

**Table T07-0127**  
**Exclude Taxpayers with Adjusted Gross Income Under \$250,000 from the AMT,**  
**Phase In AMT Between \$250,000 and \$500,000, and Increase AMT Rates to 35%**  
**(Exclusion of \$125,000 and Phase In by \$250,000 for Single and Head of Household Returns)**  
**Distribution of Federal Tax Change by Cash Income Class, 2007<sup>1</sup>**

Cash Income Class (thousands of 2006 dollars) <sup>2</sup>	Percent of Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>5</sup>	
	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	-0.3	-2	-0.1	0.0	2.3	0.0	9.6
30-40	0.5	0.0	0.0	-0.2	-2	0.0	0.0	3.5	0.0	13.9
40-50	2.8	0.0	0.0	-1.3	-14	-0.2	0.0	4.2	0.0	16.5
50-75	9.1	0.0	0.1	-10.5	-67	-0.6	-0.1	11.4	-0.1	18.5
75-100	36.1	0.1	0.5	-36.0	-374	-2.1	-0.3	10.7	-0.4	20.0
100-200	68.5	4.6	1.2	-153.7	-1,257	-3.9	-1.1	23.8	-0.9	22.5
200-500	63.1	30.2	-0.1	6.7	205	0.3	-0.1	16.2	0.1	26.7
500-1,000	10.1	83.4	-5.2	143.4	25,909	13.6	0.9	7.6	3.7	31.3
More than 1,000	3.9	88.9	-2.5	152.2	52,411	5.2	0.8	19.2	1.7	33.8
All	14.3	2.1	-0.2	100.0	91	0.6	0.0	100.0	0.1	21.8

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Class, 2007<sup>1</sup>**

Cash Income Class (thousands of 2006 dollars) <sup>2</sup>	Tax Units <sup>3</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income <sup>4</sup> (Dollars)	Average Federal Tax Rate <sup>5</sup>	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	5,467	4.1	1.1	1.3	0.2
10-20	25,761	17.3	15,189	661	14,528	4.4	3.9	4.8	0.8
20-30	20,224	13.5	25,240	2,429	22,811	9.6	5.1	5.9	2.3
30-40	15,244	10.2	35,555	4,953	30,602	13.9	5.5	6.0	3.5
40-50	12,157	8.1	45,638	7,532	38,107	16.5	5.6	6.0	4.3
50-75	21,294	14.3	62,764	11,703	51,061	18.7	13.5	14.0	11.6
75-100	13,139	8.8	88,142	17,964	70,178	20.4	11.7	11.9	11.0
100-200	16,685	11.2	137,212	32,132	105,080	23.4	23.1	22.6	24.9
200-500	4,475	3.0	293,234	78,193	215,041	26.7	13.2	12.4	16.3
500-1,000	756	0.5	692,259	190,498	501,761	27.5	5.3	4.9	6.7
More than 1,000	396	0.3	3,113,319	999,283	2,114,036	32.1	12.4	10.8	18.4
All	149,332	100.0	66,439	14,416	52,023	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: 3.9

(1) Calendar year. Baseline is current law. Proposal includes the following provisions. Joint taxpayers with adjusted gross income below \$250,000 are excluded from the AMT. Direct AMT liability phases in between \$250,000 and \$500,000. Credit limitations are calculated by reducing the credit by the phase-in factor for direct liability multiplied by the reduction in credit that would result without the exclusion and phase-in. For single, head of household, and married individuals filing separate returns the exclusion applies to returns with adjusted gross income up to \$125,000 and the phase in occurs between \$125,000 and \$250,000. The AMT rates are increased to 35 percent. The AMT exemption and exemption phase-out are repealed.

(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.