

Table T07-0122
Extend the AMT Patch Without Adjusting the Exemption for Inflation
Distribution of Federal Tax Change by Cash Income Class, 2007¹

| 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 | 4.1 |
| 10-20 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.8 | 0.0 | 4.4 |
| 20-30 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | 0.0 | 0.1 | 2.3 | 0.0 | 9.6 |
| 30-40 | 0.5 | 0.0 | 0.0 | 0.1 | -1 | 0.0 | 0.1 | 3.6 | 0.0 | 13.9 |
| 40-50 | 2.8 | 0.0 | 0.0 | 0.4 | -14 | -0.2 | 0.1 | 4.3 | 0.0 | 16.5 |
| 50-75 | 9.1 | 0.0 | 0.1 | 3.2 | -64 | -0.6 | 0.2 | 11.8 | -0.1 | 18.5 |
| 75-100 | 36.1 | 0.1 | 0.5 | 11.2 | -360 | -2.0 | 0.0 | 11.0 | -0.4 | 20.0 |
| 100-200 | 70.5 | 0.3 | 1.3 | 52.0 | -1,317 | -4.1 | -0.5 | 24.4 | -1.0 | 22.5 |
| 200-500 | 85.6 | 0.7 | 1.4 | 32.3 | -3,044 | -3.9 | -0.3 | 15.9 | -1.0 | 25.6 |
| 500-1,000 | 17.2 | 0.4 | 0.1 | 0.7 | -395 | -0.2 | 0.1 | 6.8 | -0.1 | 27.4 |
| More than 1,000 | 5.2 | 0.6 | 0.0 | 0.1 | -122 | 0.0 | 0.4 | 18.7 | 0.0 | 32.0 |
| All | 15.3 | 0.1 | 0.5 | 100.0 | -283 | -2.0 | 0.0 | 100.0 | -0.4 | 21.3 |

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

| 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 Percent of Total | Share of Post- Tax Income Percent of Total | Share of Federal Taxes Percent of Total |
|--|------------------------|---------------------|--------------------------------|---|--|---|--|---|--|
| | Number (thousands) | Percent of Total | | | | | | | |
| Less than 10 | 18,608 | 12.5 | 5,699 | 231 | 5,468 | 4.1 | 1.1 | 1.3 | 0.2 |
| 10-20 | 25,761 | 17.3 | 15,189 | 660 | 14,529 | 4.4 | 3.9 | 4.8 | 0.8 |
| 20-30 | 20,224 | 13.5 | 25,240 | 2,429 | 22,812 | 9.6 | 5.1 | 5.9 | 2.3 |
| 30-40 | 15,244 | 10.2 | 35,555 | 4,952 | 30,603 | 13.9 | 5.5 | 6.0 | 3.5 |
| 40-50 | 12,157 | 8.1 | 45,638 | 7,530 | 38,109 | 16.5 | 5.6 | 6.0 | 4.3 |
| 50-75 | 21,294 | 14.3 | 62,764 | 11,703 | 51,062 | 18.7 | 13.5 | 14.0 | 11.6 |
| 75-100 | 13,139 | 8.8 | 88,142 | 17,963 | 70,179 | 20.4 | 11.7 | 11.9 | 11.0 |
| 100-200 | 16,685 | 11.2 | 137,212 | 32,136 | 105,076 | 23.4 | 23.1 | 22.6 | 24.9 |
| 200-500 | 4,475 | 3.0 | 293,234 | 78,147 | 215,087 | 26.7 | 13.2 | 12.4 | 16.3 |
| 500-1,000 | 756 | 0.5 | 692,259 | 190,019 | 502,240 | 27.5 | 5.3 | 4.9 | 6.7 |
| More than 1,000 | 396 | 0.3 | 3,113,319 | 995,534 | 2,117,785 | 32.0 | 12.4 | 10.8 | 18.4 |
| All | 149,332 | 100.0 | 66,439 | 14,402 | 52,037 | 21.7 | 100.0 | 100.0 | 100.0 |

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

Number of AMT Taxpayers (millions). Baseline: 23.4 Proposal: 4.3

(1) Calendar year. Baseline is current law. Proposal allows personal nonrefundable credits against the AMT and extends the 2006 AMT exemption. The 2006 exemption was \$62,550 for joint returns, \$42,500 for single and head of household returns, and \$31,275 for married individuals filing separate returns.

(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.