

Table T06-0321
Finance Repeal of Personal Exemption Phaseout (PEP) and Limitation on Itemized Deductions (Pease) By Increasing Top Two
Marginal Rates to 34.6 and 36.6 Percent, Baseline Assumes No AMT Fix
Distribution of Federal Tax Change by Cash Income Class, 2010 ¹

Cash Income Class (thousands of 2006 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	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	2.1	0.0	9.5
30-40	0.0	0.0	0.0	0.0	0	0.0	0.0	3.3	0.0	13.6
40-50	0.0	0.0	0.0	0.0	0	0.0	0.0	4.2	0.0	16.5
50-75	0.0	0.0	0.0	0.0	0	0.0	0.0	11.2	0.0	19.0
75-100	0.0	0.0	0.0	0.0	0	0.0	0.0	11.0	0.0	20.8
100-200	0.4	0.0	0.0	5.6	-1	0.0	0.0	26.2	0.0	23.9
200-500	6.4	0.9	0.0	144.2	-55	-0.1	0.0	17.4	0.0	26.6
500-1,000	40.9	8.2	0.2	374.8	-916	-0.5	0.0	6.5	-0.1	26.8
More than 1,000	37.7	35.9	-0.1	-424.6	1,998	0.2	0.0	17.1	0.1	31.0
All	0.6	0.2	0.0	100.0	-1	0.0	0.0	100.0	0.0	21.9

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2010 ¹

Cash Income Class (thousands of 2006 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	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	4.4	0.7
20-30	21,136	13.7	26,983	2,550	24,433	9.5	5.0	5.8	2.1
30-40	15,865	10.3	37,911	5,155	32,756	13.6	5.2	5.8	3.3
40-50	13,044	8.4	48,808	8,068	40,739	16.5	5.5	5.9	4.2
50-75	22,180	14.3	67,154	12,748	54,406	19.0	13.0	13.4	11.2
75-100	14,059	9.1	94,376	19,660	74,715	20.8	11.5	11.7	11.0
100-200	18,782	12.1	147,048	35,108	111,940	23.9	24.0	23.4	26.2
200-500	5,289	3.4	310,634	82,688	227,946	26.6	14.3	13.4	17.4
500-1,000	831	0.5	738,482	198,613	539,868	26.9	5.3	5.0	6.6
More than 1,000	431	0.3	3,204,623	992,065	2,212,558	31.0	12.0	10.6	17.0
All	154,718	100.0	74,322	16,262	58,060	21.9	100.0	100.0	100.0

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

(1) Calendar year. Baseline is current law with no repeal of Pease and PEP. Under current law, the top two individual income tax rates are 33 and 35 percent. The proposal assumes that Pease and PEP are repealed and the top two rates are increased by 4.7 percent to 34.6 and 36.6 percent.

(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.