

Table T07-0220
Unified Tax Plan A Against Tax Cuts Extended Baseline
Distribution of Federal Tax Change by Cash Income Percentile, 2013¹

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	30.4	8.0	4.0	143.7	-407	-103.8	-0.4	0.0	-3.9	-0.1
Second Quintile	24.8	45.8	0.2	19.6	-55	-2.6	-0.1	2.3	-0.2	7.9
Middle Quintile	14.1	72.0	-0.7	-94.1	262	3.8	0.3	7.9	0.6	15.6
Fourth Quintile	55.8	41.7	0.3	75.3	-209	-1.3	-0.2	17.6	-0.3	19.8
Top Quintile	87.0	12.5	-0.1	-36.0	100	0.2	0.3	72.1	0.0	26.3
All	42.4	36.0	0.1	100.0	-56	-0.3	0.0	100.0	-0.1	22.1
Addendum										
Top 10 Percent	85.0	14.7	-0.9	-438.6	2,440	2.4	1.5	56.9	0.7	27.9
Top 5 Percent	75.5	24.2	-2.2	-784.9	8,732	5.6	2.5	45.0	1.6	29.5
Top 1 Percent	27.5	72.0	-6.3	-1,240.0	68,987	15.8	3.9	27.7	4.5	33.1
Top 0.5 Percent	16.5	83.1	-7.7	-1,168.9	130,083	18.5	3.6	22.8	5.4	34.6
Top 0.1 Percent	8.2	91.6	-10.1	-864.6	481,010	22.6	2.7	14.3	7.0	37.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2013¹

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	31,526.0	19.6	10,485.0	392.0	10,093	3.7	2.5	3.1	0.4
Second Quintile	32,117.0	20.0	26,260.0	2,140.0	24,120	8.2	6.4	7.5	2.3
Middle Quintile	32,107.0	20.0	46,266.0	6,976.0	39,289	15.1	11.2	12.2	7.6
Fourth Quintile	32,113.0	20.0	80,719.0	16,228.0	64,491	20.1	19.6	20.1	17.7
Top Quintile	32,114.0	20.0	250,369.0	65,618.0	184,751	26.2	60.7	57.6	71.7
All	160,566.0	100.0	82,486.0	18,296.0	64,190	22.2	100.0	100.0	100.0
Addendum									
Top 10 Percent	16,057.0	10.0	371,297.0	101,272.0	270,026	27.3	45.0	42.1	55.4
Top 5 Percent	8,030.0	5.0	556,986.0	155,513.0	401,473	27.9	33.8	31.3	42.5
Top 1 Percent	1,606.0	1.0	1,527,789.0	436,916.0	1,090,873	28.6	18.5	17.0	23.9
Top 0.5 Percent	803.0	0.5	2,401,129.0	701,592.0	1,699,537	29.2	14.6	13.2	19.2
Top 0.1 Percent	161.0	0.1	6,893,747.0	2,127,124.0	4,766,623	30.9	8.4	7.4	11.6

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

Number of AMT Taxpayers (millions). Baseline: 41.1 Proposal: 0.0

(1) Calendar year. Baseline is tax cuts extended. In the proposal, capital gains and dividends are taxed as ordinary income. There is a 50 percent exclusion on capital gains that is capped at \$50,000 and indexed for inflation to 2008 dollars. Income tax rates and brackets are changed so that for married taxpayers filing jointly, the first \$75,000 is taxed at 15 percent, \$75,000-\$190,000 at 25 percent, and over \$190,000 at 35 percent (indexed to 2006 dollars). Brackets for other types of filers are adjusted proportionally. The AMT is eliminated. The ceiling on the social security tax is eliminated for employers (this does not include self-employment income). The EITC has a bracket for taxpayers with 3 or more children that uses the same ranges and values as the bracket for taxpayers with 2 children except that its phase-in rate is 45 percent. For childless EITC recipients, the phase-in rate is 20 percent, the phase-out rate is doubled to 15.3 percent, the lower bound of the plateau is increased to \$8,080, and the upper bound of the plateau is increased to \$10,000 (indexed to 2006 dollars). The Child Tax Credit is made fully refundable and indexed to inflation in 2006 dollars. The estate tax is adjusted to have a \$2.5 million exemption and a 45 percent rate.

(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.