

Table T08-0039
Individual Income Tax Measures in Senate Stimulus Proposal
Distribution of Federal Tax Change by Cash Income Percentile, 2008 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 (%)	Under the Proposal
Lowest Quintile	72.7	0.0	5.8	11.7	-473	-5.6	-2.1
Second Quintile	97.0	0.0	3.6	18.0	-714	-3.3	4.3
Middle Quintile	99.1	0.0	2.4	19.9	-788	-2.0	12.7
Fourth Quintile	99.7	0.0	1.7	23.0	-914	-1.4	17.6
Top Quintile	99.9	0.0	0.7	27.3	-1,083	-0.5	24.5
All	93.5	0.0	1.4	100.0	-794	-1.1	20.1
Addendum							
80-90	99.9	0.0	1.3	13.4	-1,062	-1.0	20.1
90-95	99.9	0.0	0.9	6.9	-1,101	-0.7	22.2
95-99	99.9	0.0	0.6	5.6	-1,107	-0.4	24.3
Top 1 Percent	99.8	0.0	0.1	1.4	-1,106	-0.1	29.5
Top 0.1 Percent	99.9	0.0	0.0	0.1	-1,102	0.0	31.6

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 of \$500 (\$1,000 for married couples filing a joint return) available to all tax filers with at least \$3000 of earned income and Social Security benefits or at least \$1 of income tax liability after nonrefundable credits excluding the child credit. 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. Our estimates are based on 2008 incomes; the proposal actually allows the rebate 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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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	72.7	0.0	5.8	11.7	-473	-158.5	-0.6	-0.2	-5.6	-2.1
Second Quintile	97.0	0.0	3.6	18.0	-714	-43.7	-0.9	1.3	-3.3	4.3
Middle Quintile	99.1	0.0	2.4	19.9	-788	-13.8	-0.7	7.0	-2.0	12.7
Fourth Quintile	99.7	0.0	1.7	23.0	-914	-7.1	-0.3	17.1	-1.4	17.6
Top Quintile	99.9	0.0	0.7	27.3	-1,083	-2.0	2.5	74.7	-0.5	24.5
All	93.5	0.0	1.4	100.0	-794	-5.4	0.0	100.0	-1.1	20.1
Addendum										
80-90	99.9	0.0	1.3	13.4	-1,062	-4.7	0.1	15.5	-1.0	20.1
90-95	99.9	0.0	0.9	6.9	-1,101	-3.1	0.3	12.3	-0.7	22.2
95-99	99.9	0.0	0.6	5.6	-1,107	-1.7	0.7	18.3	-0.4	24.3
Top 1 Percent	99.8	0.0	0.1	1.4	-1,106	-0.3	1.5	28.7	-0.1	29.5
Top 0.1 Percent	99.9	0.0	0.0	0.1	-1,102	-0.1	0.8	14.6	0.0	31.6

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	8,179	3.5	2.4	2.9	0.4
Second Quintile	30,169	20.0	21,597	1,634	19,963	7.6	6.2	7.3	2.2
Middle Quintile	30,172	20.0	38,857	5,703	33,153	14.7	11.1	12.1	7.7
Fourth Quintile	30,178	20.0	67,869	12,876	54,993	19.0	19.4	20.0	17.4
Top Quintile	30,174	20.0	213,996	53,512	160,484	25.0	61.3	58.3	72.2
All	150,867	100.0	69,872	14,831	55,041	21.2	100.0	100.0	100.0
Addendum									
80-90	15,087	10.0	108,117	22,798	85,320	21.1	15.5	15.5	15.4
90-95	7,544	5.0	154,967	35,500	119,467	22.9	11.1	10.9	12.0
95-99	6,034	4.0	264,051	65,218	198,832	24.7	15.1	14.5	17.6
Top 1 Percent	1,509	1.0	1,367,765	403,905	963,860	29.5	19.6	17.5	27.2
Top 0.1 Percent	151	0.1	6,480,962	2,050,476	4,430,486	31.6	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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