

Table T07-0078
Combined Effect of 2001-2006 Tax Cuts with Extension of 2006 AMT Exemption, Indexed for Inflation After 2006
Baseline is pre-EGTRRA Law with Extension of 2000 AMT Exemption, Indexed for Inflation After 2000
Distribution of Federal Tax Change by Cash Income Percentile, 2007¹

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	12.6	0.3	0.3	0.3	-22	-7.4	0.0	0.4	-0.3	3.4
Second Quintile	65.2	0.3	1.9	4.5	-359	-19.4	-0.2	2.1	-1.8	7.3
Middle Quintile	87.3	0.1	2.4	9.2	-744	-12.2	-0.2	7.6	-2.0	14.4
Fourth Quintile	97.9	0.0	2.4	15.0	-1,209	-9.1	0.2	17.2	-1.9	18.7
Top Quintile	99.4	0.0	3.9	71.0	-5,727	-10.1	0.2	72.6	-2.8	25.2
All	72.5	0.2	3.2	100.0	-1,613	-10.3	0.0	100.0	-2.4	21.2
Addendum										
Top 10 Percent	99.6	0.1	4.2	55.6	-8,967	-10.0	0.2	57.3	-3.0	26.7
Top 5 Percent	99.5	0.1	4.5	43.6	-14,061	-9.9	0.2	45.4	-3.1	27.9
Top 1 Percent	99.3	0.0	5.3	28.0	-45,098	-10.4	0.0	27.6	-3.5	30.3
Top 0.5 Percent	99.3	0.0	5.7	23.6	-75,981	-10.7	-0.1	22.5	-3.7	31.2
Top 0.1 Percent	99.5	0.1	6.2	14.6	-234,952	-10.7	-0.1	14.0	-3.9	32.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2007¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	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		
Lowest Quintile	29,273	19.6	8,074	299	7,774	3.7	2.4	3.0	0.4	
Second Quintile	29,866	20.0	20,521	1,851	18,670	9.0	6.2	7.4	2.4	
Middle Quintile	29,865	20.0	37,071	6,078	30,993	16.4	11.2	12.2	7.7	
Fourth Quintile	29,866	20.0	64,859	13,335	51,524	20.6	19.5	20.3	17.0	
Top Quintile	29,866	20.0	203,046	56,892	146,154	28.0	61.1	57.6	72.4	
All	149,332	100.0	66,439	15,718	50,722	23.7	100.0	100.0	100.0	
Addendum										
Top 10 Percent	14,933	10.0	302,839	89,766	213,074	29.6	45.6	42.0	57.1	
Top 5 Percent	7,465	5.0	458,039	142,038	316,000	31.0	34.5	31.1	45.2	
Top 1 Percent	1,493	1.0	1,284,199	434,701	849,498	33.9	19.3	16.8	27.7	
Top 0.5 Percent	747	0.5	2,037,114	711,123	1,325,991	34.9	15.3	13.1	22.6	
Top 0.1 Percent	149	0.1	6,011,426	2,204,288	3,807,139	36.7	9.1	7.5	14.0	

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

Number of AMT Taxpayers (millions). Baseline: 2.0 Proposal: 3.8

(1) Calendar year. The 2001-2006 tax cuts include provisions affecting the following: marginal tax rates; the 10-percent bracket; the child tax credit; the child and dependent care credit; the standard deduction, 15-percent bracket, and EITC for married couples; tax rates on long-term capital gains and dividends; pension and IRA provisions (including the saver's credit); expansion of student loan interest deduction (excludes other education provisions); and estate tax exemption, rates, and state death tax credit. Both the baseline and the proposal also include extension of the allowance of personal non-refundable credits regardless of tentative AMT.

(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) For the income levels at each quintile and the top income percentiles used in this table, see

<http://www.taxpolicycenter.org/TaxModel/percentiles.cfm>

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) 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.

(6) 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.