

Table T08-0058
Individual Income Tax Measures in H.R. 5140, The Economic Stimulus Act of 2008:
As Passed by the House and Senate
Distribution of Federal Tax Change by Cash Income Level, 2008 ¹
Summary Table

Cash Income Level (thousands of 2006 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
Less than 10	59.7	0.0	4.6	4.3	-254	-4.4	-0.3
10-20	92.8	0.0	3.2	11.2	-478	-3.1	1.3
20-30	98.0	0.0	2.8	12.3	-649	-2.5	7.1
30-40	98.8	0.0	2.4	10.9	-761	-2.1	11.8
40-50	99.5	0.0	2.2	9.7	-839	-1.8	14.8
50-75	99.7	0.0	1.9	20.2	-1,010	-1.6	17.1
75-100	95.3	0.0	1.5	13.9	-1,109	-1.2	18.9
100-200	80.2	0.0	1.0	17.0	-1,045	-0.7	21.7
200-500	10.8	0.0	0.0	0.4	-94	0.0	25.2
500-1,000	7.3	0.0	0.0	0.1	-78	0.0	27.0
More than 1,000	3.0	0.0	0.0	0.0	-34	0.0	30.9
All	86.9	0.0	1.3	100.0	-715	-1.0	20.2

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 joint returns); and (2) \$300 (\$600 for joint returns) if the individual has: (a) at least \$3,000 of earned income plus Social Security benefits; or (b) income tax liability net of non-refundable credits, other than the child tax credit (CTC), 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 CTC-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) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) 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.

(5) 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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Cash Income Level (thousands of 2006 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	59.7	0.0	4.6	4.3	-254	-107.4	-0.2	0.0	-4.4	-0.3
10-20	92.8	0.0	3.2	11.2	-478	-70.1	-0.5	0.2	-3.1	1.3
20-30	98.0	0.0	2.8	12.3	-649	-26.2	-0.5	1.8	-2.5	7.1
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500-1,000	7.3	0.0	0.0	0.1	-78	0.0	0.3	7.1	0.0	27.0
More than 1,000	3.0	0.0	0.0	0.0	-34	0.0	1.0	19.7	0.0	30.9
All	86.9	0.0	1.3	100.0	-715	-4.8	0.0	100.0	-1.0	20.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2008 ¹

Cash Income Level (thousands of 2006 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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
Less than 10	18,164	12.0	5,810	236	5,574	4.1	1.0	1.2	0.2
10-20	25,275	16.8	15,564	682	14,883	4.4	3.7	4.5	0.8
20-30	20,401	13.5	25,811	2,475	23,337	9.6	5.0	5.7	2.3
30-40	15,452	10.2	36,328	5,047	31,281	13.9	5.3	5.8	3.5
40-50	12,430	8.2	46,686	7,759	38,927	16.6	5.5	5.8	4.3
50-75	21,580	14.3	64,226	12,013	52,213	18.7	13.2	13.6	11.6
75-100	13,470	8.9	90,172	18,157	72,016	20.1	11.5	11.7	10.9
100-200	17,502	11.6	140,584	31,589	108,995	22.5	23.3	23.0	24.7
200-500	4,784	3.2	299,277	75,417	223,860	25.2	13.6	12.9	16.1
500-1,000	793	0.5	707,298	190,972	516,325	27.0	5.3	4.9	6.8
More than 1,000	421	0.3	3,228,212	997,936	2,230,277	30.9	12.9	11.3	18.8
All	150,867	100.0	69,872	14,845	55,027	21.3	100.0	100.0	100.0

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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