

Table T07-0308
Major Individual Income Tax Provisions of HR 3970: The Tax Reduction and Reform Act of 2007
Distribution of Federal Tax Change by Cash Income Level, 2011¹
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	15.7	0.0	0.9	-2.8	-54	-19.5	0.0	0.1	-0.9	3.6
10-20	33.7	0.3	0.7	-8.1	-104	-11.8	-0.1	0.7	-0.6	4.6
20-30	56.9	0.3	0.2	-3.6	-54	-1.7	-0.1	2.3	-0.2	11.1
30-40	67.7	0.1	0.2	-3.5	-71	-1.2	-0.1	3.3	-0.2	15.3
40-50	69.3	0.0	0.3	-4.6	-112	-1.2	-0.1	4.1	-0.2	18.0
50-75	63.1	0.0	0.4	-15.2	-219	-1.5	-0.3	10.8	-0.3	20.5
75-100	56.8	0.2	0.6	-20.9	-474	-2.2	-0.4	10.5	-0.5	22.2
100-200	46.1	12.3	0.5	-31.3	-524	-1.4	-0.6	25.1	-0.4	25.2
200-500	36.4	54.6	-0.4	16.1	941	1.1	0.0	17.1	0.3	28.5
500-1,000	11.8	83.6	-2.6	37.3	13,937	6.1	0.3	7.1	1.9	31.9
More than 1,000	7.0	90.7	-4.7	136.9	99,917	8.7	1.3	18.9	3.1	38.2
All	49.1	4.3	-0.4	100.0	207	1.1	0.0	100.0	0.3	24.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2011¹

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-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Pre- Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	16,811	10.7	6,086	275	5,811	4.5	0.9	1.1	0.2
10-20	25,284	16.2	16,631	876	15,755	5.3	3.5	4.4	0.8
20-30	21,596	13.8	27,636	3,118	24,518	11.3	5.0	5.8	2.3
30-40	16,032	10.2	38,799	6,001	32,797	15.5	5.2	5.7	3.3
40-50	13,218	8.5	49,940	9,109	40,831	18.2	5.5	5.9	4.2
50-75	22,444	14.3	68,652	14,280	54,372	20.8	12.8	13.3	11.1
75-100	14,300	9.1	96,522	21,851	74,671	22.6	11.5	11.7	10.8
100-200	19,360	12.4	150,400	38,393	112,007	25.5	24.2	23.7	25.7
200-500	5,551	3.6	317,079	89,288	227,791	28.2	14.6	13.8	17.1
500-1,000	865	0.6	755,020	226,808	528,212	30.0	5.4	5.0	6.8
More than 1,000	443	0.3	3,272,093	1,148,541	2,123,552	35.1	12.0	10.3	17.6
All	156,502	100.0	77,021	18,484	58,537	24.0	100.0	100.0	100.0

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

Number of AMT Taxpayers (millions). Baseline: 18.5 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.