

Table T07-0128
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 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	0.0	0.0	0.4	0.0	3.4
Second Quintile	0.0	0.0	0.0	-0.3	-2	-0.1	0.0	2.1	0.0	7.3
Middle Quintile	1.0	0.0	0.0	-1.0	-5	-0.1	-0.1	7.4	0.0	14.4
Fourth Quintile	11.9	0.0	0.2	-19.8	-90	-0.7	-0.2	16.7	-0.1	18.7
Top Quintile	58.8	10.4	-0.4	121.5	555	1.1	0.3	73.3	0.3	26.2
All	14.3	2.1	-0.2	100.0	91	0.6	0.0	100.0	0.1	21.8
Addendum										
Top 10 Percent	65.7	20.7	-0.8	201.1	1,839	2.2	0.9	58.5	0.6	28.0
Top 5 Percent	58.4	34.1	-1.6	276.9	5,063	3.9	1.5	46.9	1.1	29.7
Top 1 Percent	9.6	84.1	-3.4	331.5	30,303	7.7	1.9	29.1	2.4	32.9
Top 0.5 Percent	5.2	87.2	-3.0	227.1	41,531	6.5	1.3	23.4	2.0	33.4
Top 0.1 Percent	2.0	88.1	-1.9	84.9	77,644	3.9	0.5	14.2	1.3	34.2

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	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	29,273	19.6	8,074	278	7,796	3.4	2.4	2.9	0.4	
Second Quintile	29,866	20.0	20,521	1,492	19,029	7.3	6.2	7.3	2.1	
Middle Quintile	29,865	20.0	37,071	5,340	31,731	14.4	11.2	12.2	7.4	
Fourth Quintile	29,866	20.0	64,859	12,214	52,645	18.8	19.5	20.2	17.0	
Top Quintile	29,866	20.0	203,046	52,628	150,419	25.9	61.1	57.8	73.0	
All	149,332	100.0	66,439	14,416	52,023	21.7	100.0	100.0	100.0	
Addendum										
Top 10 Percent	14,933	10.0	302,839	83,024	219,815	27.4	45.6	42.3	57.6	
Top 5 Percent	7,465	5.0	458,039	130,927	327,111	28.6	34.5	31.4	45.4	
Top 1 Percent	1,493	1.0	1,284,199	391,660	892,538	30.5	19.3	17.2	27.2	
Top 0.5 Percent	747	0.5	2,037,114	637,892	1,399,222	31.3	15.3	13.5	22.1	
Top 0.1 Percent	149	0.1	6,011,426	1,977,780	4,033,647	32.9	9.1	7.8	13.7	

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) 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.