

Table T06-0323
Finance Repeal of Personal Exemption Phaseout (PEP) and Limitation on Itemized Deductions (Pease) By Increasing Top Two Marginal Rates to 34.7 and 36.8 Percent, Baseline Assumes An AMT Fix
Distribution of Federal Tax Change by Cash Income Class, 2010¹

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	2.2	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	0.3	0.0	0.0	1.0	0	0.0	0.0	10.9	0.0	20.1
100-200	8.5	0.1	0.0	121.0	-10	0.0	0.0	25.5	0.0	22.5
200-500	35.1	2.0	0.1	812.6	-244	-0.3	-0.1	16.9	-0.1	25.2
500-1,000	40.6	11.8	0.1	356.7	-683	-0.3	0.0	6.7	-0.1	26.7
More than 1,000	29.5	45.7	-0.2	-1,191.3	4,392	0.4	0.1	17.6	0.1	31.1
All	2.6	0.3	0.0	100.0	-1	0.0	0.0	100.0	0.0	21.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2010¹

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	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	13.4	11.5
75-100	14,059	9.1	94,376	18,989	75,387	20.1	11.5	11.7	10.9
100-200	18,782	12.1	147,048	33,106	113,942	22.5	24.0	23.6	22.5
200-500	5,289	3.4	310,634	78,381	232,252	25.2	14.3	13.6	17.0
500-1,000	831	0.5	738,482	198,058	540,424	26.8	5.3	5.0	6.7
More than 1,000	431	0.3	3,204,623	991,874	2,212,749	31.0	12.0	10.5	17.5
All	154,718	100.0	74,322	15,783	58,539	21.2	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; and (2) no repeal of PEP and Pease. 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 5.0 percent to 34.7 and 36.8 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.