

T05-0089

**Income Subject to Tax and Effective Marginal Tax Rates in the Regular Income Tax and the AMT Among
AMT Taxpayers, Current Law¹
2005**

Cash Income Class (thousands of 2005\$) ²	Percent With More Income Subject to Tax In ³		Average Adjustments and Preferences ⁴	Percent With a Higher Marginal Tax Rate In ⁵		Average Effective Marginal Tax Rate (percent) ⁶	
	Regular Tax	AMT		Regular Tax	AMT	Before AMT	After AMT
	All	69.7		30.3	43,014	27.8	71.4
Less than 30	0.0	100.0	157,236	0.2	99.1	-0.5	30.6
30-50	98.0	2.0	34,170	3.4	95.4	5.4	26.0
50-75	88.3	11.7	30,321	5.5	94.4	17.1	25.5
75-100	90.3	9.7	32,464	5.2	91.1	20.2	26.1
100-200	91.3	8.7	33,362	13.2	85.1	25.7	29.0
200-500	66.2	33.8	33,448	30.6	69.2	31.8	32.9
500-1,000	12.5	87.5	63,756	70.4	28.9	30.9	28.3
More than 1,000	13.8	86.2	346,603	65.9	31.7	27.4	26.5

2010

Cash Income Class (thousands of 2005\$) ²	Percent With More Income Subject to Tax In ³		Average Adjustments and Preferences ⁴	Percent With a Higher Marginal Tax Rate In ⁵		Average Effective Marginal Tax Rate (percent) ⁶	
	Regular Tax	AMT		Regular Tax	AMT	Before AMT	After AMT
	All	87.1		12.9	25,104	7.5	92.3
Less than 30	43.6	56.4	32,473	0.0	100.0	7.1	26.5
30-50	98.6	1.4	16,451	2.4	97.4	17.1	26.1
50-75	98.8	1.2	20,693	2.2	97.7	18.2	26.3
75-100	98.9	1.1	20,850	1.2	98.8	20.0	26.8
100-200	96.6	3.4	21,968	6.0	94.0	26.0	28.4
200-500	39.9	60.1	32,185	18.1	81.4	29.6	32.4
500-1,000	11.5	88.5	65,693	71.3	25.8	31.4	28.4
More than 1,000	11.2	88.8	324,308	57.9	32.6	28.7	27.5

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

* Less than 0.05 percent.

(1) AMT taxpayers include those with AMT liability from Form 6251 and those with lost credits.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Income subject to tax for the regular income tax is taxable income; for the AMT it is AMTI net of the AMT exemption.

(4) Amounts are in nominal dollars to facilitate comparison with AMT exemption amounts. For 2005, the AMT exemption is \$58,000 for married couples filing jointly and surviving spouses; \$40,250 for unmarried individuals other than surviving spouses; and \$29,000 for married individuals filing separately. For 2010, the exemption amounts are \$45,000, \$33,750, and \$22,500 respectively.

(5) The marginal tax rate for each return is calculated by adding \$1,000 to wages, recomputing income tax net of refundable credits, and dividing the resulting change in tax liability by 1,000.

(6) Marginal tax rates represent a simple average across individuals.