

Table T07-0238
Unified Tax Plan B Against Current Law With AMT Indexed Baseline
Distribution of Federal Tax Change by Cash Income Percentile, 2009¹

| 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 | 29.7 | 6.5 | 4.4 | -16.1 | -376 | -118.9 | -0.5 | -0.1 | -4.2 | -0.7 |
| Second Quintile | 27.9 | 42.2 | 0.6 | -5.3 | -121 | -6.9 | -0.2 | 2.1 | -0.5 | 7.2 |
| Middle Quintile | 8.7 | 78.4 | -0.9 | 13.2 | 301 | 5.1 | 0.2 | 8.0 | 0.8 | 15.4 |
| Fourth Quintile | 30.3 | 67.4 | -0.7 | 16.4 | 375 | 2.8 | 0.0 | 17.6 | 0.5 | 19.5 |
| Top Quintile | 54.4 | 45.0 | -1.3 | 91.8 | 2,099 | 3.9 | 0.6 | 72.2 | 1.0 | 26.2 |
| All | 30.2 | 47.9 | -0.8 | 100.0 | 457 | 3.0 | 0.0 | 100.0 | 0.6 | 22.0 |
| Addendum | | | | | | | | | | |
| Top 10 Percent | 59.8 | 39.8 | -1.8 | 89.6 | 4,097 | 4.8 | 1.0 | 57.0 | 1.3 | 28.0 |
| Top 5 Percent | 54.1 | 45.4 | -2.4 | 90.8 | 8,296 | 6.2 | 1.4 | 45.2 | 1.7 | 29.7 |
| Top 1 Percent | 35.3 | 64.2 | -4.9 | 97.2 | 44,438 | 11.2 | 2.1 | 28.2 | 3.4 | 33.8 |
| Top 0.5 Percent | 26.2 | 73.2 | -6.2 | 95.4 | 87,204 | 13.6 | 2.2 | 23.3 | 4.3 | 35.6 |
| Top 0.1 Percent | 14.8 | 84.9 | -8.7 | 74.1 | 338,468 | 17.2 | 1.8 | 14.7 | 5.8 | 39.2 |

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2009¹

| 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 | 29,944.0 | 19.6 | 8,899.0 | 316.0 | 8,583 | 3.6 | 2.5 | 3.0 | 0.4 | |
| Second Quintile | 30,528.0 | 20.0 | 22,579.0 | 1,745.0 | 20,833 | 7.7 | 6.3 | 7.4 | 2.3 | |
| Middle Quintile | 30,533.0 | 20.0 | 40,411.0 | 5,931.0 | 34,481 | 14.7 | 11.4 | 12.3 | 7.8 | |
| Fourth Quintile | 30,532.0 | 20.0 | 70,425.0 | 13,383.0 | 57,041 | 19.0 | 19.8 | 20.4 | 17.6 | |
| Top Quintile | 30,530.0 | 20.0 | 215,173.0 | 54,344.0 | 160,828 | 25.3 | 60.4 | 57.4 | 71.6 | |
| All | 152,651.0 | 100.0 | 71,202.0 | 15,172.0 | 56,029 | 21.3 | 100.0 | 100.0 | 100.0 | |
| Addendum | | | | | | | | | | |
| Top 10 Percent | 15,266.0 | 10.0 | 318,233.0 | 84,977.0 | 233,256 | 26.7 | 44.7 | 41.6 | 56.0 | |
| Top 5 Percent | 7,633.0 | 5.0 | 476,246.0 | 132,990.0 | 343,256 | 27.9 | 33.5 | 30.6 | 43.8 | |
| Top 1 Percent | 1,527.0 | 1.0 | 1,302,421.0 | 396,202.0 | 906,219 | 30.4 | 18.3 | 16.2 | 26.1 | |
| Top 0.5 Percent | 763.0 | 0.5 | 2,045,075.0 | 641,581.0 | 1,403,494 | 31.4 | 14.4 | 12.5 | 21.1 | |
| Top 0.1 Percent | 153.0 | 0.1 | 5,875,757.0 | 1,965,191.0 | 3,910,566 | 33.5 | 8.3 | 7.0 | 13.0 | |

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

Number of AMT Taxpayers (millions). Baseline: 4.1 Proposal: 0.0

(1) Calendar year. Baseline is current law with the AMT exemption levels set to their 2006 values and indexed for inflation. Additionally, the baseline assumes that the education credit, elderly credit, and dependent care credit can be counted against AMT liability. 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-\$250,000 at 25 percent, and over \$250,000 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.

(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.