1 | 214,850 | 17.5 | 21.1 |
| 90-95 | 5,280 | 8.1 | 381,640 | 12.8 | 89,870 | 13.5 | 291,780 | 12.7 | 23.6 |
| 95-99 | 4,250 | 6.5 | 648,920 | 17.6 | 174,330 | 21.0 | 474,590 | 16.6 | 26.9 |
| Top 1 Percent | 1,020 | 1.6 | 3,067,000 | 19.9 | 970,390 | 28.0 | 2,096,610 | 17.5 | 31.6 |
| Top 0.1 Percent | 100 | 0.2 | 13,478,530 | 8.5 | 4,278,800 | 12.0 | 9,199,740 | 7.5 | 31.8 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-1).

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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 2022 dollars): 20% \$22,800; 40% \$44,000; 60% \$74,900; 80% \$124,000; 90% \$179,700; 95% \$252,500; 99% \$594,700; 99.9% \$2,684,700.

(4) 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.

(5) 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.

(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 T22-0024
Individual Income Tax and Payroll Tax Provisions in H.R.5376, The Inflation Reduction Act of 2022
As Passed by the Senate
Excludes Corporate and Excise Tax Provisions
Note: Also Excludes Premium Tax Credit
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2027 ¹
Detail Table - Head of Household Tax Units

| Expanded Cash Income Percentile ^{2,3} | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|--|---|-----------------------------------|----------------------------|----------------------|------------------------|--------------------|---------------------------------------|--------------------|
| | | | Dollars | Percent ⁵ | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Lowest Quintile | 0.0 | -5.0 | 0 | 0.0 | 0.0 | -4.1 | 0.0 | -5.9 |
| Second Quintile | 0.0 | -39.3 | * | -0.1 | 0.0 | 13.0 | 0.0 | 8.9 |
| Middle Quintile | 0.0 | ##### | -10 | -0.1 | 0.0 | 24.7 | 0.0 | 14.6 |
| Fourth Quintile | 0.0 | ##### | -30 | -0.1 | 0.0 | 28.8 | 0.0 | 19.8 |
| Top Quintile | -0.1 | 384.5 | 210 | 0.2 | 0.1 | 37.6 | 0.1 | 25.6 |
| All | 0.0 | 100.0 | * | 0.0 | 0.0 | 100.0 | 0.0 | 14.8 |
| Addendum | | | | | | | | |
| 80-90 | 0.0 | -65.8 | -60 | -0.1 | 0.0 | 12.7 | 0.0 | 22.7 |
| 90-95 | 0.0 | -12.8 | -30 | 0.0 | 0.0 | 7.0 | 0.0 | 22.9 |
| 95-99 | 0.0 | -14.1 | -70 | -0.1 | 0.0 | 6.1 | 0.0 | 26.8 |
| Top 1 Percent | -0.4 | 477.2 | 8,940 | 0.9 | 0.1 | 11.9 | 0.3 | 31.6 |
| Top 0.1 Percent | -0.6 | 445.9 | 86,730 | 1.4 | 0.1 | 6.9 | 0.4 | 32.1 |

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2027 ¹

| Expanded Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁴ | | 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 | 7,320 | 30.9 | 27,660 | 10.1 | -1,640 | -4.1 | 29,290 | 12.6 | -5.9 |
| Second Quintile | 7,380 | 31.2 | 58,270 | 21.5 | 5,190 | 13.0 | 53,080 | 23.0 | 8.9 |
| Middle Quintile | 5,020 | 21.2 | 99,580 | 25.0 | 14,500 | 24.7 | 85,080 | 25.1 | 14.6 |
| Fourth Quintile | 2,750 | 11.6 | 156,130 | 21.5 | 30,870 | 28.8 | 125,250 | 20.3 | 19.8 |
| Top Quintile | 1,150 | 4.9 | 375,430 | 21.7 | 95,980 | 37.5 | 279,450 | 18.9 | 25.6 |
| All | 23,690 | 100.0 | 84,310 | 100.0 | 12,450 | 100.0 | 71,860 | 100.0 | 14.8 |
| Addendum | | | | | | | | | |
| 80-90 | 700 | 3.0 | 234,380 | 8.3 | 53,180 | 12.7 | 181,200 | 7.5 | 22.7 |
| 90-95 | 300 | 1.3 | 306,330 | 4.5 | 70,120 | 7.0 | 236,220 | 4.1 | 22.9 |
| 95-99 | 120 | 0.5 | 548,850 | 3.4 | 147,030 | 6.1 | 401,830 | 2.9 | 26.8 |
| Top 1 Percent | 30 | 0.1 | 3,357,300 | 5.6 | 1,050,380 | 11.8 | 2,306,920 | 4.5 | 31.3 |
| Top 0.1 Percent | * | 0.0 | 19,898,480 | 3.2 | 6,292,430 | 6.8 | 13,606,060 | 2.5 | 31.6 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-1).

(1) Calendar year. Baseline is the law currently in place as of August 10, 2022. Includes provisions in JCT Table JCX-18-22, except: corporate income tax provisions; excise tax provisions; Subtitle A, Part 3 (IRS Funding); Subtitle B (Prescription Drug Pricing Reform); Subtitle C (Affordable Care Act Subsidies); and other provisions with an annual revenue change of less than \$100 million in the years of our analysis.

<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 2022 dollars): 20% \$22,800; 40% \$44,000; 60% \$74,900; 80% \$124,000; 90% \$179,700; 95% \$252,500; 99% \$594,700; 99.9% \$2,684,700.

(4) 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.

(5) 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.

(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 T22-0024
Individual Income Tax and Payroll Tax Provisions in H.R.5376, The Inflation Reduction Act of 2022
As Passed by the Senate
Excludes Corporate and Excise Tax Provisions
Note: Also Excludes Premium Tax Credit
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2027 ¹
Detail Table - Tax Units with Children

| Expanded Cash Income Percentile ^{2,3} | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|---|--|--|----------------------------|----------------------|------------------------|-----------------------|---------------------------------------|-----------------------|
| | | | Dollars | Percent ⁵ | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Lowest Quintile | 0.0 | -0.1 | 0 | 0.0 | 0.0 | -0.8 | 0.0 | -5.3 |
| Second Quintile | 0.0 | -0.9 | -10 | -0.1 | 0.0 | 3.0 | 0.0 | 9.3 |
| Middle Quintile | 0.0 | -3.4 | -20 | -0.1 | 0.0 | 8.1 | 0.0 | 15.3 |
| Fourth Quintile | 0.0 | -7.7 | -50 | -0.1 | -0.1 | 18.0 | 0.0 | 20.0 |
| Top Quintile | -0.1 | 77.7 | 510 | 0.3 | 0.0 | 71.4 | 0.1 | 27.8 |
| All | -0.1 | 100.0 | 120 | 0.3 | 0.0 | 100.0 | 0.1 | 22.4 |
| Addendum | | | | | | | | |
| 80-90 | 0.0 | -5.8 | -80 | -0.1 | -0.1 | 15.4 | 0.0 | 23.0 |
| 90-95 | 0.0 | -3.0 | -80 | -0.1 | 0.0 | 11.7 | 0.0 | 25.3 |
| 95-99 | 0.0 | -3.2 | -110 | -0.1 | -0.1 | 18.5 | 0.0 | 28.6 |
| Top 1 Percent | -0.5 | 89.7 | 11,410 | 1.0 | 0.2 | 25.8 | 0.3 | 32.6 |
| Top 0.1 Percent | -1.0 | 76.8 | 101,470 | 2.0 | 0.2 | 10.9 | 0.7 | 32.4 |

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2027 ¹

| Expanded Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁴ | | 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 | 11,100 | 21.5 | 28,590 | 3.2 | -1,510 | -0.8 | 30,100 | 4.4 | -5.3 |
| Second Quintile | 11,180 | 21.6 | 63,110 | 7.2 | 5,890 | 3.0 | 57,220 | 8.4 | 9.3 |
| Middle Quintile | 9,930 | 19.2 | 117,710 | 11.9 | 18,000 | 8.1 | 99,720 | 12.9 | 15.3 |
| Fourth Quintile | 9,820 | 19.0 | 202,500 | 20.2 | 40,600 | 18.1 | 161,900 | 20.8 | 20.1 |
| Top Quintile | 9,470 | 18.3 | 600,800 | 57.7 | 166,320 | 71.4 | 434,490 | 53.7 | 27.7 |
| All | 51,730 | 100.0 | 190,610 | 100.0 | 42,620 | 100.0 | 147,990 | 100.0 | 22.4 |
| Addendum | | | | | | | | | |
| 80-90 | 4,780 | 9.3 | 310,090 | 15.0 | 71,330 | 15.5 | 238,760 | 14.9 | 23.0 |
| 90-95 | 2,310 | 4.5 | 441,900 | 10.4 | 112,060 | 11.8 | 329,830 | 10.0 | 25.4 |
| 95-99 | 1,880 | 3.6 | 760,150 | 14.5 | 217,480 | 18.5 | 542,670 | 13.3 | 28.6 |
| Top 1 Percent | 490 | 1.0 | 3,561,790 | 17.8 | 1,148,170 | 25.7 | 2,413,620 | 15.5 | 32.2 |
| Top 0.1 Percent | 50 | 0.1 | 15,655,120 | 7.5 | 4,972,090 | 10.7 | 10,683,030 | 6.6 | 31.8 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-1).

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 August 10, 2022. Includes provisions in JCT Table JCX-18-22, except: corporate income tax provisions; excise tax provisions; Subtitle A, Part 3 (IRS Funding); Subtitle B (Prescription Drug Pricing Reform); Subtitle C (Affordable Care Act Subsidies); and other provisions with an annual revenue change of less than \$100 million in the years of our analysis.

<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 2022 dollars): 20% \$22,800; 40% \$44,000; 60% \$74,900; 80% \$124,000; 90% \$179,700; 95% \$252,500; 99% \$594,700; 99.9% \$2,684,700.

(4) 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.

(5) 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.

(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 T22-0024
Individual Income Tax and Payroll Tax Provisions in H.R.5376, The Inflation Reduction Act of 2022
As Passed by the Senate
Excludes Corporate and Excise Tax Provisions
Note: Also Excludes Premium Tax Credit
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2027 ¹
Detail Table - Elderly Tax Units

| Expanded Cash Income Percentile ^{2,3} | Percent Change in After-Tax Income ⁴ | Share of Total Federal Tax Change | Average Federal Tax Change | | Share of Federal Taxes | | Average Federal Tax Rate ⁶ | |
|---|--|--|----------------------------|----------------------|------------------------|-----------------------|---------------------------------------|-----------------------|
| | | | Dollars | Percent ⁵ | Change (% Points) | Under the Proposal | Change (% Points) | Under the Proposal |
| Lowest Quintile | 0.0 | 0.0 | 0 | -0.1 | 0.0 | 0.2 | 0.0 | 1.2 |
| Second Quintile | 0.0 | -0.8 | * | -0.2 | 0.0 | 1.8 | 0.0 | 3.2 |
| Middle Quintile | 0.0 | -6.1 | -30 | -0.4 | -0.1 | 7.5 | 0.0 | 7.8 |
| Fourth Quintile | 0.1 | -9.6 | -60 | -0.4 | -0.1 | 15.2 | 0.0 | 12.6 |
| Top Quintile | -0.2 | 77.8 | 600 | 0.6 | 0.0 | 74.6 | 0.1 | 24.4 |
| All | -0.1 | 100.0 | 110 | 0.6 | 0.0 | 100.0 | 0.1 | 16.7 |
| Addendum | | | | | | | | |
| 80-90 | 0.0 | -4.9 | -70 | -0.2 | -0.1 | 13.3 | 0.0 | 17.0 |
| 90-95 | 0.1 | -3.5 | -120 | -0.2 | -0.1 | 9.9 | 0.0 | 19.8 |
| 95-99 | 0.0 | -1.6 | -60 | -0.1 | -0.1 | 17.5 | 0.0 | 24.8 |
| Top 1 Percent | -0.7 | 87.8 | 13,080 | 1.5 | 0.3 | 33.8 | 0.5 | 31.9 |
| Top 0.1 Percent | -1.1 | 77.5 | 91,860 | 2.4 | 0.3 | 17.9 | 0.8 | 32.6 |

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2027 ¹

| Expanded Cash Income Percentile ^{2,3} | Tax Units | | Pre-Tax Income | | Federal Tax Burden | | After-Tax Income ⁴ | | 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 | 9,980 | 19.0 | 19,780 | 3.3 | 240 | 0.2 | 19,540 | 3.9 | 1.2 |
| Second Quintile | 13,190 | 25.1 | 42,950 | 9.3 | 1,360 | 1.8 | 41,590 | 10.8 | 3.2 |
| Middle Quintile | 12,350 | 23.5 | 78,920 | 16.0 | 6,200 | 7.6 | 72,720 | 17.7 | 7.9 |
| Fourth Quintile | 9,190 | 17.5 | 133,780 | 20.2 | 16,920 | 15.4 | 116,850 | 21.2 | 12.7 |
| Top Quintile | 7,240 | 13.8 | 428,830 | 51.1 | 104,140 | 74.5 | 324,690 | 46.4 | 24.3 |
| All | 52,600 | 100.0 | 115,530 | 100.0 | 19,230 | 100.0 | 96,310 | 100.0 | 16.6 |
| Addendum | | | | | | | | | |
| 80-90 | 3,800 | 7.2 | 210,450 | 13.2 | 35,770 | 13.4 | 174,680 | 13.1 | 17.0 |
| 90-95 | 1,690 | 3.2 | 302,110 | 8.4 | 59,800 | 10.0 | 242,310 | 8.1 | 19.8 |
| 95-99 | 1,380 | 2.6 | 521,750 | 11.8 | 129,330 | 17.6 | 392,420 | 10.7 | 24.8 |
| Top 1 Percent | 380 | 0.7 | 2,870,290 | 17.7 | 903,830 | 33.5 | 1,966,460 | 14.6 | 31.5 |
| Top 0.1 Percent | 50 | 0.1 | 11,858,160 | 9.2 | 3,770,470 | 17.6 | 8,087,690 | 7.5 | 31.8 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0722-1).

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 August 10, 2022. Includes provisions in JCT Table JCX-18-22, except: corporate income tax provisions; excise tax provisions; Subtitle A, Part 3 (IRS Funding); Subtitle B (Prescription Drug Pricing Reform); Subtitle C (Affordable Care Act Subsidies); and other provisions with an annual revenue change of less than \$100 million in the years of our analysis.

<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 2022 dollars): 20% \$22,800; 40% \$44,000; 60% \$74,900; 80% \$124,000; 90% \$179,700; 95% \$252,500; 99% \$594,700; 99.9% \$2,684,700.

(4) 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.

(5) 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.

(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.