

Table T06-0238
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 15 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 | -2.1 | 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 | 9.9 |
| 30-40 | 29.9 | 0.1 | 0.2 | 2.2 | -50 | -1.0 | 0.0 | 4.2 | -0.1 | 14.3 |
| 40-50 | 39.9 | 0.0 | 0.2 | 2.2 | -65 | -0.9 | 0.1 | 4.8 | -0.1 | 16.6 |
| 50-75 | 49.8 | 0.0 | 0.2 | 5.2 | -89 | -0.8 | 0.1 | 12.9 | -0.1 | 18.4 |
| 75-100 | 58.3 | 0.0 | 0.3 | 7.3 | -210 | -1.2 | 0.1 | 11.5 | -0.2 | 19.8 |
| 100-200 | 71.0 | 0.0 | 0.5 | 22.8 | -541 | -1.8 | 0.0 | 24.3 | -0.4 | 22.1 |
| 200-500 | 85.7 | 0.0 | 1.0 | 23.7 | -2,139 | -2.9 | -0.2 | 15.3 | -0.7 | 24.6 |
| 500-1,000 | 93.7 | 0.1 | 1.1 | 10.4 | -5,582 | -3.0 | -0.1 | 6.4 | -0.8 | 26.3 |
| More than 1,000 | 98.3 | 0.0 | 1.1 | 22.1 | -23,092 | -2.5 | -0.1 | 16.5 | -0.8 | 30.1 |
| All | 37.8 | 0.0 | 0.5 | 100.0 | -246 | -1.9 | 0.0 | 100.0 | -0.4 | 20.4 |

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 | 730 | 14,478 | 4.8 | 4.2 | 5.0 | 1.0 |
| 20-30 | 20,374 | 13.9 | 25,206 | 2,531 | 22,675 | 10.0 | 5.6 | 6.3 | 2.7 |
| 30-40 | 15,429 | 10.5 | 35,525 | 5,132 | 30,393 | 14.5 | 5.9 | 6.4 | 4.1 |
| 40-50 | 11,963 | 8.2 | 45,636 | 7,649 | 37,987 | 16.8 | 5.9 | 6.2 | 4.8 |
| 50-75 | 21,121 | 14.4 | 62,649 | 11,612 | 51,037 | 18.5 | 14.4 | 14.8 | 12.8 |
| 75-100 | 12,455 | 8.5 | 87,930 | 17,646 | 70,284 | 20.1 | 11.9 | 12.0 | 11.5 |
| 100-200 | 15,196 | 10.4 | 136,287 | 30,623 | 105,664 | 22.5 | 22.5 | 22.0 | 24.3 |
| 200-500 | 3,988 | 2.7 | 292,415 | 74,152 | 218,263 | 25.4 | 12.7 | 11.9 | 15.4 |
| 500-1,000 | 668 | 0.5 | 690,594 | 186,847 | 503,747 | 27.1 | 5.0 | 4.6 | 6.5 |
| More than 1,000 | 345 | 0.2 | 2,994,463 | 923,403 | 2,071,060 | 30.8 | 11.2 | 9.8 | 16.6 |
| All | 146,417 | 100.0 | 62,970 | 13,099 | 49,871 | 20.8 | 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. 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 15 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

(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.