

Table T07-0118
Sixteen Percent Flat Tax Option
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	0.0	0.0	0.0	0.0	0	-0.1	0.0	0.4	0.0	3.4
Second Quintile	0.0	0.0	0.0	0.0	-2	-0.1	0.2	2.3	0.0	7.3
Middle Quintile	0.1	0.0	0.0	0.0	-1	0.0	0.7	8.1	0.0	14.4
Fourth Quintile	3.1	0.0	0.0	0.3	-21	-0.2	1.5	18.5	0.0	18.8
Top Quintile	28.4	0.1	4.0	99.6	-6,042	-11.5	-2.5	70.6	-3.0	22.9
All	6.3	0.0	2.3	100.0	-1,214	-8.4	0.0	100.0	-1.8	19.8
Addendum										
Top 10 Percent	47.4	0.1	5.4	98.1	-11,904	-14.4	-3.7	53.8	-3.9	23.4
Top 5 Percent	72.0	0.1	7.1	95.4	-23,148	-17.7	-4.6	40.8	-5.1	23.4
Top 1 Percent	81.4	0.0	9.6	70.4	-85,436	-21.9	-4.0	23.1	-6.7	23.7
Top 0.5 Percent	80.8	0.0	10.0	57.6	-139,750	-22.0	-3.3	18.8	-6.9	24.3
Top 0.1 Percent	76.7	0.0	9.9	32.9	-399,276	-20.3	-1.8	11.9	-6.6	26.1

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 Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Lowest Quintile	29,273	19.6	8,074	274	7,799	3.4	2.4	2.9	0.4
Second Quintile	29,866	20.0	20,521	1,489	19,032	7.3	6.2	7.3	2.1
Middle Quintile	29,865	20.0	37,071	5,329	31,742	14.4	11.2	12.2	7.4
Fourth Quintile	29,866	20.0	64,859	12,186	52,673	18.8	19.5	20.2	17.0
Top Quintile	29,866	20.0	203,046	52,471	150,576	25.8	61.1	57.8	73.0
All	149,332	100.0	66,439	14,376	52,064	21.6	100.0	100.0	100.0
Addendum									
Top 10 Percent	14,933	10.0	302,839	82,762	220,077	27.3	45.6	42.3	57.6
Top 5 Percent	7,465	5.0	458,039	130,466	327,573	28.5	34.5	31.5	45.4
Top 1 Percent	1,493	1.0	1,284,199	389,899	894,300	30.4	19.3	17.2	27.1
Top 0.5 Percent	747	0.5	2,037,114	634,925	1,402,190	31.2	15.3	13.5	22.1
Top 0.1 Percent	149	0.1	6,011,426	1,968,808	4,042,618	32.8	9.1	7.8	13.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

Number of AMT Taxpayers (millions). Baseline: 23.5 Proposal: 17.3

(1) Calendar year. Baseline is current law. The alternate simulation assumes that taxpayers choose between paying income taxes as they exist under current law (including the AMT) or an income tax equal to sixteen percent of their adjusted gross income.

(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.