

**Table T08-0007**  
**Reduce 15 Percent Individual Income Tax Rate to 14 Percent Under Pre-EGTRRA Law**  
**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 (%)	Under the Proposal
<b>Lowest Quintile</b>	11.1	0.3	0.0	0.3	-3	0.0	3.8
<b>Second Quintile</b>	50.3	1.3	0.2	5.3	-44	-0.2	9.1
<b>Middle Quintile</b>	81.4	0.8	0.5	19.0	-158	-0.4	16.2
<b>Fourth Quintile</b>	89.8	1.4	0.5	35.1	-291	-0.4	20.4
<b>Top Quintile</b>	73.5	0.9	0.2	40.3	-334	-0.2	28.0
<b>All</b>	61.2	0.9	0.3	100.0	-166	-0.2	23.6
<b>Addendum</b>							
<b>80-90</b>	78.8	1.5	0.4	20.2	-335	-0.3	23.5
<b>90-95</b>	76.6	0.3	0.3	10.9	-361	-0.2	25.5
<b>95-99</b>	56.3	0.2	0.2	6.9	-288	-0.1	27.6
<b>Top 1 Percent</b>	74.9	0.1	0.0	2.3	-386	0.0	33.4
<b>Top 0.1 Percent</b>	77.8	0.0	0.0	0.2	-396	0.0	35.8

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

Number of AMT Taxpayers (millions). Baseline: 12.3 Proposal: 15.5

(1) Calendar year. Baseline is pre-EGTRRA law. Proposal would reduce the 15 percent statutory individual income tax rate to 14 percent, effective 01/01/08.

(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.

**Table T08-0007**  
**Reduce 15 Percent Individual Income Tax to 14 Percent Under Pre-EGTRRA Law**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2008<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	11.1	0.3	0.0	0.3	-3	-0.8	0.0	0.4	0.0	3.8
Second Quintile	50.3	1.3	0.2	5.3	-44	-2.2	0.0	2.4	-0.2	9.1
Middle Quintile	81.4	0.8	0.5	19.0	-158	-2.5	-0.1	7.6	-0.4	16.2
Fourth Quintile	89.8	1.4	0.5	35.1	-291	-2.1	-0.2	16.8	-0.4	20.4
Top Quintile	73.5	0.9	0.2	40.3	-334	-0.6	0.3	72.7	-0.2	28.0
All	61.2	0.9	0.3	100.0	-166	-1.0	0.0	100.0	-0.2	23.6
<b>Addendum</b>										
80-90	78.8	1.5	0.4	20.2	-335	-1.3	-0.1	15.4	-0.3	23.5
90-95	76.6	0.3	0.3	10.9	-361	-0.9	0.0	12.0	-0.2	25.5
95-99	56.3	0.2	0.2	6.9	-288	-0.4	0.1	17.7	-0.1	27.6
Top 1 Percent	74.9	0.1	0.0	2.3	-386	-0.1	0.3	27.6	0.0	33.4
Top 0.1 Percent	77.8	0.0	0.0	0.2	-396	0.0	0.1	14.1	0.0	35.8

**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	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	323	8,154	3.8	2.4	3.0	0.4	
Second Quintile	30,169	20.0	21,597	2,009	19,588	9.3	6.2	7.4	2.4	
Middle Quintile	30,172	20.0	38,857	6,433	32,424	16.6	11.1	12.2	7.7	
Fourth Quintile	30,178	20.0	67,869	14,157	53,712	20.9	19.4	20.2	17.0	
Top Quintile	30,174	20.0	213,996	60,320	153,676	28.2	61.3	57.8	72.4	
All	150,867	100.0	69,872	16,676	53,196	23.9	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	15,087	10.0	108,117	25,704	82,413	23.8	15.5	15.5	15.4	
90-95	7,544	5.0	154,967	39,893	115,074	25.7	11.1	10.8	12.0	
95-99	6,034	4.0	264,051	73,278	190,772	27.8	15.1	14.3	17.6	
Top 1 Percent	1,509	1.0	1,367,765	456,786	910,980	33.4	19.6	17.1	27.4	
Top 0.1 Percent	151	0.1	6,480,962	2,321,711	4,159,251	35.8	9.3	7.8	13.9	

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

Number of AMT Taxpayers (millions). Baseline: 12.3 Proposal: 15.5

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