

**Table T08-0052**  
**Tax Capital Gains as Ordinary Income**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2007<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 (%)	Under the Proposal
Lowest Quintile	0.0	0.1	0.0	0.0	0	0.0	3.4
Second Quintile	0.1	1.6	0.0	0.1	1	0.0	7.3
Middle Quintile	0.1	4.1	0.0	0.3	7	0.0	14.4
Fourth Quintile	0.1	10.6	-0.1	1.4	37	0.1	18.7
Top Quintile	0.1	23.0	-1.8	98.4	2,718	1.3	26.5
All	0.1	7.9	-1.1	100.0	553	0.8	22.0
<b>Addendum</b>							
80-90	0.1	15.8	-0.1	2.0	108	0.1	20.9
90-95	0.0	23.2	-0.3	2.8	304	0.2	22.9
95-99	0.1	34.2	-0.8	10.4	1,435	0.6	25.3
Top 1 Percent	0.0	49.2	-5.1	83.3	46,021	3.6	33.9
Top 0.1 Percent	0.0	63.6	-8.5	62.0	342,528	5.7	38.5

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

Number of AMT Taxpayers (millions). Baseline: 3.6 Proposal: 3.4

(1) Calendar year. Baseline is current law. Proposal taxes capital gains as ordinary income.

(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.

**Table T08-0052**  
**Tax Capital Gains as Ordinary Income**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2007<sup>1</sup>**  
**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
Lowest Quintile	0.0	0.1	0.0	0.0	0	0.0	0.0	0.4	0.0	3.4
Second Quintile	0.1	1.6	0.0	0.1	1	0.1	-0.1	2.0	0.0	7.3
Middle Quintile	0.1	4.1	0.0	0.3	7	0.1	-0.3	7.3	0.0	14.4
Fourth Quintile	0.1	10.6	-0.1	1.4	37	0.3	-0.6	16.6	0.1	18.7
Top Quintile	0.1	23.0	-1.8	98.4	2,718	5.3	1.0	73.5	1.3	26.5
All	0.1	7.9	-1.1	100.0	553	3.9	0.0	100.0	0.8	22.0
<b>Addendum</b>										
80-90	0.1	15.8	-0.1	2.0	108	0.5	-0.5	14.8	0.1	20.9
90-95	0.0	23.2	-0.3	2.8	304	0.9	-0.4	11.6	0.2	22.9
95-99	0.1	34.2	-0.8	10.4	1,435	2.3	-0.3	17.4	0.6	25.3
Top 1 Percent	0.0	49.2	-5.1	83.3	46,021	11.8	2.1	29.8	3.6	33.9
Top 0.1 Percent	0.0	63.6	-8.5	62.0	342,528	17.4	1.8	15.8	5.7	38.5

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2007<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	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	274	7,799	3.4	2.4	2.9	0.4	
Second Quintile	29,866	20.0	20,521	1,489	19,032	7.3	6.2	7.3	2.1	
Middle Quintile	29,865	20.0	37,071	5,325	31,746	14.4	11.2	12.1	7.6	
Fourth Quintile	29,866	20.0	64,859	12,099	52,760	18.7	19.5	20.2	17.2	
Top Quintile	29,866	20.0	203,046	51,027	152,019	25.1	61.1	58.1	72.5	
All	149,332	100.0	66,439	14,069	52,371	21.2	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	14,933	10.0	103,253	21,471	81,783	20.8	15.5	15.6	15.3	
90-95	7,468	5.0	147,701	33,531	114,171	22.7	11.1	10.9	11.9	
95-99	5,972	4.0	251,471	62,261	189,210	24.8	15.1	14.5	17.7	
Top 1 Percent	1,493	1.0	1,284,199	389,193	895,005	30.3	19.3	17.1	27.7	
Top 0.1 Percent	149	0.1	6,011,426	1,968,745	4,042,681	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: 3.6 Proposal: 3.4

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