

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.

21-Jan-08

VERY PRELIMINARY - REVISED

<http://www.taxpolicycenter.org>

Table T08-0010
Reduce 10-Percent Individual Income Tax Rate to 0 Percent
Distribution of Federal Tax Change by Cash Income Level, 2007 Income Levels ¹
Summary Table

Cash Income Level (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 (\$)	Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
Less than 10	1.6	0.0	0.0	0.0	0	0.0	4.0
10-20	27.0	0.0	0.8	3.1	-122	-0.8	3.5
20-30	59.6	0.0	1.8	8.3	-408	-1.6	7.9
30-40	77.6	0.0	2.2	10.1	-658	-1.9	12.0
40-50	88.4	0.0	2.3	10.5	-866	-1.9	14.6
50-75	95.5	0.0	2.2	24.3	-1,141	-1.8	16.7
75-100	97.7	0.0	1.9	17.7	-1,345	-1.5	18.5
100-200	94.7	0.0	1.3	22.7	-1,359	-1.0	21.4
200-500	44.8	0.0	0.3	2.5	-550	-0.2	25.1
500-1,000	38.9	0.0	0.1	0.4	-528	-0.1	27.1
More than 1,000	64.0	0.0	0.0	0.4	-941	0.0	31.9
All	62.5	0.0	1.3	100.0	-668	-1.0	20.2

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

Number of AMT Taxpayers (millions). Baseline: 3.7 Proposal: 5.3

(1) Calendar year. Baseline is 2008 current law assuming extension and indexation for inflation of the 2007 AMT patch. Proposal provides a tax rebate equivalent to a reduction in the bottom tax rate from 10 percent to 0 percent, based on income reported on 2007 tax returns.

(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.

Table T08-0010
Reduce 10-Percent Individual Income Tax Rate to 0 Percent
Distribution of Federal Tax Change by Cash Income Level, 2007 Income Levels ¹
Detail Table

Cash Income Level (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	1.6	0.0	0.0	0.0	0	-0.2	0.0	0.2	0.0	4.0
10-20	27.0	0.0	0.8	3.1	-122	-18.9	-0.1	0.7	-0.8	3.5
20-30	59.6	0.0	1.8	8.3	-408	-17.1	-0.3	2.0	-1.6	7.9
30-40	77.6	0.0	2.2	10.1	-658	-13.4	-0.3	3.2	-1.9	12.0
40-50	88.4	0.0	2.3	10.5	-866	-11.5	-0.3	4.0	-1.9	14.6
50-75	95.5	0.0	2.2	24.3	-1,141	-9.8	-0.6	11.2	-1.8	16.7
75-100	97.7	0.0	1.9	17.7	-1,345	-7.6	-0.3	10.7	-1.5	18.5
100-200	94.7	0.0	1.3	22.7	-1,359	-4.4	0.1	24.5	-1.0	21.4
200-500	44.8	0.0	0.3	2.5	-550	-0.7	0.7	16.5	-0.2	25.1
500-1,000	38.9	0.0	0.1	0.4	-528	-0.3	0.3	7.1	-0.1	27.1
More than 1,000	64.0	0.0	0.0	0.4	-941	-0.1	0.9	19.7	0.0	31.9
All	62.5	0.0	1.3	100.0	-668	-4.8	0.0	100.0	-1.0	20.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2007 ¹

Cash Income Level (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	Share of Post- Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total
Less than 10	18,608	12.5	5,699	230	5,469	4.0	1.1	1.3	0.2
10-20	25,761	17.3	15,189	645	14,544	4.3	3.9	4.8	0.8
20-30	20,224	13.5	25,240	2,389	22,851	9.5	5.1	5.9	2.3
30-40	15,244	10.2	35,555	4,911	30,645	13.8	5.5	6.0	3.6
40-50	12,157	8.1	45,638	7,506	38,132	16.5	5.6	5.9	4.4
50-75	21,294	14.3	62,764	11,625	51,140	18.5	13.5	13.9	11.8
75-100	13,139	8.8	88,142	17,624	70,518	20.0	11.7	11.8	11.0
100-200	16,685	11.2	137,212	30,754	106,458	22.4	23.1	22.7	24.5
200-500	4,475	3.0	293,234	74,091	219,143	25.3	13.2	12.5	15.8
500-1,000	756	0.5	692,259	187,849	504,410	27.1	5.3	4.9	6.8
More than 1,000	396	0.3	3,113,319	992,950	2,120,369	31.9	12.4	10.7	18.8
All	149,332	100.0	66,439	14,054	52,385	21.2	100.0	100.0	100.0

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

Number of AMT Taxpayers (millions). Baseline: 3.7 Proposal: 5.3

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