

Table T07-0304
Major Individual Income Tax Provisions of HR 3970: The Tax Reduction and Reform Act of 2007
Against Pre-EGTRRA Baseline
Distribution of Federal Tax Change by Cash Income Level, 2008 ¹
Detail Table

Cash Income Class (thousands of 2006 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	16.0	0.0	0.9	0.4	-51	-21.1	0.0	0.2	-0.9	3.3
10-20	52.0	0.4	2.0	3.2	-289	-34.4	-0.2	0.6	-1.9	3.6
20-30	77.1	0.3	2.8	5.6	-630	-21.0	-0.3	2.1	-2.4	9.2
30-40	86.0	0.1	2.7	5.5	-820	-14.3	-0.2	3.4	-2.3	13.6
40-50	92.4	0.1	2.5	5.1	-953	-11.1	-0.1	4.2	-2.0	16.3
50-75	97.8	0.0	2.7	12.7	-1,354	-10.3	-0.1	11.3	-2.1	18.4
75-100	99.1	0.0	3.2	12.9	-2,207	-11.0	-0.2	10.7	-2.5	19.9
100-200	99.5	0.1	3.9	30.7	-4,042	-11.4	-0.6	24.3	-2.9	22.4
200-500	97.3	2.4	3.7	16.5	-7,965	-9.5	-0.1	16.0	-2.7	25.3
500-1,000	88.5	10.9	2.1	3.6	-10,398	-4.9	0.3	7.1	-1.5	28.5
More than 1,000	76.7	23.0	1.0	3.8	-21,044	-1.9	1.5	20.0	-0.7	33.3
All	75.7	0.3	2.9	100.0	-1,529	-9.3	0.0	100.0	-2.2	21.5

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2008 ¹

Cash Income Class (thousands of 2006 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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	18,164	12.0	5,810	241	5,569	4.2	1.0	1.3	0.2
10-20	25,275	16.8	15,564	841	14,723	5.4	3.7	4.6	0.9
20-30	20,401	13.5	25,811	2,992	22,819	11.6	5.0	5.8	2.5
30-40	15,452	10.2	36,328	5,747	30,581	15.8	5.3	5.9	3.6
40-50	12,430	8.2	46,686	8,569	38,117	18.4	5.5	5.9	4.3
50-75	21,580	14.3	64,226	13,183	51,043	20.5	13.2	13.7	11.4
75-100	13,470	8.9	90,172	20,125	70,047	22.3	11.5	11.7	10.9
100-200	17,502	11.6	140,584	35,470	105,113	25.2	23.3	22.9	24.9
200-500	4,784	3.2	299,277	83,587	215,690	27.9	13.6	12.8	16.1
500-1,000	793	0.5	707,298	212,065	495,233	30.0	5.3	4.9	6.8
More than 1,000	421	0.3	3,228,212	1,094,302	2,133,910	33.9	12.9	11.2	18.5
All	150,867	100.0	69,872	16,514	53,359	23.6	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-1).

Number of AMT Taxpayers (millions). Baseline: 12.2 Proposal: 0.0

(1) Calendar year. Baseline is current law. The modeled provisions of HR 3970 introduce an add-on to the standard deduction of \$425 for singles, \$625 for heads of household, and \$850 for joint filers beginning in 2008 (indexed for inflation); increase the phase-in and phase-out rates for the childless EITC to 15.3% and increase the phase-out threshold to \$10,900 beginning in 2008 (indexed for inflation); reduce the refundability threshold for the child credit to \$8,500 and eliminate inflation adjustments to that amount beginning in 2008; allow the personal nonrefundable credits against the AMT in 2007; increase the AMT exemption amounts to \$44,150 for singles and heads of household and \$64,950 for joint filers in 2007; repeal the individual AMT after 2007; implement a surtax of 4% on modified AGI (AGI less the investment interest expense deduction) above \$150,000 for singles and heads of household and \$200,000 for joint filers after 2007 (indexed for inflation); implement an additional surtax of 0.6% of modified AGI above \$250,000 for singles and heads of household and \$500,000 for joint filers after 2007 (not indexed for inflation); restore the limitation on itemized deductions and personal exemptions for singles and heads of household earning above \$270,000 and joint filers earning above \$520,000 (phasing in the limitations between \$250,000 and \$270,000 and \$500,000 and \$520,000 respectively); and increase the floor on miscellaneous itemized deductions to 5% of AGI above the lower surtax threshold.

(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.