

A more detailed version of this table including baseline values and additional distribution measures is available on the second worksheet in the Excel file and second page of the pdf.

5-Nov-07

PRELIMINARY RESULTS

<http://www.taxpolicycenter.org>

Table T07-0327
Fully Phased In Provisions of H.R. 3996 (as Passed by the House) at 2008 Income Levels
Distribution of Federal Tax Change by Cash Income Percentile, 2008¹
Summary Table

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 (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase				Change (%)	Under the Proposal
Lowest Quintile	6.7	0.0	0.3	1.1	-24	-0.3	3.2
Second Quintile	15.6	0.0	0.3	3.1	-66	-0.3	7.2
Middle Quintile	10.4	0.1	0.1	1.6	-34	-0.1	14.5
Fourth Quintile	29.1	0.1	0.3	8.6	-184	-0.3	18.7
Top Quintile	75.8	0.3	1.2	85.6	-1,834	-0.9	24.7
All	27.5	0.1	0.8	100.0	-428	-0.6	20.9
Addendum							
80-90	68.7	0.2	1.2	23.1	-989	-0.9	20.9
90-95	85.2	0.3	1.7	22.7	-1,947	-1.3	22.7
95-99	92.8	0.4	2.0	36.3	-3,888	-1.5	24.7
Top 1 Percent	32.3	0.8	0.2	3.5	-1,511	-0.1	28.9
Top 0.1 Percent	10.9	1.0	0.1	1.2	-4,906	-0.1	30.6

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

Number of AMT Taxpayers (millions). Baseline:

26.4

Proposal:

4.1

Note: Columns showing the percent of tax units with an tax increase/decrease exclude the effect of the tuition and fees deduction, the business tax extenders, and the revenue-raising provisions.

(1) Calendar year. Baseline is current law. Modeled provisions of the proposal allow personal nonrefundable credits against the AMT, increase the AMT exemption to \$44,350 for single and head of household filers and to \$66,250 for joint filers for 2007 (inflated to 2008 for this table), allow an additional standard deduction for property taxes to nonitemizers, set the threshold for the refundable child credit to \$8,500, extend the deduction for state and local sales tax, extend the tuition and fees deduction, extend the research credit and other select business incentives, include nonqualified deferred compensation from a nonqualified entity in gross income, tax income of partners performing investment management services as ordinary income, delay implementation of worldwide allocation of interest expense until 2017, and implement select other revenue-raising provisions.

(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) The cash income percentile breaks used in this table are (in 2006 dollars): 20% \$14,385, 40% \$27,645, 60% \$48,311, 80% \$85,905, 90% \$126,802, 95% \$179,038, 99% \$437,351, 99.5% \$683,621, and 99.9% 2,001,713.

(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.

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Fully Phased In Provisions of H.R. 3996 (as Passed by the House) at 2008 Income Levels
Distribution of Federal Tax Change by Cash Income Percentile, 2008 ¹
Detail Table

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	6.7	0.0	0.3	1.1	-24	-7.9	0.0	0.4	-0.3	3.2
Second Quintile	15.6	0.0	0.3	3.1	-66	-4.1	0.0	2.1	-0.3	7.2
Middle Quintile	10.4	0.1	0.1	1.6	-34	-0.6	0.2	7.7	-0.1	14.5
Fourth Quintile	29.1	0.1	0.3	8.6	-184	-1.4	0.3	17.4	-0.3	18.7
Top Quintile	75.8	0.3	1.2	85.6	-1,834	-3.4	-0.4	72.3	-0.9	24.7
All	27.5	0.1	0.8	100.0	-428	-2.9	0.0	100.0	-0.6	20.9
Addendum										
80-90	68.7	0.2	1.2	23.1	-989	-4.2	-0.2	15.4	-0.9	20.9
90-95	85.2	0.3	1.7	22.7	-1,947	-5.2	-0.3	12.0	-1.3	22.7
95-99	92.8	0.4	2.0	36.3	-3,888	-5.6	-0.5	17.8	-1.5	24.7
Top 1 Percent	32.3	0.8	0.2	3.5	-1,511	-0.4	0.7	27.0	-0.1	28.9
Top 0.1 Percent	10.9	1.0	0.1	1.2	-4,906	-0.3	0.4	13.6	-0.1	30.6

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

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	29,579	19.6	8,477	298	8,178	3.5	2.4	2.9	0.4	
Second Quintile	30,169	20.0	21,597	1,612	19,985	7.5	6.2	7.3	2.1	
Middle Quintile	30,172	20.0	38,857	5,649	33,208	14.5	11.1	12.1	7.5	
Fourth Quintile	30,178	20.0	67,869	12,891	54,978	19.0	19.4	20.1	17.1	
Top Quintile	30,174	20.0	213,996	54,709	159,287	25.6	61.3	58.1	72.7	
All	150,867	100.0	69,872	15,058	54,814	21.6	100.0	100.0	100.0	
Addendum										
80-90	15,087	10.0	108,117	23,530	84,587	21.8	15.5	15.4	15.6	
90-95	7,544	5.0	154,967	37,171	117,797	24.0	11.1	10.8	12.3	
95-99	6,034	4.0	264,051	68,987	195,063	26.1	15.1	14.2	18.3	
Top 1 Percent	1,509	1.0	1,367,765	397,091	970,674	29.0	19.6	17.7	26.4	
Top 0.1 Percent	151	0.1	6,480,962	1,989,777	4,491,184	30.7	9.3	8.2	13.2	

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

Number of AMT Taxpayers (millions). Baseline: 26.4 Proposal: 4.1

Note: Columns showing the percent of tax units with an tax increase/decrease exclude the effect of the tuition and fees deduction, the business tax extenders, and the revenue-raising provisions.

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