

Table T07-0242
Unified Tax Plan C 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	35.0	0.9	4.7	-47.3	-400	-126.5	-0.5	-0.1	-4.5	-0.9
Second Quintile	49.5	20.0	1.6	-40.0	-331	-19.0	-0.5	1.8	-1.5	6.3
Middle Quintile	40.5	46.1	0.3	-14.0	-116	-2.0	-0.2	7.6	-0.3	14.4
Fourth Quintile	61.7	35.8	0.4	-28.1	-232	-1.7	-0.5	17.2	-0.3	18.7
Top Quintile	72.3	27.1	-1.2	229.5	1,900	3.5	1.7	73.3	0.9	26.1
All	51.8	26.0	-0.3	100.0	166	1.1	0.0	100.0	0.2	21.5
Addendum										
Top 10 Percent	65.5	34.0	-1.9	266.2	4,410	5.2	2.3	58.3	1.4	28.1
Top 5 Percent	53.4	46.1	-2.8	291.2	9,648	7.3	2.7	46.5	2.0	30.0
Top 1 Percent	26.1	73.4	-5.4	296.6	49,137	12.4	2.9	29.0	3.8	34.2
Top 0.5 Percent	17.7	81.7	-6.6	278.0	92,095	14.4	2.8	23.9	4.5	35.9
Top 0.1 Percent	9.2	90.5	-8.8	207.5	343,733	17.5	2.1	15.1	5.9	39.3

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 \$7,500 is taxed at 5 percent, \$7,500-\$75,000 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 (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.