

Table T07-0082
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 Percentile, 2012¹

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	18.9	0.3	0.5	0.4	-45	-10.7	0.0	0.4	-0.5	3.7
Second Quintile	68.8	0.3	2.1	4.3	-468	-18.6	-0.2	2.4	-1.9	8.1
Middle Quintile	86.6	0.1	2.3	7.8	-838	-11.1	0.0	7.9	-1.9	15.0
Fourth Quintile	97.7	0.0	2.4	13.5	-1,454	-8.8	0.5	17.8	-1.9	19.4
Top Quintile	99.5	0.0	4.6	73.7	-7,955	-11.7	-0.3	71.2	-3.3	24.9
All	74.2	0.1	3.6	100.0	-2,158	-11.3	0.0	100.0	-2.7	21.3
Addendum										
Top 10 Percent	99.6	0.0	5.0	58.7	-12,668	-11.9	-0.4	55.4	-3.5	26.2
Top 5 Percent	99.5	0.0	5.5	47.1	-20,345	-12.2	-0.5	43.1	-3.8	27.1
Top 1 Percent	99.4	0.0	6.8	31.0	-66,779	-13.6	-0.7	25.1	-4.5	28.7
Top 0.5 Percent	99.4	0.0	7.3	25.9	-111,645	-14.1	-0.7	20.1	-4.8	29.3
Top 0.1 Percent	99.6	0.0	7.8	15.4	-332,242	-13.8	-0.4	12.3	-5.0	31.0

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

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	Percent of Total	
Lowest Quintile	31,119	19.6	10,095	422	9,674	4.2	2.5	3.1	0.4	
Second Quintile	31,722	20.0	25,330	2,511	22,819	9.9	6.4	7.5	2.6	
Middle Quintile	31,712	20.0	44,783	7,548	37,235	16.9	11.2	12.3	7.9	
Fourth Quintile	31,717	20.0	78,049	16,568	61,481	21.2	19.6	20.3	17.4	
Top Quintile	31,715	20.0	241,886	68,291	173,596	28.2	60.7	57.3	71.5	
All	158,578	100.0	79,703	19,098	60,605	24.0	100.0	100.0	100.0	
Addendum										
Top 10 Percent	15,856	10.0	358,861	106,495	252,366	29.7	45.0	41.6	55.8	
Top 5 Percent	7,929	5.0	538,583	166,189	372,394	30.9	33.8	30.7	43.5	
Top 1 Percent	1,586	1.0	1,478,477	491,054	987,423	33.2	18.6	16.3	25.7	
Top 0.5 Percent	793	0.5	2,325,676	794,027	1,531,649	34.1	14.6	12.6	20.8	
Top 0.1 Percent	159	0.1	6,696,821	2,407,775	4,289,046	36.0	8.4	7.1	12.6	

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) 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.