

Table T07-0081
Combined Effect of 2001-2006 Tax Cuts Made Permanent 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 Class, 2012¹

| 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 | 3.6 | 0.1 | 0.1 | 0.0 | -6 | -2.3 | 0.0 | 0.2 | -0.1 | 4.4 |
| 10-20 | 45.6 | 0.5 | 1.1 | 1.3 | -181 | -20.0 | -0.1 | 0.7 | -1.1 | 4.3 |
| 20-30 | 74.8 | 0.3 | 2.3 | 3.6 | -563 | -17.6 | -0.2 | 2.2 | -2.0 | 9.3 |
| 30-40 | 84.0 | 0.1 | 2.4 | 3.8 | -792 | -12.9 | -0.1 | 3.2 | -2.0 | 13.5 |
| 40-50 | 89.7 | 0.1 | 2.1 | 3.5 | -892 | -9.6 | 0.1 | 4.2 | -1.8 | 16.5 |
| 50-75 | 97.0 | 0.0 | 2.3 | 8.4 | -1,265 | -8.7 | 0.3 | 11.2 | -1.8 | 18.9 |
| 75-100 | 99.1 | 0.0 | 2.7 | 8.7 | -2,057 | -9.3 | 0.2 | 10.8 | -2.1 | 20.3 |
| 100-200 | 99.5 | 0.0 | 3.7 | 24.8 | -4,241 | -10.9 | 0.1 | 26.0 | -2.8 | 22.6 |
| 200-500 | 99.5 | 0.0 | 4.0 | 15.7 | -9,351 | -10.2 | 0.2 | 17.6 | -2.9 | 25.3 |
| 500-1,000 | 99.2 | 0.0 | 5.6 | 7.9 | -30,123 | -12.9 | -0.1 | 6.8 | -3.9 | 26.3 |
| More than 1,000 | 99.6 | 0.0 | 7.5 | 21.9 | -162,472 | -14.0 | -0.5 | 17.1 | -4.9 | 30.0 |
| All | 74.2 | 0.1 | 3.6 | 100.0 | -2,158 | -11.3 | 0.0 | 100.0 | -2.7 | 21.3 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2012¹

| 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- | Share of Post- | Share of |
|--|------------------------|---------------------|--------------------------------|---|--|---|-----------------------------------|-----------------------------------|--------------------------------------|
| | Number (thousands) | Percent of Total | | | | | Tax Income Percent of Total | Tax Income Percent of Total | Federal Taxes Percent of Total |
| Less than 10 | 16,617 | 10.5 | 6,183 | 280 | 5,903 | 4.5 | 0.8 | 1.0 | 0.2 |
| 10-20 | 25,364 | 16.0 | 17,013 | 904 | 16,108 | 5.3 | 3.4 | 4.3 | 0.8 |
| 20-30 | 22,009 | 13.9 | 28,275 | 3,199 | 25,076 | 11.3 | 4.9 | 5.7 | 2.3 |
| 30-40 | 16,280 | 10.3 | 39,666 | 6,137 | 33,529 | 15.5 | 5.1 | 5.7 | 3.3 |
| 40-50 | 13,355 | 8.4 | 51,086 | 9,301 | 41,785 | 18.2 | 5.4 | 5.8 | 4.1 |
| 50-75 | 22,659 | 14.3 | 70,125 | 14,515 | 55,610 | 20.7 | 12.6 | 13.1 | 10.9 |
| 75-100 | 14,532 | 9.2 | 98,644 | 22,030 | 76,614 | 22.3 | 11.3 | 11.6 | 10.6 |
| 100-200 | 20,049 | 12.6 | 153,952 | 39,072 | 114,879 | 25.4 | 24.4 | 24.0 | 25.9 |
| 200-500 | 5,762 | 3.6 | 324,538 | 91,429 | 233,109 | 28.2 | 14.8 | 14.0 | 17.4 |
| 500-1,000 | 897 | 0.6 | 771,453 | 232,715 | 538,738 | 30.2 | 5.5 | 5.0 | 6.9 |
| More than 1,000 | 461 | 0.3 | 3,318,662 | 1,157,580 | 2,161,082 | 34.9 | 12.1 | 10.4 | 17.6 |
| All | 158,578 | 100.0 | 79,703 | 19,098 | 60,605 | 24.0 | 100.0 | 100.0 | 100.0 |

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

Number of AMT Taxpayers (millions). Baseline: 2.9 Proposal: 6.1

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

(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.