

Table T06-0195

## 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 Economic Income Class, 2011<sup>1</sup>

Economic Income Class (thousands of 2005 dollars) <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
Less than 10	0.0	0.0	0.0	n.a.	0	0.0	0.0	0.3	0.0	5.5
10-20	0.0	0.0	0.0	n.a.	0	0.0	0.0	2.1	0.0	8.6
20-30	0.0	0.0	0.0	n.a.	0	0.0	0.0	5.0	0.0	14.5
30-40	0.0	0.0	0.0	n.a.	0	0.0	0.0	6.6	0.0	17.5
40-50	0.0	0.0	0.0	n.a.	0	0.0	0.0	7.4	0.0	20.2
50-75	0.0	0.0	0.0	n.a.	0	0.0	0.0	16.1	0.0	22.0
75-100	0.0	0.0	0.0	n.a.	-4	0.0	0.0	11.2	0.0	23.2
100-200	0.0	0.0	0.1	n.a.	-94	-0.2	0.0	18.8	0.0	22.9
200-500	0.3	0.0	0.2	n.a.	-858	-0.8	-0.1	12.6	-0.2	22.7
500-1,000	0.5	0.2	0.1	n.a.	-597	-0.2	0.0	5.7	-0.1	25.1
More than 1,000	0.4	0.4	-0.4	n.a.	13,573	1.1	0.2	13.9	0.3	24.8
All	0.0	0.0	0.0	n.a.	0	0.0	0.0	100.0	0.0	21.0

Baseline Distribution of Income and Federal Taxes by Economic Income Class, 2011<sup>1</sup>

Economic Income Class (thousands of 2005 dollars) <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	Percent of Total
Less than 10	19,892	12.8	8,391	460	7,931	5.5	1.3	1.5	0.3
10-20	29,710	19.1	22,969	1,983	20,985	8.6	5.1	5.9	2.1
20-30	25,713	16.5	37,580	5,457	32,123	14.5	7.3	7.9	5.0
30-40	19,488	12.5	54,174	9,493	44,681	17.5	8.0	8.3	6.6
40-50	14,654	9.4	69,398	13,995	55,403	20.2	7.7	7.7	7.4
50-75	21,240	13.6	96,219	21,174	75,046	22.0	15.4	15.2	16.2
75-100	9,751	6.3	138,307	32,016	106,291	23.2	10.2	9.9	11.2
100-200	10,453	6.7	218,417	50,153	168,264	23.0	17.2	16.8	18.8
200-500	3,261	2.1	474,020	108,450	365,570	22.9	11.7	11.4	12.7
500-1,000	565	0.4	1,111,260	279,740	831,520	25.2	4.7	4.5	5.7
More than 1,000	309	0.2	5,045,581	1,239,328	3,806,253	24.6	11.7	11.2	13.7
All	155,984	100.0	85,093	17,858	67,235	21.0	100.0	100.0	100.0

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 economic income are excluded from the lowest income class but are included in the totals. For classifier purposes, economic income has been adjusted for family size by dividing by the square root of the number of members of the tax unit. For a further description of economic 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.