

**Table T06-0319**  
**Freeze the One-Third Repeal of the Personal Exemption Phaseout (PEP) and Limitation on Itemized Deductions (Pease)**  
**Baseline is Current Law Plus an AMT Fix**  
**Distribution of Federal Tax Change by Cash Income Class, 2010 <sup>1</sup>**

Cash Income Class (thousands of 2006 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	0.0	0	0.0	0.0	0.2	0.0	4.3
10-20	0.0	0.0	0.0	0.0	0	0.0	0.0	0.7	0.0	4.3
20-30	0.0	0.0	0.0	0.0	0	0.0	0.0	2.2	0.0	9.5
30-40	0.0	0.0	0.0	0.0	0	0.0	0.0	3.4	0.0	13.6
40-50	0.0	0.0	0.0	0.0	0	0.0	0.0	4.3	0.0	16.5
50-75	0.0	0.0	0.0	0.0	0	0.0	0.0	11.5	0.0	18.8
75-100	0.0	0.3	0.0	0.0	0	0.0	0.0	11.0	0.0	20.1
100-200	0.0	8.5	0.0	1.7	7	0.0	-0.1	25.5	0.0	22.5
200-500	0.4	32.9	-0.1	12.8	189	0.2	0.0	17.0	0.1	25.2
500-1,000	0.7	43.9	-0.4	21.3	2,000	1.0	0.1	6.7	0.3	26.7
More than 1,000	0.6	69.9	-0.5	64.3	11,651	1.2	0.2	17.5	0.4	30.8
All	0.0	2.6	-0.1	100.0	51	0.3	0.0	100.0	0.1	21.2

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Class, 2010 <sup>1</sup>**

Cash Income Class (thousands of 2006 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	
Less than 10	17,249	11.2	6,020	258	5,762	4.3	0.9	1.1	0.2
10-20	25,257	16.3	16,275	706	15,569	4.3	3.6	4.3	0.7
20-30	21,136	13.7	26,983	2,550	24,433	9.5	5.0	5.7	2.2
30-40	15,865	10.3	37,911	5,150	32,761	13.6	5.2	5.7	3.4
40-50	13,044	8.4	48,808	8,037	40,771	16.5	5.5	5.9	4.3
50-75	22,180	14.3	67,154	12,602	54,552	18.8	13.0	13.3	11.5
75-100	14,059	9.1	94,376	18,988	75,387	20.1	11.5	11.7	11.0
100-200	18,782	12.1	147,048	33,095	113,953	22.5	24.0	23.6	25.6
200-500	5,289	3.4	310,634	78,051	232,583	25.1	14.3	13.6	17.0
500-1,000	831	0.5	738,482	194,770	543,712	26.4	5.3	5.0	6.7
More than 1,000	431	0.3	3,204,623	974,030	2,230,593	30.4	12.0	10.6	17.3
All	154,718	100.0	74,322	15,703	58,619	21.1	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-1).

(1) Calendar year. Baseline is current law plus: (1) extending the 2006 AMT exemption levels and indexing them for inflation after 2006; and allowing personal nonrefundable credits regardless of tentative AMT. Under current law, the calculated value of the personal exemption phaseout and the limitation on itemized deductions is reduced by one-third for 2006 and 2007, two-thirds for 2008 and 2009 and eliminated completely in 2010. This proposal freezes the reduction at one-third for 2008 through 2010.

(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.