

Table T08-0024
Tax Rebate of up to \$550 (\$1,100 For Couples) Plus \$275 Per Dependent
Phased Out for Upper Income Taxpayers
Distribution of Federal Tax Change by Cash Income Percentile, 2007 Income Levels ¹
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 (%) Points)	Under the Proposal
Lowest Quintile	52.4	0.0	4.2	9.7	-331	-4.1	-0.7
Second Quintile	72.8	0.0	3.0	17.1	-573	-2.8	4.4
Middle Quintile	88.9	0.0	2.4	22.7	-762	-2.1	12.2
Fourth Quintile	97.9	0.0	1.9	30.0	-1,004	-1.6	17.1
Top Quintile	60.5	0.0	0.5	20.4	-682	-0.3	24.8
All	74.4	0.0	1.3	100.0	-670	-1.0	20.1
Addendum							
80-90	88.3	0.0	1.3	16.2	-1,087	-1.1	19.8
90-95	59.1	0.0	0.4	3.7	-496	-0.3	22.4
95-99	6.7	0.0	0.0	0.4	-59	0.0	24.7
Top 1 Percent	4.8	0.0	0.0	0.1	-48	0.0	30.2
Top 0.1 Percent	1.2	0.0	0.0	0.0	-12	0.0	32.8

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

Number of AMT Taxpayers (millions). Baseline:

3.7

Proposal:

3.7

(1) Calendar year. Baseline is 2008 current law assuming extension and indexation for inflation of the 2007 AMT patch. Proposal provides a tax rebate of up to \$550 (\$1,100 for married couples filing a joint return) plus \$275 per dependent. The rebate would be limited by the sum of individual income tax liability (if positive) and 15 percent of earnings (defined as wages plus self-employment income, if positive). The rebate would be phased out at a rate of 5 percent of AGI in excess of the thresholds for the child tax credit phaseout (\$75,000 for singles, \$110,000 for couples).

(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% \$13,944, 40% \$26,887, 60% \$47,151, 80% \$83,902, 90% \$123,792, 95% \$174,283, 99% \$425,614, 99.5% \$663,650, and 99.9% 1,925,007.

(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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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	52.4	0.0	4.2	9.7	-331	-121.6	-0.5	-0.1	-4.1	-0.7
Second Quintile	72.8	0.0	3.0	17.1	-573	-39.1	-0.8	1.3	-2.8	4.4
Middle Quintile	88.9	0.0	2.4	22.7	-762	-14.4	-0.8	6.8	-2.1	12.2
Fourth Quintile	97.9	0.0	1.9	30.0	-1,004	-8.3	-0.6	16.6	-1.6	17.1
Top Quintile	60.5	0.0	0.5	20.4	-682	-1.3	2.6	75.2	-0.3	24.8
All	74.4	0.0	1.3	100.0	-670	-4.8	0.0	100.0	-1.0	20.1
Addendum										
80-90	88.3	0.0	1.3	16.2	-1,087	-5.1	-0.1	15.3	-1.1	19.8
90-95	59.1	0.0	0.4	3.7	-496	-1.5	0.4	12.4	-0.3	22.4
95-99	6.7	0.0	0.0	0.4	-59	-0.1	0.9	18.5	0.0	24.7
Top 1 Percent	4.8	0.0	0.0	0.1	-48	0.0	1.4	29.0	0.0	30.2
Top 0.1 Percent	1.2	0.0	0.0	0.0	-12	0.0	0.7	14.7	0.0	32.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2007 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	29,273	19.6	8,074	272	7,802	3.4	2.4	2.9	0.4
Second Quintile	29,866	20.0	20,521	1,466	19,055	7.1	6.2	7.3	2.1
Middle Quintile	29,865	20.0	37,071	5,301	31,769	14.3	11.2	12.1	7.5
Fourth Quintile	29,866	20.0	64,859	12,119	52,741	18.7	19.5	20.1	17.3
Top Quintile	29,866	20.0	203,046	50,980	152,066	25.1	61.1	58.1	72.6
All	149,332	100.0	66,439	14,054	52,385	21.2	100.0	100.0	100.0
Addendum									
80-90	14,933	10.0	103,253	21,527	81,726	20.9	15.5	15.6	15.3
90-95	7,468	5.0	147,701	33,645	114,056	22.8	11.1	10.9	12.0
95-99	5,972	4.0	251,471	62,042	189,429	24.7	15.1	14.5	17.7
Top 1 Percent	1,493	1.0	1,284,199	387,987	896,211	30.2	19.3	17.1	27.6
Top 0.1 Percent	149	0.1	6,011,426	1,969,213	4,042,214	32.8	9.1	7.7	14.0

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

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

(1) Calendar year. Baseline is 2008 current law assuming extension and indexation for inflation of the 2007 AMT patch. Proposal provides a tax rebate of up to \$550 (\$1,100 for married couples filing a joint return) plus \$275 per dependent. The rebate would be limited by the sum of individual income tax liability (if positive) and 15 percent of earnings (defined as wages plus self-employment income, if positive). The rebate would be phased out at a rate of 5 percent of AGI in excess of the thresholds for the child tax credit phaseout (\$75,000 for singles, \$110,000 for couples).

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