

Table T06-0236
H.R. 5970: Estate Tax and Extension of Tax Relief Act of 2006 ("ETETRA")
Fully-Phased In Impact of Major Provisions at 2006 Income and Wealth Levels Assuming Lowest Estate Tax Rate of 20 Percent
Distribution of Federal Tax Change by Cash Income Class¹

Cash Income Class (thousands of 2005 dollars) ²	Percent of Tax Units 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 ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	12.0	0.0	0.1	0.2	-4	-2.0	0.0	0.2	-0.1	3.7
10-20	20.1	0.0	0.1	1.2	-17	-2.3	0.0	1.0	-0.1	4.7
20-30	26.7	0.0	0.1	1.5	-26	-1.0	0.0	2.7	-0.1	10.0
30-40	29.9	0.0	0.2	2.2	-50	-1.0	0.0	4.1	-0.1	14.3
40-50	39.9	0.0	0.2	2.2	-65	-0.8	0.1	4.8	-0.1	16.7
50-75	49.8	0.0	0.2	5.4	-89	-0.8	0.1	12.8	-0.1	18.5
75-100	58.3	0.0	0.3	7.5	-210	-1.2	0.1	11.4	-0.2	19.9
100-200	71.0	0.0	0.5	23.3	-539	-1.8	0.0	24.1	-0.4	22.2
200-500	85.7	0.0	1.0	23.6	-2,074	-2.8	-0.2	15.3	-0.7	25.0
500-1,000	93.7	0.1	1.1	10.1	-5,286	-2.8	-0.1	6.5	-0.8	26.9
More than 1,000	98.3	0.0	1.1	21.7	-22,045	-2.3	-0.1	17.0	-0.7	31.4
All	37.8	0.0	0.5	100.0	-240	-1.8	0.0	100.0	-0.4	20.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2006¹

Cash Income Class (thousands of 2005 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre- Tax Income Percent of Total	Share of Post- Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Less than 10	18,886	12.9	5,743	218	5,525	3.8	1.2	1.4	0.2
10-20	25,413	17.4	15,208	731	14,477	4.8	4.2	5.1	1.0
20-30	20,374	13.9	25,206	2,536	22,671	10.1	5.6	6.4	2.7
30-40	15,429	10.5	35,525	5,139	30,386	14.5	5.9	6.4	4.1
40-50	11,963	8.2	45,636	7,668	37,968	16.8	5.9	6.2	4.7
50-75	21,121	14.4	62,649	11,649	51,000	18.6	14.4	14.8	12.7
75-100	12,455	8.5	87,930	17,712	70,218	20.1	11.9	12.0	11.4
100-200	15,196	10.4	136,287	30,819	105,468	22.6	22.5	22.0	24.1
200-500	3,988	2.7	292,415	75,190	217,225	25.7	12.7	11.9	15.4
500-1,000	668	0.5	690,594	190,687	499,906	27.6	5.0	4.6	6.6
More than 1,000	345	0.2	2,994,463	962,159	2,032,304	32.1	11.2	9.6	17.1
All	146,417	100.0	62,970	13,270	49,699	21.1	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (versions 0305-3A and 0304-5).

(1) Calendar year. Baseline for individual and corporate income tax is 2006 current law with pre-JGTRRA treatment of long-term capital gains and qualified dividends. Baseline for estate tax is 2015 current law (with unindexed parameters deflated to 2006 dollar levels) applied to 2006 wealth levels. Individual and corporate provisions include: extend deduction of state and local general sales taxes; extend the deduction for qualified tuition and related expenses; extend and modify the research credit. Estate tax provisions include \$5 million effective exemption; statutory estate tax rate of 20 percent on taxable estate up to \$25 million and 30 percent on taxable estate greater than \$25 million (all values deflated to 2006 dollar levels); repeal the state death tax credit and do not allow a deduction for state estate taxes paid; repeal the 5-percent surtax.

(2) Tax units with negative cash income are excluded from the lowest income class 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.