

**Table T08-0034**  
**Individual Income Tax Measures in H.R. 5140**  
**The Recovery Rebates and Economic Stimulus for the American People Act of 2008**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2008 <sup>1</sup>**  
**Summary Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
<b>Lowest Quintile</b>	47.2	0.0	2.7	6.5	-221	-2.6	0.9
<b>Second Quintile</b>	74.6	0.0	2.4	14.7	-487	-2.3	5.3
<b>Middle Quintile</b>	89.2	0.0	2.2	21.8	-722	-1.9	12.8
<b>Fourth Quintile</b>	98.4	0.0	1.9	30.8	-1,021	-1.5	17.5
<b>Top Quintile</b>	68.3	0.0	0.5	26.1	-864	-0.4	24.6
<b>All</b>	75.5	0.0	1.2	100.0	-663	-1.0	20.3
<b>Addendum</b>							
<b>80-90</b>	85.2	0.0	1.3	16.7	-1,106	-1.0	20.1
<b>90-95</b>	83.0	0.0	0.9	8.2	-1,092	-0.7	22.2
<b>95-99</b>	23.3	0.0	0.1	1.1	-177	-0.1	24.7
<b>Top 1 Percent</b>	5.7	0.0	0.0	0.1	-61	0.0	29.6
<b>Top 0.1 Percent</b>	1.3	0.0	0.0	0.0	-14	0.0	31.7

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

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

(1) Calendar year. Baseline is 2008 current law assuming extension and indexation for inflation of the 2007 AMT patch. The proposal provides a refundable basic credit equal to the greater of: (1) income tax liability net of non-refundable credits (other than the child tax credit) not to exceed \$600 (\$1,200 for married couples filing a joint return); and (2) \$300 (\$600 for joint returns) if the individual has: (a) at least \$3,000 of earned income; or (b) income tax liability net of non-refundable credits (other than the child tax credit) of at least \$1 and gross income greater than the sum of the applicable basic standard deduction and one personal exemption (2 exemptions for joint returns). For any tax unit with at least \$1 of basic credit, the proposal provides an additional, refundable, \$300 credit for each child-tax-credit-eligible child. The total value of the credit (basic plus child credit) is phased out at a rate of 5 percent of AGI in excess of \$75,000 for singles, \$150,000 for couples. Our estimates are based on 2008 incomes; the proposal actually allows the credit to be based on 2007 income if it results in a higher amount. Our estimates assume that all potential beneficiaries claim the credit.

(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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**Individual Income Tax Measures in H.R. 5140:**  
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**Detail Table**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
<b>Lowest Quintile</b>	47.2	0.0	2.7	6.5	-221	-74.0	-0.3	0.1	-2.6	0.9
<b>Second Quintile</b>	74.6	0.0	2.4	14.7	-487	-29.8	-0.6	1.6	-2.3	5.3
<b>Middle Quintile</b>	89.2	0.0	2.2	21.8	-722	-12.7	-0.7	7.0	-1.9	12.8
<b>Fourth Quintile</b>	98.4	0.0	1.9	30.8	-1,021	-7.9	-0.6	16.7	-1.5	17.5
<b>Top Quintile</b>	68.3	0.0	0.5	26.1	-864	-1.6	2.2	74.3	-0.4	24.6
<b>All</b>	75.5	0.0	1.2	100.0	-663	-4.5	0.0	100.0	-1.0	20.3
<b>Addendum</b>										
<b>80-90</b>	85.2	0.0	1.3	16.7	-1,106	-4.9	-0.1	15.3	-1.0	20.1
<b>90-95</b>	83.0	0.0	0.9	8.2	-1,092	-3.1	0.2	12.2	-0.7	22.2
<b>95-99</b>	23.3	0.0	0.1	1.1	-177	-0.3	0.8	18.4	-0.1	24.7
<b>Top 1 Percent</b>	5.7	0.0	0.0	0.1	-61	0.0	1.3	28.5	0.0	29.6
<b>Top 0.1 Percent</b>	1.3	0.0	0.0	0.0	-14	0.0	0.7	14.5	0.0	31.7

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2008 <sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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								
<b>Lowest Quintile</b>	29,579	19.6	8,477	298	8,178	3.5	2.4	2.9	0.4	
<b>Second Quintile</b>	30,169	20.0	21,597	1,634	19,963	7.6	6.2	7.3	2.2	
<b>Middle Quintile</b>	30,172	20.0	38,857	5,705	33,152	14.7	11.1	12.1	7.7	
<b>Fourth Quintile</b>	30,178	20.0	67,869	12,878	54,991	19.0	19.4	20.0	17.4	
<b>Top Quintile</b>	30,174	20.0	213,996	53,576	160,420	25.0	61.3	58.3	72.2	
<b>All</b>	150,867	100.0	69,872	14,845	55,027	21.3	100.0	100.0	100.0	
<b>Addendum</b>										
<b>80-90</b>	15,087	10.0	108,117	22,806	85,311	21.1	15.5	15.5	15.4	
<b>90-95</b>	7,544	5.0	154,967	35,537	119,430	22.9	11.1	10.9	12.0	
<b>95-99</b>	6,034	4.0	264,051	65,321	198,730	24.7	15.1	14.5	17.6	
<b>Top 1 Percent</b>	1,509	1.0	1,367,765	404,512	963,253	29.6	19.6	17.5	27.3	
<b>Top 0.1 Percent</b>	151	0.1	6,480,962	2,053,813	4,427,149	31.7	9.3	8.1	13.8	

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

Number of AMT Taxpayers (millions). Baseline:

4.1 Proposal: 4.1

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