

Table T06-0194

**Maintain 2007 Estate Tax Rate (45 Percent) and Raise Exemption Level to \$5 Million**  
**Baseline: Equal-Cost Alternative that Maintains 2007 Exemption Level (\$2 million) and Reduces Rate to 23.5 Percent**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2011<sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Percent of Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>5</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	n.a.	-1	-0.2	0.0	0.5	0.0	4.3
Second Quintile	0.0	0.0	0.0	n.a.	-2	-0.1	0.0	2.9	0.0	10.5
Middle Quintile	0.0	0.0	0.0	n.a.	-1	0.0	0.0	8.3	0.0	17.1
Fourth Quintile	0.0	0.0	0.0	n.a.	0	0.0	0.0	18.0	0.0	21.3
Top Quintile	0.1	0.0	0.0	n.a.	-3	0.0	0.0	70.2	0.0	27.2
All	0.0	0.0	0.0	n.a.	0	0.0	0.0	100.0	0.0	23.3
<b>Addendum</b>										
Top 10 Percent	0.1	0.0	0.0	n.a.	28	0.0	0.0	54.1	0.0	28.3
Top 5 Percent	0.1	0.0	-0.1	n.a.	261	0.2	0.1	41.8	0.1	29.2
Top 1 Percent	0.2	0.1	-0.2	n.a.	2,160	0.5	0.1	24.2	0.2	30.9
Top 0.5 Percent	0.3	0.2	-0.3	n.a.	4,436	0.6	0.1	19.5	0.2	31.7
Top 0.1 Percent	0.3	0.3	-0.4	n.a.	18,731	0.9	0.1	11.6	0.3	32.9

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2011<sup>1</sup>**

Cash Income Percentile <sup>2</sup>	Tax Units <sup>3</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>4</sup> (Dollars)	Average Federal Tax Rate <sup>5</sup>	Share of Pre-Tax Income	Share of Post-Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	
Lowest Quintile	30,620	19.6	9,918	426	9,493	4.3	2.5	3.2	0.5
Second Quintile	31,187	20.0	24,924	2,629	22,295	10.6	6.5	7.6	2.9
Middle Quintile	31,196	20.0	43,588	7,441	36,147	17.1	11.4	12.3	8.3
Fourth Quintile	31,195	20.0	75,268	16,039	59,228	21.3	19.7	20.2	18.0
Top Quintile	31,197	20.0	230,709	62,635	168,074	27.2	60.3	57.3	70.2
All	155,984	100.0	76,577	17,858	58,719	23.3	100.0	100.0	100.0
<b>Addendum</b>									
Top 10 Percent	15,599	10.0	341,597	96,581	245,017	28.3	44.6	41.7	54.1
Top 5 Percent	7,799	5.0	511,855	149,177	362,678	29.1	33.4	30.9	41.8
Top 1 Percent	1,560	1.0	1,399,560	430,419	969,140	30.8	18.3	16.5	24.1
Top 0.5 Percent	780	0.5	2,196,271	690,905	1,505,366	31.5	14.3	12.8	19.4
Top 0.1 Percent	156	0.1	6,282,927	2,049,071	4,233,856	32.6	8.2	7.2	11.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-3A).

(1) Calendar year. Baseline is current law plus the following provisions: \$2 million effective exemption; single statutory rate of 23.5 percent; repeal the state death tax credit and replace with a deduction for state estate taxes paid; repeal the 5-percent surtax. Proposal would increase the exemption to \$5 million and create a single statutory estate tax rate of 45 percent.

(2) Tax units with negative cash income are excluded from the lowest quintile but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.